Total returns

At 30 April 2019	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	10 yrs % p.a.	Inception % p.a. (Mar 2008)
Ralton Concentrated Aus Eq.	3.01	7.72	8.42	7.53	10.21	9.24	12.04	11.40	7.60
Income return	*0.09*	*1.57*	*2.69*	*4.96*	*4.26*	*4.02*	*4.12*	4.29	*4.37*
Growth return	*2.92*	*6.15*	*5.73*	*2.57*	*5.95*	*5.22*	*7.92*	7.11	*3.23*
S&P/ASX 300 Acc Index	2.46	9.41	10.92	10.32	11.07	7.55	9.96	9.91	5.53
Difference	**0.55**	**-1.69**	**-2.50**	**-2.79**	**-0.86**	**1.69**	**2.08**	1.49	**2.08**

Performance review

- The S&P/ASX 300 Accumulation Index returned 2.46% for the month of April, with Financials and Consumer Staples the top performing sectors and Materials and Real Estate the weakest performers for the period.
- The Ralton Australian Shares portfolio returned 3.01% for the month, outperforming the benchmark by 0.55%.
- For the month of April, being underweight Healthcare and overweight Consumer Discretionary added relative value to the portfolio. The portfolio's underweight to Financials and overweight to Energy were the key detractors from portfolio returns.

Performance attribution

Key contributors

Key contributors	Positioning
Healius Ltd	Overweight
Aristocrat Leisure	Overweight
Star Entertainment Group	Overweight

Healius Ltd (HLS, +18.63%) – outperformed during the month, but has bounced around for the last few months after a proposed takeover by its major shareholder, Jango, was rejected by the board. During April, the stock recovered as the Federal Budget increased funding in a range of areas, including restoring funding increases for the GP services offered in its medical clinics. There is also talk of another takeover bid from various private equity suitors after the Federal election. We continue to back the strategic initiatives of new CEO, Dr Malcolm Parmenter, to deliver a turnaround across the company's operational divisions and see the potential for strong medium-term growth. We look for key indicators of success, such as GP hiring numbers, to gain increased confidence in the turnaround.

Aristocrat Leisure (ALL, +6.41%) – added to portfolio performance during April without any real catalysts. The surveys released during the month show the company's gaming machine products continue to be industry leading from a performance perspective and they continue to take share in the participation gaming segment of the market. However, the performance of the Digital business is more mixed. Our key focus when the 1H19 results are released in May will be the progress ALL is making with the implementation of its new digital strategy. At the current valuation we feel the Australian market is discounting the strong earnings outlook supported by multiple growth options within ALL's core slot operations, expansion into adjacent markets, and continued momentum in its digital businesses, broadly supported by a solid US economic backdrop.

Star Entertainment Group (SGR, +8.61%) – rallied during April after a potential takeover bid for Crown by Wynn Resorts, the US casino operator. From our perspective, the current share price does not reflect the longer-term value inherent in the company's pipeline. As we highlighted last month, a major headwind this year has been the increased uncertainty arising from the Queensland Government's request for bids to build a second casino on the Gold Coast. We view the move by the Palaszczuk government as a tactical move to extract payment for exclusivity in the region. A negotiated outcome is likely, which we believe will lead to increased certainty. Otherwise, the company is benefiting from its recently refurbished Gold Coast resort and has proven it can successfully manage disruption to its key Sydney operations. We are becoming increasingly confident that SGR will extract strong returns from its project pipeline due to the quality and position of its assets. The company's strategic relationship with Chow Tai Fook and Far East Consortium not only provides capital and expertise but also access to a deep set of future offshore customers that will drive spend across SGR's integrated resorts.

