

# COMPANY HALF-YEAR 1HFY22 RESULTS

PLATO INCOME MAXIMISER LIMITED

ASX: PL8



**Plato**  
INCOME MAXIMISER

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# Agenda

01  
PL8 Company Update

02  
Market update

03  
Questions

# PL8 Company Update



# 1HFY22 sees dividends restored and Company growth

1HFY22 profit	1HFY22 Portfolio performance (incl. franking)	Total dividends paid in 1HFY22
\$15.4m	4.0% <sup>1</sup>	2.85c <sup>2</sup>

- 1HFY22 operating profit after tax of \$15.4 million
- Total dividends of \$0.0285 per share, equivalent to annualised distributed yield of 6.4%<sup>1,3</sup>
- Monthly fully franked dividends increased from \$0.0045 per share to \$0.005 per share from October 2021 (restored to the pre-COVID level of monthly dividend)
- Total portfolio return of 4.0%<sup>1</sup>, -0.6% compared to benchmark of 4.6% (-0.4% to benchmark since inception)
- Distributed income of 3.2% for the 6 months, +0.5% compared to benchmark of 2.7% (+2.2% to benchmark since inception)
- \$139.4 million raised via wholesale placement and Share Purchase Plan (SPP) takes total company assets to \$626.4 million and the total number of shareholders above 10,000, indicating strong market support

<sup>1</sup>Including franking credits

<sup>2</sup>Paid via 3 consecutive \$0.0045 monthly dividends, followed by 3 consecutive \$0.005 monthly dividends

<sup>3</sup>Calculated as monthly dividends paid (including franking credits) divided by average month-end share price over the period, annualised

# PL8 investment portfolio performance

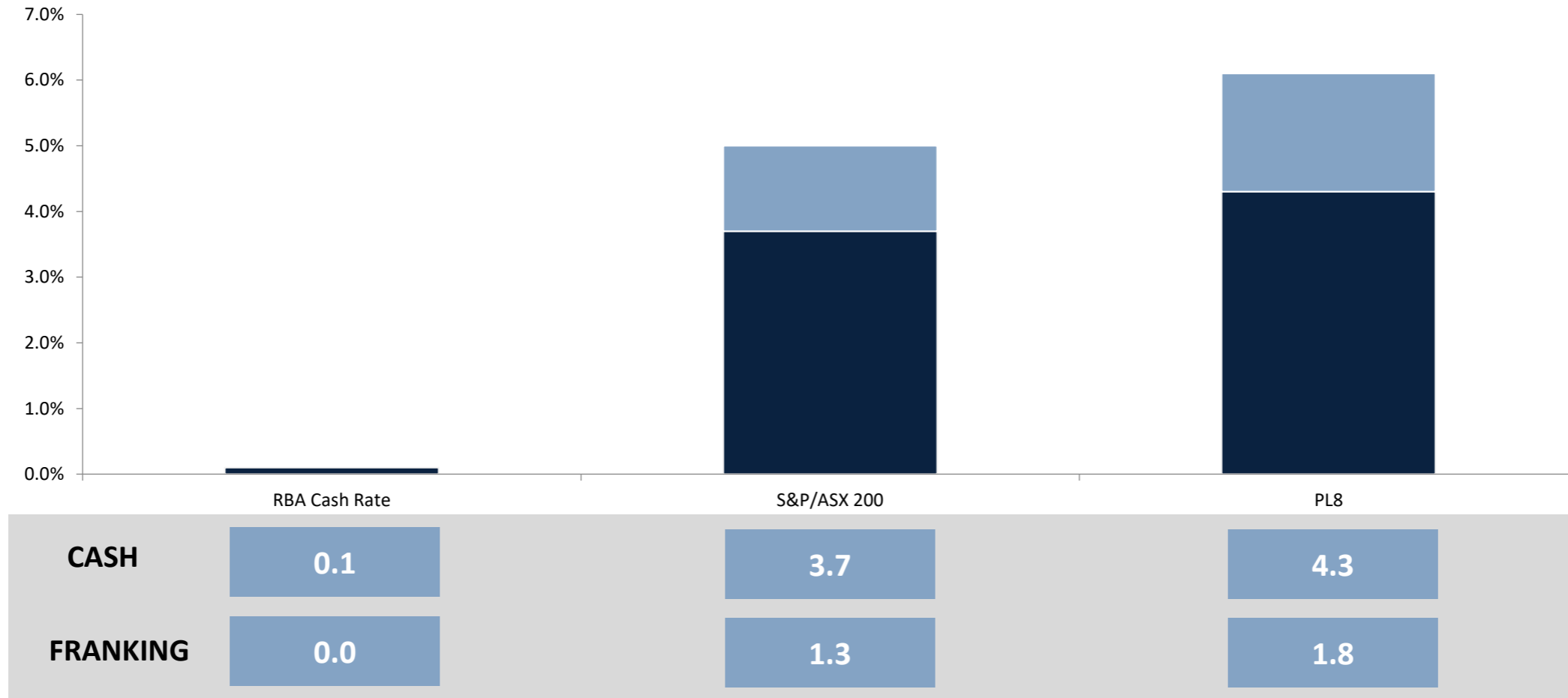
PERFORMANCE TO 31 DECEMBER 2021 AFTER FEES AND COSTS\*

Including Franking	Half-Year	12 Months	Since Inception p.a.** (28/4/2017)
Portfolio	4.0%	16.5%	10.2%
S&P/ASX200 Tax Exempt	4.6%	18.8%	10.6%
Active	-0.6%	-2.3%	-0.4%

\*Inclusive of the net impact of GST and Reduced Input Tax Credits. Past performance is not a reliable indicator of future performance. \*\*Annualised from Inception date: 28 April 2017

