



**Plato Income Maximiser Limited**  
**Level 35, 60 Margaret Street**  
**Sydney NSW 2000**

Telephone: 1300 010 311  
Email: [invest@plato.com.au](mailto:invest@plato.com.au)

ABN 63 616 746 215

4 September 2018

***By Electronic Lodgement***

The Manager  
Company Announcements Office  
ASX Ltd  
20 Bridge Street  
SYDNEY NSW 2000

Dear Shareholder,

[Conference call reminder and presentation on annual results](#)

Please join us on Wednesday 5 September 2018 from 10:00am – 10:30am (Sydney time AEST) for a conference call to discuss an update on the Company's financials and investments from Company Director and Plato Investment Management Managing Director, Dr Don Hamson.

**Dial in details:**

**Within Australia: 1300 254 398**

**Outside Australia: +613 6218 0610**

The presentation slides will also be made available on our website before the conference call will start:

**Calvin Kwok**  
**Company Secretary**



# Company Annual Results



# Agenda

01

**PL8 investment strategy  
and performance**

02

**Manager Update**

03

**Investment Environment**

04

**Questions**

# PL8 investment strategy and performance



# PL8 investment portfolio performance

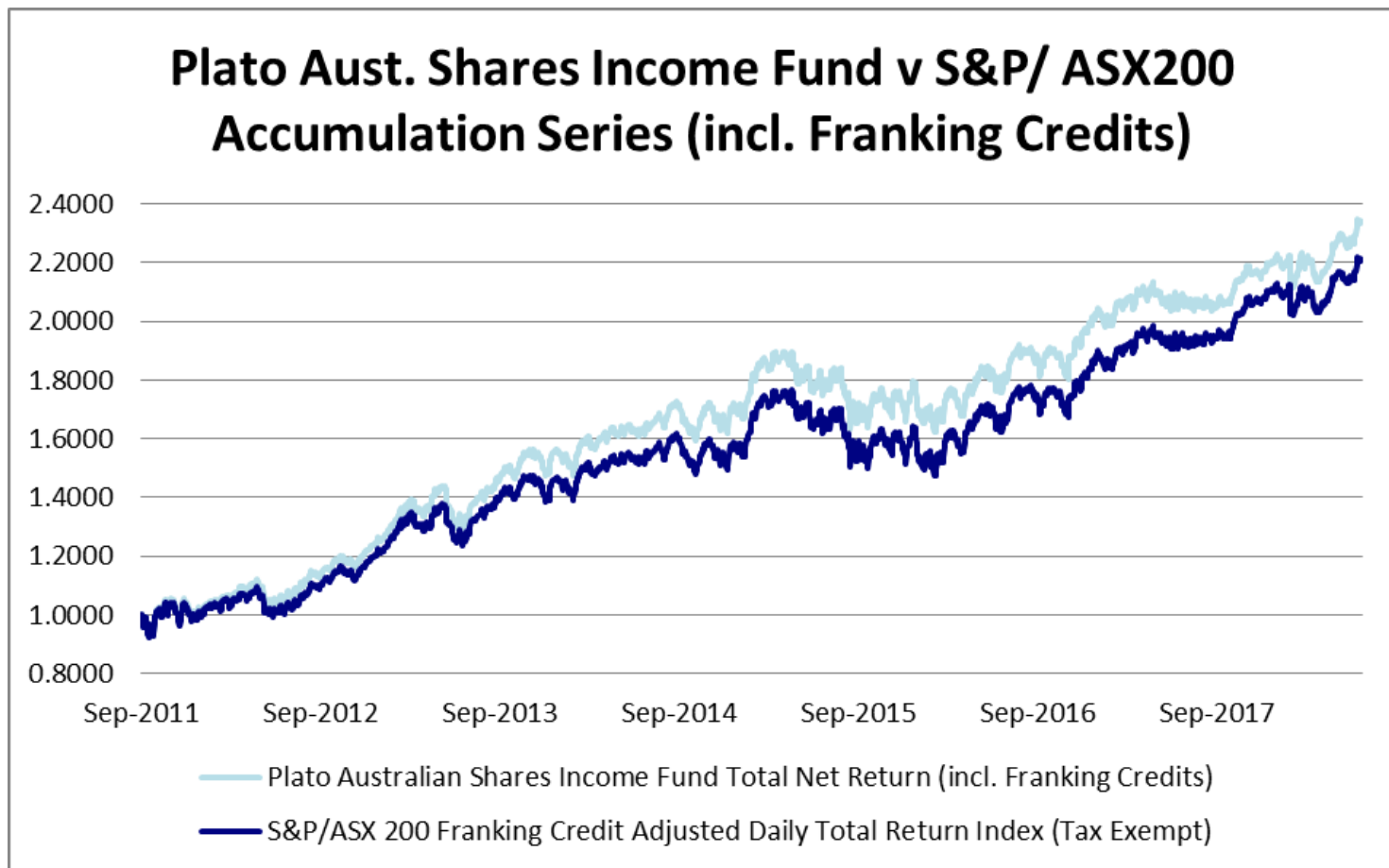
Performance to 30 June 2018 after fees and costs\*

