

COMPANY FULL YEAR FY2021 RESULTS

PLATO INCOME MAXIMISER LIMITED

ASX: PL8



Plato
INCOME MAXIMISER

Disclaimer

Note: Past performance is not a reliable indicator of future performance.

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Agenda

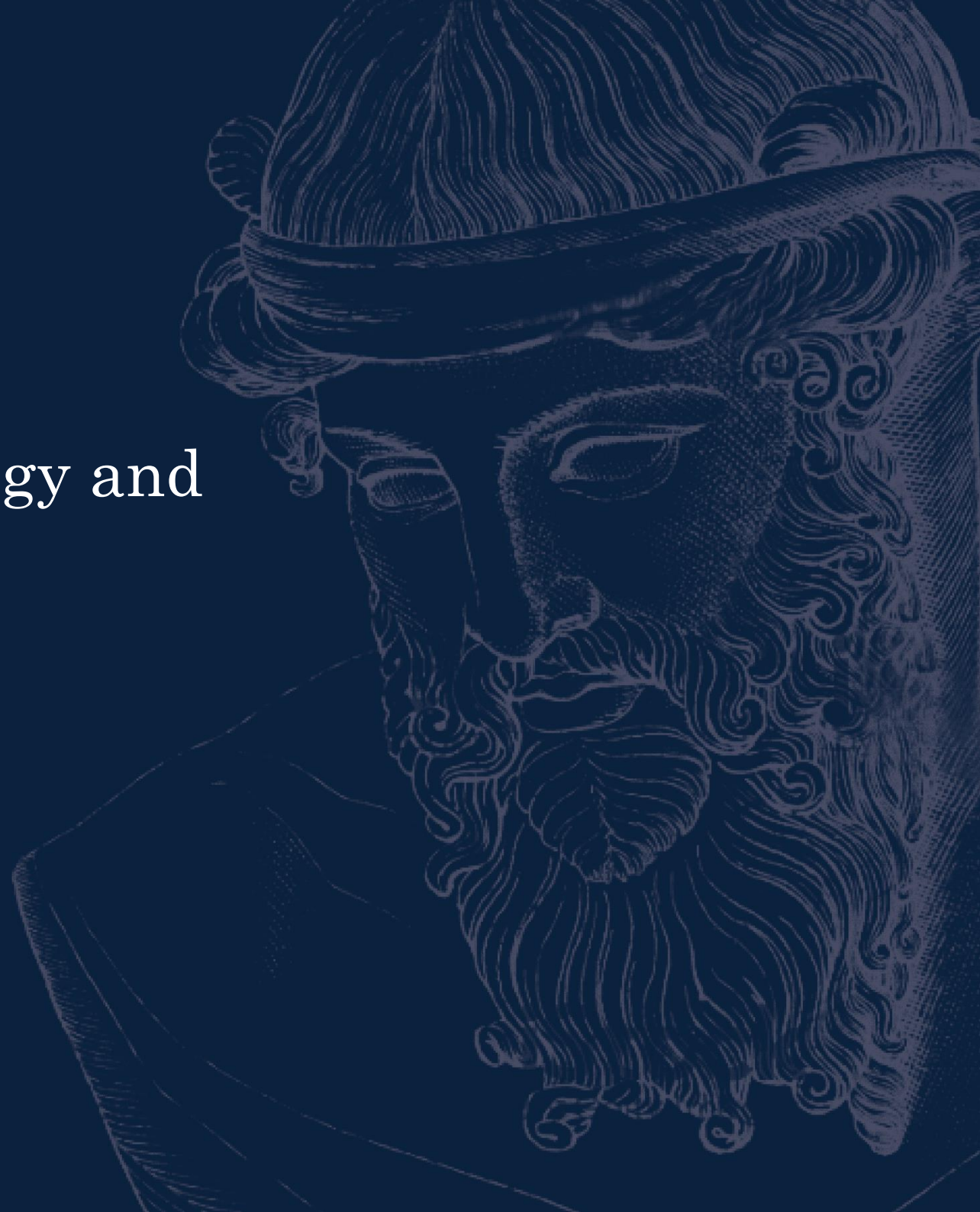
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PL8 investment strategy
and performance

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PL8 investment strategy and performance



FY2021 SEES THE REVIVAL OF DIVIDENDS

COMPARED TO FY2020'S NEGATIVE IMPACT BY COVID-19

FY21 profit	FY21 Portfolio performance (incl. franking)	Total dividends paid in FY21
\$73.0m	26.9% ¹ (-2.2% to benchmark ² with +2.1% higher income generated)	4.8c ³

- FY21 operating profit after tax of \$73.0 million
- Total dividends of \$0.048 per share, equivalent to distributed yield of 6.2%^{1,4}. Monthly full franked dividends increased 12.5% to \$0.0045 per share from July 2021.
- Total portfolio return of 26.9%¹, -2.2% compared to benchmark of 29.1% (-0.2% behind benchmark since inception)
- Distributed income of 6.2%, +2.1% compared to benchmark of 4.1% (2.4% ahead of benchmark since inception).

¹ Including franking credits

² S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax Exempt)

³ Paid via 12 consecutive \$0.004 monthly dividends

⁴ Calculated as monthly dividends paid (including franking credits) divided by average month-end share price over the financial year

PL8 investment portfolio performance

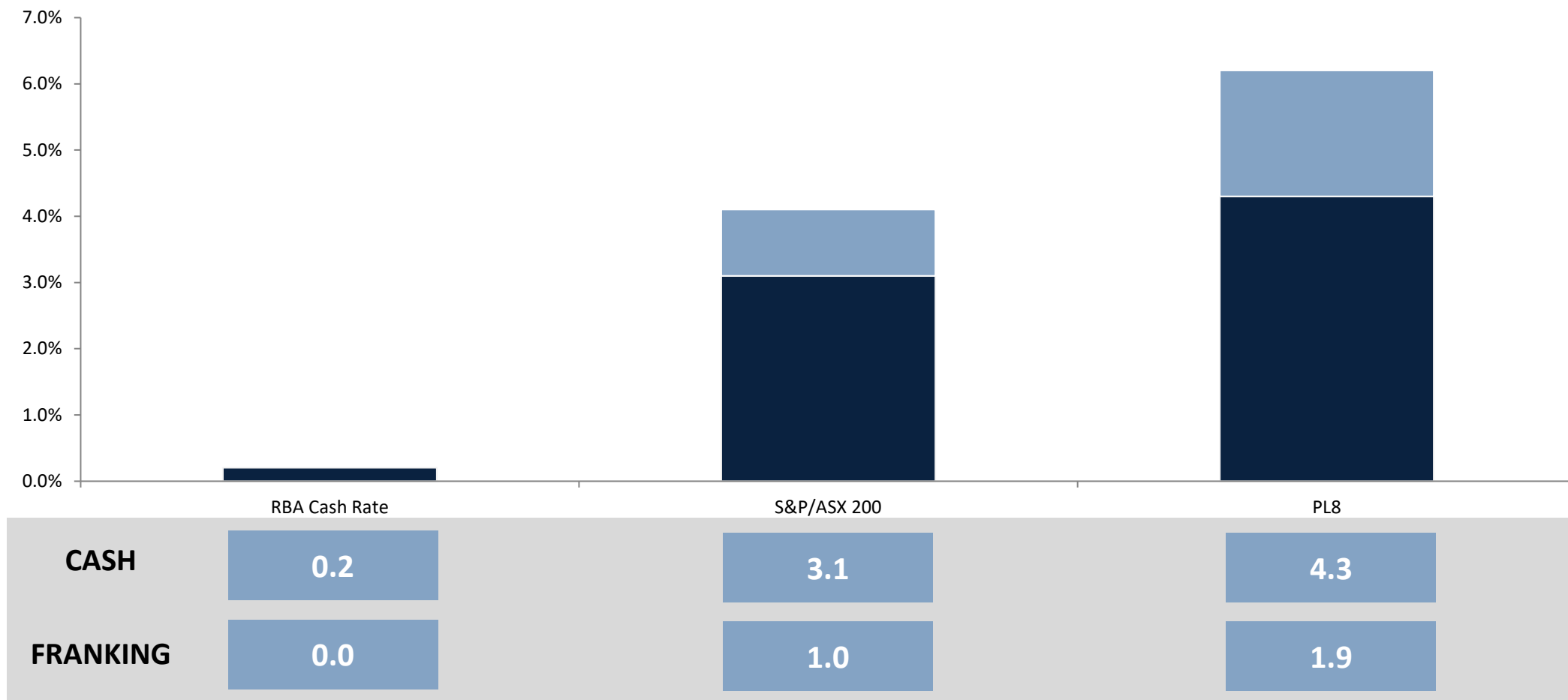
PERFORMANCE TO 30 JUNE 2021 AFTER FEES AND COSTS*

