



# Annual General Meeting

1 November 2018



# 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
- Managed by Plato Investment Management Limited (**Manager**)
- PL8 invests via the Plato Australian Shares Income Fund (**Plato Fund**)
- IPO raised \$326m and listed on the ASX on 5 May 2017

# 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)\*

AND

Outperform (after fees) the Benchmark in total return terms  
including franking credits

\*PL8 aims to pay income via monthly dividends

# Chairman's Address

## Company Details

### Manager

Plato Investment Management

### Board of Directors

- Jonathan Trollip (Chairman)
- Lorraine Berends
- Katrina Onishi
- Alex Ihlenfeldt
- Dr Don Hamson

<b>Shares<sup>1</sup></b> (ASX: PL8)	<i>Outstanding</i>	296,619,760
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	<i>Price</i>	\$0.995
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	<i>Market capitalisation</i>	\$296.6m
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**NTA<sup>2</sup>**

Which includes tax provided for on realised gains	\$0.992
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Which includes tax provided for on realised and unrealised gains	\$1.025
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<b>Options<sup>1</sup></b> (ASX: PL8O)	<i>Outstanding</i>	295,917,055
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	<i>Price</i>	\$0.001
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	<i>Strike price</i>	\$1.10
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	<i>Expiry</i>	29 April 2019
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<sup>1</sup> As at 31 October 2018

<sup>2</sup> As at 26 October 2018, excluding deferred tax assets relating to capitalised issue cost deductions and carried forward tax losses of \$0.007. The Franking Account Balance (not reflected in NTA) is \$0.012 per share.

# Chairman's Address

## Monthly Dividends

The Directors are pleased that the Company has been able to achieve its stated aim to declare and pay monthly dividends with effect from October 2017

Month	Dividend	Month	Dividend
<b>October 2017</b>	0.45 cents per share	<b>April 2018</b>	0.5 cents per share
<b>November 2017</b>	0.45 cents per share	<b>May 2018</b>	0.5 cents per share
<b>December 2017</b>	0.45 cents per share	<b>June 2018</b>	0.5 cents per share
<b>January 2018</b>	0.45 cents per share	<b>July 2018</b>	0.5 cents per share
<b>February 2018</b>	0.45 cents per share	<b>August 2018</b>	0.5 cents per share
<b>March 2018</b>	0.45 cents per share	<b>September 2018</b>	0.5 cents per share

A total dividend of 5.7 cents per share in the year ending 30 September 2018 (franked at a tax rate of 30%) equates to an historic gross yield of 7.9% based on the share price of \$1.025 as at 30 September 2018.

# Chairman's Address

## Company Performance

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

- -0.9% annualised from listing date to 26 October 2018 (from \$1.069 at inception to \$0.992 at 26 October 2018, with dividends of \$0.062 paid by the Company)

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

- -2.7% annualised from listing date to 31 October 2018 (share price of \$0.995 compared to an issue price of \$1.10, with dividends of \$0.062 paid by the Company)

<sup>1</sup> Measured as movement in NTA after tax on earnings (including tax on realised gains, but excluding any provision for tax on unrealised gains, capitalised share issue costs and income tax losses), plus any dividends paid during the period.

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

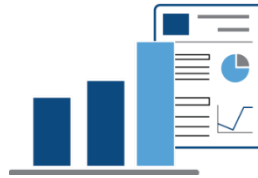


# Chairman's Address Shareholder Engagement

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Regular shareholder  
email updates



