

Ralton Dividend Builder

Monthly Portfolio Report | November 2024

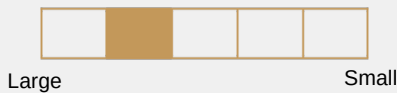


Key facts

Income versus growth target



Market cap bias



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	1.9%	2.8%	15.4%	6.3%	7.8%	5.5%	7.7%	7.4%
Income	0.5%	1.3%	4.6%	4.7%	4.5%	4.5%	4.6%	4.9%
Growth	1.4%	1.5%	10.9%	1.6%	3.3%	1.0%	3.1%	2.6%
Index ²	3.7%	5.5%	23.2%	11.6%	9.1%	8.2%	9.1%	6.8%
Outperformance	-1.8%	-2.7%	-7.8%	-5.3%	-1.3%	-2.7%	-1.4%	0.7%

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 1.9% versus the index return of 3.7%.

Contributors

Comment

QBE Insurance Group Limited (QBE.ASX)
16.2%

QBE rallied over November with help from a reputable investment bank upgrading their recommendation to 'BUY' followed by the company issuing a 3Q trading update late in the month that reiterated full-year guidance to achieve a combined operating ratio of 93.5%.

Detractors

Comment

GQG Partners, Inc. Shs Chess Depository Interests Repr 1 Sh (GQG.ASX)
-13.9%

GQG was negatively impacted during November as key investments held across its funds, particularly Adani Group companies, following news of legal action in the US. This development represented a significant change to our investment thesis, as the risk to future funds under management (FUM) inflows now appears elevated. Consequently, we decided to exit the position.

Graincorp Limited Class A (GNC.ASX)
-10.8%

GNC's share price weakened during the month, driven by lower margins, despite FY25 being expected to produce the fourth-largest crop on record. GNC remains competitively positioned in the Australian grain market, and the recent fully franked dividend of 25 cents per share was a positive outcome for investors, reflecting the company's strong balance sheet position.

Growthpoint Properties Australia (GOZ.ASX)
-2.3%

GOZ declined in November, detracting from portfolio performance. The Australian trimmed mean inflation data came in high at 3.5%, prompting a shift in expectations for rate cuts further into the future. This weighed heavily on the REITs sector, especially offices where sentiment remains subdued. Despite this, we maintain a view that GOZ presents good value at the current share price with office-related data supporting that the worst may be over.



Portfolio Activity

BUY

Transurban Group Ltd. (TCL.ASX)

In the last 3 months, TCL has fallen 4% while the S&P/ASX 200 Index has risen 5%. Given the operations remain sound and dividends per share (DPS) guidance for financial year 2025 (FY25) was reiterated at the recent annual general meeting (AGM), we have decided to top-up the position.

Monadelphous Group Limited (MND.ASX)

MND was added to the portfolio, reflecting our confidence in the company's disciplined management team, stable earnings profile, and resilient contract pipeline. MND's 70% revenue exposure to maintenance work provides annuity-like cash flows, supplemented by higher-margin construction work, which is a growing proportion of the company's future work pipeline. Supported by a strong balance sheet, MND is well-placed to deliver a steadily growing yield profile to investors.

SELL

GQG Partners, Inc. Shs Chess Depository Interests Repr 1 Sh (GQG.ASX)

GQG has a known 10% exposure to Adani Group Companies via underlying equities within its various fund strategies. We view the recently announced charges against CEO Gautam Adani and certain other Adani Group executives and companies as a clear negative impact to GQG and a change to our investment thesis. We view GQG as now carrying an elevated level of risk including potential strategy underperformance, slowing or declining funds under management (FUM) flow and a loss of institutional clients, therefore view it as prudent to exit the position.

Commonwealth Bank of Australia (CBA.ASX)

CBA has risen 12% in the last 3 months vs a broader gain for the ASX 200 of 5%. The continued rally in CBA's share price does not reconcile with recent earnings delivery or the outlook. As evidence of CBA's excessive valuation, we note that CBA recently issued a bond priced at a 6.152% p.a. coupon which compares to CBA's (higher risk) current dividend yield of 4.4% p.a. (grossed up for franking credits). Accordingly we have decided to further reduce our position on a view that valuation is excessive and will not be sustained.

Aristocrat Leisure Limited (ALL.ASX)

Our investment view for ALL has pleasingly played out as expected and we now view most of the upside has been captured. In recognition the stock has risen >60% YTD, we view it as prudent to lock further profits in post the result. We remain of the view ALL is the clear market leader, supported by strong earnings outlook, superior R&D budget driving share gains in high margin premium gaming ops in North America, robust underlying operating conditions, and balance sheet strength.

Top 10 holdings (alphabetical)

ANZ Group Holdings Limited

BHP Group Ltd

Commonwealth Bank of Australia

CSL Limited

QBE Insurance Group Limited

Rio Tinto Limited

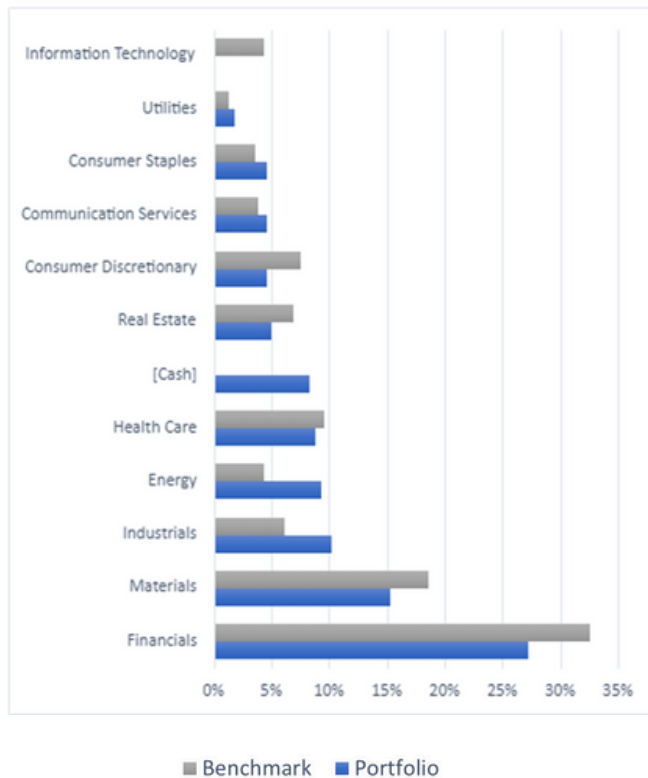
Telstra Group Limited

Transurban Group Ltd.

Westpac Banking Corporation

Woodside Energy Group Ltd

Sector Positioning



Portfolio metrics*

	Ralton	XKOAI [^]
# of Securities	29	299
Market Capitalisation	75,336.3	86,009.1
Active Share	58.3	--
Tracking Error	3.72	--
Beta	0.77	1.00
Est 3-5 Yr EPS Growth	1.5	4.4
ROE	13.0	12.2
Div% NTM	4.60	3.40
P/E using FY2 Est	15.8	17.7
Price/Cash Flow	10.6	11.7

* 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 in an index.