

Ralton Leaders

Portfolio Report | June 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 100 Accumulation Index

Portfolio Manager

Ralton Asset Management

Inception date

February 2008

Management fee

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

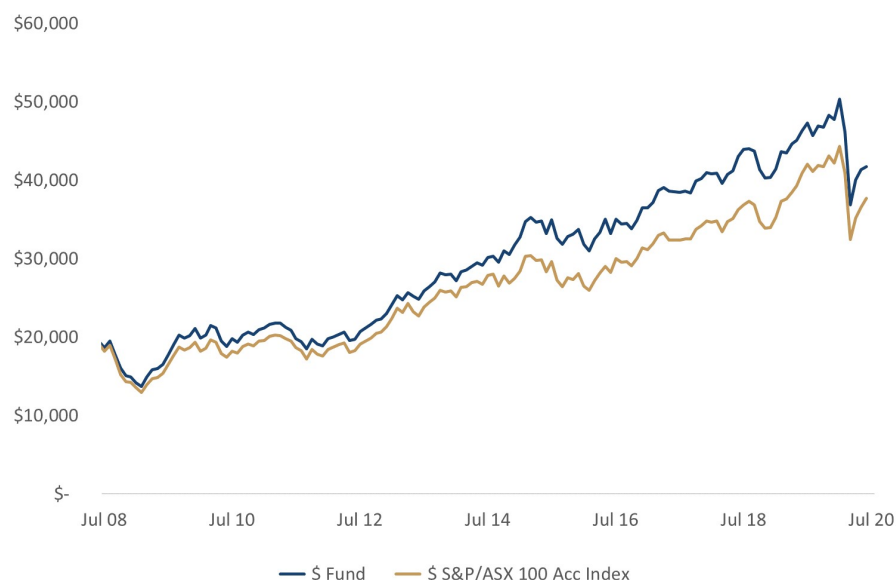
Number of stocks

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	0.99%	13.35%	-9.84%	2.75%	4.67%	8.30%	5.95%
Income	0.00%	0.06%	3.07%	4.18%	4.11%	4.30%	4.46%
Growth	0.99%	13.30%	-12.90%	-1.43%	0.57%	4.00%	1.49%
Index	3.02%	15.98%	-7.84%	5.17%	5.85%	7.99%	5.12%



Stock spotlight | Ansell (ANN)

At the heart of Ralton's process is the drive to invest capital in a company that can deliver sustainable earnings in good times and bad and continue to invest shareholder funds that will drive growth and strengthen a company's competitive position or what Buffet termed a company's "moat". James Hardie is set to deliver a combination of structural growth, i.e. Independent of the cycle as cyclical growth as the decade long under build in US housing drives increased demand. In April, JHX provided market update which illustrated continued growth despite a broader sector slowdown in housing construction and further "self help" growth driven by cost out and operational improvements driven by its global manufacturing excellence program. With COVID-19 creating a high level of uncertainty as to the depth of slowdown and timing of recovery, the company's strong balance sheet will not only protect shareholders but position Hardies to emerge from this period in a stronger competitive position as it continues to invest in its sales force and new/differentiated products. Resilient growth, strong cash flow generation, top tier management and strong valuation support drives out conviction that JH will continue to deliver long term returns above the broader investment universe.

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Sector allocation

Sector	Ralton	Index	+/-
Financials	20.00	28.50	-8.40
Real Estate	2.30	6.40	-4.20
Industrials	4.30	7.70	-3.50
Materials	29.20	19.40	9.80
Energy	4.70	4.50	0.20
Telecommunication	9.20	4.20	5.00
Consumer Discretionary	3.80	5.90	-2.10
Utilities	0.0	2.20	-2.20
Consumer Staples	5.80	6.30	-0.50
Health Care	14.90	12.40	2.40
Information Technology	1.80	2.50	-0.70
TOTAL	100.0	100.0	

Top 10 holdings

Telstra Corp.
Northern Star Resources
National Australia Bank
James Hardie Industries
OZ Minerals
Beach Energy
Woolworths Group
BHP Group
Amcor
Aristocrat Leisure

Portfolio metrics

PE	16.75
EPS Growth (%)	4.79%
Dividend Yield (%)	4.03%



Performance Commentary

While the first quarter saw a sharp decline in global equity markets, the June quarter saw material gains in tech and cyclical names, largely driven by global stimulus measures, resulting in a 15.98% return for the ASX100. The Ralton Leaders Portfolio underperformed the strong market return, delivering a strong 13.35% for the quarter.

The market was driven by two key themes. Financial stimulus measures have driven increased liquidity and lower rates which has increased the attractiveness of the Tech Sector with investors seeking structural growth with evidence of a sharp acceleration in tech transformation has been driven by economy closures. Secondly monetary stimulus has enabled consumers to continue to spend with further share price performance aided by a faster than feared recovery from the COVID induced recession metrics. As such the Index was led by the Technology (+48.7%) and Consumer Discretionary (+30.1%) sectors.

Key drivers for the portfolio were its stock selection in the Healthcare sector, Materials overweight while the portfolios defensive Telecommunications positions underweight traditional growth names detracted from performance. Ansell (ANN) and Ramsay Healthcare (RHC) performed strongly as the former's exposure to protective equipment delivered a strong earnings update while Ramsay looks to benefit from a return to normalised surgery activity as COVID infection numbers were far fewer than feared. James Hardie delivered a very strong set of numbers in the quarter and OZ Minerals benefited from announced mine expansion and a resurgent Copper price.

Looking forward we are of the view that the market will continue to remain range bound as significant global and domestic stimulus support valuations, balancing the inherent risk in earnings from company defaults and increasing chances of a second wave. The portfolio continues to hold a range of quality companies that are able to deliver growth, independent of the recovery trajectory while retaining the valuation discipline at the core of the Ralton process. Key risks to the market remain a resurgence in COVID infections, geopolitical tensions as well as an increasing focus on the outcome of the US election. Were we to see the Fed remove its aggressive stimulus measures we would change our current investment positioning. In any case, the portfolios long held mission to protect capital while delivering above market returns will place it well to deliver consistent returns in any environment.

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 360 Capital FM Limited (AFSL 221 474, ABN 15 090 664 396) (360 Capital) by calling T: (02) 8405 8860 or email investor.relations@360capital.com.au. Any opinions or recommendations contained in this document are subject to change without notice. Ralton and 360 Capital are under no obligation to update or keep information contained in this document current.