



# **Annual General Meeting**

**2 November 2017**



# Agenda

**01** **Chairman's Address**

**02** **Market Outlook and  
Investment Update**

**03** **Q & A**

**04** **Formal Business**

# Chairman's Address

## Mr Jonathan Trollip



# Chairman's Address

## Overview

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- PL8 is an income focussed LIC which invests in Australian shares
- The first LIC that aims to pay monthly franked dividends
- IPO raised \$326m and listed on the ASX on 5 May 2017
- Managed by Plato Investment Management Limited (**Manager**)
- PL8 Invests via the Plato Australian Shares Income Fund (**Plato Fund**)

# Chairman's Address

## Investment Objectives

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- Generate annual income (including franking credits) in excess of S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax Exempt) ('Benchmark')
- Outperform (after fees) the Benchmark in total return terms including franking credits

# Chairman's Address

## Company Details

### Manager

Plato Investment Management

### Board of Directors

- Jonathan Trollip<sup>1</sup> (Chairman)
- Katrina Onishi<sup>1</sup>
- Lorraine Berends<sup>1</sup>
- Dr Don Hamson
- Alex Ihlenfeldt

<sup>1</sup> Independent

<sup>2</sup> As at 30 Sept 2017

<sup>3</sup> As at 30 Sept 2017, excluding deferred tax assets relating to capitalised issue cost deductions and carried forward tax losses of \$0.008. The Franking Account Balance (not reflected in NTA) is \$0.012 per share.

<b>Shares<sup>2</sup></b> (ASX: PL8)	<i>Outstanding</i>	296,283,408
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	<i>Price</i>	\$1.10
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	<i>Market capitalisation</i>	\$326m
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<b>NTA<sup>3</sup></b>	Which includes tax provided for on realised gains	\$1.027
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	Which includes tax provided for on realised and unrealised gains	\$1.048
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<b>Options<sup>2</sup></b> (ASX: PL8O)	<i>Outstanding</i>	296,253,407
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	<i>Price</i>	\$0.009
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	<i>Strike price</i>	\$1.10
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	<i>Expiry</i>	29 April 2019
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# Chairman's Address

## Monthly Dividends

The PL8 Board declared its first three monthly fully franked dividends of 0.45 cents per share payable in each of October, November and December 2017.

	October	November	December
<b>Amount:</b>	0.45 cents per share	0.45 cents per share	0.45 cents per share
<b>Ex – Dividend Date:</b>	16 October 2017	15 November 2017	13 December 2017
<b>Dividend Record Date:</b>	17 October 2017	16 November 2017	14 December 2017
<b>Dividend Payment Date:</b>	31 October 2017	30 November 2017	29 December 2017

Example: An investment of 100,000 shares on the dividend record date, would result in a dividend payment of \$450. e.g.  $100,000 \times \$0.0045 = \$450$  in dividends for that month.

The Board has initially adopted a conservative approach to dividend payments and will review dividends in January 2018.

# Chairman's Address

## Company Performance

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### NTA Performance<sup>1</sup>

- -3.9% from listing date to 30 September 2017 (from \$1.069 at inception to \$1.027)

### TSR Performance<sup>2</sup>

- 0.0% from listing date to 30 September 2017 (the share price was \$1.10 compared to an issue price of \$1.10, with no dividends paid during the period)
- +0.8% from listing date to 30 September 2017 on shares and options combined (for those shareholders who have held options since the IPO)

<sup>1</sup> Measured as movement in NTA after tax on earnings including realised gains, but excluding any provision for tax on unrealised gains, capitalised share issue costs and income tax losses

<sup>2</sup> Measured as movement in share price and any dividends paid during the period



# Chairman's Address

## Investment Portfolio Performance

to 30 September 2017

Investment Portfolio Performance <sup>1</sup>	1 month %	3 months %	Inception % <sup>4</sup>
<b>Total return<sup>2</sup></b>	0.7	0.2	-2.4
<b>Benchmark total return<sup>2</sup></b>	0.2	1.2	-1.2
<b>Excess total return<sup>2</sup></b>	0.5	-1.0	-1.2
<b>Income accrued but not yet paid<sup>3</sup></b>	4.3	4.3	4.8
<b>Excess franking<sup>3</sup></b>	1.1	0.7	0.5

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

<sup>2</sup> Including franking credits. The benchmark is the S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax Exempt).