# PL8 delivering high income

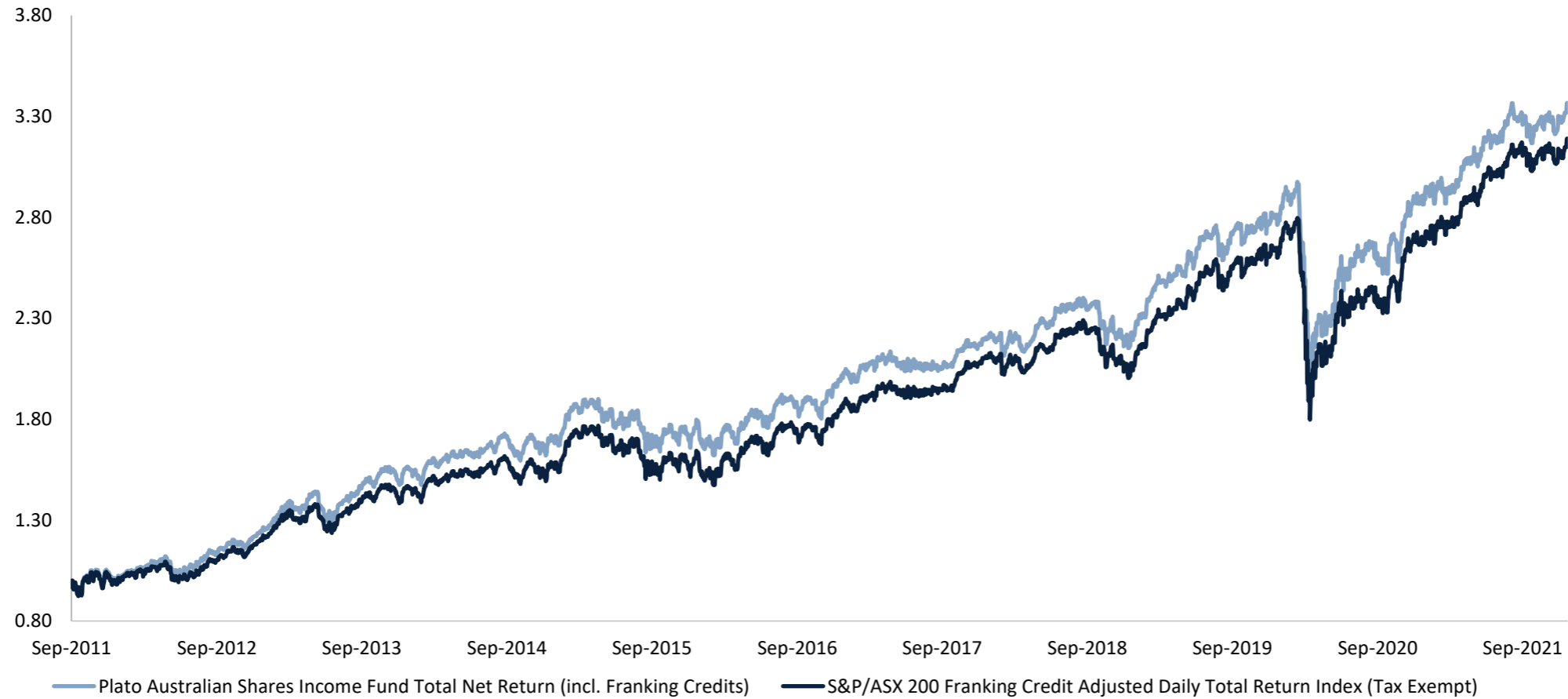
12 month realised yield\*



\*to 31 December 2021, Plato, Bloomberg

# Chart of Plato Income Performance

Plato Aust. Shares Income Fund v S&P/ ASX200 Accumulation Series (incl. Franking Credits)

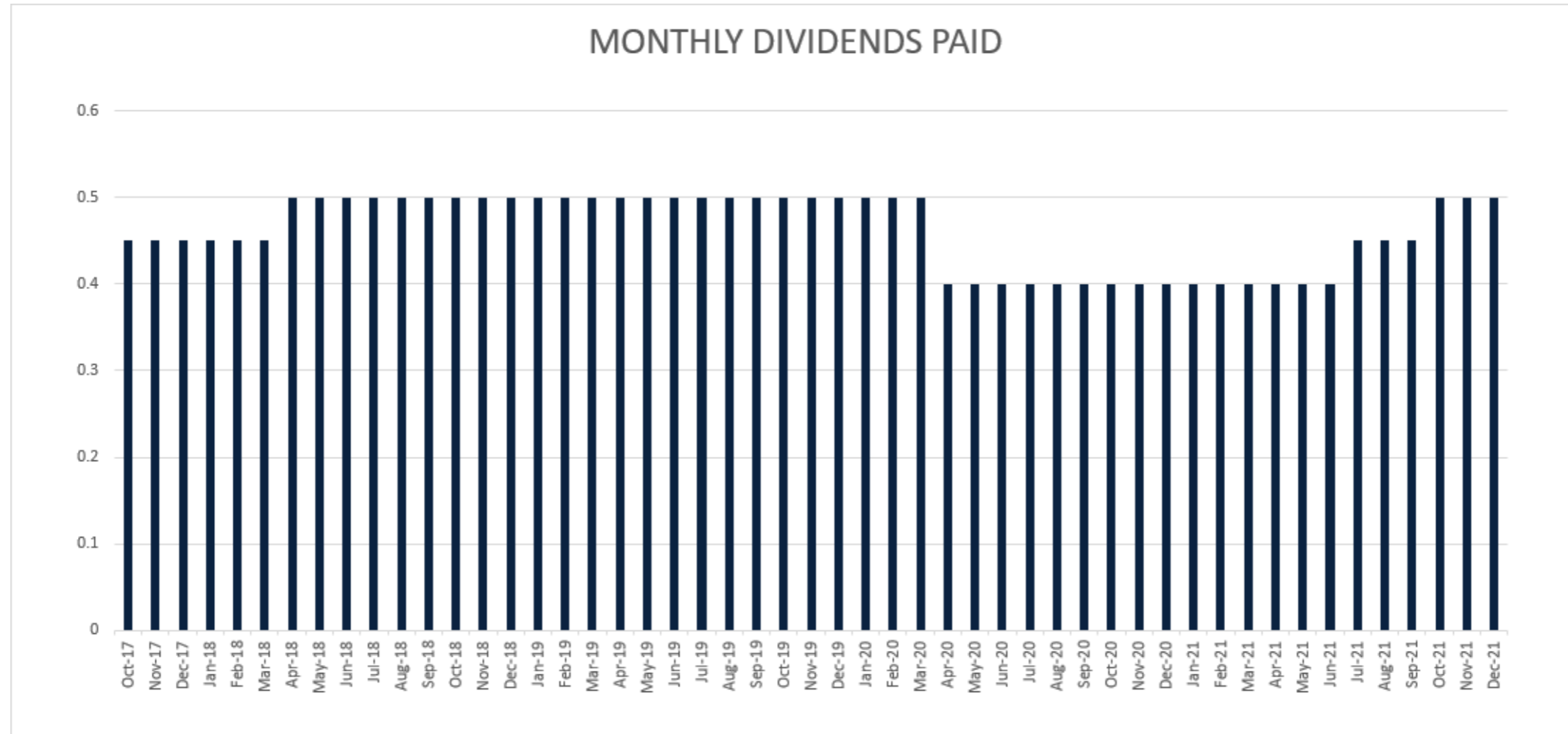


Source: Plato, Bloomberg. Past performance is not a reliable indicator of future performance.



