

Portfolio-13: 43.1% Return: launched February 2023

This portfolio has absorbed weaker performers, delivering share price appreciation on top of dividends.

SMALL CAP DIVIDEND PORTFOLIO: Feb 2023

Small Cap dividend paying stocks we recommended in February 2023

COMPANY (CODE)	ASX code	Recommendation price @ 16 Feb 2023	Dividends paid (\$)	Cash yield	Price @ 11 June 2025	Price return	Total Return	Current recommendation
ACROW FORMWORK (ACF)	ACF	0.71	0.132	18.60%	1.01	42.30%	60.80%	Hold
AUSWIDE BANK (ABA)	ABA	5.92	0.755	12.80%	n/a	-13.90%	-1.10%	N/A
CAPRAL (CAA)	CAA	8.09	1.45	17.90%	10.29	27.20%	45.10%	Hold
GALE PACIFIC (GAP)	GAP	0.31	0.062	20.00%	0.09	-70.00%	-50.00%	Hold
ARN MEDIA (A1N)	A1N	1.22	0.146	12.00%	0.52	-57.40%	-45.40%	Hold
MYSTATE (MYS)	MYS	3.97	0.565	14.20%	4.31	8.40%	22.70%	Hold
NICK SCALI (NCK)	NCK	10.2	1.73	17.00%	18.94	85.70%	102.60%	Hold
NZME (NZM)	NZM	1.055	0.221	20.90%	1.08	2.40%	23.30%	Buy
PACIFIC CURRENT (PAC)	PAC	7.31	0.91	12.40%	10.53	44.00%	56.50%	Hold
SOUTHERN CROSS ELECTRICAL	SXE	0.705	0.135	19.10%	1.62	129.80%	148.90%	Hold
SRG GLOBAL (SRG)	SRG	0.765	0.11	14.40%	1.51	96.70%	111.10%	Hold
AVERAGE				16.3%		26.8%	43.1%	
						Portfolio Annualised return	17.00%	
S&P/ASX All Ords Index	XAO	7,621			8,842		16.00%	
						XAO Annualised return	5.20%	
S&P/ASX Small Ords Index	XSO	2,933			3,253		10.90%	
						XSO Annualised return	4.60%	

Portfolio-14: 38.4% Return: launched October 2023

This portfolio has benefited from a takeover of A2B but even more so, from the growth of contractors, SRG & SXE and retailer NCK.

SMALL CAP DIVIDEND PORTFOLIO: Oct 2023

Small Cap dividend paying stocks we recommended in October 2023

COMPANY (CODE)	ASX code	Recommendation price @ 5 Oct 2023 (\$)	Dividends paid (\$)	Cash yield	Price @ 11 June 2025	Price return	Total Return	Current recommendation
A2B AUSTRALIA	A2B	1.635	0.65	39.80%	n/a	-11.30%	28.40%	TAKEN OVER
ACROW FORMWORK	ACF	0.84	0.115	13.70%	1.01	20.20%	33.90%	Hold
ARN MEDIA	A1N	0.87	0.079	9.10%	0.52	-40.20%	-31.10%	Hold
BIG RIVER INDUSTRIES	BRI	2.26	0.095	4.20%	1.28	-43.40%	-39.20%	Spec Buy
CAPRAL	CAA	8.9	0.75	8.40%	10.29	15.60%	24.00%	Hold
CENTREPOINT ALLIANCE	CAF	0.25	0.041	16.40%	0.38	50.00%	66.40%	Spec Buy
DATA3	DTL	6.78	0.386	5.70%	7.27	7.20%	12.90%	Hold
HELLOWORLD TRAVEL	HLO	2.57	0.19	7.40%	1.47	-42.80%	-35.40%	Spec Buy
NICK SCALI	NCK	10.81	0.98	9.10%	18.94	75.20%	84.30%	Hold
NZME	NZM	0.835	0.137	16.40%	1.08	29.30%	45.70%	Buy
SOUTHERN CROSS ELECTRICAL	SXE	0.785	0.085	10.80%	1.62	106.40%	117.20%	Hold
SRG GLOBAL	SRG	0.62	0.07	11.30%	1.51	142.70%	154.00%	Hold
Average				12.7%		25.8%	38.4%	
						Portfolio Annualised return	21.50%	
S&P/ASX All Ords Index	XAO	7,118			8,842		24.20%	
						XAO Annualised return	7.70%	
S&P/ASX Small Ords Index	XSO	2,643			3,253		23.10%	
						XSO Annualised return	13.20%	