<sup>3</sup> Includes accrued but not yet distributed dividends and franking credits as income.

<sup>4</sup> The inception date is 29 April 2017.

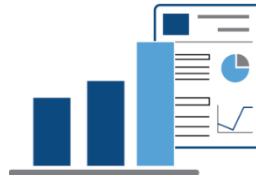
# Chairman's Address

## Shareholder Engagement

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Regular shareholder  
email updates



Monthly NTA  
announcement



Half & full year  
financial results



Website  
[plato.com.au](http://plato.com.au)



Media



Industry conferences

# Market Outlook and Investment Update

Dr Don Hamson, Managing Director, Plato Investment Management



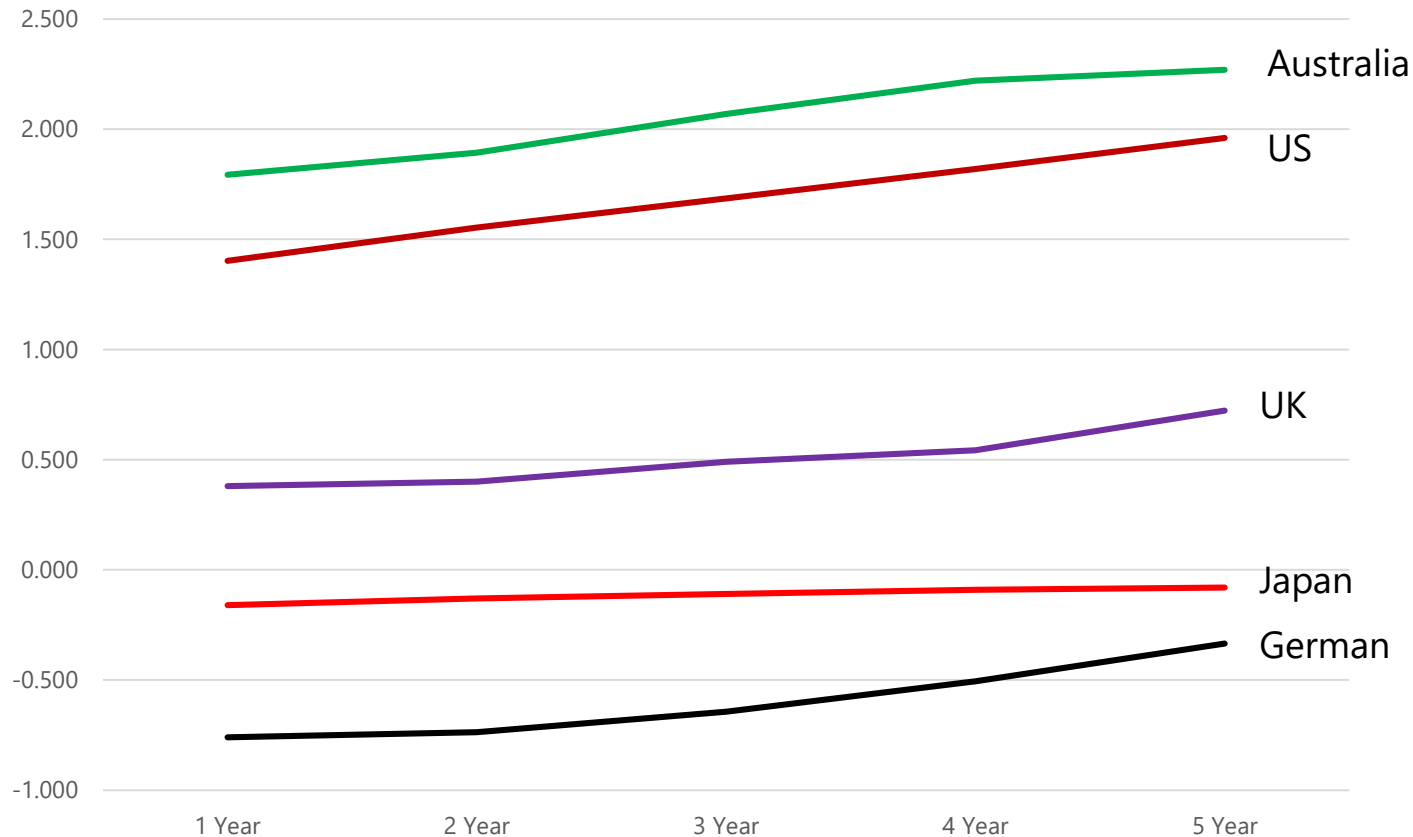
# Retirees Face An Income Crisis!

