

# Plato Australian Shares Income Fund (Managed Risk)

ARSN 126 577 820

APIR WHT0055AU

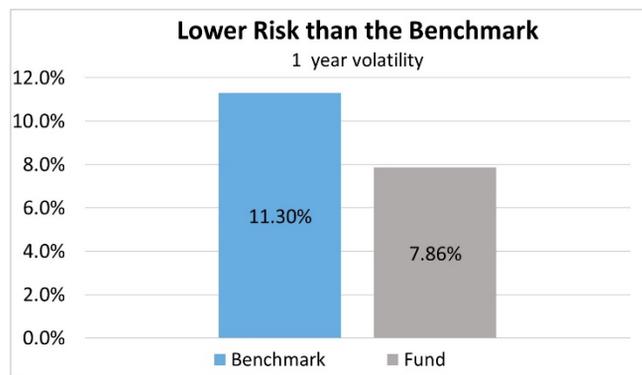
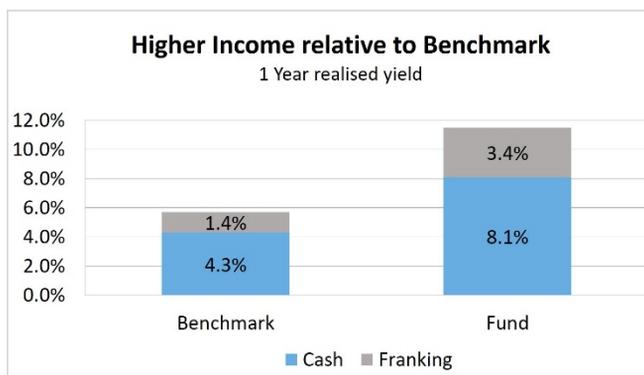
mFund PL102



At a glance, as at 31 December 2018, the Fund achieved:

- 9.3% p.a. Yield<sup>2,3</sup> since inception<sup>1</sup>
- 44% lower risk (volatility) relative to the Benchmark<sup>^</sup> since inception<sup>1</sup>

Performance	1 mth %	3 mth %	1 yr %	3 yrs % p.a.	Inception <sup>1</sup> % p.a.
Fund total return <sup>2</sup>	1.2	-4.2	1.2	4.0	3.8
Income <sup>2</sup>	4.9	4.9	11.5	9.5	9.3
Benchmark total return <sup>2 ^</sup>	-0.1	-8.0	-1.4	8.2	7.0
Risk adjusted comparative measure <sup>4</sup>	0.0	-4.6	-0.5	5.5	4.7
Fund volatility <sup>2</sup>	7.4	9.5	7.9	7.0	7.4
Benchmark volatility <sup>2 ^</sup>	17.0	16.0	11.3	11.9	13.1
<b>Excess return</b>	<b>1.3</b>	<b>3.8</b>	<b>2.6</b>	<b>-4.2</b>	<b>-3.2</b>
<b>Excess income<sup>2</sup></b>	<b>4.6</b>	<b>3.8</b>	<b>5.8</b>	<b>3.7</b>	<b>3.4</b>



## Summary

For the month ended 31 December 2018, the Plato Australian Shares Income Fund (Managed Risk) (the 'Fund') delivered a total return of 1.2% compared to the ASX/S&P 200 Accumulation Index ('Benchmark') return of -0.1%. 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 marginally aided performance in December as the Australian market fell. At the end of December, the effective market exposure of the Fund was 43%.

## 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 fell sharply in December but the Australian market held up well, with the falling AUD (-3.6%) aiding our market. Resources rebounded after falling in November as the iron ore price rallied 10%. During the month BHP completed its off-market buyback which was significantly profitable for low-tax investors and contributed towards boosting the gross yield of the

Fund to 11.5% for 2018! Whilst total returns for equities has been weak in the last quarter, negating the return for the first three quarters of the year, income levels have been strong and the Fund has outperformed the market by 2.6% in 2018.

The largest positive contributors to the Underlying Fund during the month were overweight positions in Northern Star and Regis Resources (which benefited from a rally in the gold price) as well as an underweight position in QBE Insurance which fell 10% after announcing an efficiency program with lower savings than the market was expecting. However, overweight positions in Macquarie and Caltex which is struggling with lower than normal refining margins, underperformed.

## Risk reduction / yield enhancement

In December, the Fund experienced approximately 56% 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 9.3%<sup>2</sup> p.a., 3.4% p.a. greater than the Benchmark.

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

<sup>4</sup> 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.

<sup>^</sup> Benchmark is the S&P/ASX200 Accumulation Index (Including franking credits). All data is as at 31 December 2018 unless indicated otherwise.

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

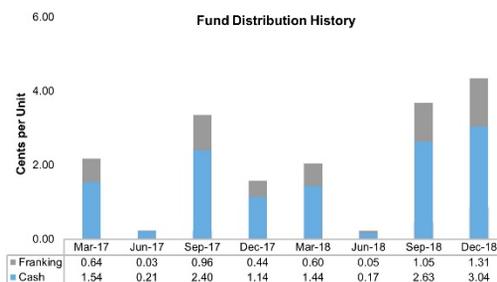
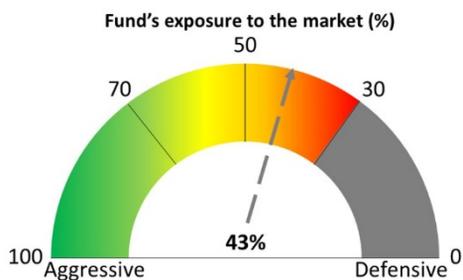
# Plato Australian Shares Income Fund

(Managed Risk)

ARSN 126 577 820

APIR WHT0055AU

mFund PL102



Assets under management:  
\$15 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](mailto:distribution@pinnacleinvestment.com.au)

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