

Ralton Leaders

Portfolio Report | February 2020



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)

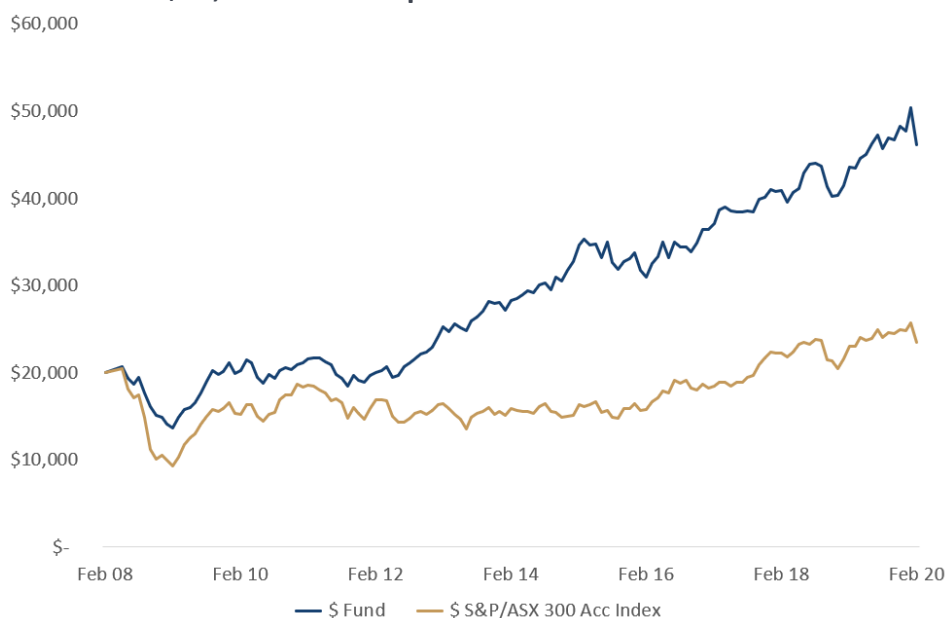
Number of stocks

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	-8.42	-4.44	5.80	7.48	5.84	8.57	7.00
Income	0.34	0.47	3.91	4.35	4.18	4.35	4.53
Growth	-8.76	-4.90	1.89	3.12	1.67	4.22	2.47
Index	-7.66	-5.14	9.63	8.68	6.16	8.20	5.99



Stock spotlight | [Link Administration \(LNK\)](#)

Fallen Angel or value trap? The answer to this question is understanding the long term sustainability of earnings for the company in question. In the case of LNK, it is being priced like the latter however when it is our view that the company is firmly the former. Link earnings consist of 80% that recur every year, 15% exposed to the current volatile economic environment, and 5% to the fast growing PEXA (digital property settlements) business. Link reported an 1H20 result that missed market expectations, resulting in analyst to reduce forward earnings by 10%. However when we analysed the result, the majority of the earnings miss was caused by the 15% cyclical component, while the 80% recurring revenues met expectations and the fast growing PEXA business far exceeded. We believe that investors are valuing cyclical earnings at the same levels as the rest of the business, where in we value the recurring and PEXA business at a much higher level, resulting in the intrinsic value remaining largely unchanged while the market value has declined. While clarity on coronavirus and subsequent decrease in market volatility would drive the Link price higher, we are of the view we are able to by high quality earnings at a significant discount to intrinsic value, which with patience will lead to realisation of strong shareholder returns.



Sector allocation

Sector	Ralton	Index	+/-
Financials	27.64	32.33	-4.69
Real Estate	4.76	7.34	-2.58
Industrials	1.32	8.10	-6.78
Materials	28.42	16.73	11.69
Energy	5.71	4.85	0.86
Telecommunication	5.96	3.36	2.60
Consumer Discretionary	4.73	5.70	-0.97
Utilities	0.00	1.96	-1.96
Consumer Staples	6.24	5.80	0.44
Health Care	13.12	11.89	1.22
Information Technology	2.09	1.93	0.16
TOTAL	100.0	100.0	

Top 10 holdings

BHP Group Limited
CSL Limited
Westpac Banking Corporation
ANZ Banking Group Limited
Woolworths Group Limited
Commonwealth Bank
Northern Star
Aristocrat Leisure
Amcor PLC
Telstra Corporation

Portfolio metrics

	Ralton
PE	15.90
EPS Growth (%)	13.27
Dividend Yield (%)	4.92

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.