Total returns

At 30 November 2015	1 month %	3 months %	1 year %	3 years p.a. %	5 years p.a. %	Inception p.a. % (Feb 2008)
Ralton Smaller Companies	-1.77	6.62	14.00	15.84	12.31	7.26
Income return	*0.04*	*1.14*	*3.06*	*3.28*	*3.56*	*3.78*
Growth return	*-1.81*	*5.48*	*10.94*	*12.56*	*8.75*	*3.47*
S&P/ASX Small Ords Accum. Index	0.02	6.56	6.50	1.47	-1.93	-2.43
Difference	**-1.79**	**0.06**	**7.50**	**14.38**	**14.24**	**9.69**

Performance review

- The S&P/ASX Small Ordinaries Accumulation Index finished November largely flat, adding 0.02% for the month with Telecommunications and Consumer Staples the top contributors to index returns.
- The Ralton Smaller Companies portfolio fell 1.77% for the month, underperforming the benchmark by 1.79% for the period.
- Our overweight position in the Consumer Discretionary sector detracted from portfolio returns, as did our underweight to the Telecommunications sector which detracted from relative returns.

Performance attribution

Key contributors

Key contributors	Positioning
Super Retail Group Ltd	Overweight
Costa Group Holdings Limited	Overweight
Navitas Limited	Overweight

Super Retail Group Ltd (SUL, +7.8%) - added value to the portfolio, buoyed by a trading update at the AGM in late October. SUL reported solid sales growth in each of its retail formats: automotive, leisure and sports, together with progress on various internal initiatives such as the restructuring of the 'Ray's' format, and ongoing progress on various supply chain and distribution initiatives. These internal or 'self-help' initiatives are a key element in our investment thesis, and hence it's pleasing to see the company making progress. The self-help is largely due to various supply chain, IT and warehouse initiatives SUL has been investing in over the last couple of years. These will make the business more efficient, release inventory (and cash in the process) and allow scope for growth.

Costa Group Holdings Limited (CGC, +10.3%) - shares in CGC rallied during the month on light news flow, although importantly the company reiterated its prospectus (financial) forecasts at the company's AGM - the first since listing on the ASX. Our CGC investment is an exposure to 'premium' food categories, with both raspberries and blueberries currently experiencing very strong growth in Australian demand. CGC is a leader in both of these segments and continues to expand its production across new locations in Australia. Costa also grows and distributes mushrooms and oranges, where again it is a category leader.

Navitas Limited (NVT, +6.7%) - rallied during November following a well-attended investor day at NVT's SAE division in South Melbourne. Although to our mind there was little new information at the investor day, the various management presentations served to reiterate the size of the opportunity in international education, particularly given the ongoing demand for university-level education that will come from Asia. We were also reminded of the offering from the SAE business, a 'technology' type course that focuses on audio visual and online education, together with the growing opportunity NVT sees from its network of colleges in North America. NVT has also recently announced the appointment of well-respected former CEO of iiNet (IIN), David Buckingham, to the position of group CFO.

Key detractors

Key detractors	Positioning
Ardent Leisure Group	Overweight
iSelect Limited	Overweight
Graincorp Limited	Overweight

Ardent Leisure Group (AAD, -12.9%) - shares in diversified entertainment company, Ardent Leisure, gave up recent gains following what the market viewed as a mixed trading update for the first quarter of FY16. Investors were perhaps concerned by a reduction in disclosure provided by the company for each business division, however, we view the qualitative commentary around progress at the gyms business following conversion of nearly 50% of gyms to a 24-hour model, as largely positive. Member attrition or churn has been reduced and solid membership growth has been reported from the new models. This has come at a cost as investment was required, however, we believe this was absolutely necessary. We remain positive in terms of our view of this investment, not just the turnaround in the gyms strategy, but also the US Main Event business.

iSelect Limited (ISU, -11.7%) - shares in ISU remained under pressure, with investors concerned about recent management turnover. Although an indicative, nonbinding bid from Providence Equity Partners (a US private equity firm) remained on the table, investors were clearly discounting the probability of a formal bid materialising that would, in turn, be acceptable to investors and the board. This discount was confirmed when ISU (in December) confirmed the bid would not proceed. Providence apparently remains interested, however, were unwilling to commit to a bid price ahead of further due diligence and as such, the board closed the process. Our recent meeting with management highlighted the broad opportunities ISU is pursuing across energy, car insurance, telecommunications, life insurance and mortgages. Should ISU be able to gain a small market share in any of these segments, the upside to ISU profits and share price should be attractive. Although ISU has had a series of management changes since listing, we continue to believe the fundamentals of the business and the medium-term opportunity remain sound.