	1 year	Since Inception p.a. (28/4/2017)
Including Franking		
Portfolio	13.3%	8.8%
S&P/ASX200 Tax Exempt	14.6%	10.1%
Active	-1.3%	-1.3%

\*Inclusive of the net impact of GST and Reduced Input Tax Credits

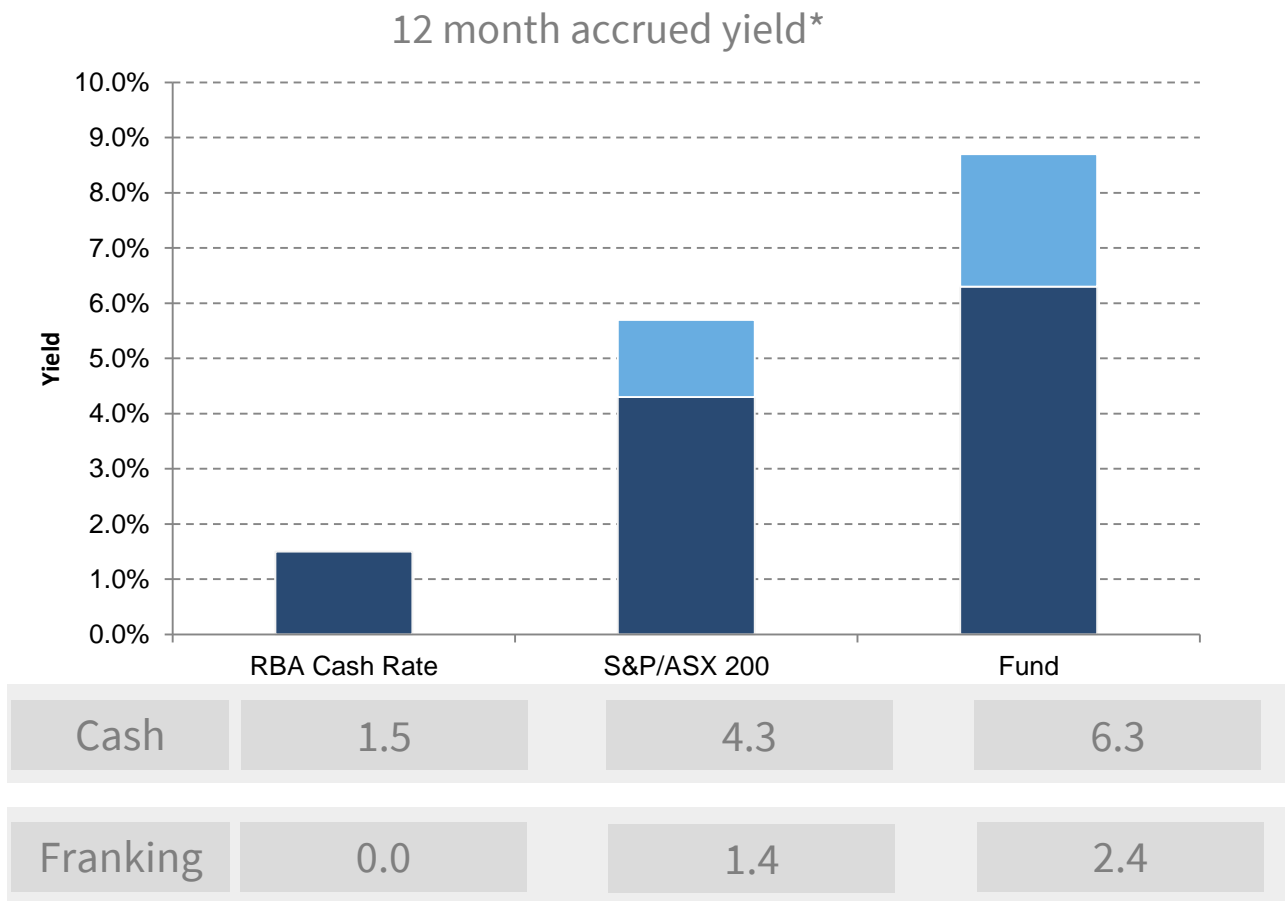
Past performance is not a reliable indicator of future performance

