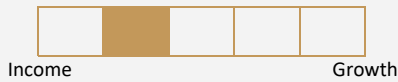


Ralton Dividend Builder

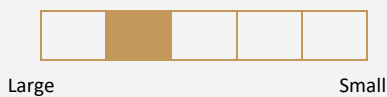
Portfolio Report | August 2020

Key facts

Income versus growth target



Market cap bias



Investment strategy

A portfolio of ASX-listed equities designed to provide attractive 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

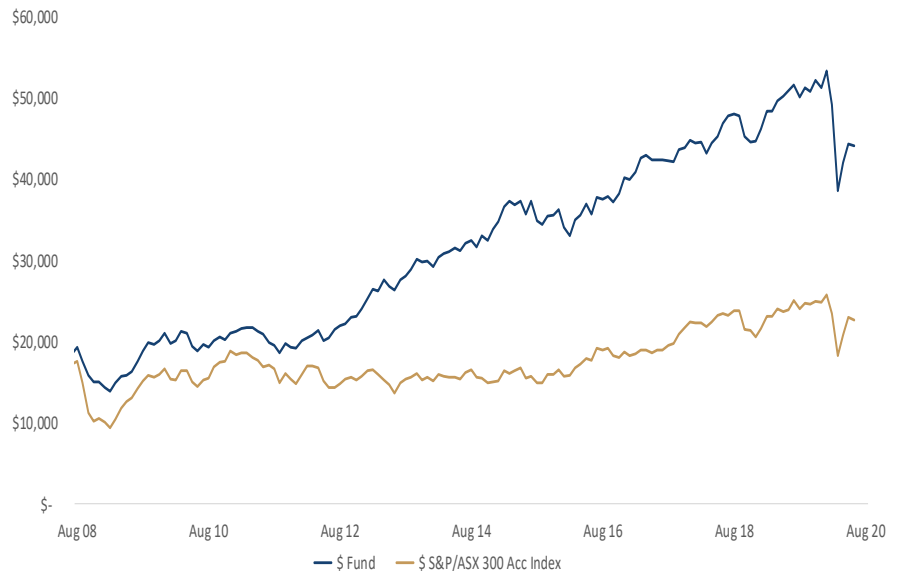
External ratings

Zenith "Approved"

Key platforms

CFS First Wrap, HUB24, Linear, NetWealth, OneVue, Powerwrap, 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	0.42	-0.26	-11.79	1.53	4.85	8.69	6.36
Income	0.54	1.03	4.06	4.70	4.68	4.83	4.96
Growth	-0.13	-1.29	-15.85	-3.17	0.17	3.86	1.40
Index	3.05	6.19	-4.82	6.24	7.58	7.75	5.01



Stock spotlight | Austal (ASB) & RIO Tinto (RIO)

Rio Tinto (RIO) was added to the Dividend Builder portfolio on 4-August-20, at a starting weight (2%). The company offered a favourable valuation, strong earnings based primarily on iron ore, with growth from copper and aluminium, a conservatively geared balance sheet, along with a good dividend yield. Subsequently Rio Tinto's actions surrounding the appalling destruction of the Juukan Gorge caves have become apparent. Obviously, Ralton Asset Management views these matters with deep concern. We note the CEO has now 'stepped down' from his role, and other senior managers will also leave the company. Ralton's investment in Rio Tinto remains under review.

Austal (ASB) is a new investment in the Dividend Builder portfolio. The WA headquartered company designs and constructs commercial and defence ships and ferries. It has shipyards in Australia, USA, and Asia. With quality management, and strong contract execution, it is known as an efficient and capable shipbuilder. The company is trading at a meaningful discount to assessed valuation, provides an acceptable dividend, and will act to provide diversification to the portfolio. Additionally, Austal provides opportunity for future earnings growth, including from its expansion into steel shipbuilding in the USA, and an expanding support / maintenance business.