Graincorp Limited (GXL, -9.4%) - finally, our GNC investment weighed on investment returns following GNC's full-year results in November. The key area of short-term weakness, which we highlighted last month, was the soft outlook for grain receivals, ahead of what is likely to be an el Nino-impacted east coast crop in Australia. To reiterate, we acquired a small position in GNC based on our view of the value of its key assets. GNC has long held strategic port and upstream grain storage assets on the east coast. GNC is, however, diversifying its business away from pure grain storage and associated marketing and now earns significant profits from both malt and food oil businesses. Pleasingly, it continues to invest in these divisions, whereas many other Australian management teams remain cautious about investing in their businesses for future growth.

Portfolio additions and disposals

Key additions and material adjustments

Bought
Myer Holdings Ltd (MYR)
Speedcast International (SDA)

We added two new positions to the model portfolio during the month.

Myer Holdings Ltd (MYR) - we have bought a small position in Myer Holdings (MYR). Since being listed in 2009 by private equity firm, TPG, MYR's company profit and share price have all been on a downward trend. Richard Umbers was appointed CEO in March this year with a mandate for change. Umbers has raised capital to bolster the balance sheet and set about on a bold journey to improve the performance of Australia's largest department store. The key positive we can see is the move by MYR to boost concessionaire space within the store. Very simply, this appears a concrete step to improve the profitability as concessionaires typically bring in more sales per square metre than most alternative uses of space. MYR's use of such concessionaires is very low by global standards and hence by boosting this exposure we expect to see a benefit to MYR's profits and therein the depressed share price. Umbers appears to also be a change agent. At this stage, we are confident MYR profits can be improved. Whether or not Umbers can deliver a sustainable improvement we will of course have to monitor closely.

Speedcast International (SDA) - we also bought a small position in SDA, a global communications service provider that specialises in the provision of network (communications) services to remote customers, such as the maritime sector and various remote energy and resource companies. We believe SDA has a somewhat unique business model and opportunity to capture new clients as the adoption of its technology increases. Equally, we believe SDA has a somewhat unique opportunity to consolidate the industry, which remains in its infancy or at least early stages. The combination of these factors should, in our view, see SDA capture strong revenue and profit growth for several years to come, and hence our investment.

Key disposals and material adjustments

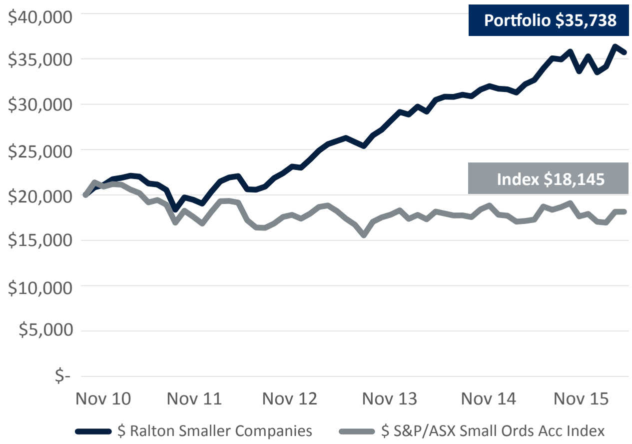
Sold
BlueScope Steel Limited (BSL)

