

Plato Income Maximiser Limited (ASX:PL8)

ACN 616 746 215



Company Update as at 31 May 2017

Plato Investment Management Limited ('Manager')	<ul style="list-style-type: none"> Investment manager of Plato Income Maximiser Limited ('the 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 %	Inception %
Total return²	-2.8	-2.8
Income ³	1.3	1.3
Capital growth ³	-4.1	-4.1
Benchmark total return ²	-2.5	-2.5
Excess total return²	-0.3	-0.3
Excess income³	0.5	0.5
Excess franking³	0.1	0.1

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	\$1.090
ASX code option price	PL8O	\$0.018
Market capitalisation		\$323m
Inception date		28 April 2017
Listing date		5 May 2017
Options outstanding		296,268,407
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/losses)	\$1.036
NTA (which includes tax provided for on realised and unrealised gains/losses)	\$1.046

⁵ NTA calculations exclude the Deferred Tax Asset relating to capitalised costs deductions and carried forward tax losses of \$0.01.

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 will consider whether it is in a position to start paying dividends in July 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 May 2017, the Company delivered a total return of -2.8% p.a. and a yield of 1.3% 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 -2.5% p.a. and a yield of 0.8% p.a.

The Australian equity market was dragged down in May by the bank and retail sectors. The banks fell after the Federal government announced a 6bp bank levy and after some mixed earnings results. The retail sector continues to fall over concerns about the impact on their earnings with the arrival of Amazon, as well as weak retail sales.

The largest positive contributors to the Fund during the month were overweight positions in Caltex which benefited from strong refiner margins and Qantas which continued its strong business momentum. An underweight position in Commonwealth Bank also aided active performance as banks fell during the month. However, overweight positions in ANZ and CSR and an underweight in Telstra detracted from relative performance. After falling an average of 9.1% during the month, the major 4 Australian banks now have an average historical fully-franked yield of 8.5% p.a.

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	14.9
BHP Billiton	Telstra	10.1
Commonwealth Bank	NAB	9.4
CSL	Westpac	8.8
Macquarie Group	Bendigo and Adelaide Bank	8.6
NAB	ANZ	8.2
Rio Tinto	AMP	7.7
Wesfarmers	Commonwealth Bank	7.6
Westpac	Suncorp	7.3
Woolworths	Regis Resources	7.0

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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