Weekly NTA  
announcement and  
monthly updates



Half & full year  
financial results



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



Media



Conference  
presentations

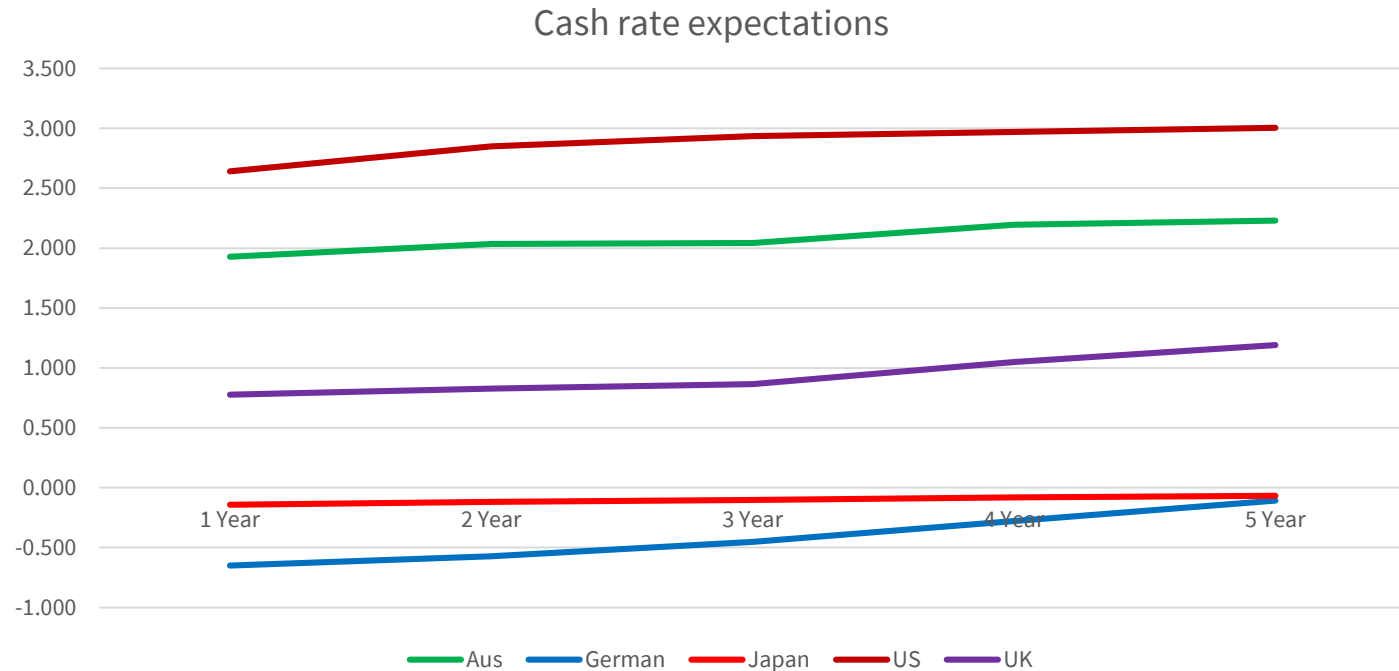
# Market Outlook and Investment Update

Dr Don Hamson, Managing Director, Plato Investment Management



# Interest rate outlook still benign except in the US

Cash rate expectations over next 5 years

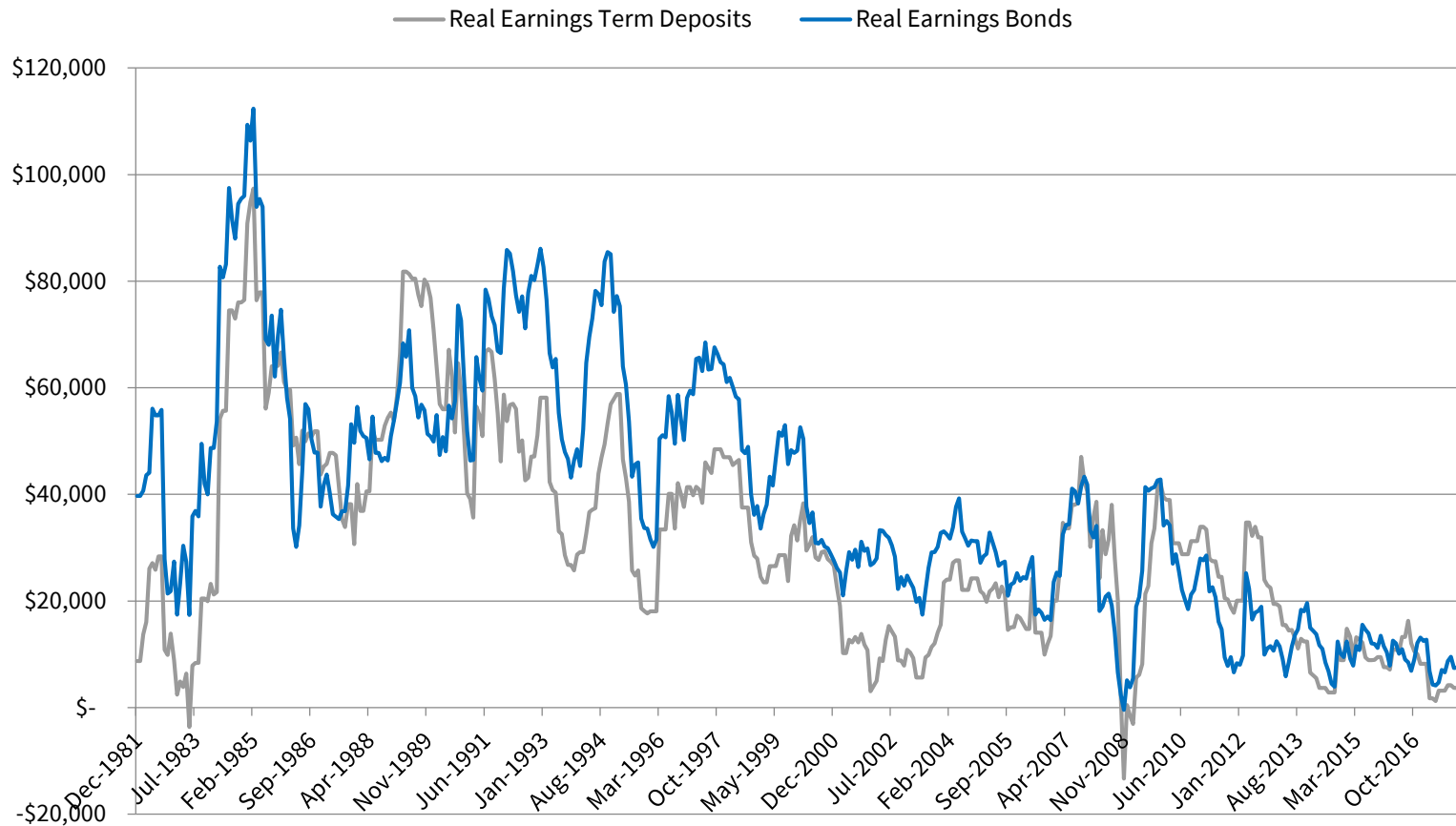


But no sign of an inverted yield curve – the bear market harbinger!

Source: Plato, Bloomberg using market yield curves as at 15 October 2018

# Income levels very low on cash and bonds

Real income on \$1m



Source: Plato, RBA

# Plato Income Maximiser Limited (ASX: PL8)

Performance to 30 September 2018

Performance <sup>1</sup>	3 mth %	12 mths %	Inception % <sup>3</sup>
<b>Total return<sup>2</sup></b>	1.9	15.3	8.6
Benchmark total return <sup>2</sup>	2.0	15.6	9.8
<b>Excess total return<sup>2</sup></b>	<b>-0.1</b>	<b>-0.3</b>	<b>-1.2</b>
<i>Paid income<sup>2</sup></i>	2.1	7.7	5.4
