

Plato Income Maximiser Limited (ASX:PL8)

ACN 616 746 215



Company Update as at 31 August 2017

Plato Investment Management Limited ('Manager')	<ul style="list-style-type: none"> Investment manager of Plato Income Maximiser Limited ('Company'), specialising in maximising retirement income for pension-phase investors and SMSFs Highly experienced investment team of eight, including four PhDs
Investment objective	<p>The Company's investment objectives are to:</p> <ol style="list-style-type: none"> generate annual income (including franking credits) that exceeds the gross income of the Benchmark[^]; and outperform (after fees) the Benchmark[^] in total return terms including franking credits over each full investment cycle (typically 3 to 5 years). <p>The Company also aims to pay regular monthly dividends once it has sufficient profit reserves.</p>
Investment strategy	<p>The Company's investment strategy is implemented by fully investing in the Plato Australian Shares Income Fund ('Fund') managed by the Manager.</p>

[^] Benchmark is the S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt).

Performance ¹	1 mth %	3 mths %	Inception %
Total return²	-0.1	-0.3	-3.1
Income ³	1.6	2.0	3.3
Capital growth ³	-1.7	-2.3	-6.4
Benchmark total return ²	1.0	1.2	-1.4
Excess total return²	-1.1	-1.5	-1.7
Excess income³	0.5	0.6	1.1
Excess franking³	0.1	0.2	0.2

¹ Past performance is not a reliable indicator of future performance. Performance is quoted in AUD net of portfolio related fees, costs and taxes.

² Including franking credits. ³ Includes accrued but not yet distributed dividends and franking credits as income

Company Facts	
ASX code share price	PL8 \$1.040
ASX code option price	PL8O \$0.007
Market capitalisation	\$308m
Inception date	28 April 2017
Listing date	5 May 2017
Options outstanding	296,258,407
Options exercise price	\$1.100
Options expire	29 April 2019
Management fee	0.80% p.a. ⁴

⁴ 0.82% p.a. inclusive of the net impact of GST and RITC.

Net Tangible Assets (NTA) ⁵	
NTA (which includes tax provided for on realised gains)	\$1.032
NTA (which includes tax provided for on realised and unrealised gains)	\$1.043

⁵ NTA calculations exclude the Deferred Tax Asset relating to capitalised costs deductions and carried forward tax losses of \$0.009.

Board of Directors	
Jonathan Trollip (Chairman) ⁶	Don Hamson
Katrina Onishi ⁶	Alex Ihlenfeldt
Lorraine Berends ⁶	

⁶ Independent Director.

Dividend objective

The investment strategy implemented by the Manager is focused on investments with the potential to deliver regular income as well as capital growth over the long term.

After sufficient profits have been built up, the Company aims to pay regular monthly dividends from available profits, provided it has sufficient profit reserves, and it is permitted by law and within prudent business practice to do so.

The declaration of dividends by the Company is at the full discretion of the Board. In declaring dividends, in addition to the matters set out above, the Board will also have regard to cash flow and franking credits. The Company is currently accumulating reserves in order to commence paying monthly dividends in the near future, and, subject to Board review, expects to declare the first monthly dividend in October 2017.

Summary

Following completion of the IPO, the Company received funds on 28 April 2017 which were fully invested in the Fund by 1 May 2017.

As at 31 August 2017, the Company delivered a total return of -3.1% p.a. and a yield of 3.3% p.a. (incl. franking) since inception compared to the S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt) ('Benchmark') return of -1.4% p.a. and a yield of 2.2% p.a.

The Australian equity market rose slightly in August despite one of the poorer earnings seasons on record. The energy and resources sector rallied more than 5.0% following good earnings results from the majority of energy companies and the continued strong performance of the iron ore price, up 7.1% during the month. In contrast, Telcos and Banks fell after Telstra flagged a future cut in dividends that was bigger than the market anticipated and Commonwealth Bank, despite issuing a good result, fell on regulatory and governance concerns over a failure to report transactions to AUSTRAC.

The largest positive contributors to the Fund during the month were overweight positions in BHP, Caltex, Qantas, Downer and Regis Resources which all reported good results. However, overweight positions in BlueScope Steel (which disappointed on its guidance), Commonwealth Bank and Telstra as well as underweights in Rio Tinto and Newcrest detracted from relative performance.

The Company remains actively positioned to deliver superior income and franking whilst also being able to allocate to companies that are expected to provide solid capital returns.

Top 10 Holdings	Top 10 Yielding	Yield% p.a. ²
ANZ	Crown	16.7
BHP Billiton	Telstra	12.1
Commonwealth Bank	NAB	9.4
CSL	Westpac	8.6
Insurance Australia	Bendigo and Adelaide Bank	8.1
Macquarie Group	Commonwealth Bank	8.1
NAB	ANZ	7.8
Telstra	AMP	7.7
Westpac	Fortescue Metals	7.6
Woolworths	JB Hi-Fi	7.3

Further information

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Plato Investment Management Limited ABN 77 120 730 136 ('Plato'), a Corporate Authorised Representative (No. 304964) of Pinnacle Investment Management Limited ABN 66 109 659 109 AFSL 322140, is the investment manager of the Fund and Plato Income Maximiser Limited.

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