# Plato Australian Shares Income Fund longer term performance after fees



# PL8 dividends accrued in FY2018

Delivers high income



\* to 30 June 2018 after fees

## PL8 – dividends

PL8 commenced paying monthly dividends of 0.45 cents per share in October 2017. The Board of PL8 increased monthly dividends by 11% to 0.5 cps in April. Latest three fully franked dividends of 0.5 cps:

	July	August	September
Amount:	0.5 cents per share	0.5 cents per share	0.5 cents per share
Ex – Dividend Date:	16 July 2018	16 August 2018	13 September 2018
Dividend Record Date:	17 July 2018	17 August 2018	14 September 2018
Dividend Payment Date:	31 July 2018	31 August 2018	28 September 2018

Distributed gross yield of 5.5% in FY2018 based on 9 monthly dividends. Accrued gross yield during FY2018 of 8.7% compares favourably with market gross yield of 5.7%.



# PL8 NTA performance breakdown for FY2018\*



\*excludes franking credits

# Plato Investment Management (Manager) Update



# Manager overview and update

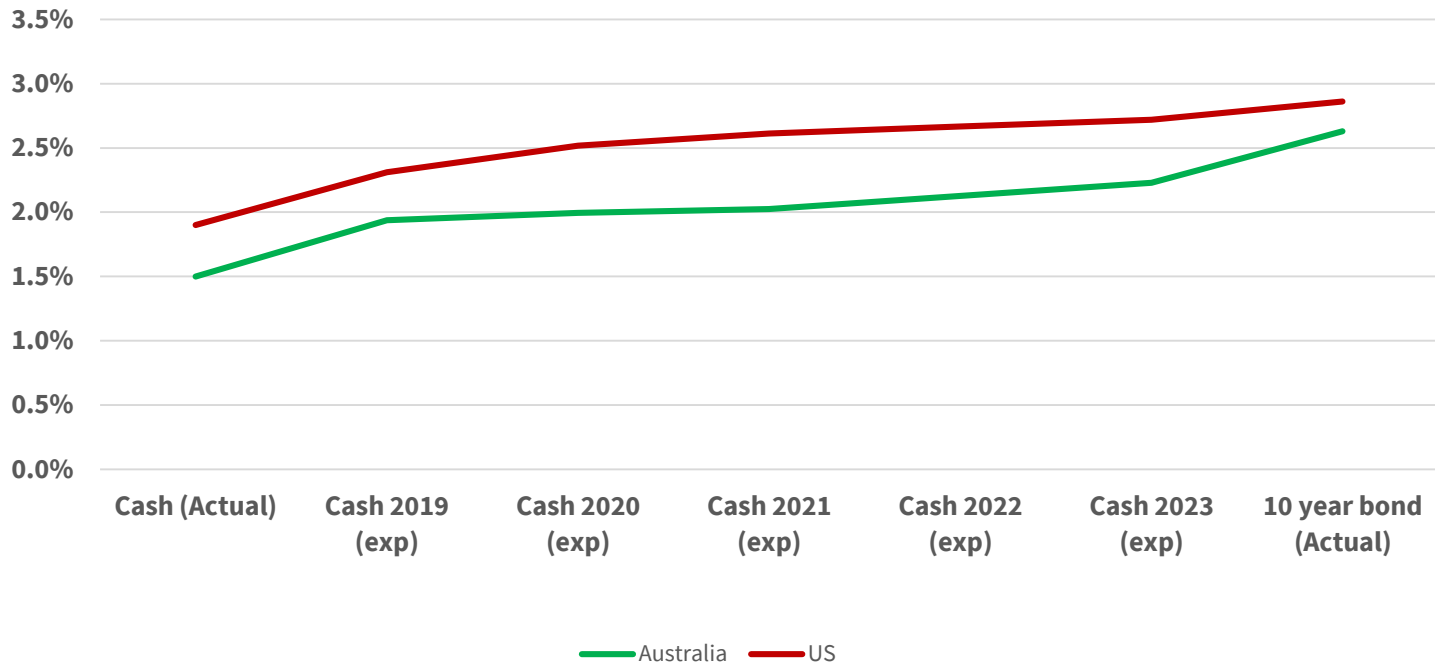
- Specialist in objective-based Australian and global equities solutions
  - Founded 2006, based in Sydney
  - Deep expertise in delivering customised, income and tax-exempt solutions
- Independent and majority employee-owned
  - Aligns interest, low staff turnover
- Highly experienced and qualified team
  - 10 senior investment professionals, 18 years average experience, 5 PhDs, 2 CFAs
  - Significant senior addition – Dr David Allen, ex JPMorgan Asset Management (London)
- Benefits of a boutique with the strength of an institution
  - Supported by minority equity partner Pinnacle Investment Management Group Limited (>\$38 billion AUM)
- Strong FUM growth
  - \$4.9B Jun 2018 versus \$3.5B Jan 2017 (prospectus)
  - Underlying Plato Australian Shares Income Fund \$1.56B at June 2018

