

Plato Australian Shares Income

Quarterly Investment Option Update

31 December 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	7.10
Industrials	9.63
Materials	20.60
Consumer Discretionary	7.54
Consumer Staples	6.36
Healthcare	8.80
Financials (ex-Property)	29.79
Property	4.40
Information Technology	0.57
Telecommunications Services	2.06
Utilities	2.28

Top Holdings	%
BHP Group	8.4
National Australia Bank	6.8
Westpac Banking Corporation	6.0
CSL	5.9
Macquarie Group	4.8
Woolworths	4.4
Commonwealth Bank of Australia	4.3
Wesfarmers	2.9
Woodside Petroleum	2.7
Transurban Group	2.6

Portfolio Summary

- Plato's proprietary long-term factors were mixed in Q4 with a reversal in recent factor performance evident. Our valuation and quality factors outperformed in contrast to our earnings and price momentum factors.
- The Australian Equity market was fairly flat in Q4 rising 0.9% (including franking credits) to take the annual 2019 performance to 25.4%.
- 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 Q4 with a reversal in recent factor performance evident. Our valuation and quality factors outperformed in contrast to our earnings and price momentum factors. Our run-up model was slightly negative during the quarter. In total, our Income Strategies performed in line with the benchmark after tax during the quarter.

In terms of sector performance, we gained alpha in the Mining and Industrials sectors but lost relative performance in the Financials and Healthcare sectors.

Overweight positions in Fortescue, Macquarie, Aristocrat Leisure and BHP as well as an underweight position in Newcrest aided relative returns. In contrast, our underweights in CSL, Rio Tinto, Sydney Airport, Xero and A2 Milk detracted from relative fund performance.

Their strategy has added 1.95% more franking credits than the S&P/ASX 200 Index over the last 12mths and 1.21% p.a. more franking credits since inception.

Market Commentary

The Australian Equity market was fairly flat in Q4 rising 0.9% (including franking credits) to take the annual 2019 performance to 25.4%. Bond yields reversed their recent momentum as a phase-one trade deal between the U.S. and China was confirmed and Boris Johnson had a convincing win in the UK election with the Australian 10 yr bond yield rising 35bps during the quarter to 1.37%. Global PMIs also started stabilizing during the quarter, supporting the view that the recent policy stimulus from global central banks is working to turn around global economies. The best performing industries during the quarter were Health Care, Energy and Materials in contrast to Financials, Consumer Staples and Real Estate which underperformed.

Outlook

The Fund remains actively positioned to deliver income / franking whilst also being able to allocate to companies who are providing 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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