

Plato Australian Shares Income Fund (Managed Risk)

ARSN 126 577 820

APIR WHT0055AU

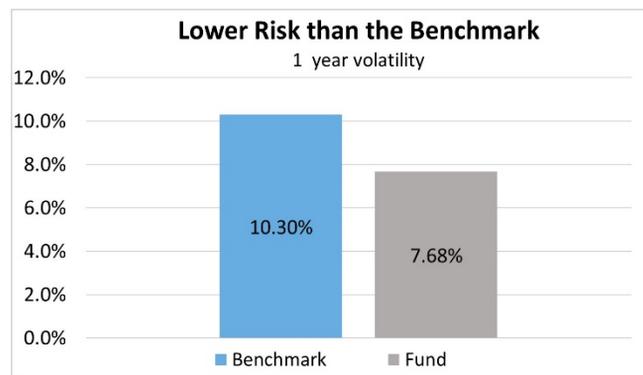
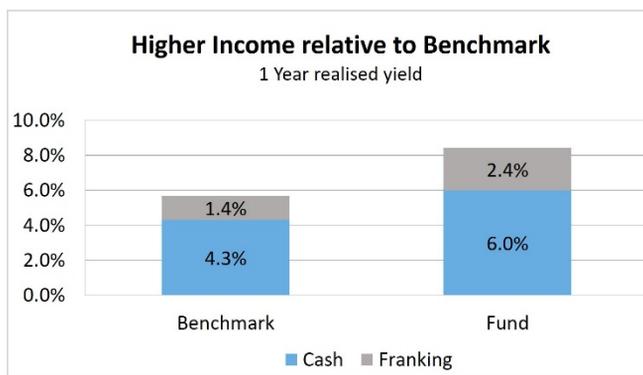
mFund PL102



At a glance, as at 30 November 2018, the Fund achieved:

- 9.0% p.a. Yield^{2,3} since inception¹
- 43% lower risk (volatility) relative to the Benchmark[^] since inception¹

Performance	1 mth %	3 mth %	1 yr %	3 yrs % p.a.	Inception ¹ % p.a.
Fund total return ²	-0.3	-5.5	1.5	4.2	3.6
Income ²	2.3 ³	4.1	8.4	8.5	9.0 ³
Benchmark total return ^{2 ^}	-2.0	-8.9	0.5	9.2	7.1
Risk adjusted comparative measure ⁴	-1.1	-5.8	0.7	6.1	4.8
Fund volatility ²	7.9	8.9	7.7	7.0	7.4
Benchmark volatility ^{2 ^}	13.2	13.4	10.3	11.9	13.1
Excess return	1.7	3.4	1.0	-5.0	-3.5
Excess income²	1.5³	2.5	2.7	2.7	3.0³



Summary

For the month ended 30 November 2018, the Plato Australian Shares Income Fund (Managed Risk) (the 'Fund') delivered a total return of -0.3% compared to the ASX/S&P 200 Accumulation Index ('Benchmark') return of -2.0%. The risk overlay employed by the Fund aims to reduce the Fund's exposure to the market and defend against major losses in market downturns which aided performance in November as the Australian market fell. At the end of November, the effective market exposure of the Fund was 47%.

Underlying Fund

The Fund invests into the Plato Australian Share Income Fund (the "Underlying Fund") which invests in a portfolio of Australian shares aimed at providing high yields.

Global markets rose modestly in November but in contrast the Australian market fell 2.0% (including franking credits), with the surging AUD (+3.3%) partly to blame. IT and Banking stocks rose in contrast to Energy stocks which fell more than 10% over the month as Saudi Arabia increased their oil production which caused the oil price to fall more than 20%. Resources also lagged

as iron ore fell more than 13%. During the month Rio Tinto completed its off-market buyback and BHP announced one, which are both profitable for low-tax investors.

The largest positive contributors to the Underlying Fund during the month were overweight positions in Qantas (which benefits from the lower oil price) and Insurance Australia as well as an underweight position in Lend Lease which took another \$350m of provisions for its underperforming engineering projects. However, overweight positions in Cimic, Aristocrat Leisure and CSR underperformed. Rio Tinto added over 90bps to the accrued yield of the Fund (to be distributed in December) and almost 20bps to total return after completing its off-market buyback.

