

Plato Australian Share Income

Quarterly Investment Option Update

30 June 2018

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

Investment Option Performance

Investment performances are subject to product fees and where relevant tax as outlined in the product PDS. Therefore investment performance may differ between products. In addition, activity on your account such as contributions and deductions will also impact the investment performance specific to you. To view the latest investment performances for each product, please visit www.amp.com.au. You can also view the last investment performance specific to you by visiting your My Portfolio account.

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Overview

Aim & Strategy: To provide an annual gross yield (including franking) that exceeds the gross yield of the S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt) ('Benchmark') after fees. The portfolio also aims to outperform the Benchmark after fees.

The Plato Australian Shares Income Fund ('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 S&P/ASX 200 weighting.

Investment category: Australian equities

Suggested Investment Timeframe: 3 to 5 years

Relative Risk Rating: High

Investment Style: Active / Quantitative

Asset Allocation	Benchmark (%)	Range (%)
100%	S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt)	1-4% Tracking Error

Holdings

Industry Exposure	%
Energy	5.74%
Materials-X-Metals & Mining	3.96%
Metals & Mining-X-Gold	12.56%
Gold	2.02%
Consumer Discretionary-X-Media	4.23%
Media	0.53%
Financials-X-Property Trusts	34.00%
Property Trusts	6.67%
Industrials	7.09%
Consumer Staples	8.06%
Health Care	8.50%
Utilities	2.01%
Information Technology	2.40%
Telecommunication Services	2.25%

Regional Exposure	%
Australia	100%

Top Ten Securities	%
Commonwealth Bank of Australia	11.2%
Westpac Banking Corporation	9.0%
Wesfarmers Ltd	5.9%
Rio Tinto Ltd	5.5%
CSL Ltd	4.6%
Macquarie Group Ltd	4.3%
BHP Billiton Ltd	3.9%
Woodside Petroleum Ltd	2.7%
Insurance Australia Group Ltd	2.4%
Suncorp Group Ltd	2.1%

Market Commentary

The Australian Equity market rose strongly in Q2, up over 8% which outperformed global markets in local dollar terms. However, the Australian dollar fell 3.5% vs the U.S. dollar during the quarter as the U.S. Fed continued its steady path of increasing interest rates and paring back liquidity. A looming trade war as well as weakness coming out of China hasn't yet spooked markets with continued strong economic data coming particularly from the U.S., driving commodities and the stock market higher. The best performing sectors were Energy (after a strong rally in the oil price), Healthcare and Resources, which continued their strong performance over the past year. Telecommunications (as Telstra once again disappointed, flagging a cut in FY19 earnings), Materials (ex-Resources, which were hit by a slow-down in the Australian housing market) and Financials stocks (weighed down by Royal Commission concerns) lagged during the quarter.

Investment Option Commentary

Plato's proprietary long-term factors performed well in Q2 with momentum (both earnings and price) outperforming along with a neutral performance from the value and quality factors. The Fund Manager's run-up model was also neutral during the month with certain stocks such as Aristocrat Leisure outperforming significantly in its run-up period in contrast to CSR which underperformed.

In terms of sector performance, there were gains in the Financials and Telecommunications sectors but lost relative performance in the Materials (ex-Mining) and IT sectors.

The Fund's long-term positions in Macquarie and Aristocrat Leisure as well as underweights in AMP, Telstra and Brambles aided relative returns. In contrast, overweights in CSR, Cimic and Metcash as well as underweights in Santos and Origin Energy hurt relative fund 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.

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