Sector allocation

Sector	Ralton	Index	+/-
Financials	20.55	26.09	-5.54
Real Estate	2.00	6.77	-4.77
Industrials	9.13	7.19	1.95
Materials	32.70	20.62	12.08
Energy	2.10	3.77	-1.67
Telecommunication	8.33	4.04	4.29
Consumer Discretionary	5.27	7.40	-2.14
Utilities	2.50	1.78	0.71
Consumer Staples	8.38	6.58	1.80
Health Care	2.44	11.82	-9.38
Information Technology	0.00	3.94	-3.94
TOTAL	100.0	100.0	

Top 10 holdings

Amcors CDI
Evolution Mining Ord Shs
BHP Group Ord Shs
National Australia Bank Ord Shs
James Hardie Industries CDI
Telstra Corporation Ord Shs
InvoCare Ord Shs
Spark New Zealand Ord Shs
Austral Ord Shs
Inghams Group Ord Shs

Portfolio metrics

PE	15.49
EPS Growth (%)	5.31%
Dividend Yield (%)	4.75%

August Monthly Commentary

The Ralton Dividend Builder portfolio returned +0.42% for the month, underperforming another strong performance from the ASX300 Accumulated Index (+3.05%) by -2.63%.

The reporting season that took place in August was always going to provide volatility as companies did their best to make sense of the uncertain backdrop while analysts attempted to gather insight into an unclear earnings outlook. Counterintuitively, companies most impacted by COVID fared the best as government stimulus and aggressive cost out measures delivered strong operational execution and results. Reporting season was broadly better than feared with more companies beating expectations than missing. Continuing on from recent performance trends Technology (+15.5%) and Consumer Discretionary (+8.7%) sectors performed best, with small companies (+7.25%) significantly outpacing the broader index. Conversely, Utilities (-4.8%) and Telcos (-3.7%) lagged. Despite the positive investor sentiment the market saw forecast growth decline by a further 2% with FY21 to see yet another year of EPS declines. Bucking this trend were upgraded outlooks in Resources and the Staples industries.

Turning to the portfolio, Telstra (TLS) was a major negative contribution to the portfolio for the month, after it released a disappointing FY20 result (including FY23 forecast ROIC reduced from 10% to 7%). Other negative contributions were Evolution Mining (EVN) (gold sentiment negative, which has rebounded in September), Challenger (CGF) (market waiting to see return to annuity sales growth) and (IAG) (disappointing FY20 result). Additionally, not having any meaningful exposure to the Technology sector (for instance, Afterpay), as well as to momentum stocks, weighed on portfolio performance. Positive contributions were achieved from Consumer Staples, including Tassal (TGR) and Woolworths (WOW), along with defensive investments such as Wesfarmers (WES) and Amcor (AMC). Holdings sold during August-20 were Transurban (TCL), Aristocrat Leisure (ALL) and South32 (S32). Additions to your portfolio in August-20 were Austral (ASB), Wesfarmers (WES), Rio Tinto (RIO), InvoCare (IVC), and Sonic Healthcare (SHL). Subsequent to the Aug-20 reporting season, a further review of holdings has been undertaken, with particular consideration of dividend sustainability – in an environment where the dividends of many companies are being suspended or reduced. This review is focussed on ensuring a strong dividend yield from the portfolio continues, whilst also

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. ZENITH: The Zenith Investment Partners ("Zenith") Australian Financial Services License No. 226872 rating (assigned June 2019) referred to in this document is limited to "General Advice" (as defined by the Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Zenith usually charges the product issuer, fund manager or a related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessment's and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>. LONSEC: The Lonsec Rating (assigned August 2019) presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445. The Rating is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold Ralton Asset Management product, and you should seek independent financial advice before investing in this product. The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document following publication. Lonsec receives a fee from the Fund Manager for researching the product using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: <http://www.lonsecresearch.com.au/research-solutions/our-ratings>