Ralton Dividend Builder

Monthly Portfolio Report | December 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	**-1.8%**	**-1.3%**	**7.5%**	**6.8%**	**5.8%**	**5.5%**	**7.1%**	**7.3%**
Income	*0.4%*	*0.9%*	*4.8%*	*4.8%*	*4.6%*	*4.6%*	*4.6%*	*4.9%*
Growth	*-2.2%*	*-2.2%*	*2.7%*	*2.0%*	*1.2%*	*0.9%*	*2.4%*	*2.4%*
Index[2]	**-3.1%**	**-0.8%**	**11.4%**	**11.8%**	**7.1%**	**8.0%**	**8.5%**	**6.5%**
Outperformance	**1.3%**	**-0.4%**	**-3.9%**	**-4.9%**	**-1.2%**	**-2.5%**	**-1.5%**	**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 outperformed the ASX300 Accumulated Index in December, returning -1.8% versus the index return of -3.1%.

Contributors	Comment
Monadelphous Group Limited (MND.ASX) 9.7%	MND performed strongly in December, reflecting continued optimism around its order book and exposure to the iron ore and energy sectors. Sustained demand for construction and maintenance services has supported expectations for revenue and margin growth, contributing to the stock's recent strength. Notably, MND has secured significant contract awards over recent periods, derisking its current valuation. The positive sentiment around these fundamentals has driven the share price higher, aligning with our confidence in the company's long-term growth strategy.
Transurban Group Ltd. (TCL.ASX) 7.1%	TCL was a strong contributor to portfolio performance, supported by better-than-expected traffic data across its Australian toll roads, signaling resilient growth in its toll network. Additionally, progress in discussions with the NSW government on toll reform provided a positive backdrop. While details remain limited, the framework respects the value of existing motorway contracts, potentially balancing relief for motorists with operational stability. This combination of solid near-term traffic performance and constructive toll reform discussions reinforces our confidence in TCL's outlook.

Detractors	Comment
Amcor PLC Shs Chess Depository Interests (AMC.ASX) -9.3%	AMC detracted from performance over the month, driven by AMC's announcement to acquire US plastic packaging competitor, Berry Global, in an all-scrip merger. Despite AMC promoting significant cost synergies from the combination of the two businesses, the market is concerned that AMC's decision to double down on plastic packaging is the wrong strategic move given plastic is losing share to alternative packaging substrates including fibre, glass, and aluminium.

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Detractors	Comment
ANZ Group Holdings Limited (ANZ.ASX) -8.4%	ANZ underperformed in December, with its share price falling in December and over the quarter, following CEO Shayne Elliott's retirement announcement amid ongoing allegations of mishandling deceased customer accounts and weak governance. Despite the swift appointment of a new CEO, leadership uncertainty and heightened scrutiny affected investor sentiment. However, we remain positive on the bank's long-term fundamentals, franchise strength, and attractive valuation, which we believe can offset these challenges.