Risk reduction / yield enhancement

In November, the Fund experienced approximately 40% less risk (volatility) than the Benchmark. Since inception in April 2014, the Fund has on average experienced approximately half the volatility of the market whilst it delivered a yield of 9.0%^{2,3} p.a., 3.0% p.a. greater than the Benchmark.

¹ Inception date 8 April 2014. ² Including franking credits. ³ Includes accrued but not yet distributed dividends and franking credits as income.

⁴ We believe this measure is a more comparable measure than the Benchmark, given the realised risk of the Fund. It is calculated using the following formula: Risk adjusted comparative measure = (1-X)*Benchmark return + X*RBA cash rate where X = Fund realised standard deviation/Benchmark realised standard deviation over the relevant period.

[^] Benchmark is the S&P/ASX200 Accumulation Index (Including franking credits). All data is as at 30 November 2018 unless indicated otherwise.

Fund returns are after applicable fees, costs and taxes. Past performance is not a reliable indicator of future performance.

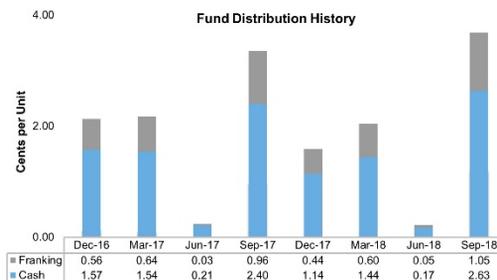
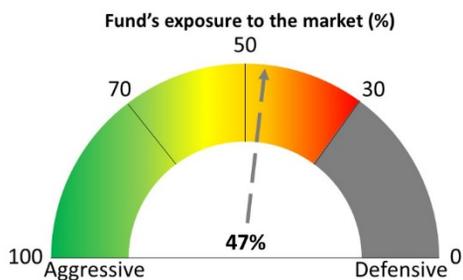
Plato Australian Shares Income Fund

(Managed Risk)

ARSN 126 577 820

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mFund PL102



Assets under management: \$16 Million

Platform Availability:
AMP Badged Wrap
AMP North

Asgard
BT Wrap

IOOF Portfolio Service
Macquarie Wrap

uXchange

Investment Manager

Plato Investment Management Limited

Objective

- To provide an annual gross yield (including franking) that exceeds the gross yield of the S&P/ASX 200 Accumulation Index including franking after fees.
- The Fund also aims to outperform the S&P/ASX 200 Accumulation Index including franking after fees over rolling 5 to 7 year periods whilst delivering a lower level of risk than the S&P/ASX 200.

Investments

The Fund will invest in the Plato Australian Shares Income Fund, listed SPI and interest rate futures and cash.

Benchmark

S&P/ASX200 Accumulation Index

Investment approach

- The Fund is intended to be managed for low tax investors who can utilise franking credits. These investors include, but are not limited to, superannuation funds and charities.
- The investment process aims to maximise the value gained from franked dividends, primarily via holding stocks which pay franked dividends and participating in off-market buy-backs.
- The Milliman Risk Management Strategy, originally developed in 1998 to assist some of the world's largest insurance companies with their hedging programs, seeks to stabilise portfolio volatility, capture growth in up markets, and defend against losses during major downturns.

Portfolio allocation

- 90% to 100% invested in the Plato Australian Shares Income Fund, providing 30% to 100% effective exposure to Australian Equities and 0% to 70% effective exposure to cash and futures depending upon market risk levels and fund performance.
- Futures (SPI and interest rate) are held for liquidity purposes and to manage risk, cashflow and investment exposure.

Investment timeframe

Long term, being 5 to 7 years.

Management costs

0.99% p.a. (inclusive of the net effect of GST and RITC).

Buy/sell spread

+0.20% / -0.20%.

Minimum investment

- Indirect investors: refer to the operator of your service.
- Direct investors: minimum initial investment \$100,000.



For more information, please contact Pinnacle Investment Management Limited on 1300 010 311 or, email distribution@pinnacleinvestment.com.au

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