# Delivering consistent monthly income

INCREASED MONTHLY DIVIDENDS TO \$0.005 PER SHARE

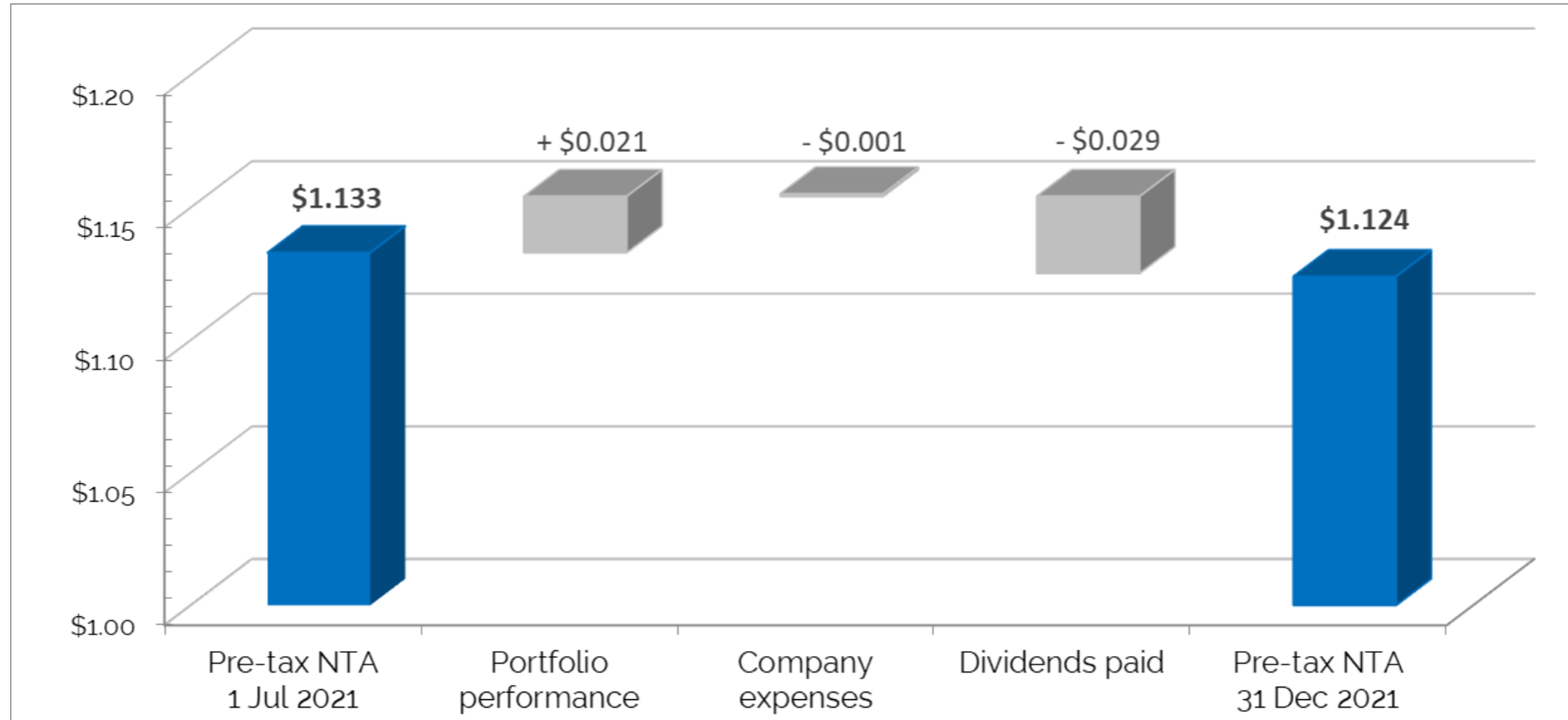


Only Australian LIC paying monthly fully franked dividends

9 Source: Plato. While monthly income has been consistent since October 2017, this may change in the future. The declaration of dividends by the company is at the full discretion of the board (unlike trusts where income must be fully distributed each financial year).

# PL8 NTA performance breakdown for 1HFY22

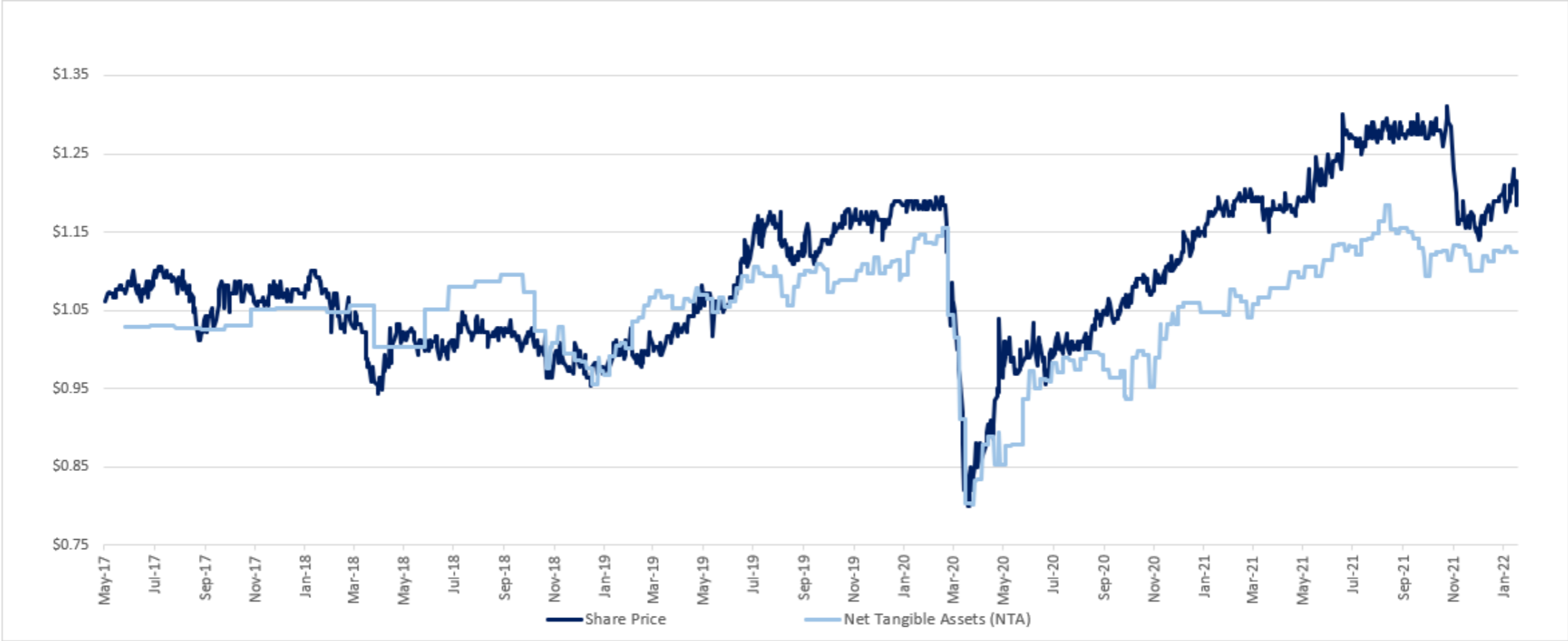
PRE-TAX NTA PER PL8 SHARE\*



Source: Plato. \*Excludes franking credits.

# Share price has traded at a premium to NTA

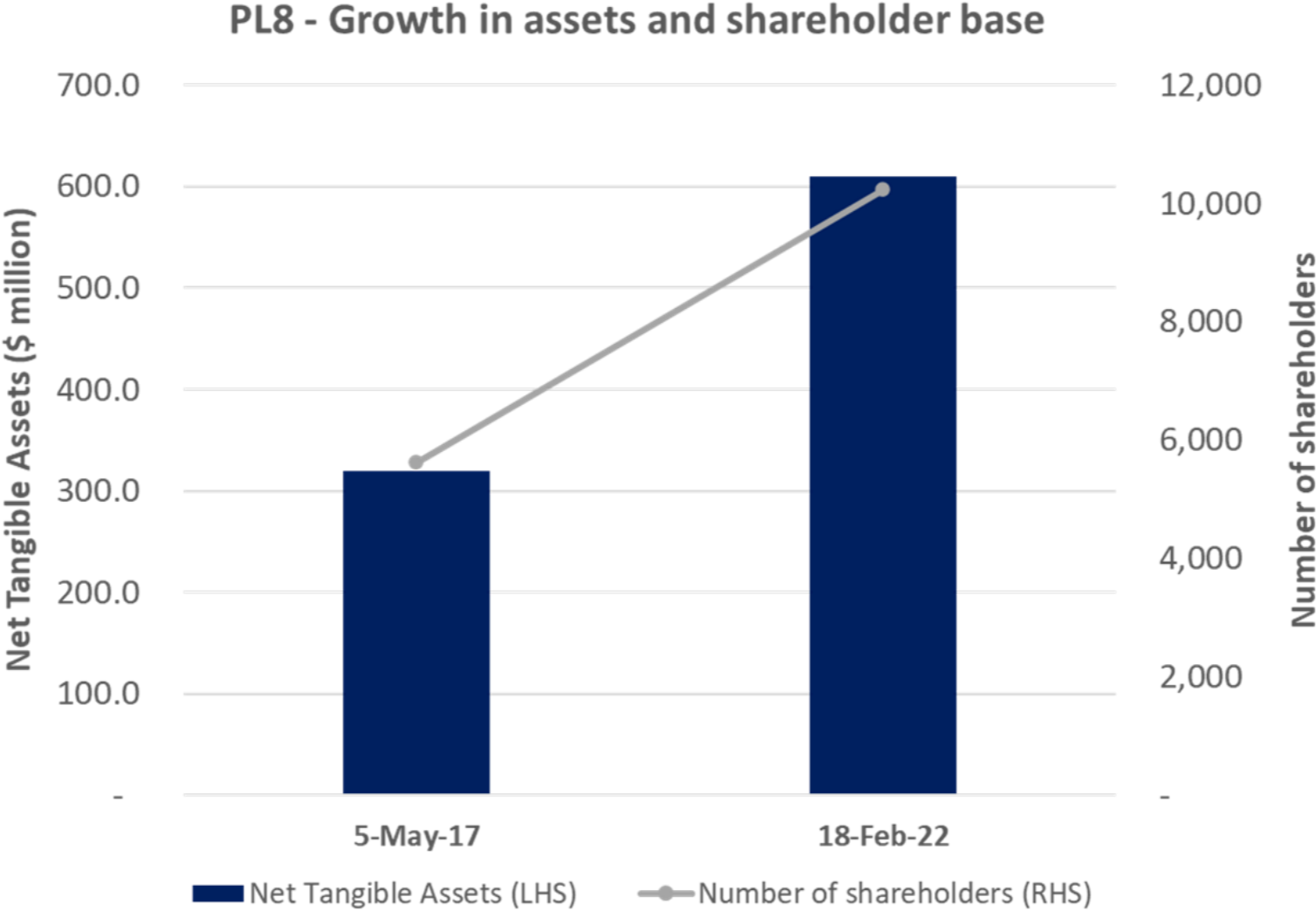
## PL8 PRICE VERSUS PRE-TAX NTA SINCE LISTING



Source: Plato, IRESS. Past performance is illustrative only and not indicative of future performance.

