

Ralton Leaders

Portfolio Report | December 2019



Key facts

Income versus growth target



Market cap bias



Investment strategy

A portfolio of ASX-listed equities designed for long-term capital growth and some tax-effective income

Investment objective

Outperform index by over 3% p.a.

Benchmark index

S&P/ASX 300 Accumulation Index

Portfolio Manager

Ralton Asset Management

Inception date

February 2008

Management fee

0.75% p.a. (may vary across platforms)

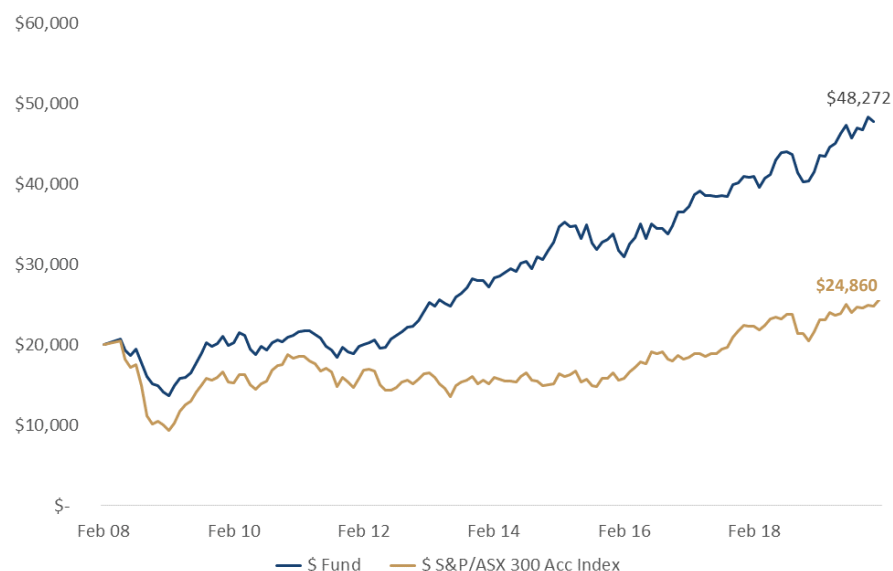
Number of stocks

25-35

Key platforms

Brightday, Linear, OneVue, Praemium

Growth of \$20,000 since inception



Performance (% returns greater than one year are per annum p.a.)

| At month end | 1 mth | 3 mth | 1 yr | 3 yr | 5 yr | 10 yr | Inception |
|--------------|-------|-------|-------|-------|------|-------|-----------|
| Ralton | -1.13 | 1.69 | 18.34 | 9.35 | 8.48 | 8.50 | 7.40 |
| Income | 0.13 | 0.78 | 4.70 | 4.49 | 4.25 | 4.39 | 4.56 |
| Growth | -1.25 | 0.91 | 13.64 | 4.87 | 4.23 | 4.10 | 2.84 |
| Index | -2.23 | 0.70 | 24.06 | 10.39 | 8.95 | 8.10 | 6.35 |

Performance Commentary

The S&P/ASX 100 Accumulation Index returned 0.70% for the December quarter, with Health Care and Energy the top performing sectors and Financials and Consumer Staples the weakest performers for the period.

The Ralton Leaders portfolio returned 1.69% for the quarter, outperforming the benchmark by 0.99%.

For the December quarter, being overweight Materials and underweight Consumer Discretionary added relative value to the portfolio. The portfolio's underweight to Financials and Industrials were the key detractors from portfolio returns.



Sector allocation

| Sector | Ralton | Index | +/- |
|------------------------|--------------|--------------|------|
| Financials | 27.1 | 31.5 | -4.5 |
| Real Estate | 5.0 | 7.1 | -2.1 |
| Industrials | 0.0 | 8.4 | -8.4 |
| Materials | 29.7 | 17.8 | 11.9 |
| Energy | 7.1 | 5.7 | 1.4 |
| Telecommunication | 6.3 | 3.4 | 2.8 |
| Consumer Discretionary | 4.8 | 5.8 | -1.0 |
| Utilities | 0.0 | 2.0 | -2.0 |
| Consumer Staples | 5.7 | 5.6 | 0.1 |
| Health Care | 11.9 | 10.6 | 1.3 |
| Information Technology | 2.5 | 2.0 | 0.5 |
| TOTAL | 100.0 | 100.0 | |



Stock spotlight | OZ Minerals (OZL)

OZ Minerals (OZL) outperformed the market over the December quarter. We have a positive outlook on copper fundamentals, especially longer term. The spot copper price rose 8% over the December quarter and we see global demand for copper increasing from resolution of China/US trade issues, government infrastructure stimulus, and the growing EV/renewable energy thematic. We think the market has mispriced value and future OZL earnings growth driven by rising copper and gold production from the successful execution of the Carrapateena copper mine development, and from delivering this project into a stronger global economic growth outlook. OZL produced its first concentrate production from Carrapateena project on 20 December 2019 and is now targeting mine ramp up of circa 12-months (prior 18 months) due to larger sub-level cave footprint and mine optimisation. The larger sub-level cave footprint increases the potential to support future annual throughput expansion. In summary, OZL has a strong balance sheet and robust cashflows from a portfolio of long life/low cost assets, and we expect the de-risking and ramp up of Carrapateena to deliver an uplift in OZL's valuation.

Top 10 holdings

| |
|-----------------------------|
| BHP Group Limited |
| CSL Limited |
| Westpac Banking Corporation |
| ANZ Banking Group Limited |
| Woolworths Group Limited |
| Commonwealth Bank. |
| Aristocrat Leisure |
| Amcor PLC |
| Telstra Corporation. |
| James Hardie Industries |

Key contributors

| | |
|-------------------------|------------|
| James Hardie Industries | Overweight |
| National Australia Bank | Overweight |
| Aristocrat Leisure | Overweight |

Key detractors

| | |
|-----------------------------|------------|
| Westpac Banking Corporation | Overweight |
| ANZ Banking Group | Overweight |
| GPT Group | Overweight |

Portfolio metrics

| | Ralton | Index |
|--------------------|--------|-------|
| PE | 16.58 | 17.38 |
| EPS Growth (%) | 5.47 | 3.49 |
| Dividend Yield (%) | 3.68 | 3.98 |

Ralton investment team | Professional management of your equity portfolio



Andrew Stanley
Head of Equities



Will Riggall
Portfolio Manager



Gordon Ramsay
Snr Invest. Manager



Andrew Garside
Analyst/Dealer



Shannon Lambert
Investment Analyst

Performance of the Ralton Dividend Builder 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 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. This document is for general information 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 whether the information is suitable for their needs. This may involve seeking advice from a qualified financial adviser. Ralton Asset Management (ABN 45 114 924 382) (Ralton) is the provider of the Ralton Wholesale High Yield Australian Shares Model Portfolio. To subscribe, contact Copia Investment Partners Ltd (AFSL 229316, ABN 22 092 872 056) (Copia) by calling 1800 442 129 or email clientservices@copiapartners.com.au. Any opinions or recommendations contained in this document are subject to change without notice. Ralton and Copia are under no obligation to update or keep information contained in this document current.