

Plato Australian Shares Income

Quarterly Investment Option Update

30 September 2019

Aim and Strategy

To provide an annual gross yield (including franking) that exceeds the gross yield of the S&P/ASX200 Franking Credit Adjusted Daily Total Return Index (Tax Exempt). The fund also aims to outperform the benchmark before fees. The fund is a long-only equity income fund managed specifically for pension and superannuation investors. The fund takes advantage of income opportunities available in the Australian tax system that can specifically benefit low tax investors such as franking credits, special dividends and off market buy-backs.

The portfolio will invest in ASX listed entities and listed SPI futures and will typically hold between 50 and 120 stocks, with +/- 5% of the weight in the benchmark.

Investment Option Performance

To view the latest investment performances for each product please visit amp.com.au

Investment Option Overview

Investment Category	Australian Shares
Suggested Investment timeframe	5 to 7 years
Relative risk rating	6 / High
Investment style	Value
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100	99.5
Cash	0	0.5

Sector Allocation	%
Energy	6.39
Industrials	8.48
Materials	19.82
Consumer Discretionary	7.49
Consumer Staples	6.91
Healthcare	7.14
Financials (ex Property)	35.36
Property	4.30
Information Technology	1.00
Telecommunications Services	2.01
Utilities	0.18

Top Holdings	%
Westpac Banking Corporation	9.1
BHP Billiton Ltd	8.3
Australia and New Zealand Banking Group Ltd	8.1
Macquarie Group Ltd	4.7
Commonwealth Bank of Australia	4.4
Woolworths Ltd	4.4
CSL Ltd	4.3
Wesfarmers Ltd	2.5
Aristocrat Leisure Ltd	2.2
National Australia Bank Ltd	2.1

Portfolio Summary

- Plato's proprietary long-term factors were mixed in Q3 with outperformance of our earnings and price momentum factors accompanying underperformance from our value factor until September when the factor performance underwent a significant reversion with value outperforming at the expense of momentum.
- The Australian Equity market continued to shrug off trade war worries rallying 2.9% (including franking credits) in Q3 to take the 2019 performance so far to 24.3%.
- The Fund remains actively positioned to deliver superior income / franking whilst also being able to allocate to companies who are providing solid capital returns.

Investment Option Commentary

Plato's proprietary long-term factors were mixed in Q3 with outperformance of our earnings and price momentum factors accompanying underperformance from our value factor until September when the factor performance underwent a significant reversion with value outperforming at the expense of momentum. Our run-up model was slightly negative during the quarter. In total, our Income Strategies underperformed the benchmark after tax during the quarter.

In terms of sector performance, Plato gained alpha in the Financials and Consumer Discretionary sectors but lost relative performance in the Materials and Information Technology sectors.

Overweight positions in Qantas, Woolworths and Wesfarmers as well as underweight positions in South32 and Brambles aided relative returns. In contrast, our overweights in Cimic, Woodside Petroleum and Iluka as well as our underweights in Treasury Wines and James Hardie detracted from relative fund performanceX

Market Commentary

The Australian Equity market continued to shrug off trade war worries rallying 2.9% (including franking credits) in Q3 to take the 2019 performance so far to 24.3%. The primary drivers was the continuation of the reduction in international long-term bond yields with the Australian 10 yr bond yield falling 31bps during the quarter to 1.02% as well as the Australian property market which rose post the election of the coalition government and subsequent interest rate cuts. The best performing industries during the quarter were beneficiaries of lower bond rates were Consumer Staples, Consumer Discretionary and Health Care in contrast to Materials, Resources and Communications stocks which underperformed. During the quarter, Qantas and McMillan Shakespeare announced off-market buybacks, which are forecast to add over 10% to after-tax returns for zero-tax investors for each share successfully tendered but which are forecast to have large scale-backs given high demand.

Outlook

The Fund remains actively positioned to deliver superior income / franking whilst also being able to allocate to companies who are providing solid capital returns.

Availability

Product name	APIR
Flexible Super – Choice (Retirement)	AMP1872AU
Flexible Super – Choice (Super)	AMP1868AU
Flexible Lifetime – Allocated Pension	AMP1856AU
Flexible Lifetime – Super	AMP1852AU
Signature Super	AMP1860AU
Signature Super – Allocated Pension	AMP1864AU

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