# Investment Environment



# Interest rate outlook still benign

Cash rate expectations over next 5 years



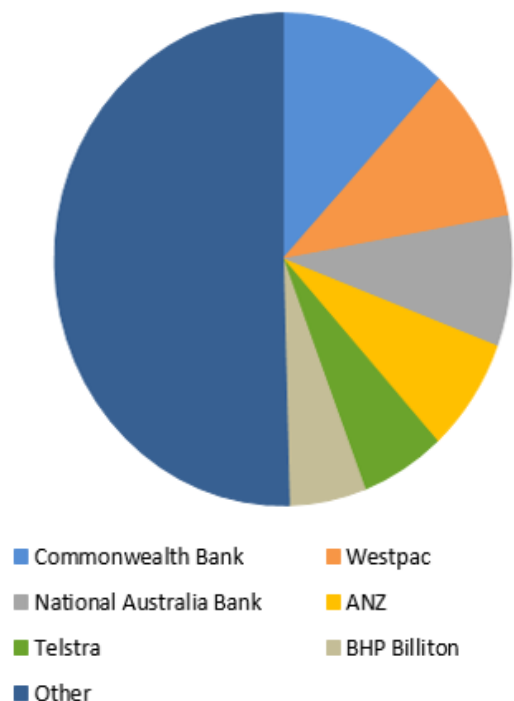
But no sign of an inverted yield curve – the bear market harbinger!