Including Franking	Half-Year	12 Months	Since Inception p.a.** (28/4/2017)
Portfolio	11.9%	26.9%	10.5%
S&P/ASX200 Tax Exempt	13.5%	29.1%	10.7%
Active	-1.6%	-2.2%	-0.2%

*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

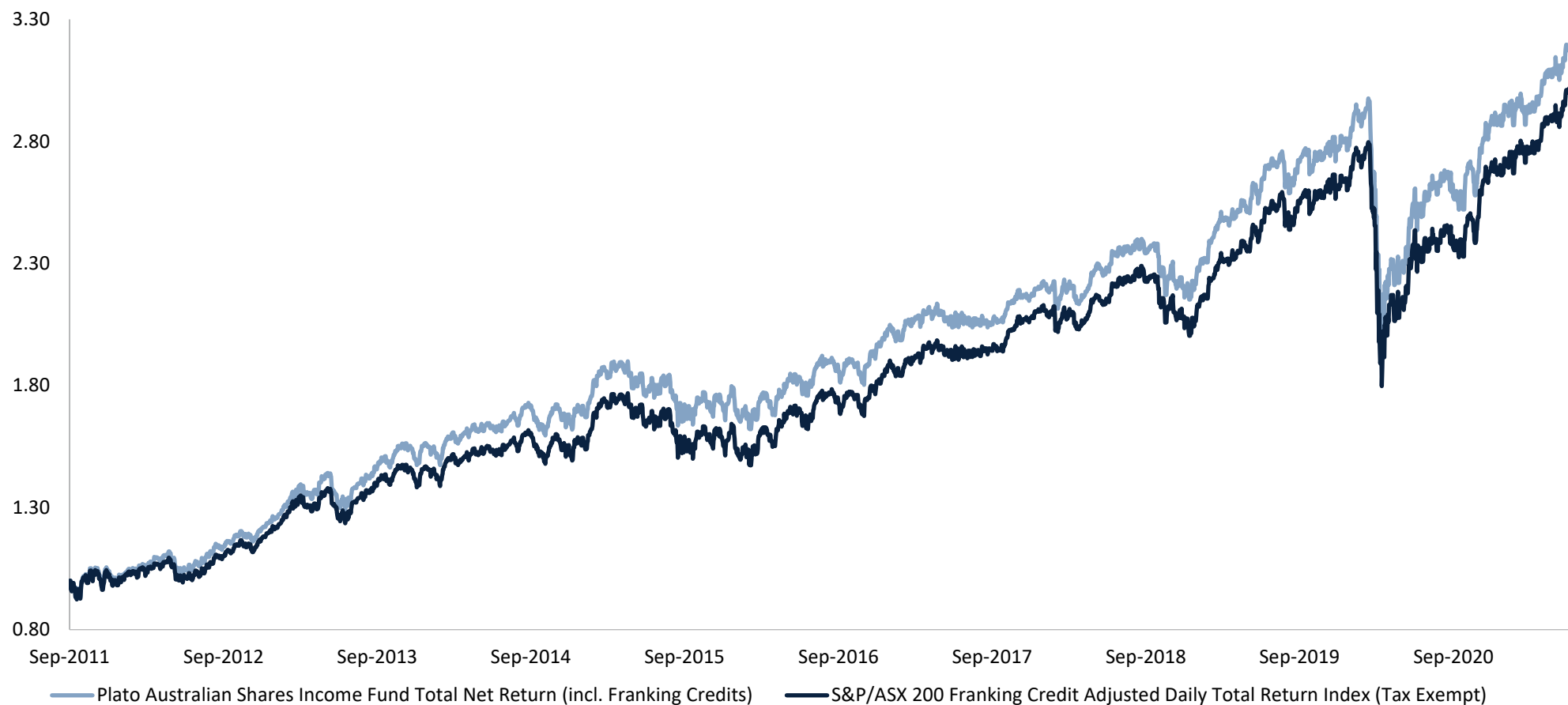
12 month realised yield*



*to 30 June 2021, Plato, Bloomberg

Chart of Plato Income Performance

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

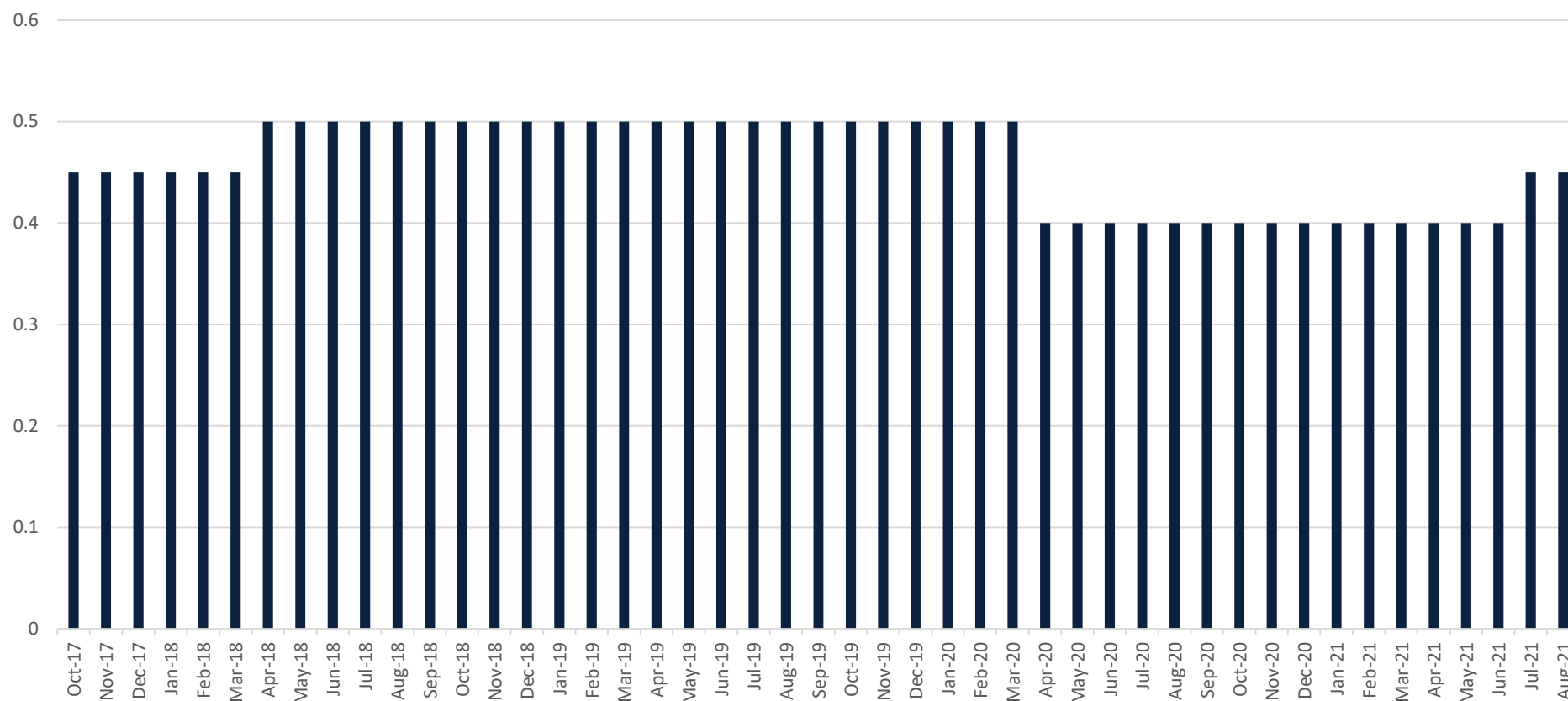


Source: Plato, Bloomberg. Past performance is not a reliable indicator of future performance.