Portfolio-15: 19.2% Return: launched May 2024

This portfolio has returned 13% in less than six months! Benefited from takeover offer of SLH, but even more so from re-rating of SRG.

SMALL CAP DIVIDEND PORTFOLIO: May 2024

Small Cap dividend paying stocks we recommended in May 2024

COMPANY (CODE)	ASX code	Recommendation price @ 11 Nov 2021	Dividends paid (\$)	Cash yield	Price @ 11 June 2025	Price return	Total Return	Radar Rating
ACROW FORMWORK	ACF	1.185	0.03	2.50%	1.01	-14.80%	-12.20%	Hold
AUSWIDE BANK	ABA	4.04	0.215	5.30%	n/a	26.20%	31.60%	N/A
COUNT	CUP	0.56	0.041	7.30%	0.87	54.50%	61.80%	Hold
DATA3	DTL	7.78	0.26	3.30%	7.27	-6.60%	-3.20%	Hold
ELDERS	ELD	8.28	0.36	4.30%	6.38	-22.90%	-18.60%	Buy
GR ENGINEERING	GNG	2.24	0.2	8.90%	3.02	34.80%	43.80%	Take Profits
HELLOWORLD TRAVEL	HLO	2.425	0.14	5.80%	1.47	-39.40%	-33.60%	Spec Buy
INFOMEDIA	IFM	1.585	0.042	2.60%	1.28	-19.20%	-16.60%	Buy
NORTHERN STAR RESOURCES	NST	14.565	0.25	1.70%	20.94	43.70%	45.50%	Buy
NZME	NZM	0.79	0.081	10.30%	1.08	36.70%	47.00%	Buy
SILK LOGISTICS	SLH	1.49	0.014	0.90%	1.5	0.70%	1.60%	Hold
SRG GLOBAL	SRG	0.85	0.05	5.90%	1.51	77.10%	82.90%	Hold
Average				4.9%		14.2%	19.2%	
						Portfolio Annualised return	18.0%	
S&P/ASX All Ords Index	XAO	8,150			8,842		8.5%	
						XAO Annualised return	8.0%	
S&P/ASX Small Ords Index	XSO	3,046			3,253		6.8%	
						XSO Annualised return	6.4%	

DIVIDEND PORTFOLIO REVIEW

3 Reasons Why Performance Is Accelerating

Even though our average is strong outperformance over nine years, the latest portfolios shows that this is accelerating. Our most recent three portfolios – Portfolio-13 (Feb 2023) Portfolio-14 (Oct 2023) and Portfolio-15 (May 2024) have delivered an average annual return of 18.8% versus the S&P/ASX All Ords return of 7.0%. We show you how to follow our lead in this repeatable strategy.

13.2% 15 Portfolios over 9 years – average annual return
6.0% Average S&P/ASX All Ords Index
3.7% Average S&P/ASX Small Ords Index

1. Investors are hunting for quality.

For us, it comes down to a combination of value, Under the Radar's Risk Rating and of course, dividends.

We have been running these dividend portfolios since early 2016, so for nine years now and the recent portfolios we refer to commenced in February 2023, hence have been only going for less than two and a half years.

We are surfing a trend that is seeing both Australian and European small caps outperforming their US peers this year, as investors steer clear of companies most exposed to the trade war.

But the big deal is stock picking, pure and simple. The big lifters have mitigated some underperformers, which is how stock picking works.