# Growing asset and shareholder base

PL8 ASSET AND SHAREHOLDER BASE UP >100% SINCE IPO



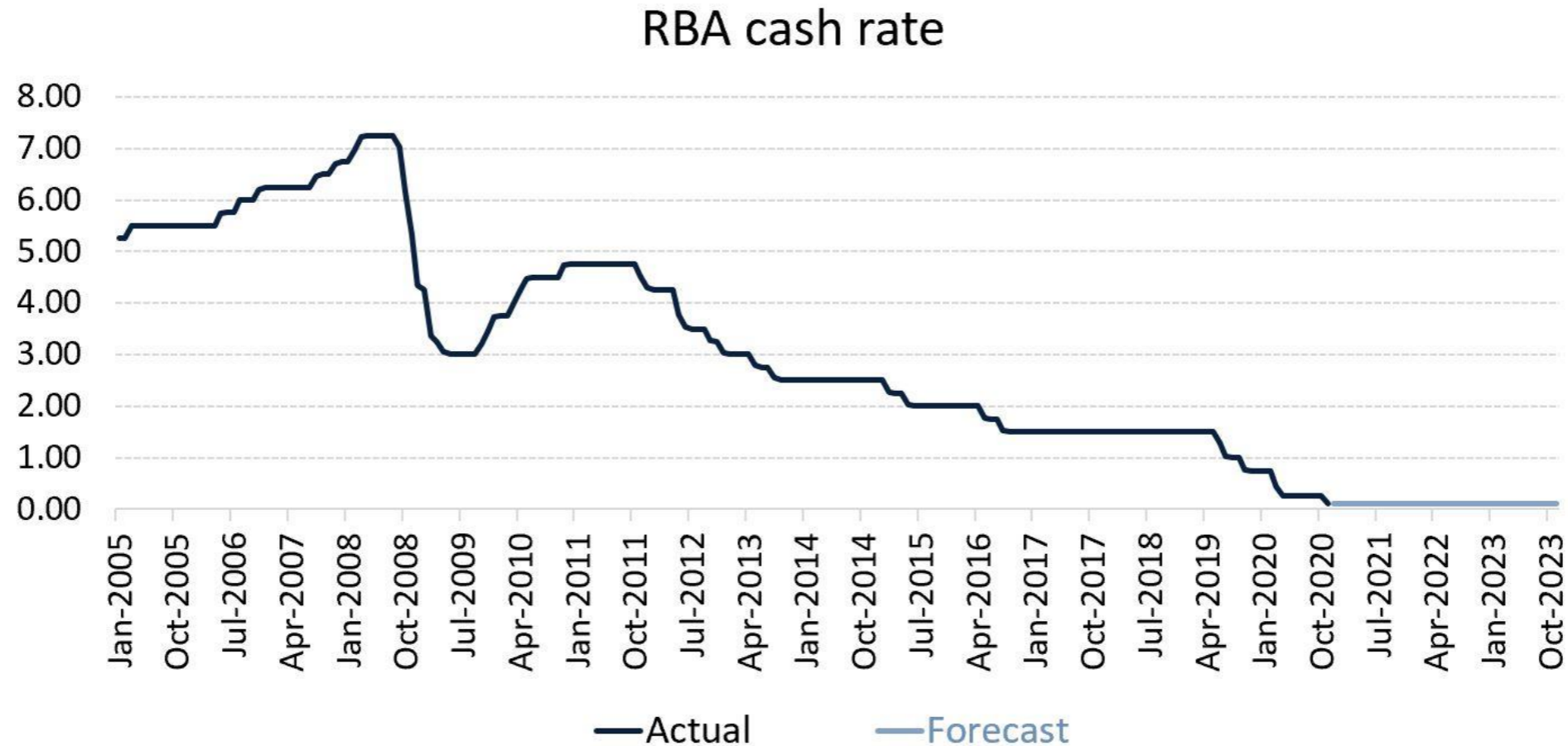
Source: Plato, Automic, ASX  
Company net assets at IPO is net of IPO costs. Current net assets is after the payment of \$0.276 per share in dividends since inception.

# Market Update



# RBA forecasts three years of record low 0.1% cash rate

OFFICIAL RBA CASH RATE EXPECTATIONS – EVEN LOWER FOR LONGER



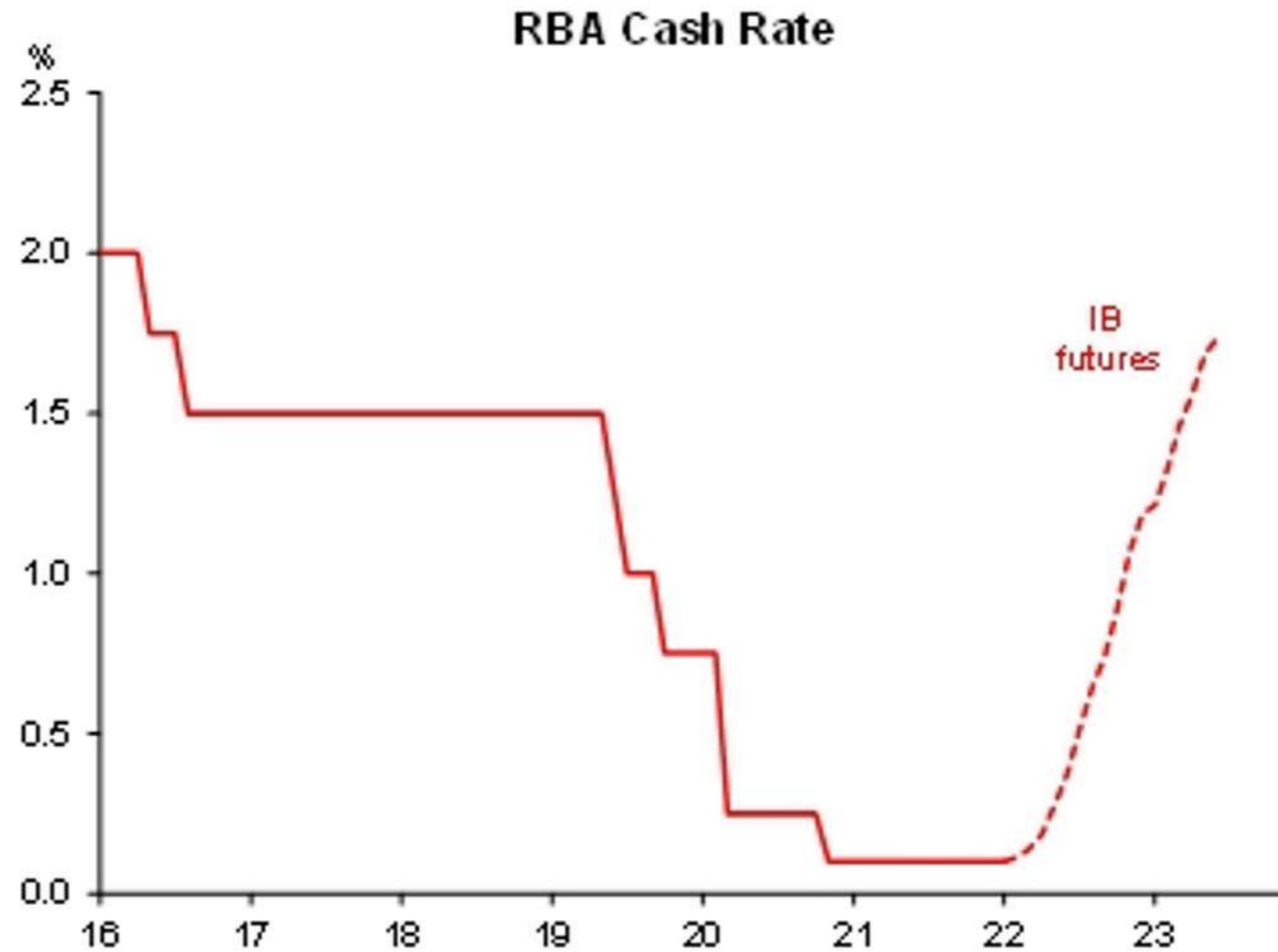
*“Given the outlook, the Board is not expecting to increase the cash rate for at least three years.”*

Source: RBA, Plato

Monetary Policy Decision 3 November 2020.