Delivering consistent monthly income

INCREASED MONTHLY DIVIDENDS TO \$0.0045 PER SHARE

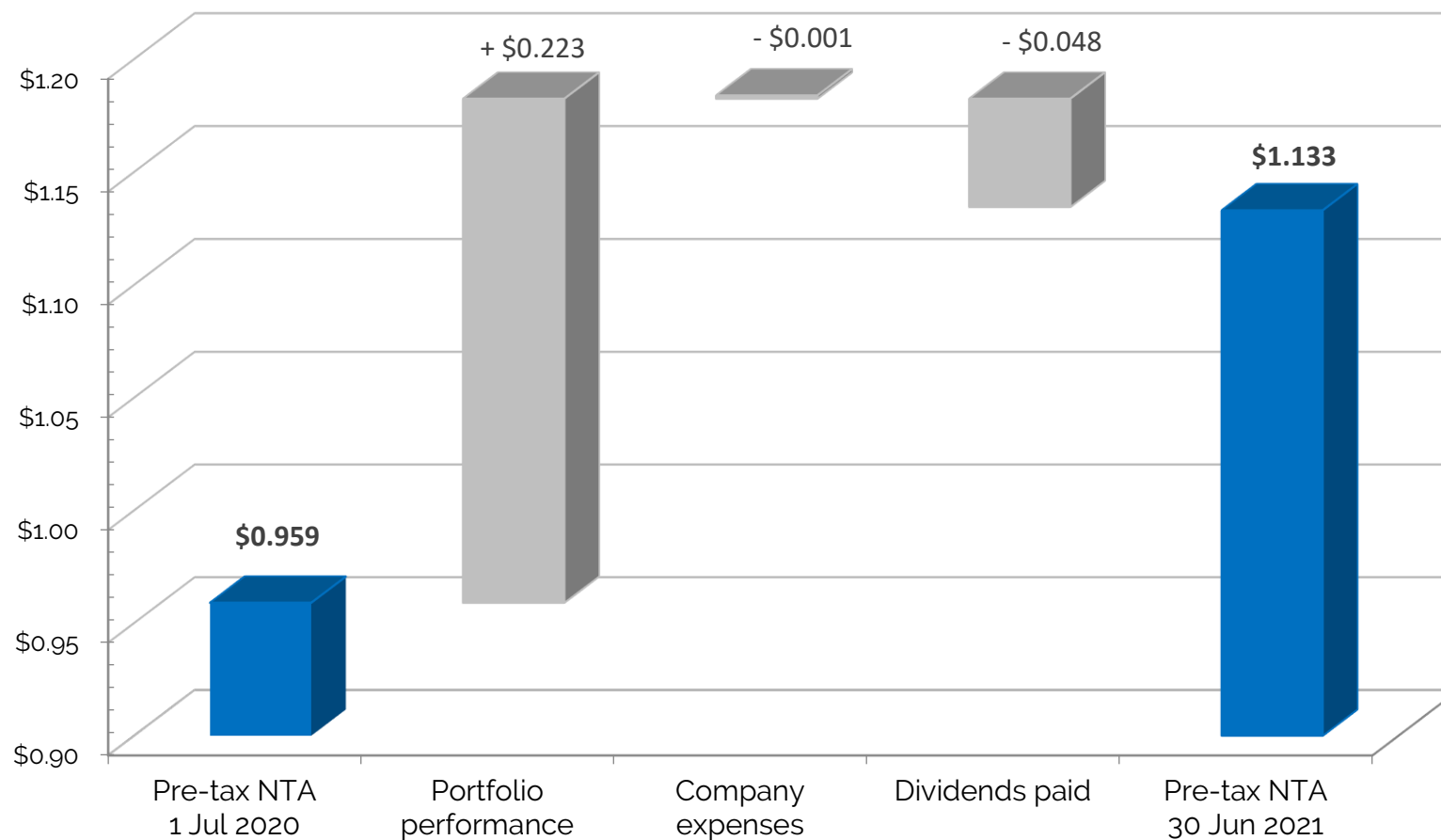
MONTHLY DIVIDENDS PAID



Only Australian LIC paying monthly fully franked dividends

PL8 NTA performance breakdown for FY2021

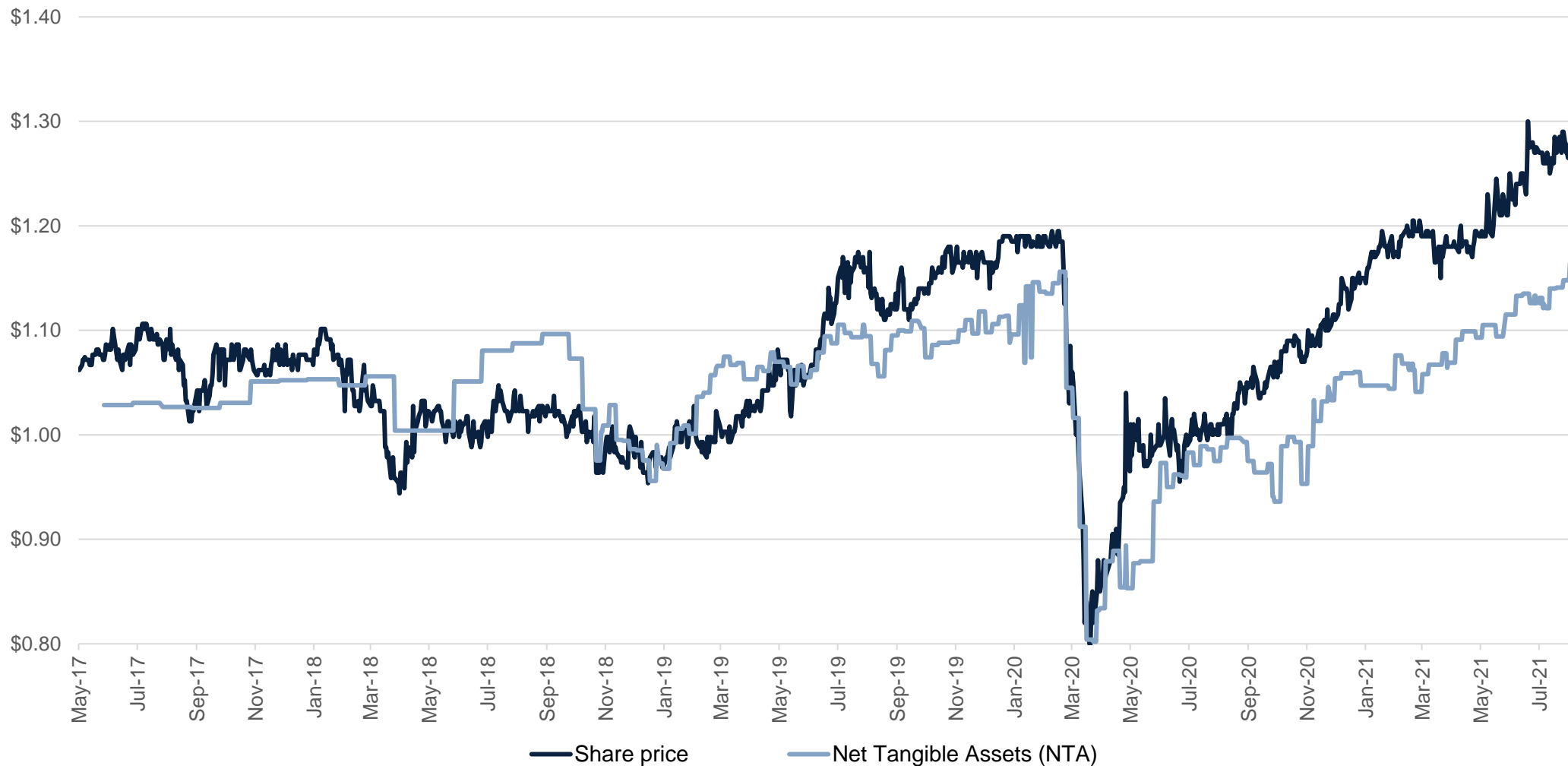