2. Our big performers kept performing.

In the three recent portfolios since Feb 2023, we picked 35 stocks altogether, but some stocks appeared in one, two or even three portfolios. All up we picked 24 different stocks over three portfolios.

The stocks below were all in multiple portfolios and have been Best Buys at various points.

DIVIDEND PORTFOLIO REVIEW CONT.

TOP PERFORMERS			
Company (ASX code)	Cash yield	Price return	Return (p.a)
SRG GLOBAL (SRG)	5.90%	77.30%	77.00%
SOUTHERN CROSS ELECTRICAL (SXE)	10.80%	112.70%	61.80%
COUNT (CUP)	7.30%	54.50%	57.40%
NICK SCALI (NCK)	9.10%	77.10%	45.00%
NZME (NZM)	10.30%	37.30%	44.40%

3. Dividend Protection

The worst performers were protected by dividends and some represent real value. [Elders \(ELD\)](#) and [Helloworld Travel \(HLO\)](#) are among our Best Buys RIGHT NOW. All these companies have relatively healthy balance sheets and are cash flow positive. They should live to fight another day.

WORST PERFORMERS			
Company (ASX code)	Cash yield	Price return	Return (p.a)
HELLOWORLD TRAVEL (HLO)	5.80%	-38.80%	-31.40%
BIG RIVER IND (BRI)	4.20%	-43.60%	-25.90%
GALE PACIFIC (GAP)	20.00%	-69.70%	-25.80%
ARN MEDIA (A1N)	12.00%	-57.80%	-23.40%
ELDERS (ELD)	4.30%	-25.80%	-20.40%

DIVIDEND PORTFOLIO REVIEW CONT.

CORE LESSONS

Diversification works

The key is to have enough stocks to absorb your losers and come out well ahead. We have worked out that with only 12 stocks, you can build a portfolio that is almost as diversified than the domestic market benchmark index (S&P/ASX 200) and is able to absorb some poor performers and we have evidence that this approach can deliver an average annual return of 20% plus.

Financials are over 40% of the benchmark index, while in our past three portfolios, their weighting is less than half of that at 25%. Moreover, the sectors are wide – financials, manufacturing, contracting, retail, services, media, mining services, gold, construction– and no one sector is over-represented.

Go for growth!

Small Caps benefit from operating leverage and dividends reduce your risk. You are investing in Small Caps on the basis of growth at value prices. While this does not always happen, the potential is there and dividends de-risk your investment. The biggest returns have come from better-than-expected earnings. The financial services group **Count (CUP)** and the contractors **Southern Cross Electrical (SXE)** and **SRG Global (SRG)** have more than doubled.

But there is also consistent growth, which is enhanced by dividends. The market is rewarding consistency and dividends deliver on that because these companies are profitable. Less than 30% or 11 of the 35 companies in the three dividend portfolios lost ground.

Keep turnover low

Over the nine years we've been running these portfolios, the stock performance has been consistent. Dividend-producing small caps purchased at value prices do not need to be sold as often as stocks that rely on momentum. In fact, for most of these stocks, their performance improves over time as they achieve superior operating leverage, where sales grow off a largely fixed cost base.

DIVIDEND PORTFOLIO REVIEW CONT.

A strong balance sheet is essential

Fundamentals are more important than ever – which means a strong balance sheet and positive cash flow. Weak balance sheets are even more important to avoid, as banks hesitate about refinancing without injecting more equity.

Secret benefits!

Reinvesting dividends is one strategy, but income also provides cash for new investments. We guide you in both. Averaging down is a technique to increase your exposure to stocks where the fundamentals are robust, but sentiment has turned against particular unfashionable situations. This is something that takes experience and analysis.

Buy Cheap Be Patient

Under the Radar Report has consistently demonstrated that patience can deliver great results as long as you continue to pay attention to individual company prospects. The three portfolios showcased here highlight the benefits of stock picking. Put another way, not simply buying the index.

The most important determinant of your returns from any investment is the price you pay. Our returns will always be better if we have paid a lower price. Investors must be careful to be patient; let prices come to us, and like London buses, there is always another stock around the corner.