



Carlton Investments Limited  
ABN 85 000 020 262

Chairman's Address to the  
95th Annual General Meeting of Shareholders

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Friends and Shareholders,

This is the 95th Annual General meeting of Carlton Investments.

**Results for the year ended 30 June 2024**

Firstly, I would like to comment on the financial results for the year ended 30 June 2024.

The net profit for the year ended 30 June 2024 was \$38.77 million compared to a net profit of \$37.41 million in the prior financial year, representing an increase of 3.6%.

Income from dividends and distributions received increased from \$38.40 million to \$40.41 million or 5.2%. Dividends totalling \$10.47 million were received from EVT during the year compared to \$8.01 million in the prior year.

Interest income increased from a prior year amount of \$747,000 to \$1.17 million. The weighted average interest rate on term deposits increased from 3.31% in the prior year to 4.67% and there was also an increase of \$3.71 million in the average funds on deposit.

Administration expenses for the year totalled \$924,000 compared to \$970,000 in the prior year. The management expense ratio, representing operating costs as a percentage of the average market value of assets, decreased slightly from 0.10% to 0.09%. This management expense ratio remains one of the lowest ratios for a listed investment company quoted on the Australian Securities Exchange.

**Dividends**

An interim dividend of 41 cents per ordinary share was paid in March 2024 and a final fully franked dividend of 63 cents per ordinary share was paid on 16 September 2024. Total ordinary share dividends paid to shareholders amounted to \$1.04 per share for the year, an increase of 4 cents per ordinary share on that paid in respect of the prior financial year. No special dividends have been paid in respect of year ended 30 June 2024.

Fully franked dividends of 7 cents per share were paid to preference shareholders in March and September 2024.

The Company's dividend reinvestment plan remains suspended.

**Return to shareholders**

As noted in the Annual Report, the return to ordinary shareholders for the year to 30 June 2024, calculated by taking the movement in the net tangible asset backing together with dividends paid, was 9.4% compared with the movement in the S&P/ASX 200 Accumulation Index during the period of 12.1%.

Many of the Group's larger investment holdings showed strong increases in market values over the financial year, however the growth in the market value of Group's total investment portfolio was constrained by the share values of the Group's larger shareholdings in BHP, EVT, Telstra and Woodside trailing the market.

**Investments**

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A full list of the Group's equity investments by industry sectors, as at 30 June 2024, is shown on pages 29 to 32 of the Annual Report. At 30 June 2024 the market value of Group's equity investment portfolio totalled \$1.022 billion compared to \$956 million at the end of the prior 2023 financial year.

The Group also releases a list of its top thirty investment holdings, representing over 90% of the value of its total investment holdings, through the ASX at the end of each quarter and also publishes this list on its website.

Equity investments to the value of \$14.04 million were purchased during the year. Major additions to the investment portfolio were Ampol, Origin Energy, IPH, Telstra Group, Endeavour Group, ANZ Group Woodside Energy and Sonic Health Care. Shares were also received in Newmont Corporation and Seven Group Holdings during the period.

The Group invests for the long term and does not carry out any short term or derivative trading activities. All acquisitions of equities are made from cash generated through the Group's operations. There continues to be no external borrowings and there have been no capital raisings.

The Group continues to invest in Australian listed entities that are considered to be well managed and are anticipated to provide attractive levels of sustainable income through predominantly franked dividends and also long-term capital growth.

Cash held in term deposits and in bank accounts amounted to \$26.8 million at 30 June 2024 compared to \$24.1 million at the previous financial year.

#### **Corporate governance**

The Company's Corporate Governance Statement, together with the Board and Committee Charters and policies can be viewed on the Company's website.

The Board regularly reviews the Group's corporate governance practices and updates procedures as necessary. These practices include controls and procedures that the Board considers to be appropriate bearing in mind the nature and size of the Group's operations and the small number of personnel involved in the day-to-day management of the Group.

#### **Operations for the three months to 30 September 2024**

Turning now to the current financial year, dividends, distributions and other income received and receivable for the first quarter to 30 September 2024 totalled \$15.76 million, an increase of 3.1% on the prior year's first quarter.

As at 30 September 2024, the total market value of the Group's equity investment portfolio was \$1.036 billion compared with \$1.022 billion as at 30 June 2024, an increase of 1.4%. It is noted that during this period, the ASX 200 Index increased 6.4%.

In Australia, interest rates remain at peak levels and are not expected to begin to fall until early 2025, whilst in the United States, Europe and Britain interest rates have started to fall.

The Australian equities markets will continue to be influenced by both domestic and global issues, and consequently we expect to see some future volatility in the pricing of Australian equities. Also, with the ASX currently being at near record highs, there are growing concerns regarding the valuation of some Australian equities. Despite these uncertainties, the Group will continue to seek to purchase additional investments when it is considered that they represent good long-term value and strengthen the Group's ability to pay sustainable dividends to its shareholders.

During the last quarter the Group purchased equities, with a total value of \$3.0 million in ANZ Group, Origin Energy and Westpac. Shares in Adbri, CSR and Sierra Rutile were disposed of during the quarter for total consideration of \$3.0 million, as a result of those companies being taken over.

Since September, the Group has received \$2.3 million in respect of the disposal of its shareholding in Virgin Money UK. The Directors will be looking to reinvest these funds in the near future.

## **Capital Management**

The Board regularly reviews its capital management strategies.

Since last year's Annual General Meeting, the Company has reactivated its on-market buy-back facility.

In the period to 30 June 2024, 26,290 shares have been bought-back at a cost of \$810,000.

Since 1 July 2024, a further 10,754 shares have been bought back at a cost of \$320,000.

The Board will consider maintaining the on-market share buy-back as a part of its capital management strategies but will balance this against the need to maintain sufficient funds to continue to pay an appropriate level of dividends to shareholder and also to have funds to take up potential opportunities arising in what has been a volatile equity market.

## **Thank you**

I would now like to thank my co-directors, our Compliance Manager, Barbara Thompson and our Company Secretary, Andrew Carter for their efforts during the year.

Finally, on behalf of the Board I would like to thank shareholders for your continuing interest in and support for **the company**.

**Alan G Rydge**

**Chairman**

23 October 2024

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