Ralton Dividend Builder

Monthly Portfolio Report | April 2024

RALTON ASSET MANAGEMENT EST. 2005

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	**-3.40%**	**-0.41%**	**5.02%**	**2.74%**	**5.59%**	**4.90%**	**7.32%**	**7.20%**
Income	*0.00%*	*1.52%*	*4.90%*	*4.81%*	*4.71%*	*4.56%*	*4.66%*	*4.90%*
Growth	*-3.40%*	*-1.93%*	*0.12%*	*-2.08%*	*0.88%*	*0.35%*	*2.66%*	*2.31%*
Index[2]	**-2.92%**	**1.23%**	**9.04%**	**5.53%**	**7.05%**	**7.98%**	**7.77%**	**6.27%**
Outperformance	**-0.48%**	**-1.64%**	**-4.02%**	**-2.79%**	**-1.46%**	**-3.08%**	**-0.44%**	**0.93%**

[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 April, returning -3.4%, versus the index return of -2.92%. 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
Rio Tinto Limited (RIO) 7.2%	RIO's strong performance in April followed gains in the price of iron ore, copper and aluminium, while its March quarterly result was in line with expectations. Looking forward the largest catalyst for RIO remains first production from the Simandou Project in 2025, which will deliver 60Mtpa of iron ore. We retain a positive outlook for RIO's diversified strategy and its growing exposure to base metals.
GQG Partners, Inc. Shs Chess Depository Interests Repr 1 Sh (GQG) 2.7%	GQG's outperformance continued during April, as net FUM flows for March (USD 143.4 billion) and the 1Q24 came in ahead of market expectations (USD 4.6 billion). We retain our positive outlook for GQG underpinned by its consistent outperformance across each of its four key strategies, translating to continued net FUM flow momentum and earnings growth.

Detractors	Comment
Worley Limited (WOR) -9.9%	WOR's share price moved lower in response to Sidara selling its 19% interest via a block trade at a substantial discount. Clime participated in the block trade viewing it as an opportunity to increase our position in a high conviction company at an attractive valuation. We retain conviction in WOR's ability to deliver both margin expansion and contract growth through its market leading position in the sustainability engineering space.
Premier Investments Limited (PMV) -8.0%	PMVs share price took a breather during April after a robust 6 months of performance. Investors mulled the outlook for retailers with operating conditions remaining challenging against a backdrop of higher cost of living and uncertain monetary policy outlook. However, we remain attracted to the growth opportunity in PMV, supported by structurally higher margins post COVID, the demerger of Smiggle and Peter Alexander unlocking greater shareholder value, no financial debt and an above market average dividend yield.

Portfolio Activity

BUY

Growthpoint Properties Australia (GOZ)	We anticipate a bottoming in office property valuations in the coming 6 months with investor sentiment towards the sector expected to shift, driven by potential interest rate cuts. Our preffered choice for office exposure is GOZ with a diverse $4.6 billion portfolio split across metro A grade offices (64%) and 36% in appealing industrial properties. GOZ outperforms its peers in key metrics such as weighted average lease expiry (WALE) and lower capital expenditure expectations, which we believe the market undervalues. With an anticipated dividend yield exceeding 7.5%, we see GOZ as undervalued, trading at a considerable discount to its $3.75 net tangible assets.

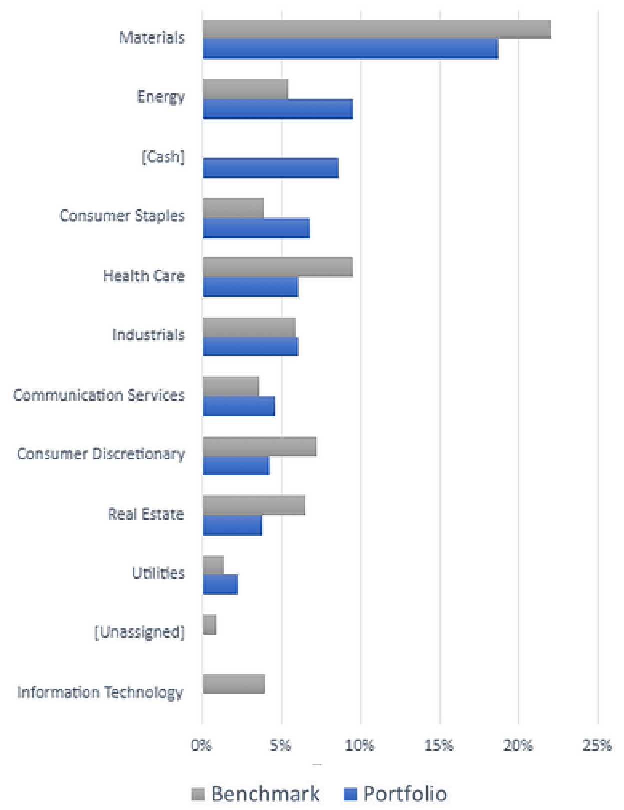
SELL

GPT Group (GPT)	While we like both the management team and the diversfied portfolio of GPT, we decided to rotate out of the position because we see a clearer line of sight for more upside elsewhere in the property sector, namely from the likes of Growthpoint Properties (ASX: GOZ).
Pilbara Minerals Limited (PLS)	PLS has been exited from the portfolio on valuation grounds with proceeds being allocated to higher conviction ideas. The oversupply of lithium has caused a muted price outlook and we retain stronger conviction for investing in copper for exposure to the energy transition and electrification thematic.

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	*29*	*303*
Market Capitalisation	*68,066.0*	*75,679.8*
Active Share	62.5	--
Tracking Error	*3.50*	--
Beta	*0.80*	*1.00*
Est 3-5 Yr EPS Growth	3.0	4.8
ROE	*17.3*	*14.5*
Div% NTM	4.98	3.75
P/E using FY2 Est	14.3	16.0
Price/Cash Flow	9.3	10.6

* 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.