Total returns

At 31 July 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 Leaders	2.05	5.93	14.02	7.56	10.52	9.43	12.54	10.29	7.59
Income return	*0.00*	*0.83*	*2.34*	*5.04*	*4.45*	*4.27*	*4.30*	4.40	*4.55*
Growth return	*2.05*	*5.10*	*11.68*	*2.52*	*6.06*	*5.16*	*8.24*	5.90	*3.04*
S&P/ASX 100 Accum. Index	2.79	9.14	19.20	13.96	11.90	8.53	11.93	9.78	6.55
Difference	**-0.75**	**-3.21**	**-5.18**	**-6.40**	**-1.38**	**0.90**	**0.61**	0.51	**1.04**

Performance review

- The S&P/ASX 100 Accumulation Index returned 2.79% for the month of July, with Consumer Staples and Financials the top performing sectors and Materials and Energy the weakest performers for the period.
- The Ralton Leaders portfolio returned 2.05% for the month, underperforming the benchmark by 0.75%.
- For the month of July, being overweight to Materials and Energy added relative value to the portfolio. The portfolio's overweight to Financials and underweight to Consumer Staples were the key detractors from portfolio returns.

Performance attribution

Key contributors

Key contributors	Positioning
Northern Star Resources	Overweight
Caltex Australia	Overweight
James Hardie Industries	Overweight

Northern Star Resources (NST, +11.67%) – significantly outperformed the market in July. The company benefited from the realisation of a record AUD gold price over the month that was supported by a combination of strong global equity markets and expectations of rate cuts from central banks due to slowing global economic growth, US-China trade, and other geopolitical issues. NST is positioned to deliver rising gold production volumes, productivity gains (lower costs), and more resources from the Pogo mine in Alaska. Our positive view on NST is based on it being one of Australia's leading gold producers with a strong capital position (net cash) and a proven track record of operational execution and delivery of exploration success that adds value to its portfolio of assets.

Caltex Australia (CTX, +8.93%) – outperformed the market in July. The company saw a share price recovery in July after the stock became oversold following a weaker than expected 1H19 company profit guidance update provided on 20 June. During July, the market began factoring in an improved 2H19 outlook from expectations of better economic conditions, higher refiner and product margins, and no planned Lytton refinery outage. CTX expects retail market conditions to improve over 2H19 from the "irrational" unsustainable level seen over 1H19, despite the headwinds that remain from increased levels of competition. Despite difficult trading conditions, we view CTX as being somewhat defensive at these levels, as it has an attractive dividend yield based on its guidance to pay out 50% - 70% of its replacement cost operating profit.

James Hardie Industries (JHX, +6.36%) – performed strongly in July as the market responded positively to healthy results from US peers. Interestingly, lead indicators including US House Sales and Starts have been weak whilst mortgage rates continue to decline, resulting in increased affordability and industry confidence. It appears the latter is the appropriate indicator and combined with internal cost out and input cost tailwinds, we remain positive on the outlook for JHX. Most recently, the pleasing Q4 result confirmed our positive thesis and we continue to expect the company to deliver robust growth and increase capital returns, enabling further investment in core operations or, alternatively, increasing distributions to shareholders. We believe the positive US housing outlook is supported by improving housing affordability and will lead to a recovery in home approvals and sales. JHX's strong market position in the US siding market provides a strong long-term opportunity for growth as the company benefits from expected growth in housing formation, which is moving towards long-term growth trends. Further, we are attracted to the company's long-dated growth option in Europe.

Key detractors

Key detractors	Positioning
Amcor	Overweight
Spark Infrastructure Group	Overweight
Oil Search	Overweight

Speedcast International (SDA, -45.83%) – is a leading provider of satellite-based communications services to remote locations with limited or no access to fibre. The industry is in a phase of structural growth as data usage increases, and as a leader SDA should be able to benefit accordingly. Unfortunately, in July the company announced a disappointing downgrade to CY19 earnings guidance, despite only recently confirming earnings expectations. Key drivers of the downgrade were poorer than expected execution on a significant contract and lower than expected synergies from a recent acquisition. The decline in earnings has not only placed the company's balance sheet at risk but has also confirmed prior concerns that SDA does not have the management capacity to capture industry growth whilst walking through the integration of an acquisition. Despite an attractive headline valuation, SDA no longer meets the key indicators that the team sets as benchmarks for portfolio inclusion. As a result, we have moved to exit the position and have recycled funds into improved risk/return opportunities.