PRE-TAX NTA PER PL8 SHARE*



Source: Plato. *Excludes franking credits.

Price has closely tracked NTA

PL8 PRICE VERSUS NTA SINCE LISTING



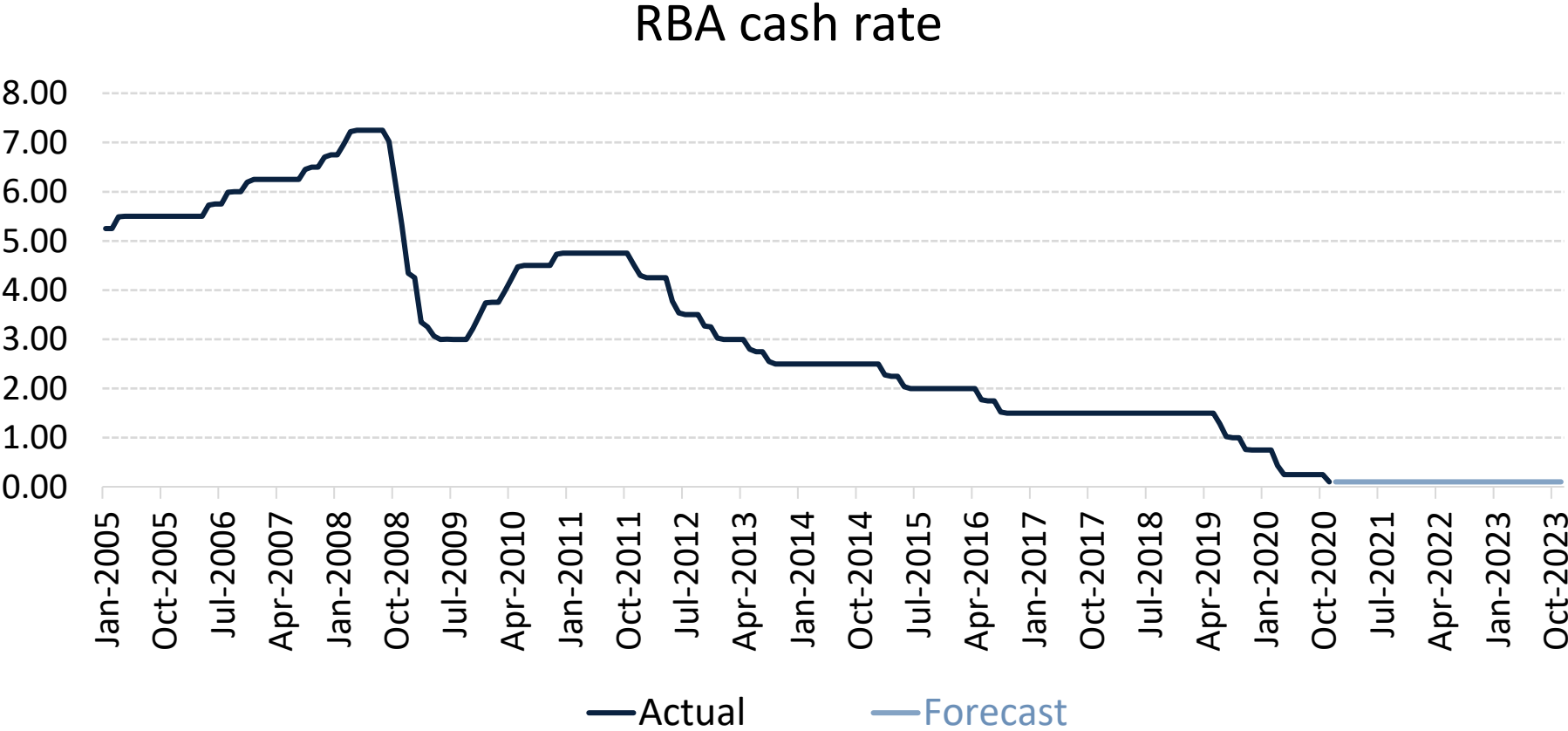
Source: Plato, IRESS. Past performance is illustrative only and not indicative of future performance.