BlueScope Steel Limited (BSL) - we sold our recently acquired positon in BSL. As discussed last month, three developments, each announced during October, highlighted our view and led to a crystallisation of value in a very short period. Firstly, BSL and its key stakeholders agreed to a program that will see the company target $200m of cost savings and in turn, the Port Kembla steelworks remain open. Secondly, some efficiency measures have already driven results with BSL able to upgrade its profit expectations for the first-half of the current year. Finally, BSL has opportunistically been able to buy out its joint-venture partner in the US-based North Star steel mill. The mill is one of the more efficient plants in the US with very consistent performance including uptime, profitability and customer service. Over time, the business has seen far less cyclicality in end demand, partly due to the metrics just described, but also due to its proximity to key customers. Our view is that with 100% ownership, BSL will have more flexibility over the future direction of North Star which, at a group level, improves the overall quality of BSL's assets. With the share price movement we elected to take profits and sold our holding in BSL.

Sector allocation

GICS sector	Ralton	Index	+/-
Consumer Discretionary	34.7%	22.0%	12.7%
Consumer Staples	14.2%	7.6%	6.5%
Energy	5.1%	2.9%	2.2%
Health Care	10.4%	9.1%	1.2%
Utilities	0.0%	0.7%	-0.7%
Industrials	11.6%	12.7%	-1.1%
Telecommunication Services	1.5%	3.6%	-2.1%
Materials	11.6%	13.8%	-2.1%
Financials (ex-Property)	5.8%	9.4%	-3.5%
Information Technology	2.5%	6.0%	-3.5%
Property	2.6%	12.1%	-9.5%
Total	**100%**	**100%**	

Performance comparison of $20,000*



Top 10 holdings#

Company name	ASX code
Super Retail Group Limited	SUL
Ardent Leisure Group	AAD
Fisher & Paykel Healthcare Corporation	FPH
Pact Group Holdings Limited	PGH
Virtus Health Limited	VRT
Macquarie Atlas Roads Group	MQA
Aristocrat Leisure Limited	AAL
News Corporation	NWS
Fletcher Building Limited (Australia)	FBU
Costa Group Holdings	CGC

CONTACT COPIA

1800 442 129 | mail@copiapartners.com.au | ralton.copiapartners.com.au

RETAIL

John Clothier
General Manager, Distribution
0408 488 549
jclothier@copiapartners.com.au

Adam Tweedale
Southern State Manager
0425 804 727
atweedale@copiapartners.com.au

Sean Paul McGoldrick
Northern State BDM
0421 050 370
spmcgoldrick@copiapartners.com.au

INSTITUTIONAL

Iain Mason
Director, Institutional Sales
0412 137 424
imason@copiapartners.com.au

* The performance comparison of $20,000 over 5 years is for illustrative purposes only. All returns shown are based on Australian dollar figures. Past performance is not a reliable indicator of future performance. The total returns shown are prepared on an exit-to-exit basis (i.e. they include all ongoing fees and expenses and assume reinvestment of all distributions). They do not take personal taxation into account. The comparison with the S&P/ASX Small Ordinaries Accumulation Index is for comparative purposes only. Index returns do not allow for transactional, management, operational or tax costs. An index is not managed and investors cannot invest directly in an index. There is no guarantee these objectives will be met.

Portfolio holdings may not be representative of current or future recommendations for the portfolio. The securities listed may not represent all of the recommended portfolio's holdings. Future recommended portfolio holdings may not be profitable.

Past performance is not a reliable indicator of future performance.

Performance of the Ralton Smaller Companies Managed Account is based on theoretical portfolio tracking of the model portfolio and is gross of investment management and administration fees, but net of transaction costs. The total return performance figures quoted are historical, calculated using end-of-month mid prices and do not allow the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. This document is for general information purposes only and does not take into account the specific investment objectives, financial situation or particular needs of any specific reader. As such, before acting on any information contained in this document, readers should consider the appropriateness of the information to their needs. This may involve seeking advice from a qualified financial adviser. Copia Investment Partners Ltd (AFSL 229316, ABN 22 092 872 056) (Copia) is the provider of the Ralton Smaller Companies Managed Account model portfolio advisory service. To subscribe to this service please contact Copia by calling 1800 442 129. Any opinions or recommendation contained in this document are subject to change without notice and Copia is under no obligation to update or keep any information contained in this document current.