Key detractors

Key detractors	Positioning
Northern Star Resources	Overweight
Suncorp Group	Overweight
Vicinity Centres	Overweight

Northern Star Resources (NST, -8.49%) – underperformed the market over the month of April. The March quarter result released on 24 April highlighted strong operational performance in Australia, offset by lower than expected Pogo production due to the late delivery of new equipment and a longer than expected transition time to the new long hole stoping mining technique. Despite a slower than expected result at Pogo, NST has maintained its FY19 production guidance, which implies the company is set to deliver a record production level in the June 2019 quarter from the benefit of higher volumes and high-grade ore bodies. The company is also expecting a significant fall in costs (AISC) due to the final charge of mobile equipment delivering higher production volumes in the June quarter. With 12 rigs operating at Pogo, NST also plans to deliver a maiden JORC reserve in the middle of this year. While NST may now take longer to get the Pogo turnaround running as planned (potentially the full 18 months), we have no reason to believe this will not be achieved. Our positive view is maintained.

Suncorp Group (SUN, -3.14%) – detracted from portfolio returns during April. There were a couple of forces at work during the month for SUN. Firstly, the company went ex a special dividend following the sale of its Life Business. Secondly, the market was factoring in lower expected investment income in FY20. The inflation data for the March quarter was lower than expected and this reinforced the view that the RBA will begin to cut rates shortly. The market is factoring in at least one rate cut in the next couple of months and economists are now forecasting further cuts as the year progresses. The 1H19 result showed the underlying General Insurance business has solid momentum with further premium increases expected over the next 18 months. The bank is struggling given the tough competitive environment we are seeing in the mortgage market at present. We continue to monitor progress toward managements targets for FY19. The company still has an additional $500m to be returned to investors from the sale of the Life Insurance business which is expected to be done via a pro-rata return of share capital.

Vicinity Centres (VCX, - 2.31%) – underperformed the market during the month after reporting a 70bp moderation in total center sales growth to 2.0%. The company has still not provided details around the exact timing of the wholesale fund with Keppel other than to say that the fund will not be established prior to the FY19 result, which is to be announced on 14 August 2019. This means the balance sheet is not in as good shape as we had originally anticipated. Given that the equity market implied discount versus VCX's main listed peers is around 40%, management have announced that they would not look to divest assets at such a discount. If the fund is not successfully launched, VCX will embark on a capex program for the assets representing $80m, a level of investment that represents 8% of the asset value. Although not a direct beneficiary of an improvement in the retail sales outlook, VCX should benefit from an improvement in the broader retail sales environment. We expect this should come through with the RBA cutting interest rates later in the year and from any stimulus contained in the Federal Budget. VCX continues to trade at a substantial discount to its NTA and has modest gearing relative to peers.

Portfolio changes

Key additions and material adjustments

Bought
Challenger Group (CGF)
WorleyParsons (WOR)

During the month we added a holding in **Challenger Group (CGF)** which provides investment management services to investors in the accumulation and the pension phases. Through Challenger Life, CGF is a leading provider of annuities and guaranteed income streams for domestic and Japanese investors. Also, CGF operates the multi-boutique funds management group, Fidante. We have taken the opportunity to add the holding after a substantial fall in the share price triggered by a sharp decline in flows into the Life business. We view the drivers of this slowdown as temporary in nature. The medium to long-term outlook for this business is very solid given the aging of the Australian population and the government's desire to see people allocate at least part of their retirement savings to an annuity. On the Japanese annuity investor front, we have seen a deal signed recently with their partner and substantial shareholder, Mitsui Sumitomo Primary Life Insurance Company, which will deliver a substantial uplift in volume of AUD and USD annuities to CGF on a medium-term basis

We also added a holding in **WorleyParsons (WOR)** during the month. WOR has become a global E&C leader in hydrocarbons (No. 1), chemicals (No. 1) and metals and mining (No. 2). The future outlook for WOR is positive with EPS accretion from the Jacobs acquisition expected to be at least +50% post run-rate cost synergies of ~A$130m p.a. that are to be delivered within the next 2 years. Cost synergies are expected to mainly come from the areas of IT, property and from G&A savings. This does not include potential revenue synergies which could be material. WOR is already winning new contracts jointly bidding with Jacobs, plus the pace of new contract awards has increased and margins are on trend to improve from better pricing, higher utilisation, greater volume and from leveraging the new contracts through lower O/H rates per chargeable hour. The acquisition of Jacobs Engineering Group's energy, chemicals, and resources business has

significantly expanded WOR's geographical and industry footprint and more than doubles the size and scale of WOR's business which means it is now more likely to be the partner of choice for many of its key customers.