Market Update



RBA forecasts three years of record low 0.1% cash rate

OFFICIAL RBA CASH RATE EXPECTATIONS – EVEN LOWER FOR LONGER



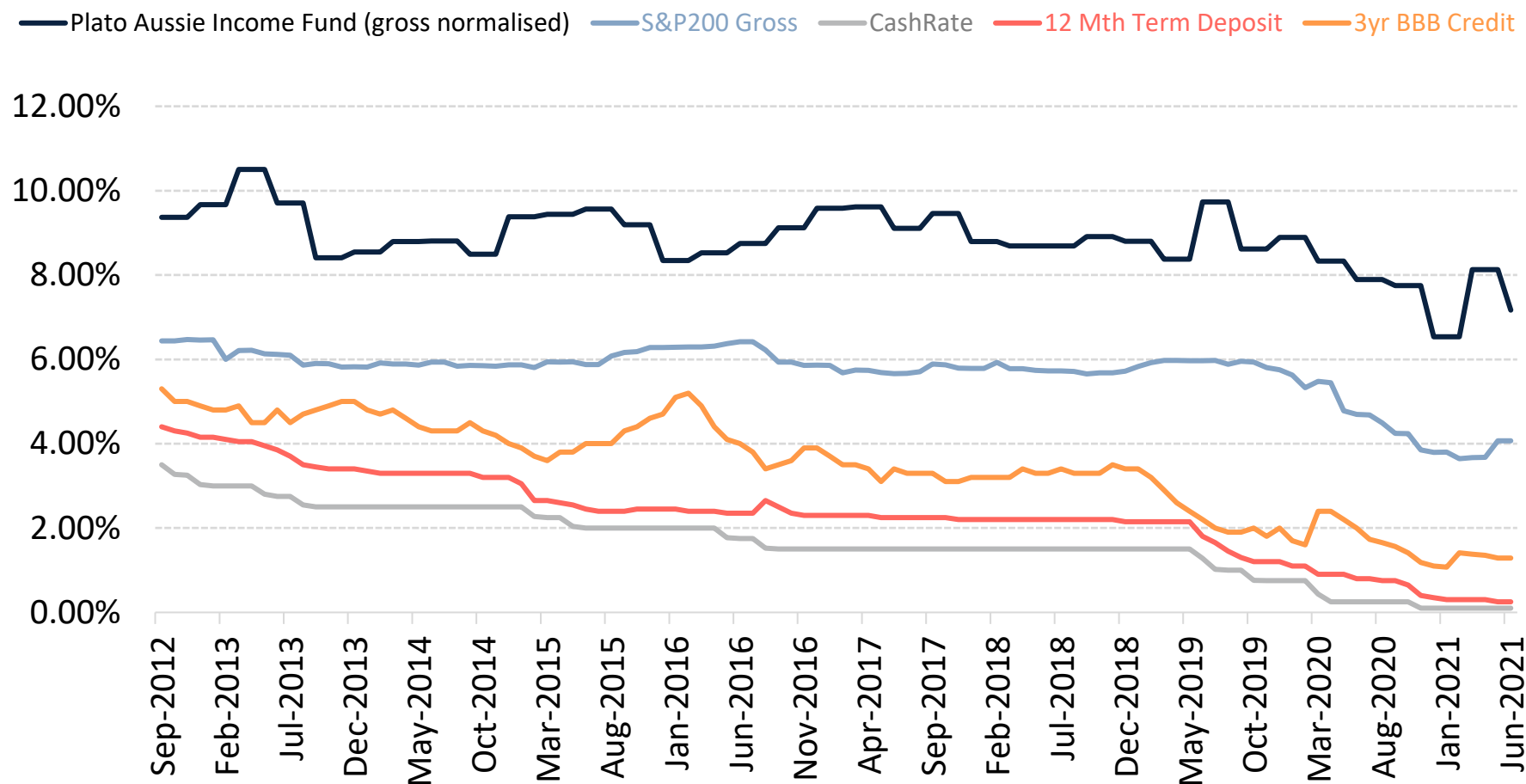
“Given the outlook, the Board is not expecting to increase the cash rate for at least three years.”

Monetary Policy Decision 3 November 2020.

Source: RBA, Plato

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

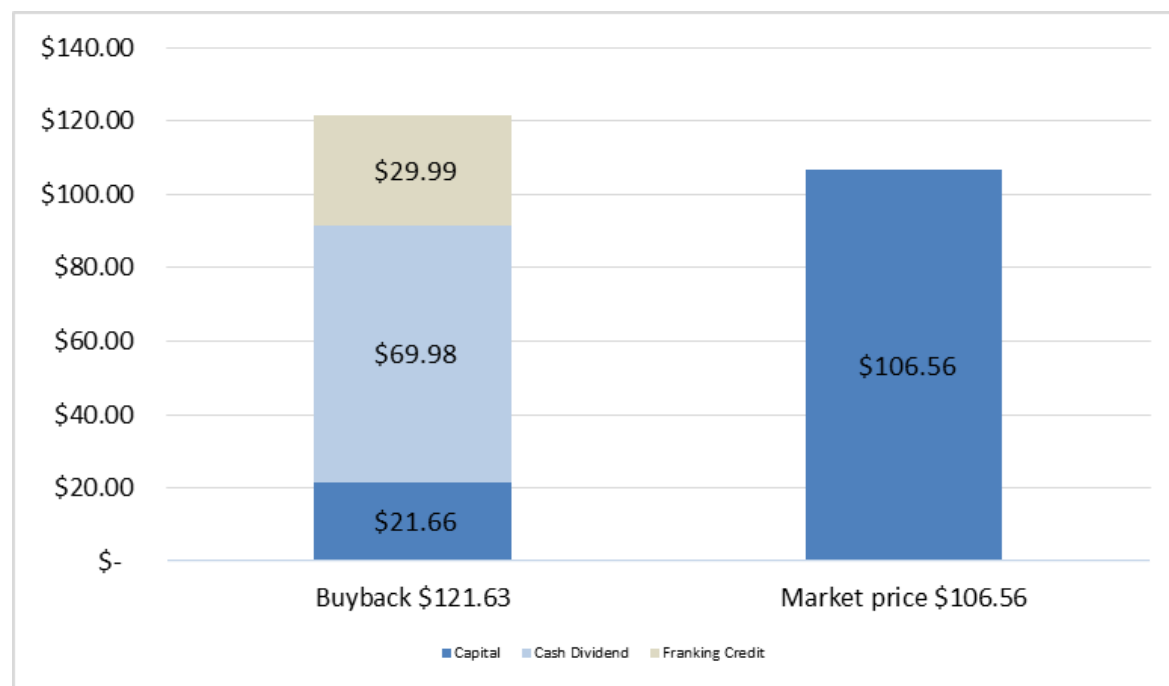
The above chart is intended to compare the income generated by each of the identified products. This is not intended to compare the capital returns (or any other risk) as the risk profiles of each product can and will vary. As an example, equities (including via a managed investment scheme) have a significantly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

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
- Possibly lower scale back given its profitability is marginal for 15% tax rate investors



Source: Plato, CBA announcement 11/8/2021.