<b>Excess income<sup>2</sup></b>	<b>0.3</b>	<b>2.0</b>	<b>-0.7</b>

<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> Includes franking credits franked at 30%.

<sup>3</sup> The inception date is 29 April 2017.

# A challenging period for income stocks

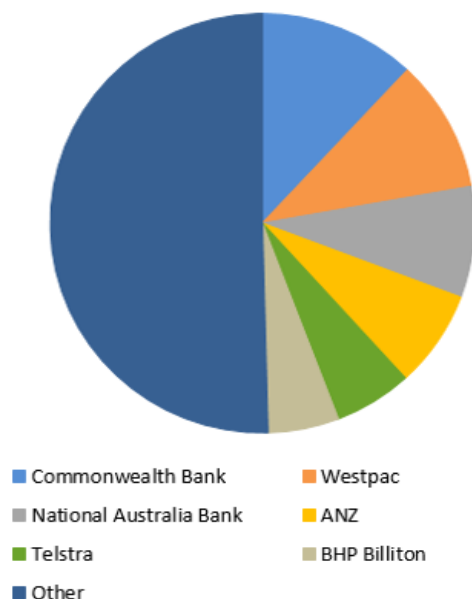
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- The big four banks and Telstra have significantly underperformed the market since the listing of PL8
- Whilst not overweight banks all the time, individual banks and TLS performed poorly when we were overweight
- The bank levy, ongoing bank bashing culminating in a Royal Commission, CBA Austrac reporting issues and Telstra's 30% 2018 div cut all contributed to the underperformance
- Whilst growth stocks have been the market darlings – A2Milk, Afterpay, Cochlear, CSL
- Telstra's div cut will take 12bp of the market's yield but has been offset by rises from other stocks
- Overall we believe the bad news is fully reflected in the banks – in fact banks now look very cheap relative to the rest of the market