Source: Plato, Bloomberg using market yield curves as at 30 June 2018

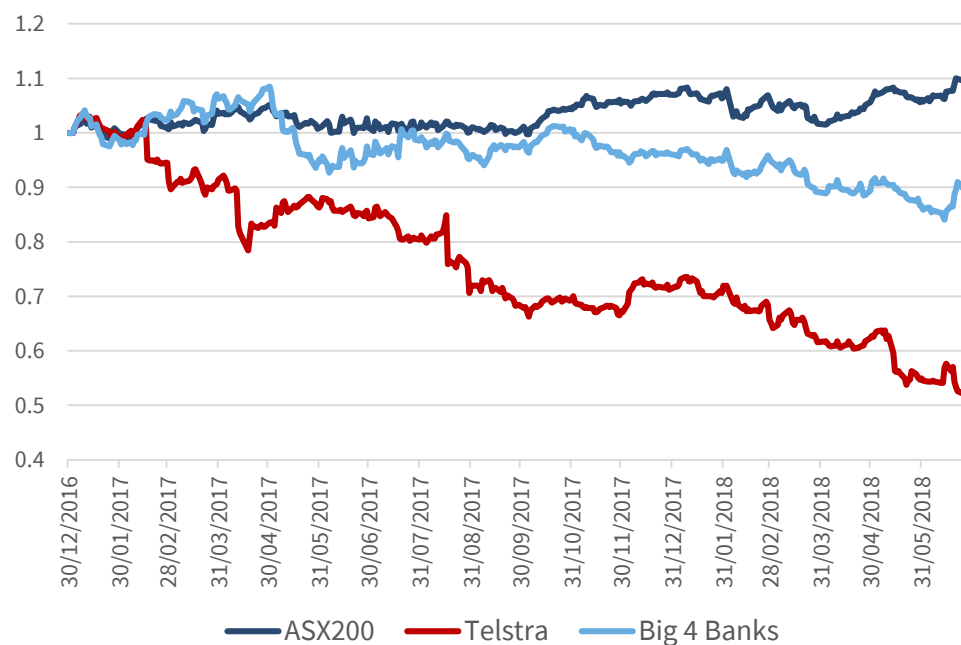
# Aussie income stocks doing it tough

6 stocks account for half the dividends paid in Australia

Australia % of Gross Dividend Income 2017



Price terms



Source: Plato, Iress S&P200

# ALP franking credit proposal

---

- Proposal to eliminate the net refund of franking credits for all Australian investors other than charities and endowments.
- The original policy was expected to impact 1.17m individuals and superannuation funds and generate \$59B in savings over 10 years
- The proposal was primarily aimed at eliminating large franking credit refunds to SMSFs (an example being a \$2.5m refund in 2015-16 to one fund)
- Following significant criticism amended to exclude pensioners (estimated 306,000 pensioners affected) and SMSFs with at least one pensioner before March 28 2018 from the proposal.