Key disposals and material adjustments

Sold
Speedcast (SDA)

We elected to exit **Speedcast (SDA)** during the month and shifted the position into **WorleyParsons (WOR)**.

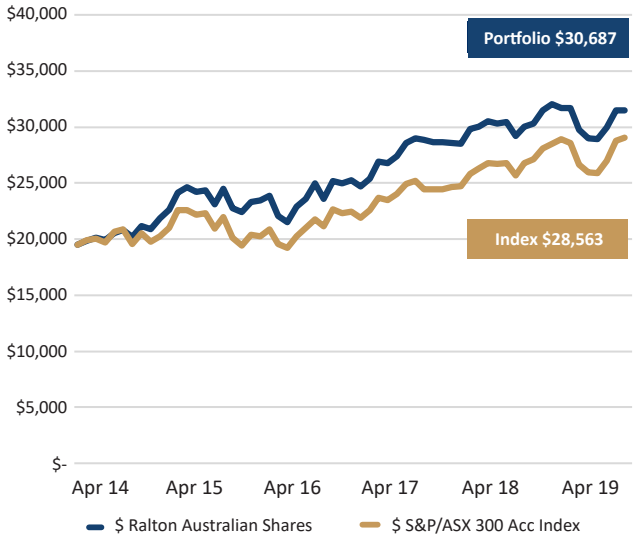
Sector allocation

GICS sector	Ralton	Index	+/-
Consumer Discretionary	12.2%	6.6%	5.6%
Consumer Staples	10.2%	5.8%	4.4%
Energy	10.0%	5.6%	4.4%
Materials	21.6%	18.1%	3.5%
Utilities	2.7%	1.9%	0.8%
Information Technology	2.1%	2.5%	-0.4%
Health Care	8.0%	8.5%	-0.5%
Financials	29.8%	31.5%	-1.7%
Telecommunication Services	0.0%	3.7%	-3.7%
Real Estate	3.4%	7.6%	-4.2%
Industrials	0.0%	8.3%	-8.3%
Total	**100.0%**	**100.0%**	**0.0%**

Top 10 holdings#

Company name	ASX code
ANZ Banking Grp Ltd	ANZ
Woolworths Group Ltd	WOW
BHP Group Limited	BHP
Westpac Banking Corp	WBC
Amcor Limited	AMC
Aristocrat Leisure	ALL
Suncorp Group Ltd	SUN
Commonwealth Bank.	CBA
Sonic Healthcare	SHL
James Hardie Industries	JHX

Performance comparison of $20,000*



CONTACT COPIA 1800 442 129 | clientservices@copiapartners.com.au | copiapartners.com.au

John Clothier	General Manager, Distribution	0408 488 549 | jclothier@copiapartners.com.au
Iain Mason	Director, Institutional Business	0412 137 424 | imason@copiapartners.com.au
Mani Papakonstantinos	Distribution Manager	0439 207 869 | epapakonstantinos@copiapartners.com.au
Matthew Roberts	Distribution Manager	0438 297 616 | mroberts@copiapartners.com.au
Jude Fernandez	Distribution Manager	0414 604 772 | jfernandez@copiapartners.com.au
Sam Harris	Distribution Manager	0429 982 159 | sharris@copiapartners.com.au

Performance of the Ralton Concentrated Australian Equity Portfolio (Ralton Wholesale Australian Shares Model Portfolio) is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. The total return performance figures quoted are historical and do not allow the effects of income tax or inflation. Total returns assume the reinvestment of all portfolio income. Past performance is not a reliable indicator of future performance.

*The performance comparison of $20,000 over 5 years is for illustrative purposes only. Performance is calculated on a gross basis. Actual performance will vary depending on the amount of fees charged by the relevant platform that a client uses to implement the portfolio. The comparison with the S&P/ASX 300 Accumulation Index is 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 an in 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.