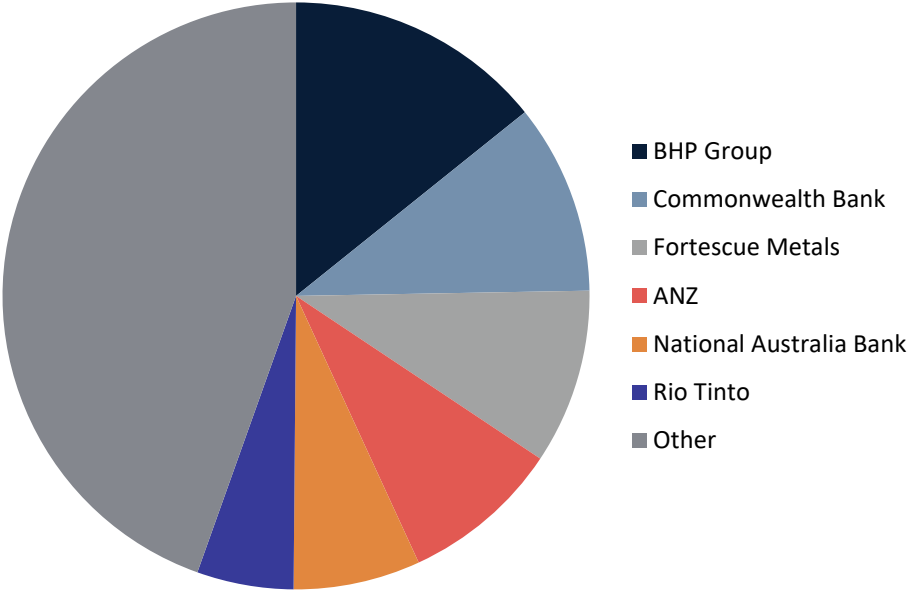
*based on price on 10/8/2021.

Highlights value of franking credits

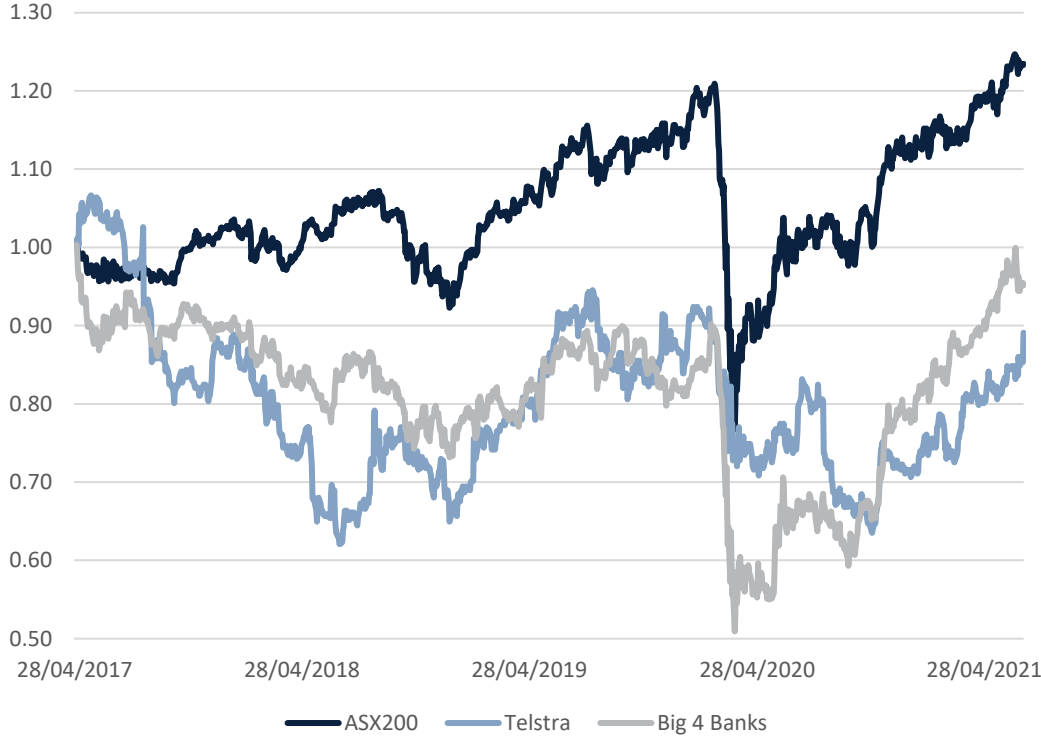
Big Aussie income stocks doing it tough!

6 STOCKS ACCOUNT FOR NEARLY HALF OF ALL DIVIDENDS

% of Gross Dividend Income - FY21



Price Performance



“...Australia is poorly diversified”

Source: Plato, Bloomberg S&P200

Largest Contributors to Income

YEAR TO 30 JUNE 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	0.49	94.0	68.5	25.5	✓	✓	✓	✓	Increased yield, good total return, benefiting from high iron ore prices
Rio Tinto	0.30	38.2	29.2	9.0	✓	✓	✓	✓	Increased yield, good total return, benefiting from high iron ore prices
ANZ	0.28	61.0	51.0	10.0	✓	✓	✓	✓	Improving Bank capital ratios and lower losses leading to increasing dividends.
Westpac	0.20	43.8	36.7	7.1	✓	✓	✓	✓	Improving Bank capital ratios and lower losses leading to increasing dividends.
Telstra Corporation	0.19	20.1	15.5	4.6	✓	✓	✓		Paid good stable yield, capital return suffering from reduction in forecast return on equity and current competitive mobile market
NAB	0.18	51.0	43.9	7.1	✓	✓	✓		Improving Bank capital ratios and lower losses leading to increasing dividends.
BHP Group	0.17	43.8	35.6	8.2	✓	✓	✓	✓	Increased yield, good total return, benefiting from high iron ore prices
Commonwealth Bank	0.17	49.0	43.9	5.1	✓	✓		✓	Improving Bank capital ratios and lower losses leading to increasing dividends.
Harvey Norman	0.15	70.1	54.8	15.3	✓	✓	✓	✓	Paid good stable yield, benefiting from increased sales from home improvement
Coles Group	0.15	4.6	-0.4	5.0	✓	✓	✓		Paid good stable yield, re-normalising sales post-Covid
Off-mkt Buybacks (Ampol)	0.02								