# But the market has different ideas!

FUTURES MARKET IMPLIED CASH RATES



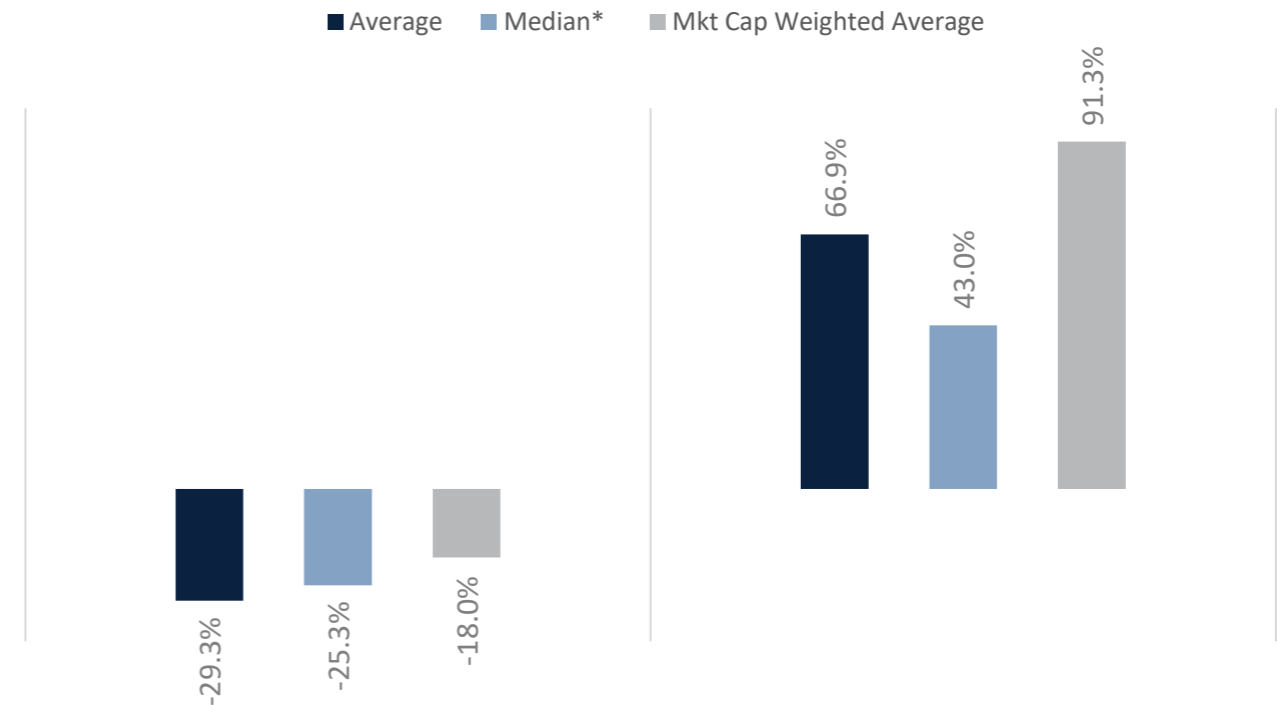
Source: Macquarie Equities

# Results season August 2021 - Dividends

## EARNINGS UP AND DIVIDENDS EVEN MORE

- Over \$38bn in dividends have been declared, \$17bn more than last year and \$10bn more than in 2019.
- Strong dividend increases:
  - BHP (263%), Rio Tinto (251%), Fortescue (111%) and Mineral Resources (127%) in iron ore
  - BlueScope Steel (450%) and South32 (448%) in resources.
  - Commonwealth Bank (104%) and Suncorp (380%) in financials
  - Super Retail (182%) and AP Eagers (100%) in Consumer Discretionary
- Just 1 company in ASX200 (Kogan) omitted its dividend.
- Dividend Cuts from AGL (33%) and Origin Energy (25%).
- 79% of companies increased dividends, 9% had flat dividend and 12% reduced dividends. Last year 67% of stock cut dividends.

## 2020 AND 2021 CHANGE IN DIVIDENDS PCP



Source: Plato, Iress, S&P200

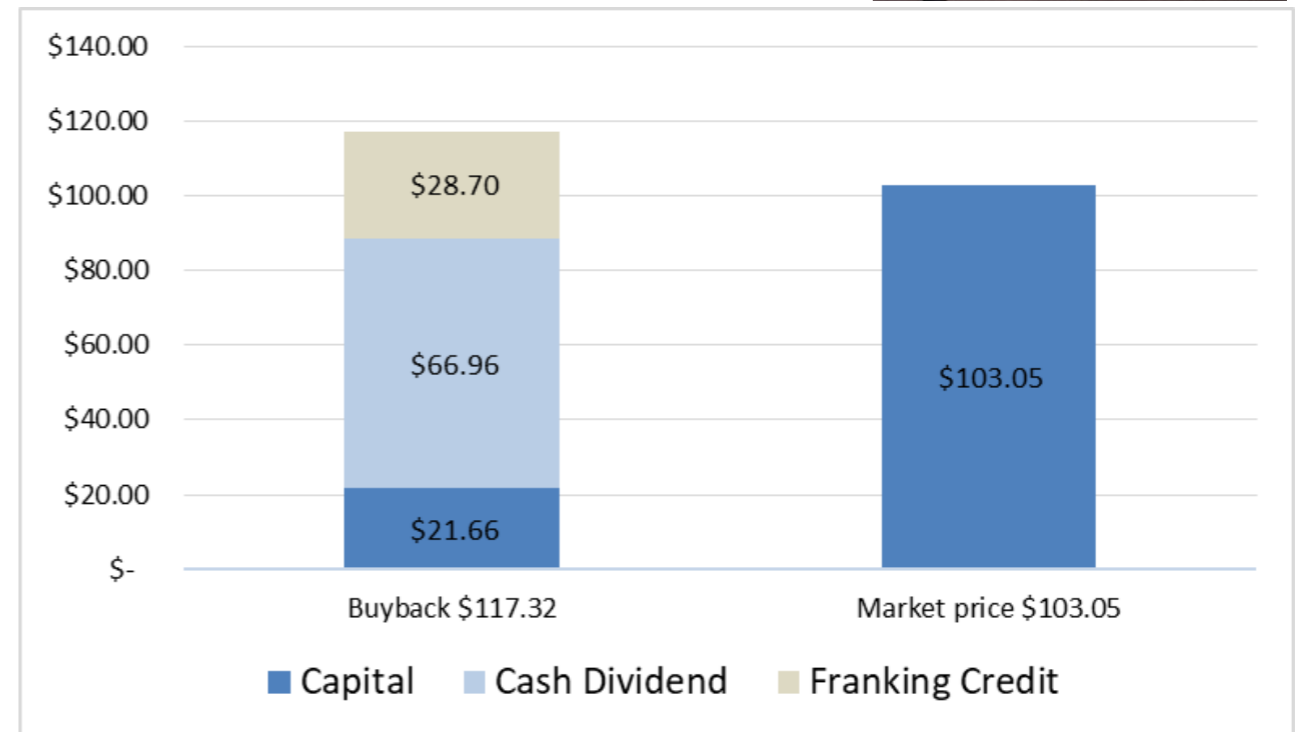


# Tax effective buy-backs can be very advantageous

CBA BUYBACK – WORTH 14% AFTER TAX FOR ZERO TAX INVESTORS



- A\$6bn off market buyback - >3.5% of shares on issue
- Worth 14% for pensioners for every share successfully tendered
- Scale back 79.4%



Source: Plato, CBA announcement 4/10/2021.

