

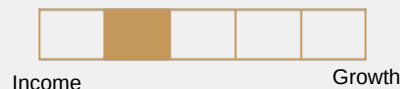
Ralton Dividend Builder

Monthly Portfolio Report | February 2025

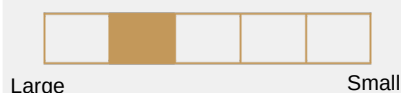


Key facts

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	-1.8%	-0.5%	6.7%	6.3%	6.2%	6.6%	6.3%	7.3%
Income	0.3%	1.2%	4.9%	5.1%	4.8%	4.6%	4.6%	4.9%
Growth	-2.2%	-1.6%	1.8%	1.2%	1.5%	2.0%	1.7%	2.4%
Index ²	-4.0%	-2.7%	9.5%	10.0%	8.8%	8.8%	7.5%	6.5%
Outperformance	2.1%	2.3%	-2.7%	-3.7%	-2.6%	-2.1%	-1.1%	0.8%

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 February, returning -1.8% versus the index return of -4.0%.

Contributors	Comment
Telstra Group Limited (TLS.ASX) 7.2%	TLS delivered strong performance following a solid first-half result. The Mobile division met expectations, while the Fixed Consumer & Small Business (C&SB) segment saw significant improvement driven by price increases and margin expansion. The company's cost-saving program continues to yield results, with further savings anticipated in its mid-year T30 Strategy update. A \$750 million share buyback and an increased 5.5% interim dividend reflect its robust financial position. With superior network coverage and growing demand for digital infrastructure, TLS remains well-positioned as a market leader.
QBE Insurance Group Limited (QBE.ASX) 2.8%	QBE was a positive contributor over February driven by a solid FY25 result that evidenced continued progress right-sizing the American business, as well as supportive FY25 profit margin guidance. We also picked up the following comment from CEO, Andrew Horton, during the result conference call that should not be taken lightly given his conservative nature: "Personally, I feel more confident about our future than at any other point in my time at QBE."
Medibank Private Ltd. (MPL.ASX) 8.7%	MPL was a positive contributor over the month, driven by a strong 1H FY25 result demonstrating satisfactory top-line growth alongside strong cost control. The outcome of this was that health insurance earnings grew +10% for the half over the prior corresponding period. Also helping MPL was the announcement late in the month that the insurer had been approved by the Health Minister to increase premium rates from 1 April 2025 (the annual renewal date) by 3.99%, a figure that exceeded market expectations.

Detractors	Comment
Ampol Limited (ALD.ASX) -8.9%	ALD was a detractor over the month following a weaker-than-expected FY24 earnings result. While ALD had already guided on operational earnings, net profit after tax (NPAT) was softer than expected due to higher interest costs. Also unhelpful to ALD over the month was negative sentiment flowing from peer fuels infrastructure company Viva Energy (VEA.ASX), which fell -25% following its earnings result that revealed challenges facing its retail convenience division.
Super Retail Group Limited (SUL.ASX) -8.9%	SUL was a detractor this month following a mixed 1H25 result, due to competitive pressures impacting Supercheap Auto margins and ongoing weak consumer demand in NZ. However, Rebel and BCF delivered solid growth, and Macpac is showing early signs of improvement. Encouragingly, early 2H25 sales trends are strong, with strategic investments in loyalty, inventory, and digital positioning SUL well for the long-term.
Graincorp Limited Class A (GNC.ASX) -7.8%	GNC was a detractor from performance, with its FY25 earnings guidance falling short of market expectations. Despite strong crop volumes, the company is facing weaker grain trading and crush margins as global supply pressures weigh on pricing. A \$50 million buyback has been announced, and the next key catalysts are April rainfall data and the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) report on June 1st.

Portfolio Activity

BUY

Lottery Corporation Limited (TLC.ASX)	We increased our position in TLC post its resilient 1H25 result, supported by its exclusive long-term contracts, strong cash generation, and capital-light approach. We see earnings upside from upcoming changes to Saturday Lotto (2025) and Powerball (2026), while cost management remains strong post-separation. The balance sheet sits comfortably below the target leverage range, supporting a full dividend payout ratio and the potential for additional capital management initiatives.
Telstra Group Limited (TLS.ASX)	We increased our position in TLS post its 1H25 result, which reinforced its market leadership, driven by strength in Mobile and improvement in Fixed C&SB. We see margin upside from the upcoming T30 strategy update, mobile price increases and gain confidence from management's positive outlook, highlighted by reaffirmed FY25 guidance, the \$750m buyback, 5.5% interim dividend increase, and continued deleveraging within the target ND/EBITDA range.