Largest Contributors to Active Performance

YEAR TO 30 JUNE 2021

Top 10 Contributors To Active Performance (Last 12mths)					Investment Reasoning				
Stock	Active Performance (%)	Return (%)	Capital (%)	Income (%)	Yield	Run up	Value	Momentum	Reasoning
Fortescue Metals	0.96	94.0	68.5	25.5	✓	✓	✓	✓	Good business momentum and price sentiment at reasonable price, benefiting from increase in iron ore prices.
A2 Milk	0.64	-67.8	-67.8	0.0	✗	✗	✗	✗	Underweight , suffering after significant reduction in sales in China and too much inventory requiring a write-down.
Mineral Resources	0.53	165.7	153.8	11.9	✓	✓	✓	✓	Good business momentum and price sentiment at reasonable price, benefiting from increase in iron ore prices.
Westpac	0.47	43.8	36.7	7.1	✓	✓	✓	✓	Improving Bank capital ratios and lower losses leading to increasing dividends and better capital returns.
CSL	0.32	0.4	-0.6	1.0	✗	✗	✗	✗	Underweight , suffering after significant reduction in plasma collections in U.S. during Covid and after gov't stimulus.
Newcrest Mining	0.32	-17.8	-19.8	2.0			✗	✓	Underweight , suffering after significant reduction in gold price.
JB Hi-Fi	0.32	26.5	17.5	9.0	✓	✓	✓	✓	Good business momentum and price sentiment at reasonable price, benefiting from increased sales from social distancing measures.
AGL Energy	0.27	-46.1	-51.9	5.8	✓	✗	✗	✗	Underweight , suffering after reduction in power prices during and after Covid as grid receives more renewable energy.
Woodside Petroleum	0.27	2.6	-0.8	3.4		✗		✗	Underweight , suffering after increase in ESG concerns for oil stocks.
Insurance Australia	0.24	-9.4	-10.6	1.2		✗		✗	Underweight , suffering after making business interruption provisions.

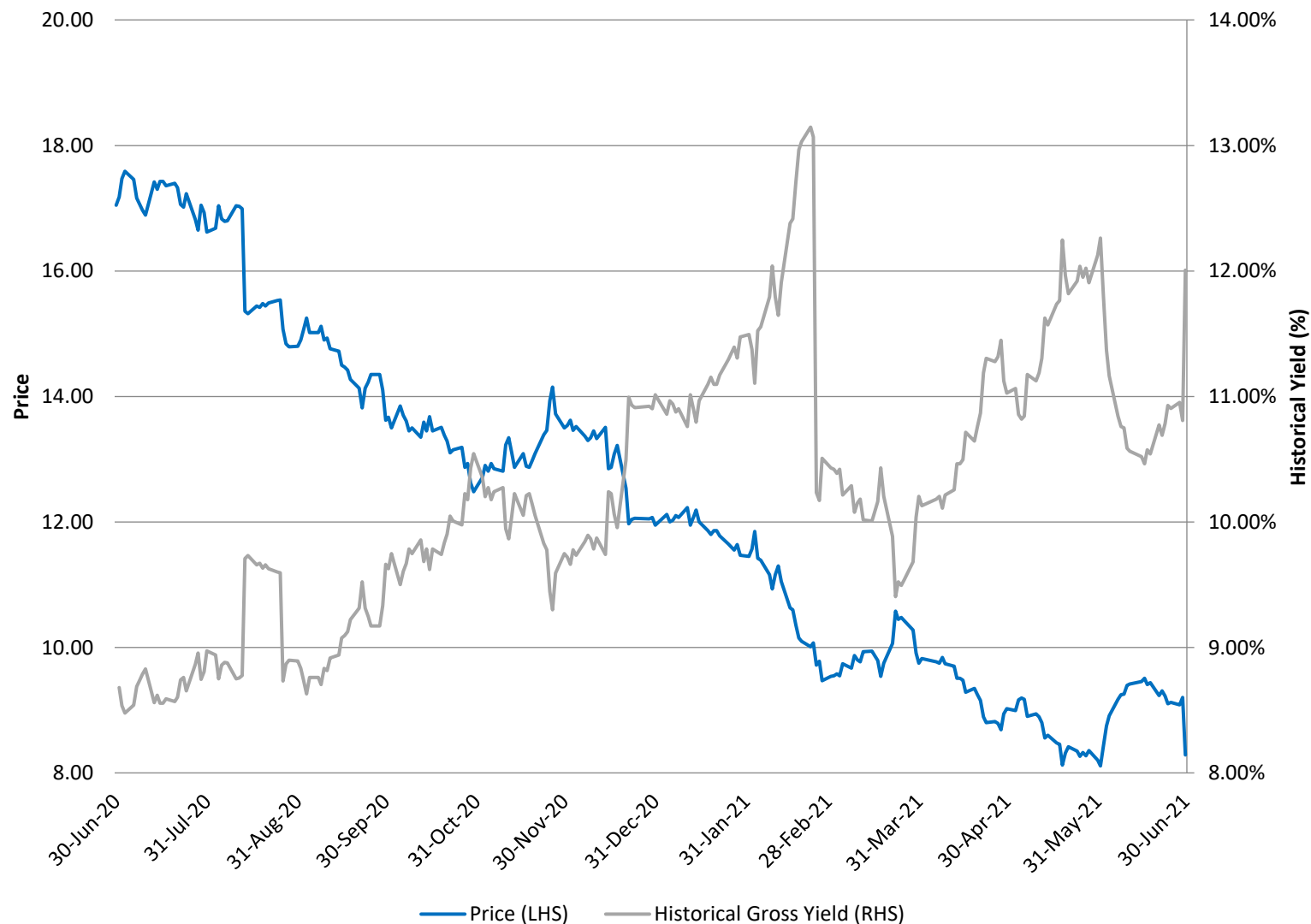
Dividend Traps

YEAR TO 30 JUNE 2021

Dividend Traps				Investment Reasoning				
Stock	Date of Divd	Div'd Cut (%)	Return (%)	Yield	Runup	Value	Momentum	Reasoning
Insurance Australia	Aug-20	-100%	-6.6	✓	✗		✗	Poor business momentum, suffering from Covid related write downs and business interruption claims.
Scentre	Aug-20	-100%	-5.2	✓	✗		✗	Poor business momentum, suffering from Covid shutdowns in retail malls and rent reductions.
Ramsay Healthcare	Sep-20	-100%	-21.0	✓	✗		✗	Poor business momentum, suffering from COVID related reduction in election surgery in Australia and Europe.
AGL Energy	24-Feb-21	-35%	-23.4		✗	✗	✗	Underweight , suffering after reduction in power prices during and after Covid as grid receives more renewable energy.
Lend Lease	26-Feb-21	-42%	-7.0	✓	✗	✗	✗	Poor business momentum, suffering from Covid related reductions in demand for inner-city living and write-downs in their engineering division.
ASX	4-Mar-21	-3%	-12.0	✓	✗	✗	✗	Small cut in dividend, but outsized effect given perceived low risk of ASX.
Atlas Arteria	30-Mar-21	-12% from 2019	-8.7	✓	✗		✗	Poor business momentum, suffering from lower demand for explosives from coal mines.
Orica	31-May-21	-54.5%	-11.4	✓	✗		✗	Poor business momentum, suffering from European Covid second wave reducing traffic

