

# Plato Australian Shares Income

## Quarterly Investment Option Update

31 March 2019

### Aim and 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 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>	3 to 5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active / Quantitative

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100	99.6
Cash	0	0.4

Sector Allocation	%
Energy	7.21
Industrials	7.95
Materials	19.57
Consumer Discretionary	8.88
Consumer Staples	5.07
Healthcare	6.93
Financials (ex Property)	33.61
Property	4.99
Information Technology	0.36
Telecommunications Services	3.00
Utilities	1.34

Top Holdings	%
Australia and New Zealand Bank	8.1
National Australia Bank	7.6
BHP Billiton Ltd	7.4
Macquarie Group Ltd	4.9
Wesfarmers Ltd	4.9
Woolworths Ltd	4.6
Rio Tinto Ltd	4.5
CSL Ltd	4.2
Commonwealth Bank of Australia	4.1
Westpac Banking Corporation	2.6

## Portfolio Summary

- Plato's proprietary long-term factors were positive in Q1 with an outperformance of their earnings and price momentum factors in large caps outweighing the underperformance of their quality factor.
- The Australian Equity market bounced back strongly in Q1, up 11.6% (including franking credits) more than reversing the poor performance of the December quarter.
- 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 positive in Q1 with an outperformance of our earnings and price momentum factors in large caps outweighing the underperformance of their quality factor. Their value factor logged small gains during the quarter. Their run-up model was slightly negative during the quarter. In total, their Income Strategies outperformed the benchmark after tax during the quarter. It was pleasing to both outperform in the market fall during Q4 and also the market rebound this quarter. In terms of sector performance, they gained alpha in the Financials and Mining sectors but lost relative performance in the Gold and Information Technology sectors.

Overweight positions in Rio Tinto, Magellan, BHP, Macquarie and Wesfarmers aided relative returns. In contrast, their overweights in St Barbara and Qantas as well as their underweights in Santos, QBE Insurance and A2 Milk detracted from relative fund performance.

## Market Commentary

The Australian Equity market bounced back strongly in Q1, up 11.6% (including franking credits) more than reversing the poor performance of the December quarter. The primary drivers was commentary from the U.S. Federal Reserve indicating that their tightening cycle had been halted rising interest rates and indications that the trade war between the U.S. and China might be coming to an end. Long term U.S. bond yields were driven lower by this commentary causing the yield curve to invert, which is generally regarded as the best predictor of recessions in the next 12-24mths. Australian 10yr bond yields followed U.S. rates falling to their lowest level in history, as the Australian property market continued falling. The best performing industries during the quarter were Mining, Information Technology and Communication Services in contrast to Consumer Staples, Financials and Healthcare which underperformed after disappointing results during the February reporting season. There was a large increase in dividends paid during the quarter from the likes BHP, Rio Tinto, Fortescue, Wesfarmers, Woodside and Flight Centre. In addition, Caltex announced an off-market buyback.

## 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
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

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