

Plato Australian Shares Income

Quarterly Investment Option Update

30 September 2018

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.

Sector Allocation	%
Energy	6.86
Industrials	8.72
Materials	19.89
Consumer Discretionary	6.64
Consumer Staples	6.70
Healthcare	6.58
Financials (ex Property)	34.45
Property	4.96
Information Technology	1.97
Telecommunications Services	1.92
Utilities	0.55

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

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100	99.2
Cash	0	0.8

Top Holdings	%
Westpac Banking Corporation	9.4
BHP Billiton Ltd	8.9
National Australia Bank Ltd	8.2
Woolworths Ltd	5.6
Macquarie Group Ltd	4.6
CSL Ltd	4.4
Commonwealth Bank of Australia	4.0
Woodside Petroleum Ltd	3.1
Insurance Australia Group Ltd	2.6
South32 Ltd	2.4

Portfolio Summary

Plato's proprietary long-term factors were neutral in Q3 with value outperforming late in the quarter in contrast to price sentiment which reversed some of its prior good performance.

The Australian Equity market rose again in Q3, up over 2% (including franking credits) which underperformed global markets by over 5% in local dollar terms.

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 neutral in Q3 with value outperforming late in the quarter in contrast to price sentiment which reversed some of its prior good performance. Earnings momentum and quality factors logged small gains during the quarter. The Fund Manager's run-up model was slightly negative during the quarter as high growth stocks such as CSL outperforming significantly in contrast to higher yield names which underperformed in their run-up period. In total, Fund's Income Strategies performed in line with the benchmark during the quarter.

In terms of sector performance, the Fund gained alpha in the Consumer Staples and Industrials sectors but lost relative performance in the Financials and Healthcare sectors.

Overweight positions in BHP, South32 and Cimic as well as the Fund's underweight in Woolworths and Origin Energy aided relative returns. In contrast, the Fund's overweight in Rio Tinto, Insurance Australia, CSR and Regis Resources hurt relative fund performance.

Market Commentary

The Australian Equity market rose again in Q3, up over 2% (including franking credits) which underperformed global markets by over 5% in local dollar terms. The Australian dollar fell 2.5% 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. The trade war between the U.S. and China continued to escalate as new tariffs were announced during the quarter, causing Chinese markets to fall and the Chinese government to announce stimulus to help the Chinese economy weather the impact of reduced exports to the U.S. However, continued strong economic data particularly from the U.S. drove the stock market higher. The best performing sectors were Telecommunications (after TPG Telecom announced a merger with Vodafone reducing competition in the mobile market) and Information Technology which continued their strong momentum in the past year. Gold and Utilities underperformed as interest rates continued to rise.

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

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