

Plato Australian Shares Income

Quarterly Investment Option Update

31 March 2021

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

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	99.2
Cash	0	0.8

Sector Allocation	%
Energy	3.39
Industrials	3.22
Materials	23.55
Consumer Discretionary	9.17
Consumer Staples	7.65
Healthcare	9.57
Financials (ex Property)	32.57
Property	4.10
Information Technology	0.92
Telecommunications Services	4.00
Utilities	1.04

Top Holdings	%
BHP Group	9.6
Westpac	8.2
ANZ	7.7
Macquarie Group	5.5
Woolworths	5.5
CSL	4.9
Rio Tinto	4.7
Commonwealth Bank	4.0
Telstra Corporation	4.0
NAB	2.5

Portfolio Summary

- Plato's proprietary long-term factors were slightly positive in Q1 as earnings revisions and price momentum outperformed in contrast to value and quality which were neutral. Plato's run-up model was negative during the quarter.
- The Australian market was up 4.7% (including franking credits) in the March quarter after the Australian economy continued to improve post-Covid.
- 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 slightly positive in Q1 as earnings revisions and price momentum outperformed in contrast to value and quality which were neutral. Our run-up model was negative during the quarter as many stocks with strong dividend announcements weren't rewarded. In total, the Income Strategy underperformed the benchmark after tax during the quarter.

The largest contributors to active performance during the quarter were overweights in Telstra and Harvey Norman as well as underweight positions in Afterpay Touch, A2 Milk and Xero. The largest detractors to active performance were overweights in Coles, NRW Holdings, Regis Resources, Charter Hall and Evolution Mining.

The Fund outperformed in the Information Technology and Healthcare sectors but underperformed in the Financials and Consumer Staples sectors. The Fund has added 1.45% more franking credits than the S&P/ASX 200 Index over the last 12mths and 1.20% p.a. more franking credits since inception.

Market Commentary

The Australian market was up 4.7% (including franking credits) in the March quarter after the Australian economy continued to improve post-Covid. Markets also rose as the U.S. Democrats won both Senate seats in Georgia giving them an effective majority enabling President Biden to pass a US\$1.9tn stimulus package. This stimulus, in addition to the roll-out of vaccines and an improving economic environment resulted in a huge spike in the Australian 10yr bond yield which rose from 1.05% to 1.85% during the quarter. This increase in long term bond yields was the dominant influence for markets as more defensive industries such as Utilities and Consumer Staples underperformed as well as those long duration growth assets concentrated in the Information Technology and Healthcare sectors. The top performing industry was Banks which benefits from a steepening yield curve. Performance was quite extreme in the quarter, with a large dispersion in stock performance.

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

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