What have markets told us and what is the future outlook?



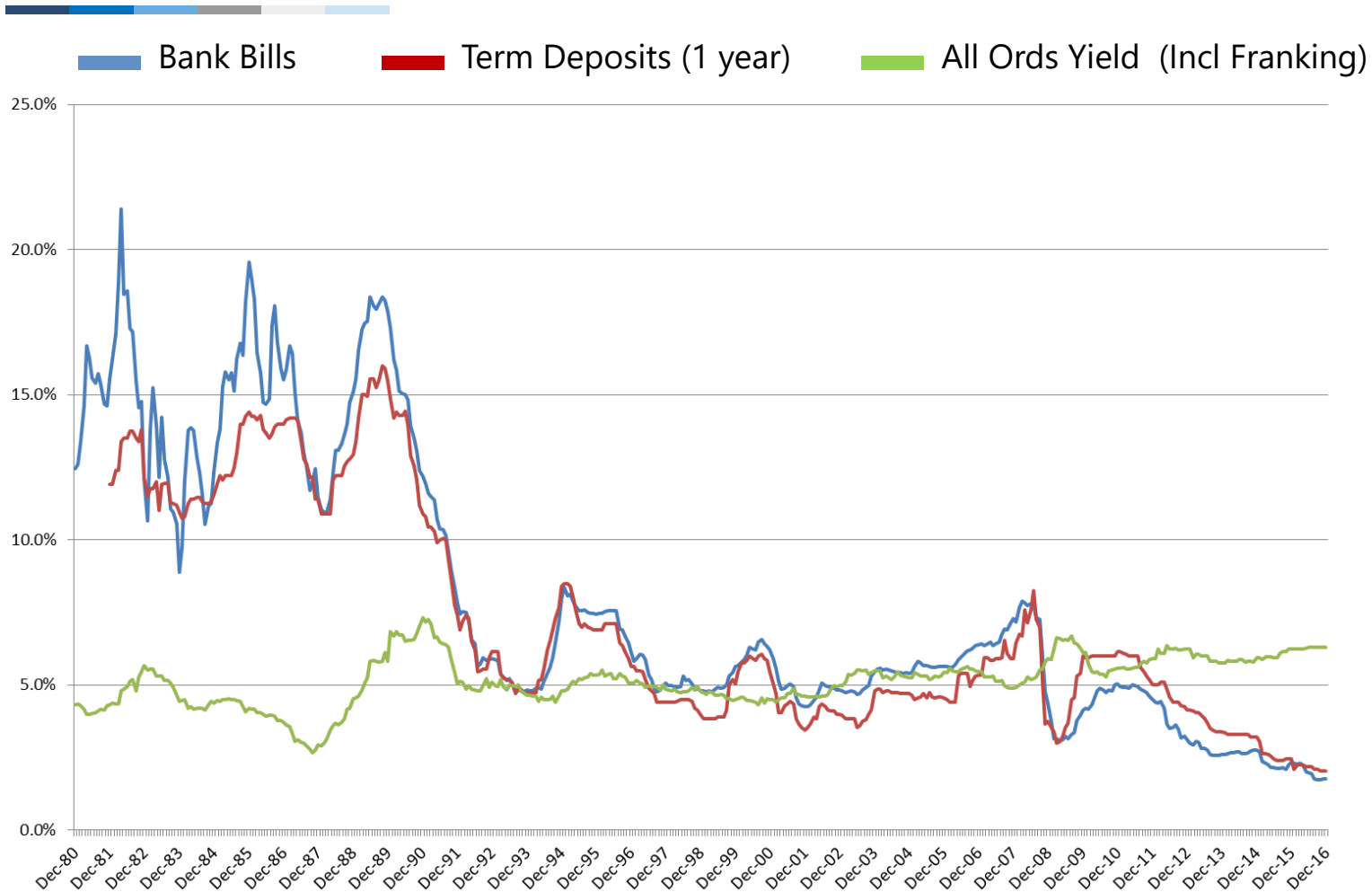
# Short term market interest rate expectations