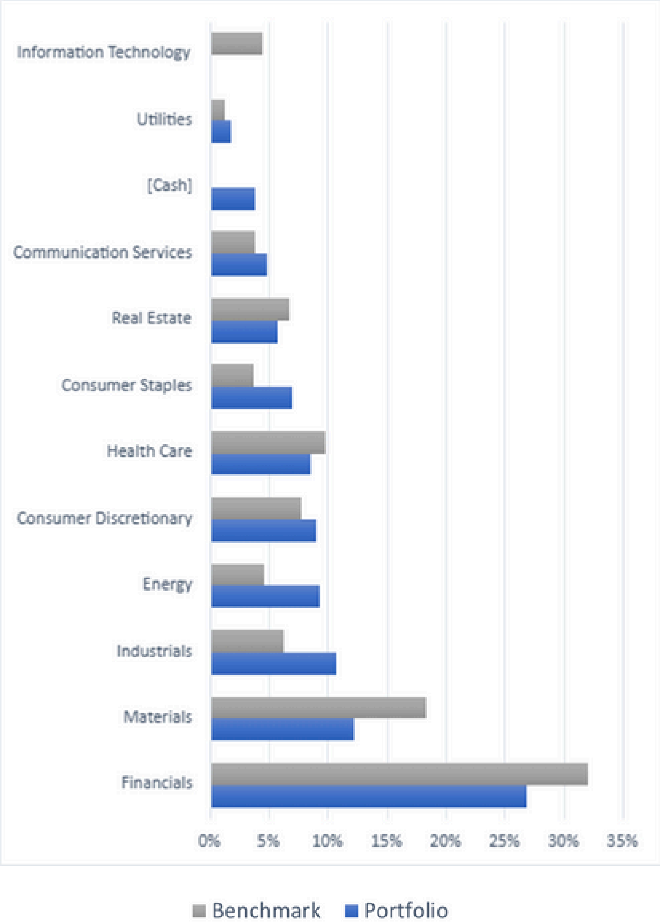
Portfolio Activity

BUY	
Ramsay Health Care Limited (RHC.ASX)	We topped up our position in RHC over the month, taking advantage of recent weakness in the share price that we regard as misplaced owing to negative sentiment toward the private hospital sector following the news that Australia's second largest private hospital operator, Healthscope, required a capital injection from its owner to sustain the business. We recently spoke with Ramsay management and they reiterated that all of RHC's hospitals in Australia are profitable, which in no small part can be attributed to the majority of their hospitals being owned freehold rather than leasehold (as is the case for Healthscope).
Metcash Limited (MTS.ASX)	MTS's recent result confirmed that earnings appear to have stablised, with a foreseeable pathway to recovery underpinned by resillience in its core food and liquor divisions. We have initiated a position to capitalise on the potential upside from an evenutal cyclical hardware recovery, while supported by diversified and sustainable earnings growth in food and liquor. We view its valuation as attractive, trading at a material discount to its historical average, while offering a dividend yield (+5%) above the market.
Super Retail Group Limited (SUL.ASX)	SUL was added to the portfolio this month following a post-AGM trading update in October that led to a share price decline. The update highlighted a subdued consumer environment and rising costs, but we believe the market reaction was overdone given SUL's quality fundamentals. With diversified brands, over 11.5 million active loyalty members driving 77% of sales, and ongoing investments in omni-channel capabilities, SUL is well-positioned to navigate near-term challenges. Current valuations present an attractive entry point for this leading retail conglomerate.
Nick Scali Limited (NCK.ASX)	NCK was added to the portfolio during the month, reflecting confidence in its founder family management, disciplined strategic execution, and long-term growth potential. While near-term headwinds, including shipping disputes and mixed trading conditions, have weighed on sentiment, we see these as transient. The recent UK acquisition of Fabb Furniture is showing early green shoots, with store refurbishments progressing ahead of schedule and strong unit economics. With its market-leading gross margins, strategic pricing discipline, and expanding footprint, NCK remains well-positioned for value creation in Australia and international markets.
SELL	
Sonic Healthcare Limited (SHL.ASX)	SHL was sold during the month. The decision to sell reflects our on-going concern that SHL's growth-by-acquisition strategy, which has escalated in the aftermath of COVID, is not creating sufficient value for shareholders. SHL's announcement of another acquisition in Germany during the month only further undermined our confidence that management is embarking on the right strategy.
Amcor PLC Shs Chess Depository Interests (AMC.ASX)	AMC was sold over the month triggered by AMC's announcement to acquire US plastic packaging competitor, Berry Global in an all-scrip merger. Despite AMC promoting significant cost synergies from the combination of the two businesses, we view the decision by AMC to double down on plastic packaging as the wrong strategic move given plastic is losing share to alternative packaging substrates including fibre, glass, and aluminium.

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	*31*	*299*
Market Capitalisation	*69,143.7*	*83,561.7*
Active Share	58.6	--
Tracking Error	*3.58*	0.00
Beta	*0.82*	*1.00*
Est 3-5 Yr EPS Growth	0.9	4.1
ROE	*13.5*	*12.3*
Div% NTM	4.66	3.50
P/E using FY2 Est	15.1	16.8
Price/Cash Flow	9.9	11.4

* 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.