

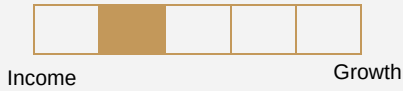
# Ralton Dividend Builder

Monthly Portfolio Report | December 2023

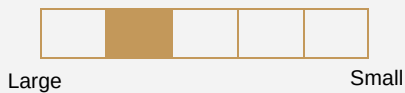


## Key facts

### 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.)<sup>1</sup>

At month end	1 mth	3 mth	1 yr	2 yr	3 yr	5 yr	10 yr	Inception
Ralton	5.46%	5.63%	6.10%	4.96%	8.01%	6.85%	7.60%	7.28%
Income	0.24%	0.93%	4.78%	4.54%	4.72%	4.63%	4.65%	4.89%
Growth	5.22%	4.70%	1.32%	0.41%	3.28%	2.22%	2.95%	2.38%
Index <sup>2</sup>	7.22%	8.36%	12.13%	4.95%	8.99%	10.27%	7.91%	6.25%
Outperformance	-1.76%	-2.73%	-6.03%	0.00%	-0.98%	-3.42%	-0.31%	1.02%

<sup>1</sup> 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.

<sup>2</sup> Index means the S&P/ASX 300 Accumulation Index.

## Portfolio Performance

The Ralton Dividend Builder Portfolio underperformed the ASX300 Accumulated Index in December, returning 5.46%, versus the index return of 7.22%. 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
<b>Commonwealth Bank of Australia (CBA)</b> 6.8%	CBA performed well in December as investor sentiment improved during the quarter, with the global market rallying into the Christmas period. CBA maintained margins across its loan books more effectively than its peers, and is well positioned to take advantage of consumer and business activities returning to growth in 2024.
<b>CSL Limited (CSL)</b> 9.3%	CSL rose +9.31% during December. Despite this rally we think there is still value in the stock which we expect will grow earnings at a compound annual growth rate of +14% for the next 3 years driven by margin recovery across the business. We think CSL should also benefit from peaking interest rates, we remain bullish on the outlook and anticipate a continued re-rating from here.
<b>BHP Group Ltd (BHP)</b> 8.9%	BHP has continued to perform strongly, driven by sustained strength in the iron ore price above USD130 per tonne. An improving view of China's economic conditions in 2024, tight iron ore inventory and higher than expected steel mill production rates have aided the price of iron ore. We see value in BHP as a diversified and high quality miner with attractive future facing growth projects.

## Portfolio Performance

Detractors	Comment
<b>Arcor PLC Shs Chess Depository Interests (AMC)</b> -0.6%	AMC tends to underperform in market rallies, which is what we saw in December. AMC only declined -0.56% for the month, but that was enough to make it one of the larger portfolio detractors. There is no new material news that caused the relative underperformance, and we continue to see value in AMC which is trading below its long term average earning valuation multiples.

## Portfolio Activity

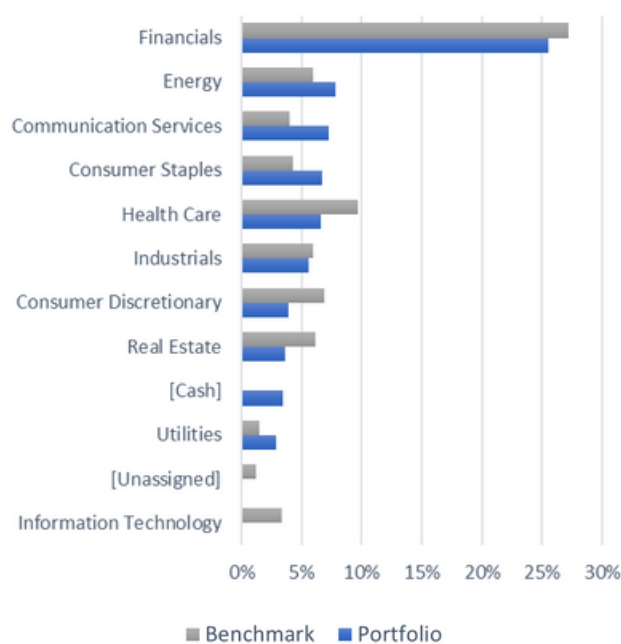
BUY	
<b>Aurizon Holdings Ltd. (AZJ)</b>	We initiated a position in AZJ during December, attracted by its solid performance in challenging conditions. Key drivers include better-than-expected coal export volumes and effective cost management, despite varied customer volumes. Aurizon's strategic response to the evolving market, particularly in handling increased operational costs and leveraging fixed cost efficiencies, positions it well for sustained growth. The company is a beneficiary of CPI price escalations which is driving positive margin revisions. With an undemanding multiple and a cycle low valuation, we see substantial upside for AZJ.
<b>APA Group (APA)</b>	APA's recent investor day underscored its growth potential, making it an attractive addition to the portfolio. The company's focus on remote energy projects, particularly through its Alinta acquisition, presents significant growth opportunities, including a \$1.8 billion project pipeline. APA's strategic joint ventures, bolster its transmission network service provider credibility, enhancing any potential bid prospects. Despite a challenging growth environment for its existing business, APA's commitment to dividend growth and robust pipeline, supported by emerging opportunities in carbon capture and storage (CCS) and hydrogen, positions it well for future returns, particularly post-FY26.
SELL	
<b>GPT Group (GPT)</b>	Australian real estate investment trusts (AREITs) rallied during November as investor sentiment shifted to expect rate cuts in 2024. Following a strong rally in the GPT share price, we decided to trim the top off the GPT position to manage the position size and redeploy the cash into other investments.

## Top 10 holdings (alphabetical)

Amcor PLC Shs Chess Depository Interests  
 ANZ Group Holdings Limited  
 BHP Group Ltd  
 Mineral Resources Limited  
 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 <sup>^</sup>
# of Securities	32	298
Market Capitalisation	68,393.3	80,179.0
Active Share	61.1	--
Tracking Error	3.02	--
Beta	0.95	1.00
Est 3-5 Yr EPS Growth	0.9	4.5
ROE	17.9	15.7
Div% NTM	5.10	3.93
P/E using FY2 Est	14.8	15.9
Price/Cash Flow	8.0	9.8

\* Source: FactSet

<sup>^</sup> 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.