Rates to rise gently



Source: Plato, Bloomberg using market yield curves as at 18 Oct 2017

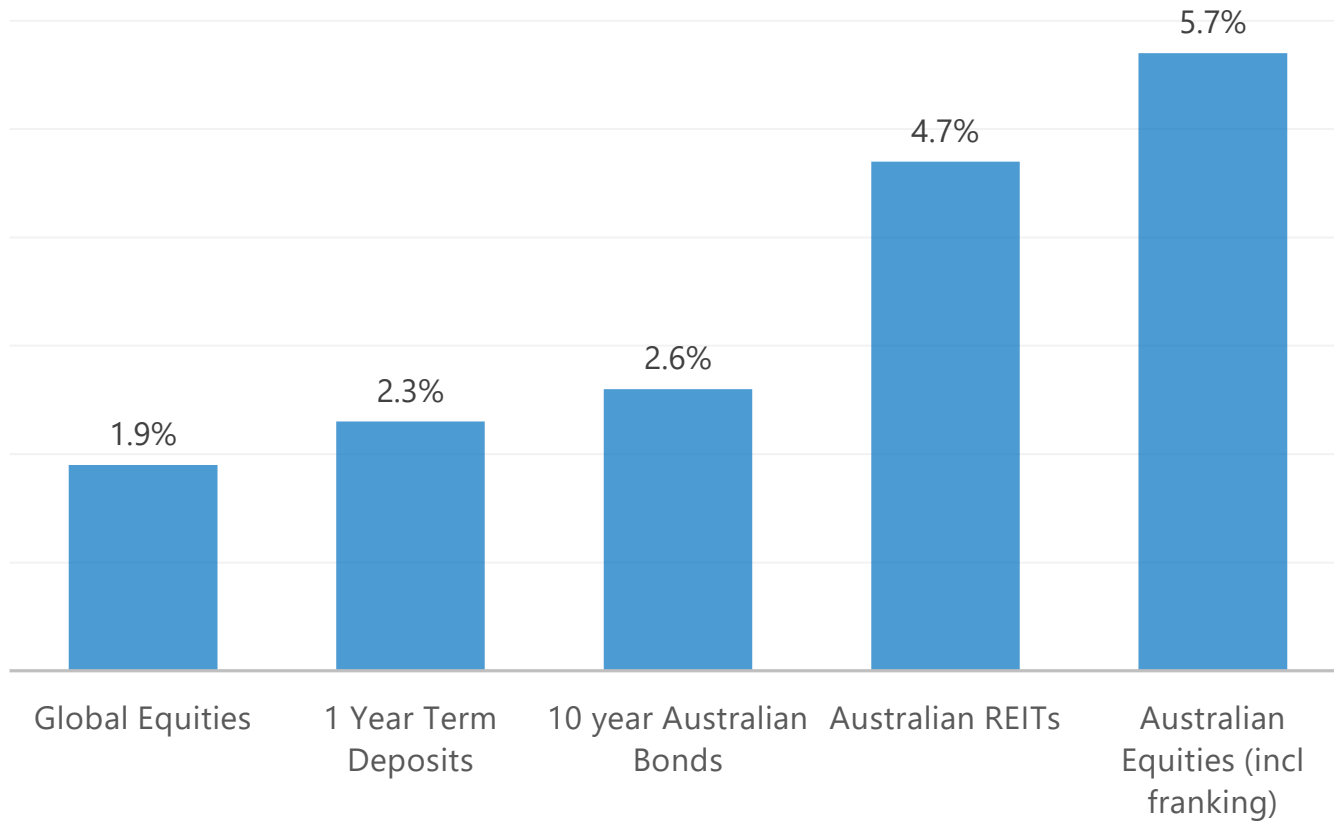
# Australian shares gross income still looks attractive