SELL

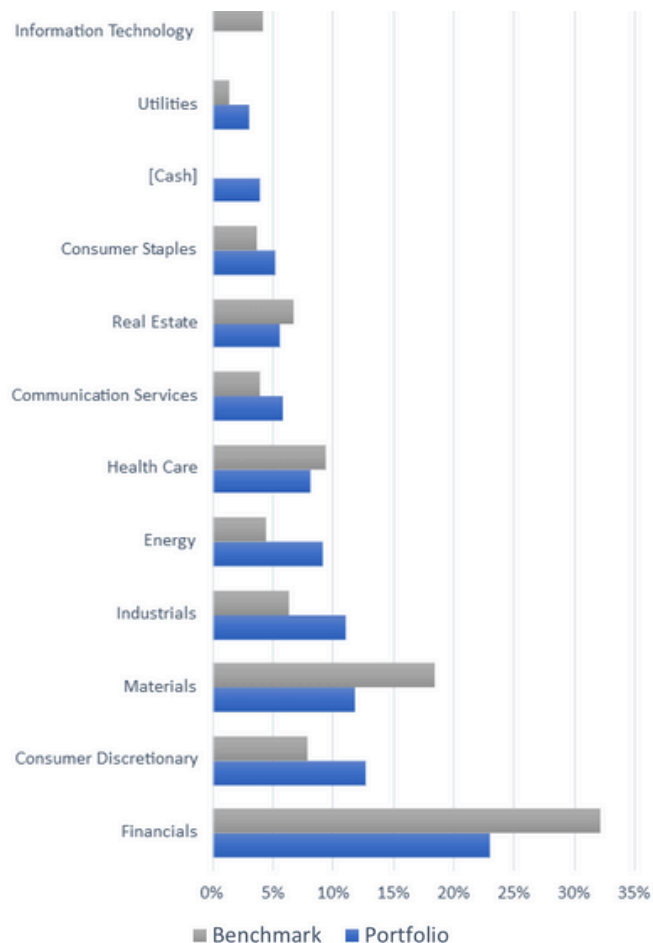
Mystate Limited (MYS.ASX)	After a strong run and the completion of the merger of Mystate with its smaller competitor Auswide, we have exited our position in the company. MYS remains our preferred regional bank with recent strong execution of its business improvement strategy driven by its CEO Brett Morgan (ex ING), however signs of increased competition in funding and mortgage markets are likely to weigh on the sector as the rate cutting cycle plays out. We look for evidence of synergy benefits and improvement in ROE to revisit the stock.
Myer Holdings Limited (MYR.ASX)	We exited our position in MYR following the receipt of shares post its acquisition of PMV's Apparel Brands business. Our preference remains in PMV.
Commonwealth Bank of Australia (CBA.ASX)	CBA delivered a peer leading result as competitor banks including Westpac and National Australia Bank flagged increasing competition and deteriorating customer credit indicators. The weaker indicators witnessed in the bank sector raises the prospect that the earnings upgrade cycle that has supported banks is ending. With CBA trading materially above our through the cycle valuation we believe investors are better off allocating capital to other areas of the market with less valuation risk and earnings growth.
Westpac Banking Corporation (WBC.ASX)	We have further reduced our bank exposure, taking 1% out of Westpac post a marginally disappointing 1Q25 result. Given a long period of better than expected results, the weaker net interest margin outcome rightly spooked investors. As we enter a rate cutting cycle, bank earnings look to have peaked and with valuations at decade highs we see superior value in other areas of the market. Low growth, high PE and emerging headwinds, we believe now is not the time to be over-exposed to the Australian banks.

Top 10 holdings (alphabetical)

ANZ Group Holdings Limited
 BHP Group Ltd
 Commonwealth Bank of Australia
 Lottery Corporation 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	XKOA [^]
# of Securities	30	297
Market Capitalisation	65,188.9	82,760.5
Active Share	58.9	--
Tracking Error	3.83	--
Beta	0.79	1.00
Est 3-5 Yr EPS Growth	4.4	4.6
ROE	14.6	12.7
Div% NTM	4.65	3.46
P/E using FY2 Est	16.3	17.0
Price/Cash Flow	10.0	11.5

* Source: FactSet

[^] XKOA[^] 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.