Ralton Dividend Builder

Monthly Portfolio Report | November 2023

Key facts

Income versus growth target

Income — Growth

Market cap bias

Large — Small

Investment strategy

A portfolio of ASX-listed equities designed to provide attractive tax-effective income

Investment objective

Outperform index by over 3% p.a.

Benchmark index

S&P/ASX 300 Accumulation Index

Portfolio Manager

Will Riggall

Inception date

February 2008

Management fee

0.75% p.a. (may vary across platforms)

Number of stocks

25-35

External ratings

Zenith "Approved"

Key platforms

HUB24, NetWealth, Praemium, OneVue, Powerwrap, Linear, Xplore, Wealth02

Performance (%, returns greater than one year are p.a.)[1]

At month end	1 mth	3 mth	1 yr	2 yr	3 yr	5 yr	10 yr	Inception
Ralton	**3.60%**	**-1.77%**	**-2.11%**	**4.17%**	**6.67%**	**5.77%**	**7.06%**	**6.96%**
Income	*0.65%*	*1.50%*	*4.85%*	*4.47%*	*4.70%*	*4.62%*	*4.66%*	*4.90%*
Growth	*2.95%*	*-3.27%*	*-6.97%*	*-0.30%*	*1.97%*	*1.15%*	*2.40%*	*2.05%*
Index[2]	**5.06%**	**-1.85%**	**1.14%**	**2.69%**	**6.96%**	**8.69%**	**7.25%**	**5.82%**
Outperformance	**-1.47%**	**0.08%**	**-3.26%**	**1.48%**	**-0.28%**	**-2.92%**	**-0.19%**	**1.13%**

[1] Performance is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. Total returns assume the reinvestment of all portfolio income.

[2] Index means the S&P/ASX 300 Accumulation Index.

Portfolio Performance

The Ralton Dividend Builder Portfolio underperformed the ASX300 Accumulated Index in November, returning 3.6%, versus the index return of 5.06%. We continue to focus on investing in companies with strong competitive advantages and valuation support which has held the portfolio in good stead during an extended period of volatility.

Contributors	Comment
GQG Partners, Inc. Shs Chess Depository Interests Repr 1 Sh (GQG) 16.2%	GQG's underlying fund performances continue to outperform their relative benchmarks, which remains a key positive driver to our long term thesis. We expect the improvement in outlook for equity markets and positive FUM inflows to translate to earnings upgrades versus current consensus estimates. Trading on a sub 10x FY24 PE and a +10% yield, we see material upside.
GPT Group (GPT) 13.8%	Bond yields retreated in November, as the market now anticipates the US Federal Reserve to materially cut rates in 2024. Naturally this is very positive for Australian real estate investment trusts (AREITs), particularly GPT which returned a stellar +13.8% over the month. The company provided a solid 3Q23 update early in November featuring sector leading retail releasing spreads, a rock solid logistics book, as well as 90% occupancy in its Office portfolio which proves the quality asset base is particularly resilient despite the challenging environment.
Graincorp Limited Class A (GNC) 14.3%	Despite a decline in earnings, GNC delivered an exceptional FY23 result in November. Big volumes, very attractive margins and a working capital release boosted the already large cash surplus, which provides management the opportunity to fund growth initiatives and diversify into revenue streams with less volatile earnings. Significant volume of grain in GNC's system underpins robust earnings over the next 18+ months.

CONTACT Ralton AM | 0425 725 800 | info@raltonam.com.au | raltonam.com.au

Portfolio Performance

Detractors	Comment
Woodside Energy Group Ltd (WDS) -9.5%	Short term weakness in the price of oil translated to a lower share price for WDS during the month, driven by higher than expected US oil supply and a weaker global growth outlook. We are constructive on the potential merger between WDS and STO which could be an accretive deal to drive synergies between the two oil and gas majors.
QBE Insurance Group Limited (QBE) -1.5%	In November we saw a positive inflation print in the US which added strength to the soft landing narrative. The bond price rallied on the back of this news which would see QBE's running yield on their investment books reduce in the future. This coupled with the USD weakening against the AUD, potentially impacting their bottom-line earnings, saw share price weakness.