Source: RBA, Iress, Plato

# Income is still hard to find

Plato 1 year forecast income FY17/18



Source: Plato, RBA

# Performance Attribution / Income & Outlook





# Investment Portfolio Performance

to 30 September 2017

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<sup>4</sup> The inception date is 29 April 2017.

# Plato Australian Shares Income Fund

Performance to 30 September 2017

	3 month return*	12 months return*	3 years return* p.a.	Since inception** return
Plato Australian Shares Income Fund	0.4%	10.3%	9.3%	13.7%
Benchmark***	1.2%	10.8%	8.7%	11.6%
Active	-0.8%	-0.5%	+0.6%	+2.1%

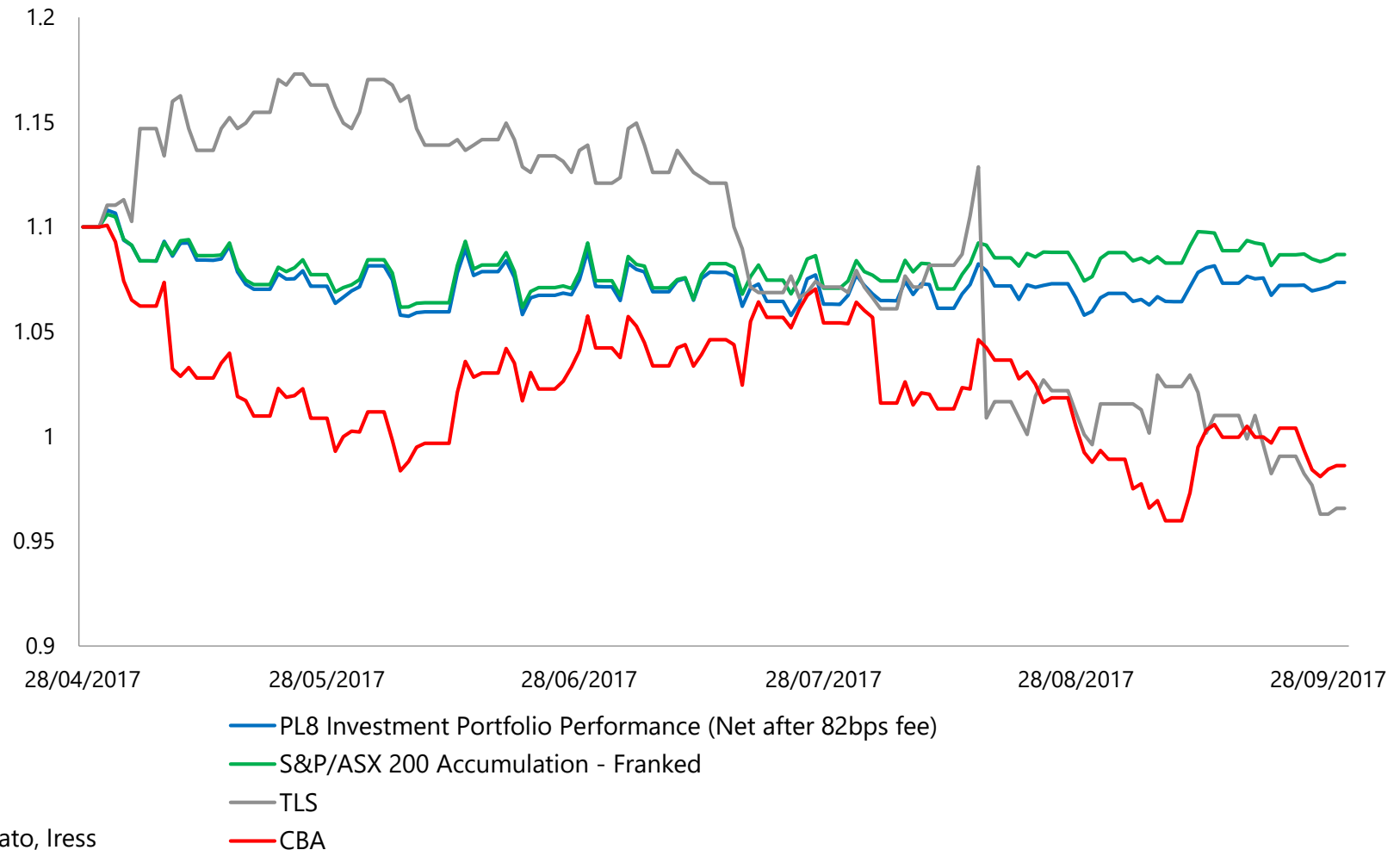
\* Before fees and costs, grossed up for franking credits, dividends reinvested