# Opposition proposal not legislation

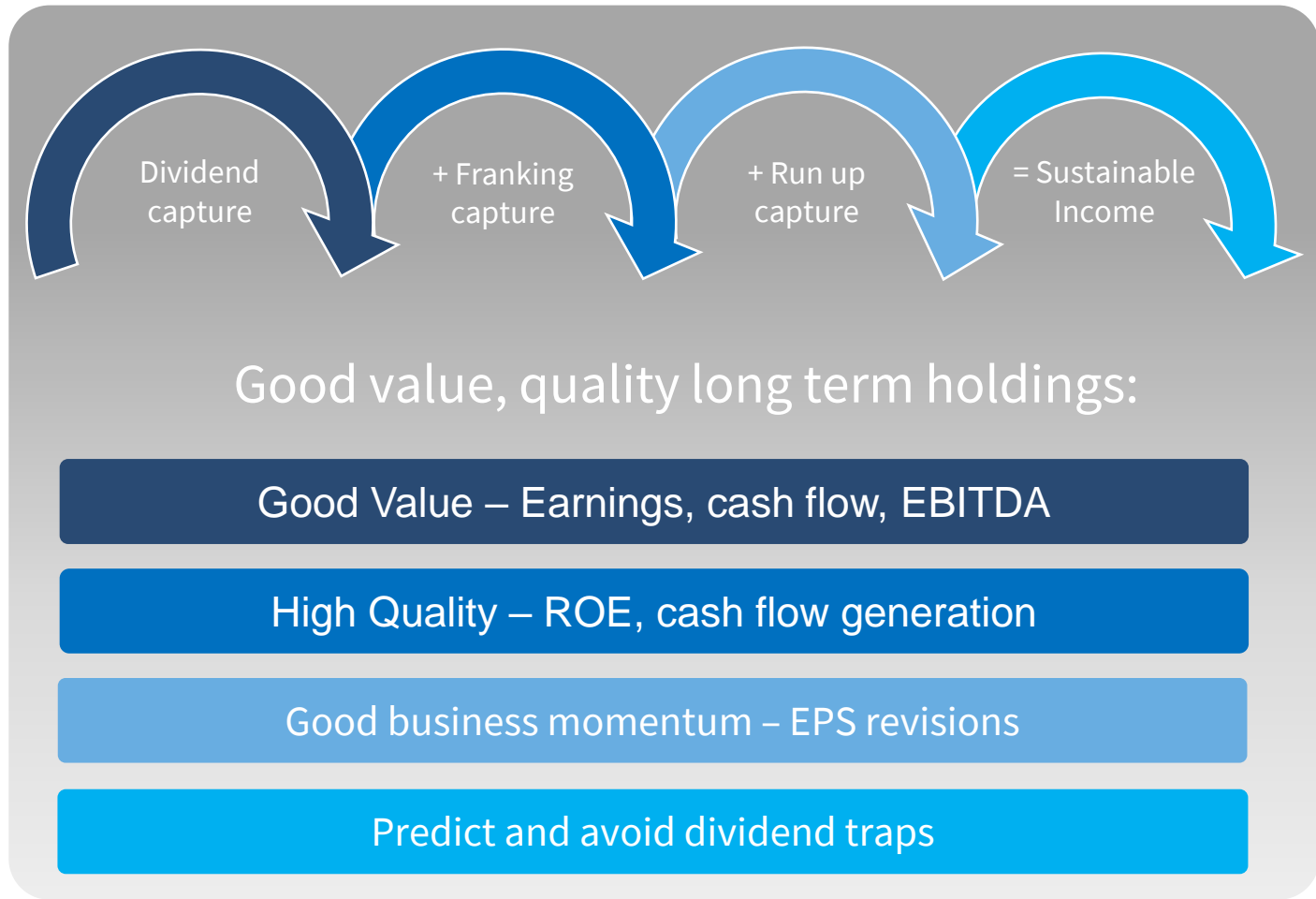
Don't panic yet



- This is a proposal by the current Opposition. To become law, it will require:
  - 1) The ALP to win the next election; and
  - 2) Cross-bench Senate support to pass through the Upper House
- Given the very divisive nature of this proposal, we believe gaining cross-bench support will be much harder than winning the election.
- Join our petition – [www.plato.com.au/petition](http://www.plato.com.au/petition)



# Dividend rotation combined with good value equality long term holdings provide income plus growth



## 2017/18 – a challenging period for income stocks

---

- Large income stocks like Telstra and the big four banks have performed poorly with Telstra's share price down nearly 40% and the average large bank share price down 6%, compared to the ASX200 price index which rose by more than 8%.
- Whilst not overweight banks all the time, individual banks and TLS performed poorly when we were overweight.
- The bank levy, ongoing bank bashing culminating in a Royal Commission, CBA Austrac reporting issues and Telstra's 30% 2018 div cut all contributed to the underperformance.
- We held no positions in non-dividend payers like – A2 Milk (+180%) , Origin Energy (+46%), and Santos (+107%).
- Telstra's div cut will take 12bp of the market's yield but has been offset by rises from other stocks.

# 2018 Year-to-date

---

- Strong bounce back in performance, with outperformance of 1.8% CYTD to June pre-fees.
- Strong performance in financials with overweights in Macquarie and IAG outperforming and an underweight in AMP.
- Overweight in Resources, as dividends grew strongly at Alumina (+196%), Evolution Mining (+150%), Oilsearch (+146%), BHP (+31%) and RIO (+40%) , although Fortescue cut (-45%).
- Strong momentum stocks, Qantas, BlueScope Steel, Regis Resources and Aristocrat continued to outperform.
- Particular low yield stocks such as CSL and A2 Milk continued to outperform.

# Questions



# Disclaimer



This communication has been prepared by Plato Income Maximiser Limited ABN 63 616 746 215 (PL8). Nothing contained in this communication constitutes investment, legal, business, taxation or other advice. This communication is for general information only. The information in this communication does not take into account your investment objectives, financial situation or particular needs.

Plato Investment Management Limited AFSL 504616 ABN 77 120 730 136 ('Plato'), is the investment manager of Plato Income Maximiser Limited.

Any opinions or forecasts reflect the judgment and assumptions of Plato, PL8 and its representatives on the basis of information at the date of publication and may later change without notice. The information is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. Past performance is for illustrative purposes and is not indicative of future performance.

To the maximum extent permitted by law, none of Plato and PL8, its related bodies corporate, shareholders or respective directors, officers, employees, agents or advisors, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of information contained in this communication.