

# Plato Australian Shares Income

Quarterly Investment Option Update

30 June 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	99.5
Cash	0	0.5

Sector Allocation	%
Energy	6.70
Industrials	9.14
Materials	20.25
Consumer Discretionary	7.41
Consumer Staples	5.88
Healthcare	7.17
Financials (ex Property)	33.09
Property	4.95
Information Technology	0.39
Telecommunications Services	3.44
Utilities	1.05

Top Holdings	%
Australia and New Zealand Bank	10.2
National Australia Bank	9.1
BHP Billiton Ltd	6.2
Macquarie Group Ltd	4.5
Wesfarmers Ltd	4.5
Woolworths Ltd	4.0
Rio Tinto Ltd	3.9
CSL Ltd	3.9
Commonwealth Bank of Australia	3.5
Westpac Banking Corporation	3.3

## Portfolio Summary

- Plato's proprietary long-term factors were slightly negative in Q2 with an outperformance of our earnings and price momentum factors outweighed by the underperformance of our value and quality factors. Our run-up model was slightly positive during the quarter.
- The Australian Equity market continued to shrug off trade war worries rallying 8.3% (including franking credits) in Q2 to take the FY2019 performance to 13.4%.
- 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 negative in Q2 with an outperformance of our earnings and price momentum factors outweighed by the underperformance of our value and quality factors. Our run-up model was slightly positive during the quarter. In total, our Income Strategies outperformed the benchmark after tax during the quarter.

In terms of sector performance, we gained alpha in the Consumer Discretionary and Property Trusts sectors but lost relative performance in the Industrials and Gold sectors.

Overweight positions in Magellan, Aristocrat Leisure and CSR as well as underweight positions in Scentre and South32 aided relative returns. In contrast, our overweights in Macquarie, QBE Insurance and Cimic as well as our underweights in Commonwealth Bank and Newcrest detracted from relative fund performance.

## Market Commentary

The Australian Equity market continued to shrug off trade war worries rallying 8.3% (including franking credits) in Q2 to take the FY2019 performance to 13.4%. The primary drivers was the continuation of the reduction in the Australian 10 yr bond yield falling 45bps during the quarter to its all time low of 1.32%. Additionally the unexpected re-election of the coalition government in Australia which, along with potential RBA cuts and an easing in lending standards from APRA, sparked a rally in banking and other companies with an exposure to the Australian property market. The best performing industries during the quarter were Banks, Communication Services and Healthcare in contrast to Energy, Utilities and Technology stocks which underperformed. During the quarter, Caltex and Woolworths completed off-market buybacks, which added more than 20% after-tax profit for zero-tax investors for each share successfully tendered but which had large scale-backs given the high demand.

## 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	AMP1872AU
Flexible Super – Choice (Super)	AMP1868AU
Flexible Lifetime – Allocated	AMP1856AU
Flexible Lifetime – Super	AMP1852AU
Signature Super	AMP1860AU
Signature Super – Allocated	AMP1864AU

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