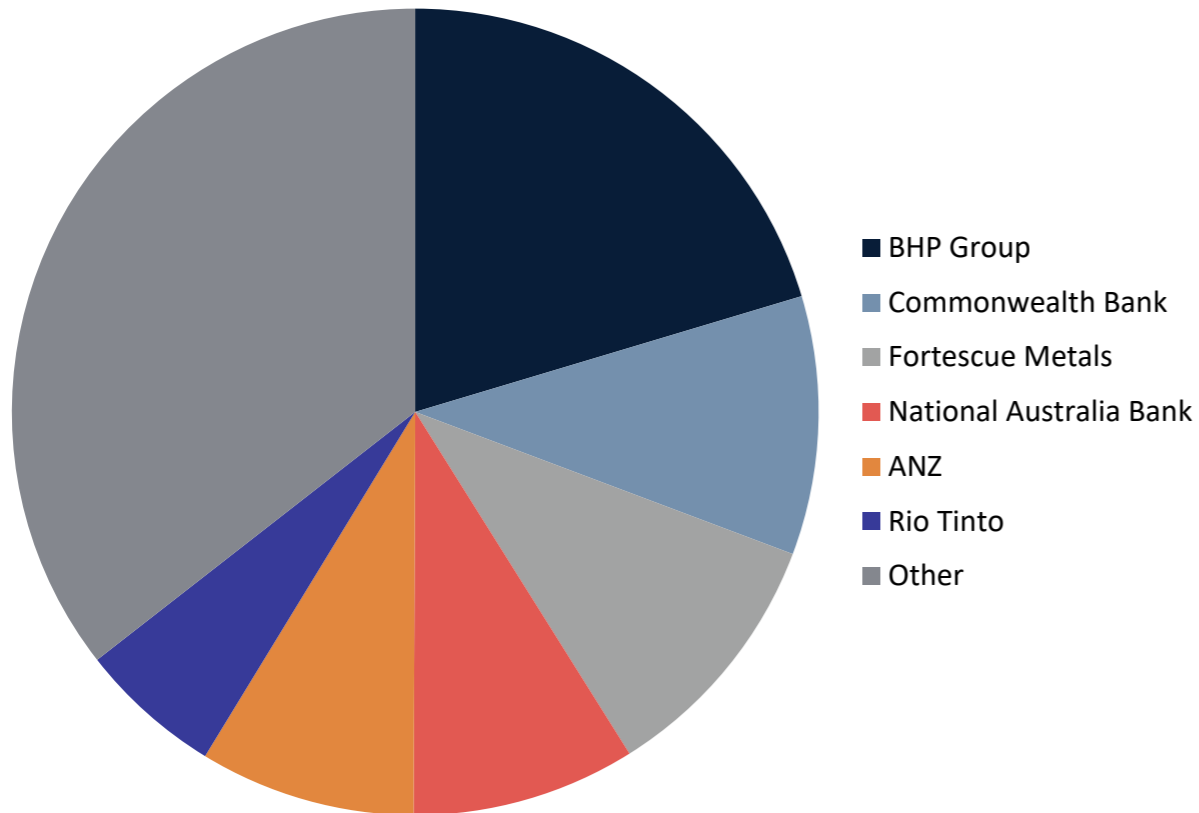
\*based on average vwap price on 27/9/2021 - 1/10/2021.

## Highlights value of franking credits

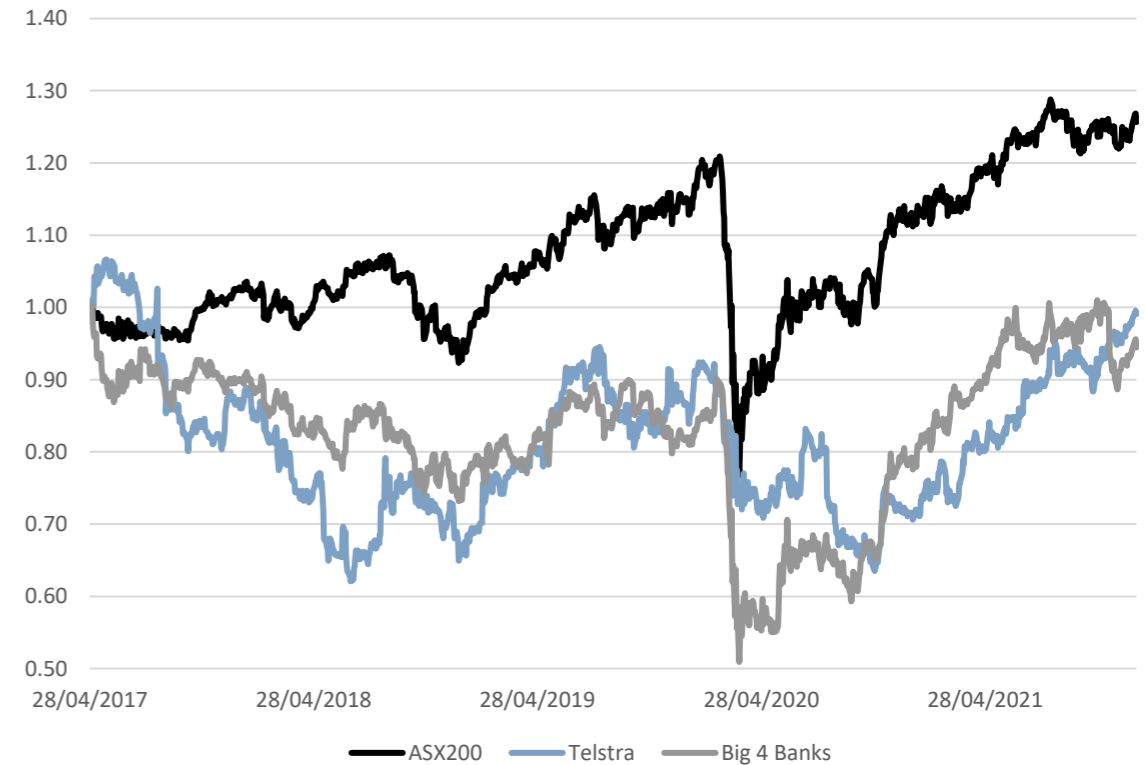
# Big Aussie income stocks doing it tough!

6 STOCKS ACCOUNT FOR NEARLY HALF OF ALL DIVIDENDS

**% of Gross Dividend Income - CY21**



**Price Performance**



Source: Plato, Bloomberg S&P200

“...Australia is poorly diversified”

# Largest Contributors to Income

YEAR TO 31 DECEMBER 2021

Top 10 Contributors to Excess Income (Last 12mths)					Investment Reasoning				
Stock	Excess Income (%)	Return (%)	Capital (%)	Income (%)	Yield	Run up	Value	Momentum	Reasoning
Fortescue Metals	0.73	3.8	-18.0	21.8	✓	✓	✓		Large yield, total return took a hit during Q3 as iron ore prices retreated from their highs (but are still strong compared with costs)
Rio Tinto	0.45	-0.7	-12.1	11.4	✓	✓	✓		Large yield, total return took a hit during Q3 as iron ore prices retreated from their highs
BHP Group	0.26	11.3	-2.2	13.5	✓	✓	✓		Large yield, total return took a hit during Q3 as iron ore prices retreated from their highs
Westpac	0.23	10.2	-0.8	11.0	✓	✓	✓		Strong yield, benefiting from write-back of Covid provisions.
Telstra Corporation	0.18	40.3	35.5	4.8	✓	✓	✓	✓	Paid good stable yield, benefiting from strong investment into 5G, more rational mobile pricing and sale of half of Towers asset
Commonwealth Bank	0.16	29.1	23.0	6.1	✓	✓	✓	✓	Strong yield, benefiting from write-back of Covid provisions.
Harvey Norman	0.15	16.0	5.3	10.7	✓	✓	✓		Paid good stable yield, benefiting from continued strong sales from electronics and home improvement
JB Hi-Fi	0.14	7.8	-0.6	8.4	✓	✓	✓		Paid good stable yield, benefiting from continued strong sales from electronics
ANZ	0.12	32.3	21.2	11.1	✓	✓	✓	✓	Strong yield, benefiting from write-back of Covid provisions.
NAB	0.11	37.5	27.6	9.9	✓	✓	✓	✓	Strong yield, benefiting from write-back of Covid provisions.
Off-mkt Buybacks (Metcash, CBA, Woolworths)	3.20								

