

# Plato Australian Shares Income

Quarterly Investment Option Update

30 June 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](http://amp.com.au)

## Investment Option Overview

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

- 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.
- As central banks and governments around the world pumped liquidity and stimulus into financial markets and the broader economy, and then as economies started reopening as the COVID-19 curves started flattening, markets rallied strongly to be up 16.9% in the second quarter of 2020.

## Investment Option Commentary

Plato's proprietary long-term factors were neutral in Q2 despite there being significant swings from value to momentum over the quarter. Their run-up model however was positive during the quarter resulting in net positive alpha. In total, their Income Strategies outperformed the benchmark during the quarter.

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

Overweight positions in Macquarie Group, JB Hi-fi and Regis Resources as well as underweight positions in CSL and Insurance Australia Group aided relative returns. In contrast, their overweight positions in Woolworths and Telstra as well as underweights in Afterpay Touch, Newcrest and James Hardie detracted from relative fund performance.

Their strategy has added 1.27% more franking credits than the S&P/ASX 200 Index over the last 12mths and 1.19% 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 Investment Option 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
CustomSuper	AMP1852AU
Flexible Lifetime – Allocated Pension	AMP1856AU
Flexible Lifetime – Super	AMP1852AU
Signature Super	AMP1860AU
Signature Super – Allocated Pension	AMP1864AU

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