



RALTON LEADERS

FACT SHEET

Invested in well-known, blue-chip Australian companies, the Ralton Leaders managed account seeks to deliver investors superior long-term capital growth and tax-effective income.

- Low turnover, tax-efficient portfolio of blue-chip Australian companies
- Strong long-term track record of generating alpha
- Managed accounts specialist

THE RISE OF MANAGED ACCOUNTS

“PROFESSIONALLY MANAGED, TAX-EFFICIENT PORTFOLIO OF ASSETS DIRECTLY OWNED BY THE INVESTOR.”

Managed accounts are not new to the Australian market. However, there is growing appetite for these tax-efficient investment vehicles with investors and advisers at last seeing their long-term benefits.

About managed accounts

A managed account is an investment account managed by a professional investment manager. They can come in the form of a:

- separately managed account (SMA)*
- managed discretionary account (MDA), or
- individually managed account (IMA)*.

* (Ralton focuses here)

While a few similarities existing between managed accounts and managed funds, they differ in some fundamental ways:

- assets within a managed account are held directly (or beneficially) by the investor, they are not pooled
- direct equity holdings can be transferred to a managed account, and
- investors are not subject to any embedded tax liability that may exist in pooled investment vehicles.

Benefits to financial advisers

Saving time and money are some of the key benefits managed accounts deliver financial advisers. With less administration, reporting and compliance required than direct equity investing, advisers are

afforded more time with clients, can create practice efficiencies and can trade and optimise client portfolios in a timelier way.

- **More time with clients** – spend less time researching and stock picking
- **Improved profitability** – reduce operational costs through decreased administration, potentially improving practice revenue
- **Broader offering** – extend the practice’s offering to meet clients’ direct equity demands
- **Portfolio optimisation** – execute trades and optimise client portfolios in a more timely manner
- **Practice efficiencies** – reduce back office, settlements and reporting requirements
- **Lower compliance** – decrease the need for ROAs which are typically required for portfolio changes.

Benefits to investors

Some of the many benefits attracting more investors to managed accounts include:

- **Ownership** – retain beneficial ownership of the underlying assets
- **Transparency** – see all underlying assets and individual cost bases
- **Cost efficiencies** – generally pay lower fees than comparable managed funds
- **Tax efficiencies** – inherit no capital gains tax (individual cost base is established the day assets are bought allowing greater flexibility to plan an optimal tax outcome)
- **Portability** – transfer direct equity holdings without selling down or triggering capital gains tax
- **Professional management** – have your portfolio constructed and stocks selected, as well as trades and corporate actions decided centrally by a professional investment manager.

PORTFOLIO OVERVIEW

Managed by Ralton Asset Management (Ralton), the Ralton Leaders portfolio (Portfolio) is a professionally constructed managed account that invests in well-known, blue-chip Australian companies that are assessed as likely to provide investors with attractive long-term returns relative to the S&P/ASX 100 Accumulation Index. At the time of purchase the shares are either included in the index or are one of Australia’s largest 100 companies based on market capitalisation.

Investment objective

- To provide investors with long-term capital growth and tax-effective income.
- To deliver investors a return consistently above the S&P/ASX 100 Accumulation Index over a three to five-year period.

Investment approach

Ralton applies a thematic-value approach to its investment process believing it to provide the best opportunity to capture and take

advantage of stock mis-pricing through market cycles.

Intensive bottom-up research is the cornerstone of Ralton’s investment process, which it supplements with top-down thematic views.

Disciplined and consistently applied, the team uses a number of proprietary qualitative and quantitative techniques to scrutinise companies so as to uncover undervalued businesses.

Ralton aims to invest in companies with:

- strong and reliable management
- good profit and dividend growth expectations
- reasonably predictable future profits and cash flows, and
- clear business models.

“OUR VIEW IS THAT WHILE CAPITAL MARKETS ARE FAIRLY EFFICIENT, A COMPANY’S TRUE VALUE IS NOT ALWAYS REFLECTED IN ITS SHARE PRICE. THROUGH OUR PROPRIETARY AND DISCIPLINED INVESTMENT PROCESS, WE BELIEVE WE CAN CONSISTENTLY IDENTIFY AND EXPLOIT THIS MIS-PRICING FOR THE LONG-TERM BENEFIT OF INVESTORS.”

INVESTMENT TEAM



Andrew Stanley
Head of Australian
Equities
BEC, LLB, MAppFin, CA

- Joined Ralton in 2006 as Head of Australian Equities.
- Responsible for portfolio management and Ralton’s investment philosophy and strategy.
- Prior to Ralton, Andrew was an Executive Director within the Financial Structuring Group at UBS in Hong Kong.



Will Riggall, CFA
Portfolio Manager
BCom, BA

- Joined Ralton in 2018 as a Portfolio Manager
- Responsible for sector and stock analysis and managing Ralton’s portfolios with Andrew Stanley
- Prior to Ralton, Will held senior portfolio management roles with REST (Super Investment Management), Wallara Asset Management and AMP Capital



Gordon Ramsay
Senior Investment
Manager
BSc, MBA, GAICD

- Joined Ralton in 2018 as a Senior Investment Manager
- Responsible for sector and stock analysis and investment recommendations
- Prior to Ralton, Gordon held senior management roles with FAR Ltd, UBS Investment Bank and Salomon Smith Barney (Citigroup).



Shannon Lambert
Investment Analyst
BCom, LLB

- Joined Ralton in 2017 as an Investment Analyst.
- Assists with financial modelling and company analyst.
- Prior to Ralton, Shannon spent time in the Royal Australian Navy where he graduated as a sailor. He also spent time at iInvest Securities.

KEY FACTS

Manager
Ralton Asset Management

Responsible entity
Copia Investment Partners

Inception date
February 2008

Benchmark
S&P/ASX 100 Accumulation Index

Investment time frame
At least 3 to 5 years

Relative risk
High

Number of stocks
25 - 40

Target outperformance
2% p.a. (gross of fees)

Tracking error
1.5 - 3% p.a.

Suitable investors

- Investors seeking long-term capital growth with some tax-effective income from a portfolio of well-known, blue-chip Australian companies.
- Investors with a long-term investment horizon of at least three to five years who can accept the volatility of equity markets.

Using this portfolio

As an Australian equities portfolio, the Portfolio will generally sit within the growth assets component of a balanced portfolio.

WHY INVEST

Managed accounts specialist

Access the extensive investment management and managed accounts expertise of Andrew Stanley and the Ralton team, with Andrew successfully managing Ralton's portfolios since inception.

Proven investment process

Gain exposure to the team's proven investment process with a thematic-value bias that has delivered investors strong tax-efficient returns across all market cycles.

Blue - chip portfolio

Gain access to a well-rated, low-turnover portfolio of high quality mid to large-cap Australian equities that offer attractive value relative to the market.

The Portfolio's tax-efficient managed account structure allows investors to retain beneficial ownership of the underlying securities, while Ralton professionally manages and reports all investment activity including stock selection, portfolio construction, trades and corporate actions.

Long-term track record

The Portfolio has a long-term track record of generating alpha. Additionally, as owners of the business, Ralton's interests align with those of investors providing strong performance incentive.

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