

Plato Australian Shares Income

Quarterly Investment Option Update

31 March 2020

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	97.5
Cash	0	2.5

Sector Allocation	%
Energy	3.25
Industrials	5.38
Materials	20.87
Consumer Discretionary	7.52
Consumer Staples	9.19
Healthcare	12.83
Financials (ex Property)	27.09
Property	4.00
Information Technology	0.66
Telecommunications Services	3.95
Utilities	2.75

Top Holdings	%
Commonwealth Bank of Australia	10.7
CSL	8.2
BHP Group	7.5
Australia and New Zealand Bank	6.7
Woolworths	6.2
Rio Tinto	4.5
Macquarie Group	4.0
Telstra Corporation	3.6
Wesfarmers	3.4
Aristocrat Leisure	2.0

Portfolio Summary

- Plato's proprietary long-term factors were mixed in Q1 our earnings and price momentum factors outperforming in contrast to their value factor. Quality was neutral during the quarter.
- After hitting a high on the 20th February, the Australian market fell 36% until the 23rd March before staging a late, albeit volatile rally to finish 23.1% lower over the quarter, in line with global market falls as COVID-19 spread throughout Europe and the United States and was officially declared a global pandemic.
- The investment option 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 Q1 our earnings and price momentum factors outperforming in contrast to our value factor. Quality was neutral during the quarter. Our run-up model was slightly negative during the quarter. In total, our Income Strategies outperformed the benchmark by 0.9% after tax during the quarter.

In terms of sector performance, the investment option gained alpha in the Property Trusts and Mining sectors but lost relative performance in the Industrials and Financials sectors. Overweight positions in Rio Tinto, Woolworths and Resmed as well as underweight positions in Scentre and OilSearch aided relative returns. In contrast, overweight positions in Qantas, Santos and Macquarie as well as underweights in CSL and A2 Milk detracted from relative performance.

The strategy has added 1.09% more franking credits than the S&P/ASX 200 Index over the last 12mths and 1.17% p.a. more franking credits since inception.

Market Commentary

After hitting a high on the 20th February, the Australian market fell 36% until the 23rd March before staging a late, albeit volatile rally to finish 23.1% lower over the quarter, in line with global market falls as COVID-19 spread throughout Europe and the United States and was officially declared a global pandemic. This resulted in most countries instituting variations of lockdowns to stop the spread of the virus but with the side effect of severely hampering economic activity around the globe. Countries in East Asia first hit with the virus, have managed to control its spread and are restarting their economies to various degrees. The Reserve Bank of Australia responded by cutting interest rates by 50bps and launching quantitative easing which saw Australia's 10-year bond yield fall 62bps during the quarter to 0.76% and the Australian dollar followed suit falling 13% to 61 US cents. The best performing industries during the quarter were defensive in nature (particularly to the effects of COVID-19), Health Care, Consumer Staples and Utilities in contrast to the underperformance of Energy, Real Estate and Consumer Discretionary which are being massively affected by the social distancing measures employed across the globe.

Outlook

The investment option 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

Contact Details

Web: www.amp.com.au
Email: askamp@amp.com.au
Phone: 131 267



What you need to know

This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from ASL, AMP Life or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (underlying fund). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither AMP Life, ASL, any other company in the AMP Group nor underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance.