



RALTON CONCENTRATED AUSTRALIAN EQUITY

FACT SHEET

Designed to deliver investors long-term capital growth with some tax-effective income, the Ralton Australian Shares managed account is a concentrated portfolio of mid and large-capitalisation Australian companies that offer attractive value relative to the market.

- Low turnover, tax-efficient Australian equities portfolio
- Strong long-term track record of generating alpha

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 Concentrated Australian Equity portfolio (Portfolio) is a professionally constructed managed account that invests in mid and large-cap Australian equities that the Ralton team assesses as likely to provide investors with attractive long-term returns. At the time of purchase, they are either included in the S&P/ASX 300 Accumulation Index or are one of Australia’s largest 300 companies based on market capitalisation.

Investment objective

The Portfolio aims to provide investors long-term capital growth and some tax-effective income from a concentrated portfolio of Australian equities. It seeks to maximise total investment returns from its universe of stocks over five years or more, while at the same time seeking to preserve capital.

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 mispricing 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, Ralton 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

“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 MISPRICING 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 analysis.
- Prior to Ralton, Shannon spent time in the Royal Australian Navy where he graduated as a sailor. He also spent time at iInvest Securities.



Andrew Garside
Dealer/Investment
Analyst
BCom

- Joined Ralton in 2018 as an Investment Analyst.
- Assists with financial modelling and company analysis.
- Prior to Ralton, Andrew held a similar role at Macquarie Asset Management, with further experience at Macquarie Private Bank.

KEY FACTS

Manager

Ralton Asset Management

Responsible entity

Copia Investment Partners

Inception date

February 2008

Benchmark

S&P/ASX 300 Accumulation Index

Investment time frame

At least 5 years

Relative risk

High

Number of stocks

25 - 35

Target outperformance

3% p.a. (gross of fees)

Tracking error

3 - 6% p.a.

Suitable investors

- Investors seeking long-term capital growth from a concentrated portfolio of mid and large-cap Australian equities, with some tax-effective income.
- Investors with a long-term investment horizon of at least 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.

Tax-efficient, low-turnover 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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