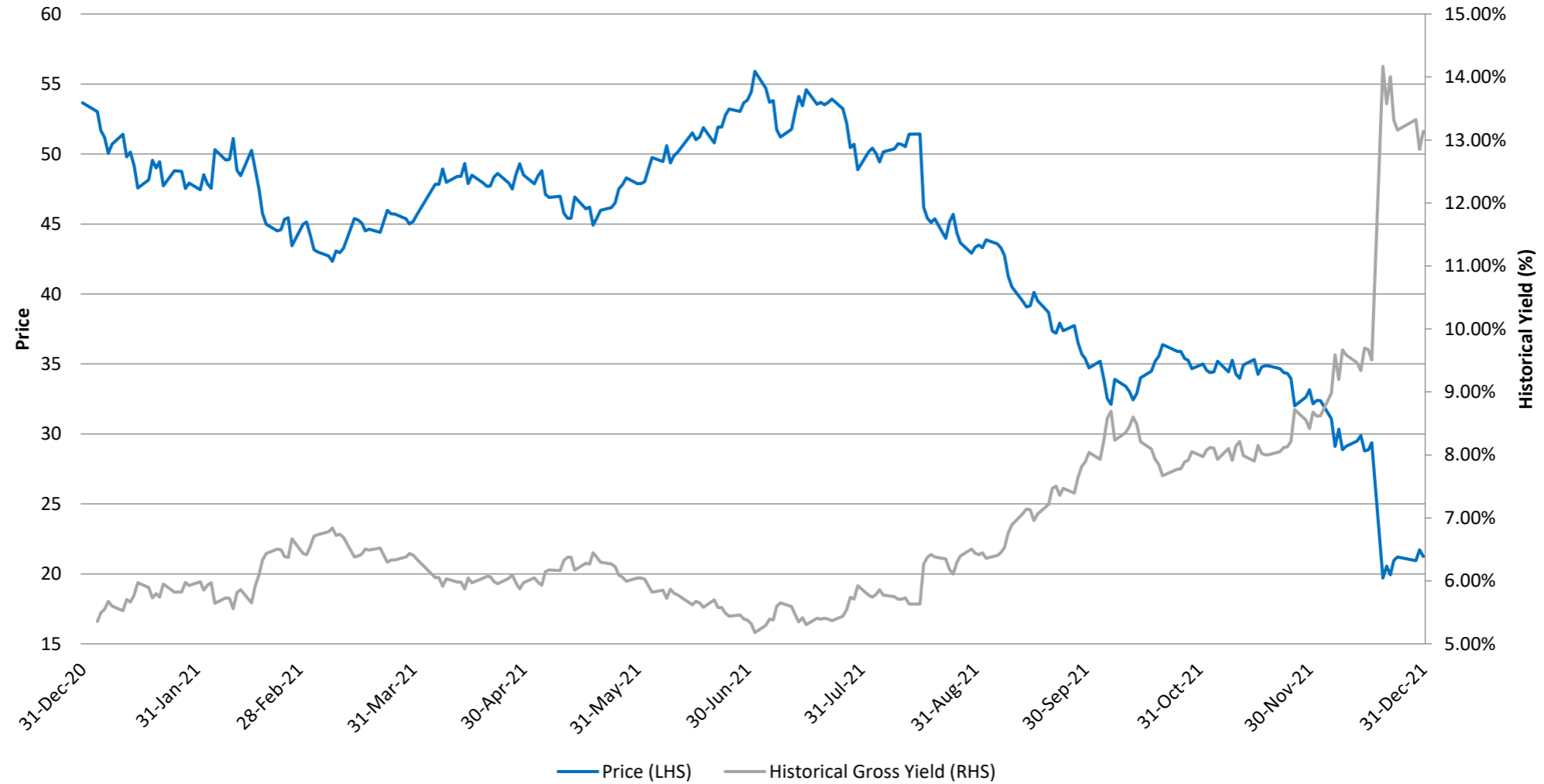
# Largest Contributors to Active Performance

YEAR TO 31 DECEMBER 2021

Top 10 Contributors To Active Performance (Last 12mths)					Investment Reasoning				
Stock	Active Performance (%)	Return (%)	Capital (%)	Income (%)	Yield	Run up	Value	Momentum	Reasoning
Afterpay Touch	0.64	-29.7	-29.7	0.0	x	x	x		<b>Underweight</b> , suffering after increase in bond yields is hurting growth stocks.
Telstra Corporation	0.48	40.3	35.5	4.8	✓	✓	✓	✓	Paid good stable yield, benefiting from strong investment into 5G, more rational mobile pricing and sale of half of Towers asset
Mineral Resources	0.34	60.0	49.5	10.5	✓	✓	✓	✓	Good business momentum and price sentiment at reasonable price, benefiting from strong iron ore prices and increase in lithium prices.
Macquarie	0.32	54.6	48.3	6.3	✓	✓	✓	✓	Good business momentum and price sentiment at reasonable price, benefiting from strong financial markets, commodity revenue and infrastructure investment.
A2 Milk	0.28	-52.3	-52.3	0.0	x	x	x	x	<b>Underweight</b> , suffering after significant reduction in sales in China and too much inventory requiring a write-down.
South32	0.21	62.3	58.5	3.8	✓	✓	✓	✓	Good business momentum and price sentiment at reasonable price, benefiting from strong iron ore prices and increase in lithium prices.
AGL Energy	0.21	-43.2	-48.6	5.4	x	x	x	x	<b>Underweight</b> , suffering after reduction in power prices during and after Covid as grid receives more renewable energy.
GrainCorp	0.18	105.7	97.2	8.5	✓	✓	✓	✓	Good business momentum and price sentiment at reasonable price, benefiting from strong Australian crops.
Xero	0.17	-3.7	-3.7	0.0	x	x	x		<b>Underweight</b> , suffering after increase in bond yields is hurting growth stocks.
CSL	0.17	3.7	2.6	1.1	x	x	x	x	<b>Underweight</b> , suffering after significant reduction in plasma collections in U.S. during Covid and after gov't stimulus.