\*\* Inception date: 9 September 2011

\*\*\* The S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax Exempt).

	Since inception
Tracking error	1.59%
Information ratio	1.31
Monthly hit ratio	66%

# PL8 investments versus market and 2 key income stocks



Source: Plato, Iress

# August 2017 reporting

A tough month for two income stocks



**Commonwealth**Bank



9.5%, in response to AUSTRAC issue



Net of cash dividend 6.7%



10.5%, dividend cut from 31c fully franked, to 22c fully franked next year



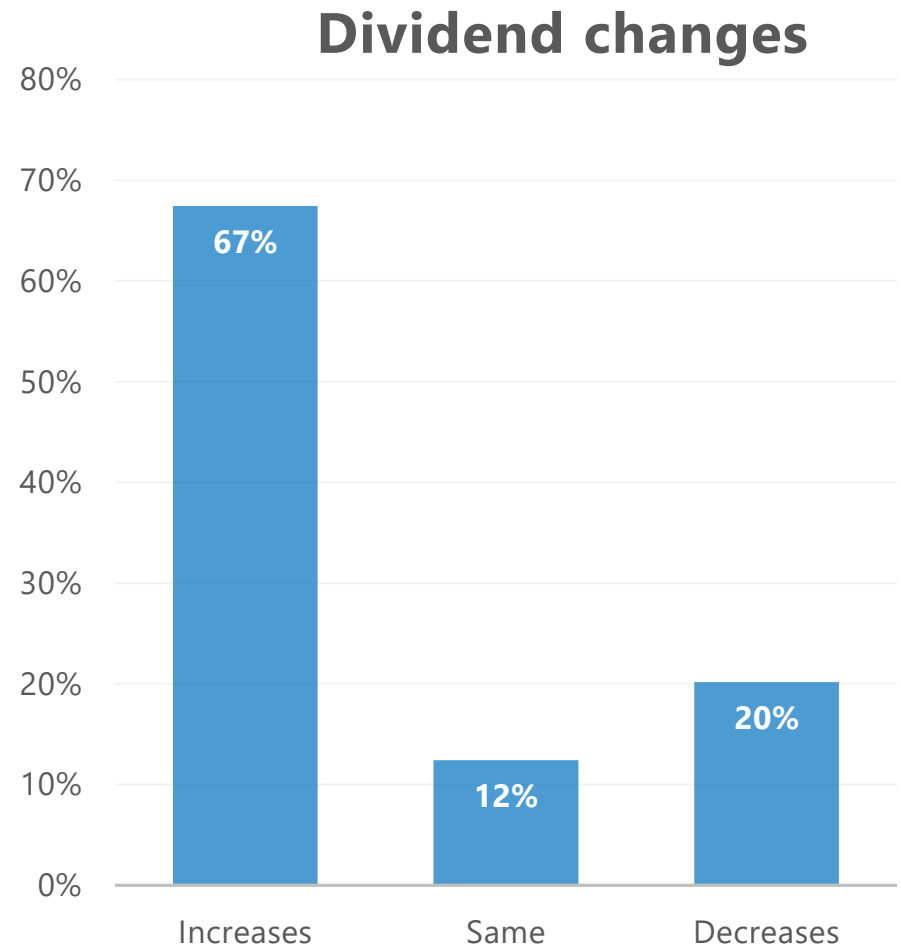
Net of cash dividend 6.7%

Highlights the benefit of holding a diversified portfolio

- Plato Fund essentially flat for the month even though it was overweight both Commbank and Telstra, but lagged index (up 1%)

# But overall a good season for dividends

- 129 dividend payers reported that we track - representing 63% of ASX/S&P200
- Average increase 18% (16% when excluding initiations) and median increase 5%
- Even higher increases on a value weighted basis (43%)



Source: Plato, Iress

# But overall a good season for dividends

## Top 10 dividend increases dominated by resource stocks



+514%



**Oil Search**

COMMITTED TO PNG

+230%



+193%

**RioTinto**

+133%



+108%

## Notable non-resource dividend changes



+54%



+52%




+39%



+26%



+26%

On an index weighted basis net  of 0.3% in market yield

# Outlook

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- Interest rates to remain low with market expecting only modest rate rises
- Outlook for dividends from Australian shares remains solid
  - Manager continues to expect the market to deliver around 6% gross yield
- Manager expects PL8 will be able to continue to generate more income than the Australian share market from a diversified portfolio of Australian shares

# Q & A

Mr Jonathan Trollip

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# Formal Business