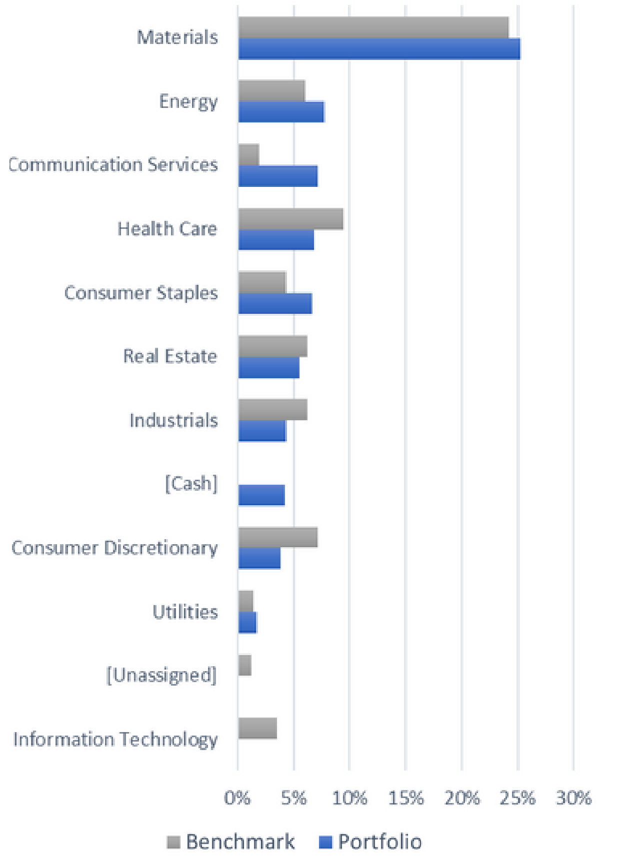
Portfolio Activity

BUY	
Metcash Limited (MTS)	We decided to add MTS to the portfolio ahead of its 1H result, given its defensive attributes and its attractive fully franked dividend yield. It was a subsequently encouraging trading update at the 1H result which beat at the earnings before income tax (EBIT) line. We expect ongoing sales growth in 2H24 and group costs to be lower moving forward.
Jumbo Interactive Limited (JIN)	JIN is the leading reseller of OzLotto and Powerball lottery tickets in Australia, through its web and app-based platforms. The company has been founder led and listed on the ASX in the early 1990s, seeing steady market share growth since then. JIN also provides white label lottery systems and software infrastructure and support to charities who hold large, national lotteries. It also has charity lotteries operations in the UK and Canada. The company is currently seeing some share price weakness off the back of a weak run of jackpots, which statistically will revert to the mean over the medium term. This provided us with an opportunity to initiate a position.
SELL	
-	-

Top 10 holdings (alphabetical)

- Amcor PLC Shs Chess Depository Interests
- ANZ Group Holdings Limited
- BHP Group Ltd
- Commonwealth Bank of Australia
- National Australia Bank Limited
- QBE Insurance Group Limited
- Rio Tinto Limited
- Sonic Healthcare Limited
- Telstra Group Limited
- Woodside Energy Group Ltd

Sector Positioning



Portfolio metrics*

	Ralton	XKOAI^
# of Securities	*32*	*299*
Market Capitalisation	*65,212.5*	*75,558.1*
Active Share	63.2	--
Tracking Error	*3.04*	--
Beta	*0.91*	*1.00*
Est 3-5 Yr EPS Growth	0.1	4.5
ROE	*21.2*	*18.9*
Div% NTM	5.50	4.18
P/E using FY2 Est	13.4	14.6
Price/Cash Flow	7.1	8.6

* Source: FactSet

^ XKOAI means the S&P/ASX 300 Accumulation Index (Index). The Index is shown for comparative purposes only. Index returns do not allow for transaction, management, operational or tax costs. An index is not managed and investors cannot invest directly an in index.