

# Plato Australian Shares Income

Quarterly Investment Option Update

31 December 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/performance](http://amp.com.au/performance)

## 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	4.01
Industrials	7.47
Materials	23.87
Consumer Discretionary	9.61
Consumer Staples	6.25
Healthcare	9.28
Financials (ex Property)	26.34
Property	6.82
Information Technology	1.69
Telecommunications Services	2.77
Utilities	1.40

Top Holdings	%
Commonwealth Bank	9.2
BHP Group	7.1
NAB	6.6
CSL	5.6
Fortescue Metals	5.0
Wesfarmers	4.4
Coles Group	4.2
Telstra Corporation	2.6
Westpac	2.5
Transurban Group	2.5

## Portfolio Summary

- Plato's proprietary long-term factors were neutral in Q4 as value outperformed in contrast to earnings and price momentum.
- The Australian market was up 13.8% in the December quarter as first Pfizer/BioNTech and then Moderna announced Phase 3 vaccine results that suggested their vaccines were over 90% effective, sharply reversing the returns of those companies most affected by Covid related lockdowns.
- 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

Performance was quite extreme in the quarter, with vaccine enthusiasm sparking a large recovery in many Covid-19 impacted stocks, whilst stocks who had benefited from Covid lagged. Plato's proprietary long-term factors were neutral in Q4 as value outperformed in contrast to earnings and price momentum. Plato's run-up model was slightly negative during the quarter. In total, their Income Strategy underperformed the benchmark by 0.6% after tax during the quarter.

In terms of sector performance, the Fund gained alpha in the Mining and Healthcare sectors but lost relative performance by being underweight the Information Technology sector.

The largest contributors to active performance during the quarter were overweights in Fortescue and Mineral Resources which both benefited from the increase in the iron ore price as well as underweight positions in Newcrest, CSL and A2 Milk. The largest detractors to active performance were overweights in Regis Resources, St Barbara and Aurizon as well as underweights in Afterpay Touch and Xero. The Fund outperformed in the Mining and Healthcare sectors but underperformed by being underweight the Information Technology sector.

The strategy has added 0.98% more franking credits than the S&P/ASX 200 Index over the last 12mths.

## Market Commentary

The Australian market was up 13.8% in the December quarter as first Pfizer/BioNTech and then Moderna announced Phase 3 vaccine results that suggested their vaccines were over 90% effective, sharply reversing the returns of those companies most affected by Covid related lockdowns.

In addition, the RBA lowered its cash rate, yield-curve target and bank lending facility rate to a new record low of 0.1%, putting further pressure on the returns from term deposits and other investments linked to the cash rate. Despite new Covid outbreaks in Sydney and Adelaide, both originating from hotel quarantine, Australia appears to be suppressing the virus much more successfully than in Europe and the United States which instituted fresh lockdowns during the quarter. Joe Biden won the U.S. presidential election.

Finally, rising trade tensions between Australia and China culminating in a tariff greater than 100% being applied to Australian wine sold in China as well as bans on Australian lobster and coal, put pressure on companies that could be hit by Chinese tariffs or import restrictions. The Australian dollar rose 7.4% following iron ore's 25.7% rise as the price set new highs when measured in Australian dollars. The top performing sectors were Energy, Mining and Information Technology in contrast to the defensive sectors of Utilities and Healthcare which actually fell as a great rotation coincided with the market rally.

## 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 Code
AMP Flexible Super - Super	AMP1868AU
AMP Flexible Super - Retirement	AMP1872AU
CustomSuper	AMP1852AU
Flexible Lifetime - Super	AMP1852AU
Flexible Lifetime - Allocated Pension	AMP1856AU
SignatureSuper	AMP1860AU
SignatureSuper - Allocated Pension	AMP1864AU

## Contact Details

Web: [www.amp.com.au](http://www.amp.com.au)  
Email: [askamp@amp.com.au](mailto:askamp@amp.com.au)  
Phone: 131 267



### What you need to know

This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). 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 AMP Limited ABN 49 079 354 519 (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.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super), AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455 (AMPCFM) and/or ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac). Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement (PDS) for the relevant product, available from the issuer or your financial planner.

Any advice 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. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

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. 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 NM Super, AMPCFM, ipac, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document, unless expressly stated in the PDS. Past performance is not a reliable indicator of future performance. Any slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.