Winning by not losing - avoiding dividend traps

AGL ENERGY UP TO 13% GROSS DIVIDEND YIELD

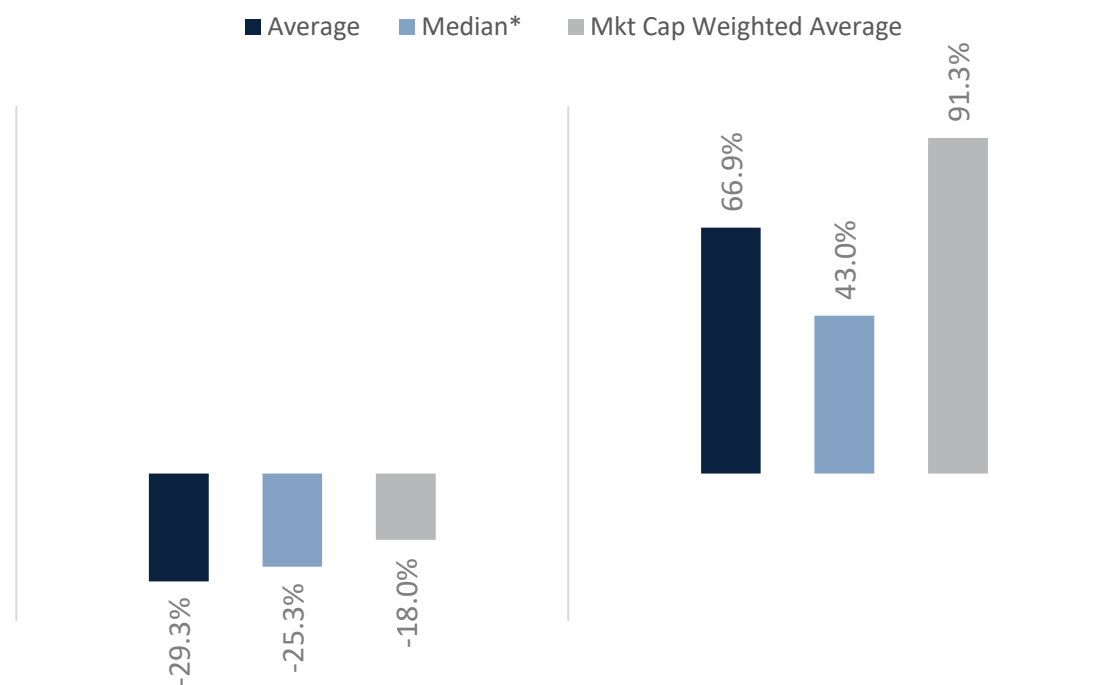


Results season August 2021 - Dividends

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

Dividend Outlook

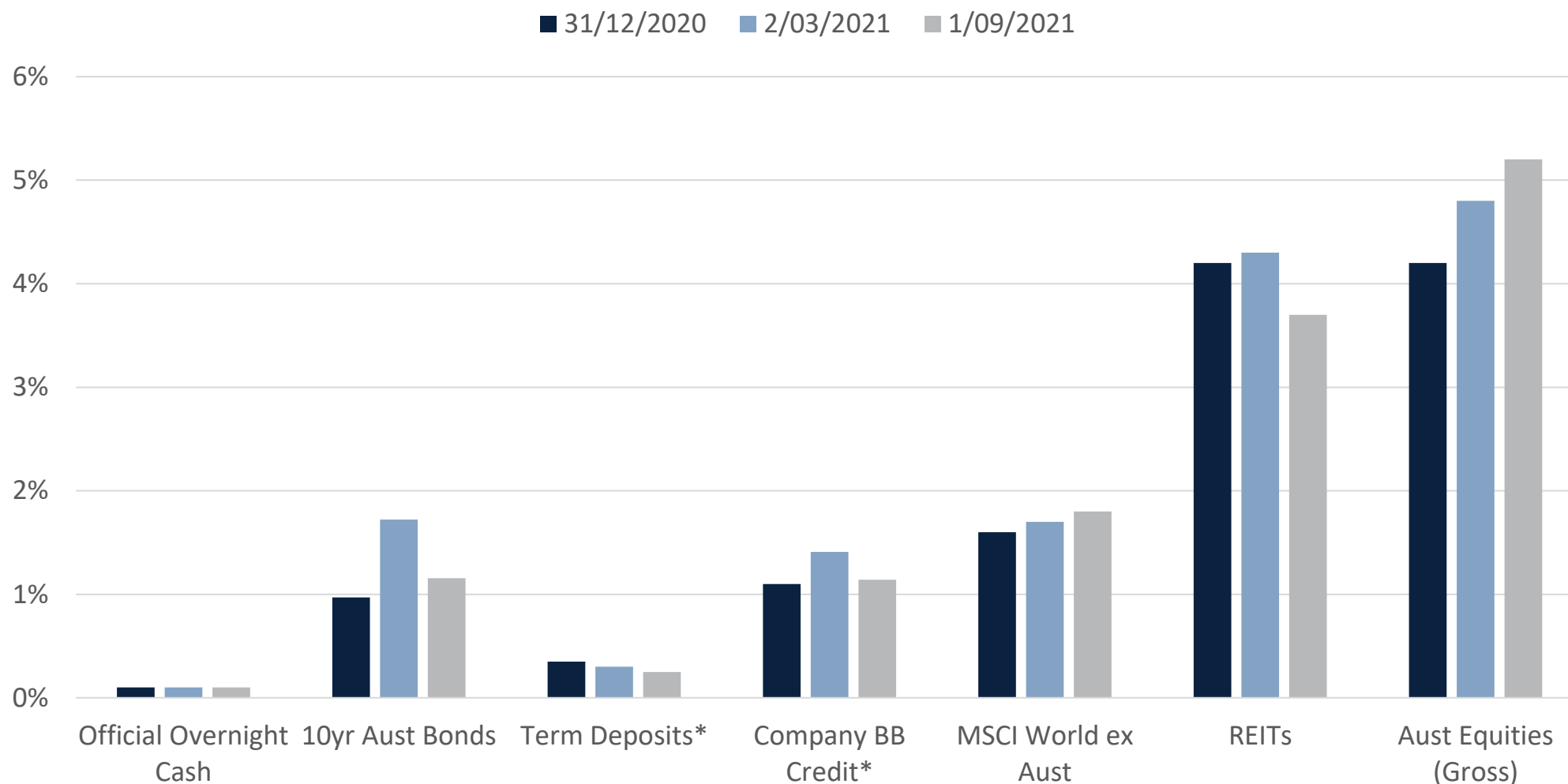
LARGE DIVIDEND PAYERS



Source: Plato, Bloomberg, S&P200

Asset Class Outlook for Income

FORECAST 12 MONTH INCOME AS AT 01/09/2021



Source: Plato, Bloomberg, *RBA

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

The income summary



Bad news: Interest rates to remain at historic lows

- 2-3 years of bad news for retirees in term deposits



Good news: Dividends are rebounding strongly

- Plato dividend cut model returns to normal
- Strong dividends from iron ore miners and banks
- Take advantage of tax effective buybacks
- Active fund management critical in delivering income, total return & avoiding dividend traps

Questions

THANK YOU