Amcor (AMC, -4.08%) – the global packaging company, underperformed the market during July as it gave back part of the outperformance following the merger with Bemis. The merged entity began trading from mid-June with the principal listing in the US and a secondary listing in Australia. The acquisition of Bemis is a strategically significant move by AMC as it gives the group a diversified global footprint across Flexible and Rigid Plastics. AMC has the opportunity to continue to take share given its scale benefits (greater resin purchasing scale, manufacturing and innovation capabilities) and it should continue to generate solid organic growth in emerging markets as more sophisticated packaging moves through the supply chain. The combined business is strongly cash generative and has a strong balance sheet, which will support acquisitive growth or buy-backs. The greater scale in the US provides AMC with a base to begin consolidating that market further now as well. The combined group is targeting $180m of synergy benefits, and based on managements' past track record, we believe this is achievable. The company is aware of customer concerns around the use of plastic packaging and is working with them to develop more environmentally friendly options. AMC's scale places it in a far better position than peers to drive this transition. Overall, we believe AMC continues to offer a solid medium-term growth story.

Oil Search (OSH, -0.57%) – underperformed the market in July. The new PNG Government Leadership Team has indicated its desire to review the Papua LNG Gas Agreement, possibly leading to a material delay and higher costs for the project. We expect this review to result in no change to the original April 2019 contractual agreement and no material project delay, but we do expect the PNG joint venture to agree to maximise the involvement of PNG citizens and local businesses in the development and operation of the Papua LNG Project. OSH plans to divest 35% of its Alaska portfolio in the first half of 2020, following the delivery of a material resource upgrade and drilling results from 2019/20 drilling activity. We continue to view the upcoming Alaska resource upgrade and equity selldown as a catalyst for material OSH value generation.

Portfolio changes

Key additions and material adjustments

Bought
OZ Minerals (OZL)

We have added **OZ Minerals (OZL)** to our portfolio for its quality assets and growth in copper and gold production. OZL has a portfolio of long life / low cost assets that generate robust cashflows backed by the Prominent Hill operating mine. Future growth in copper and gold production is driven by Carrapateena, which clocked its first ore in April 2019 and is on track for commissioning from 4Q 2019.

Key disposals and material adjustments

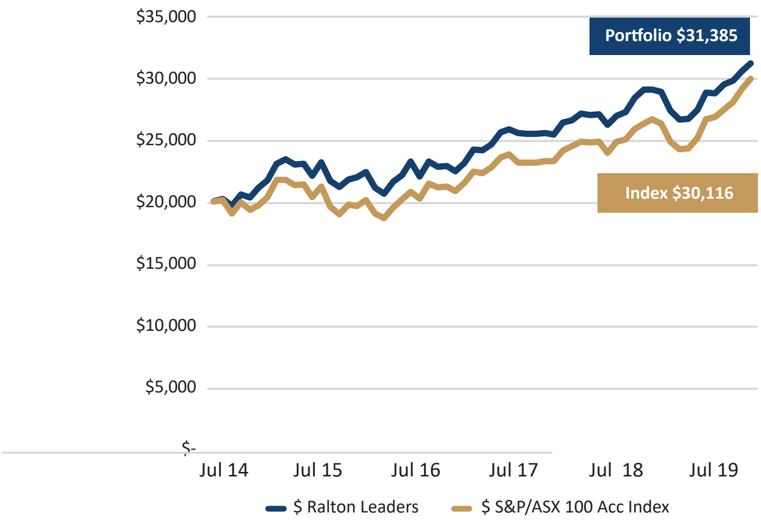
Sold
Nil

Nil

Sector allocation

GICS sector	Ralton	Index	+/-
Financials	36.1%	33.5%	2.6%
Real Estate	3.2%	7.2%	-4.1%
Industrials	0.0%	8.3%	-8.3%
Materials	24.8%	18.3%	6.5%
Energy	10.2%	5.4%	4.8%
Telecommunication Services	2.3%	3.7%	-1.4%
Consumer Discretionary	4.2%	5.4%	-1.1%
Utilities	2.1%	2.0%	0.1%
Consumer Staples	5.4%	5.6%	-0.2%
Health Care	10.3%	9.0%	1.2%
Information Technology	1.4%	1.6%	-0.2%
Total	**100.0%**	**100.0%**	**0.0%**

Performance comparison of $20,000*



Top 10 holdings#

Company name	ASX code
Westpac Banking Corp	WBC
BHP Group Limited	BHP
Commonwealth Bank.	CBA
ANZ Banking Grp Ltd	ANZ
CSL Limited	CSL
Woolworths Group Ltd	WOW
Amcor PLC	AMC
Aristocrat Leisure	ALL
James Hardie Indust	JHX
Ramsay Health Care	RHC

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Performance of the Ralton Wholesale Leaders 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 100 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.