# Winning by not losing - avoiding dividend traps

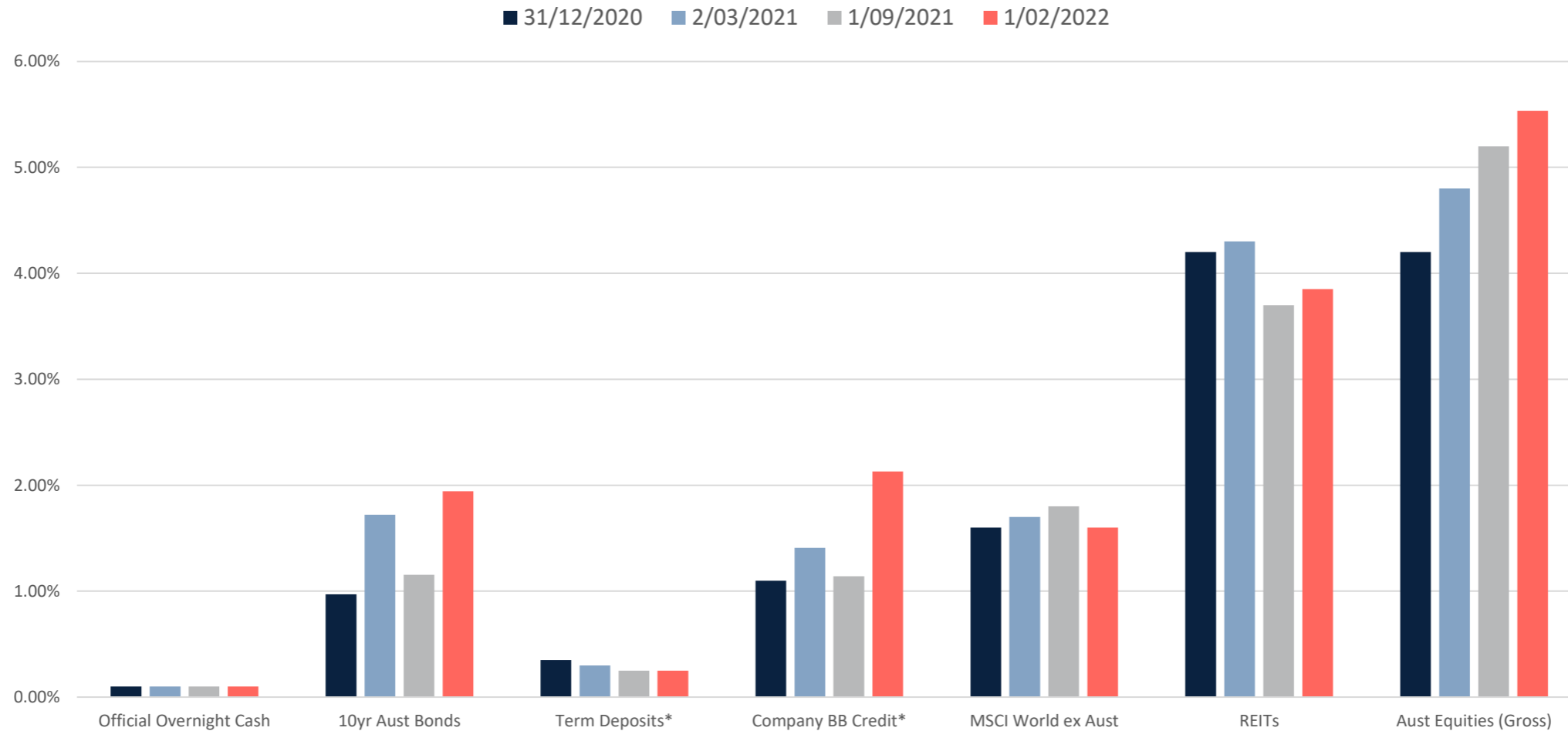
MAGELLAN FINANCIAL UP TO 14% GROSS DIVIDEND YIELD



Source: Plato, Bloomberg

# Asset Class Outlook for Income

FORECAST 12 MONTH INCOME AS AT 01/02/2022

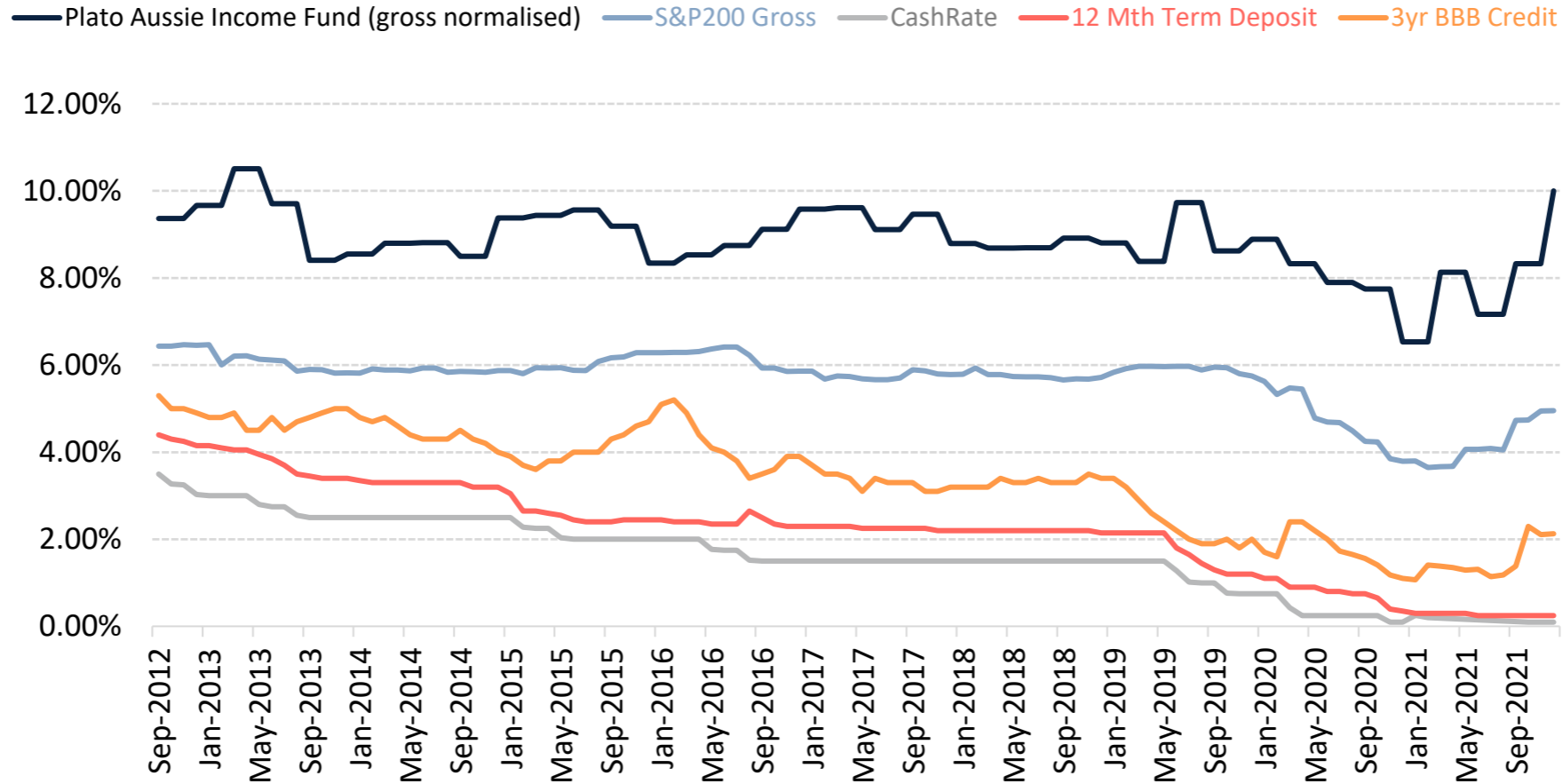


Source: Plato, Bloomberg, \*RBA

*The above forecast may not occur and you may not receive any income from any product including the Plato Fund.*

# Yields on all asset classes have fallen

BUT NOTE THE RECENT INCREASE



Source: Plato, RBA, Bloomberg Plato income normalized to exclude impact of large buybacks in 2018/19

The above chart is intended to compare the income generated by each of the identified products. This is not intended to compare the capital returns (or any other risk) as the risk profiles of each product can and will vary. As an example, equities (including via a managed investment scheme) have a significantly greater risk of loss of capital than a term deposit.

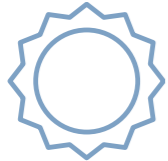
# The income summary

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— **Bad news: Interest rates to remain at historic lows**

- 1-2 years of bad news for retirees in term deposits



— **Good news: Dividends have rebounded strongly**

- PL8 monthly dividend restored to pre-pandemic levels
- Plato dividend cut model returns to normal
- Strong dividends from iron ore miners and banks
- Active fund management critical in delivering income, total return & avoiding dividend traps



# Questions

THANK YOU