# Formal Business

## Financial Statements

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- Financial Statements of the Company for the year ended 30 June 2017, together with the Directors' Report and the Auditor's Report as set out in the 2017 Annual Report.

# Formal Business

## Resolution 1

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### 1. Re-election of Don Hamson as a Director

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**“That Mr Don Hamson, who retires by rotation in accordance with rule 6.7 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company”**

# Formal Business

## Resolution 1 - Proxies

Shares Voted		
For	6,450,052	29.01%
Open	15,561,079	70.00%
Against	219,000	0.99%
Abstain	4,147,480	

# Formal Business

## Resolution 2

### 2. Re-election of Alex Ihlenfeldt as a Director

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**“That Mr Alex Ihlenfeldt, who retires by rotation in accordance with rule 6.7 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company”**

# Formal Business

## Resolution 2 - Proxies

Shares Voted		
For	6,349,452	28.67%
Open	15,561,079	70.28%
Against	232,900	1.05%
Abstain	4,234,180	

# Formal Business

## Resolution 3

### 3. Adoption of the Remuneration Report

- To consider and, if thought fit, to pass the following resolution:

**“That the Remuneration Report of the Company for the financial year ended 30 June 2017 be adopted”**

# Formal Business

## Resolution 3 - Proxies

Shares Voted		
For	4,452,074	20.88
Open	15,589,507	73.14%
Against	1,275,588	5.98%
Abstain	4,760,441	



# Thank you for joining us for our inaugural AGM

## **PL8 Shareholder Enquiries**

For general information and investment enquiries please contact the Share Registry.

T: 1300 737 760

E: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

# Disclaimer

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Note: Past performance is not a reliable indicator of future performance, and investment returns of less than one year should not be relied upon as any guide to future performance.

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