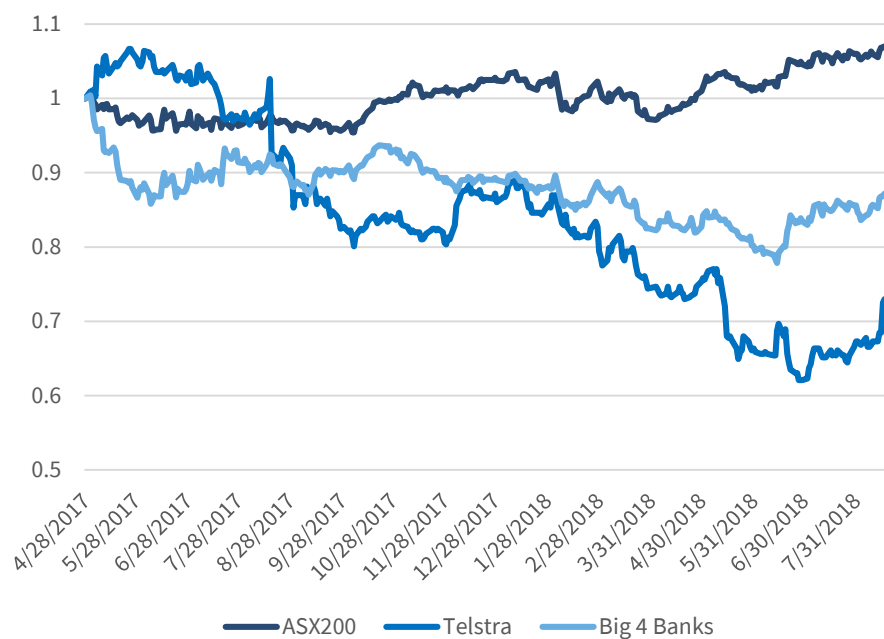
# Big income stocks doing it tough!

6 stocks account for half the dividends paid in Australia

Australia % of Gross Dividend Income 2017



Price Performance



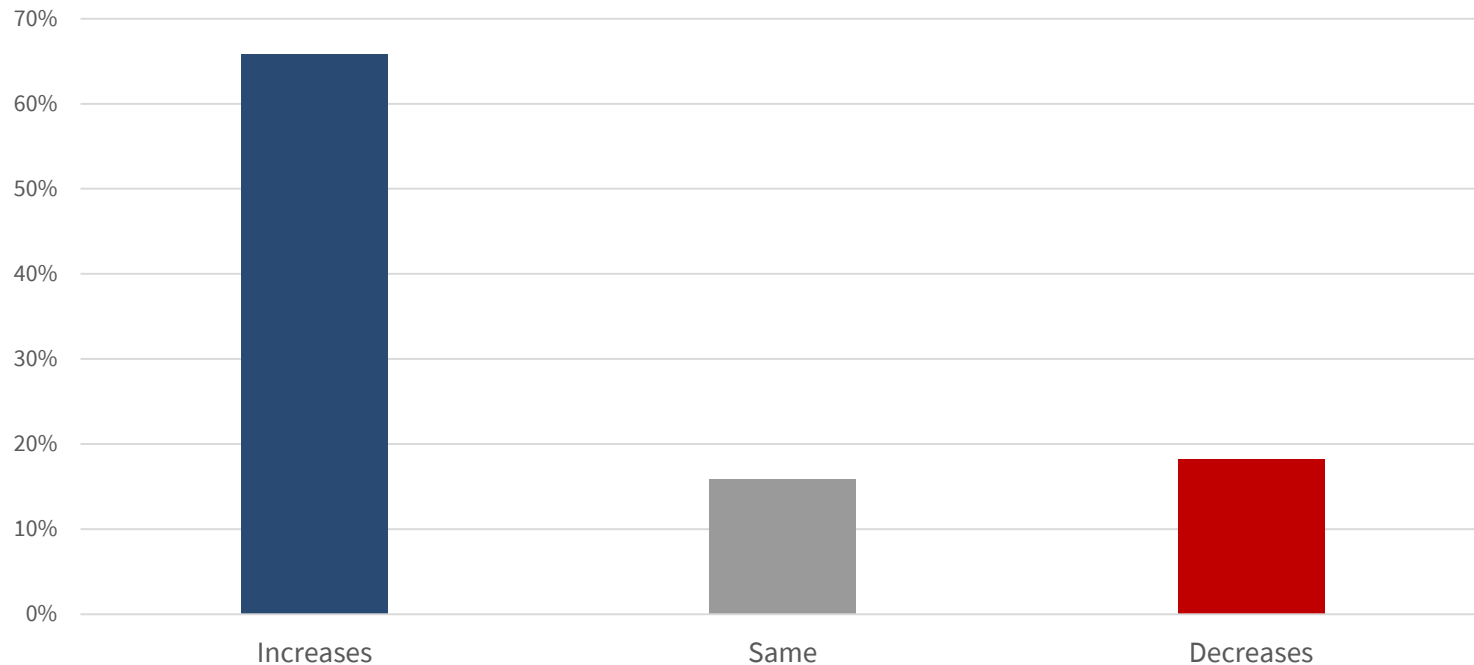
*Domestic Income is concentrated*

Source: Plato, Iress S&P200

# Yet almost 70% of companies are increasing dividends



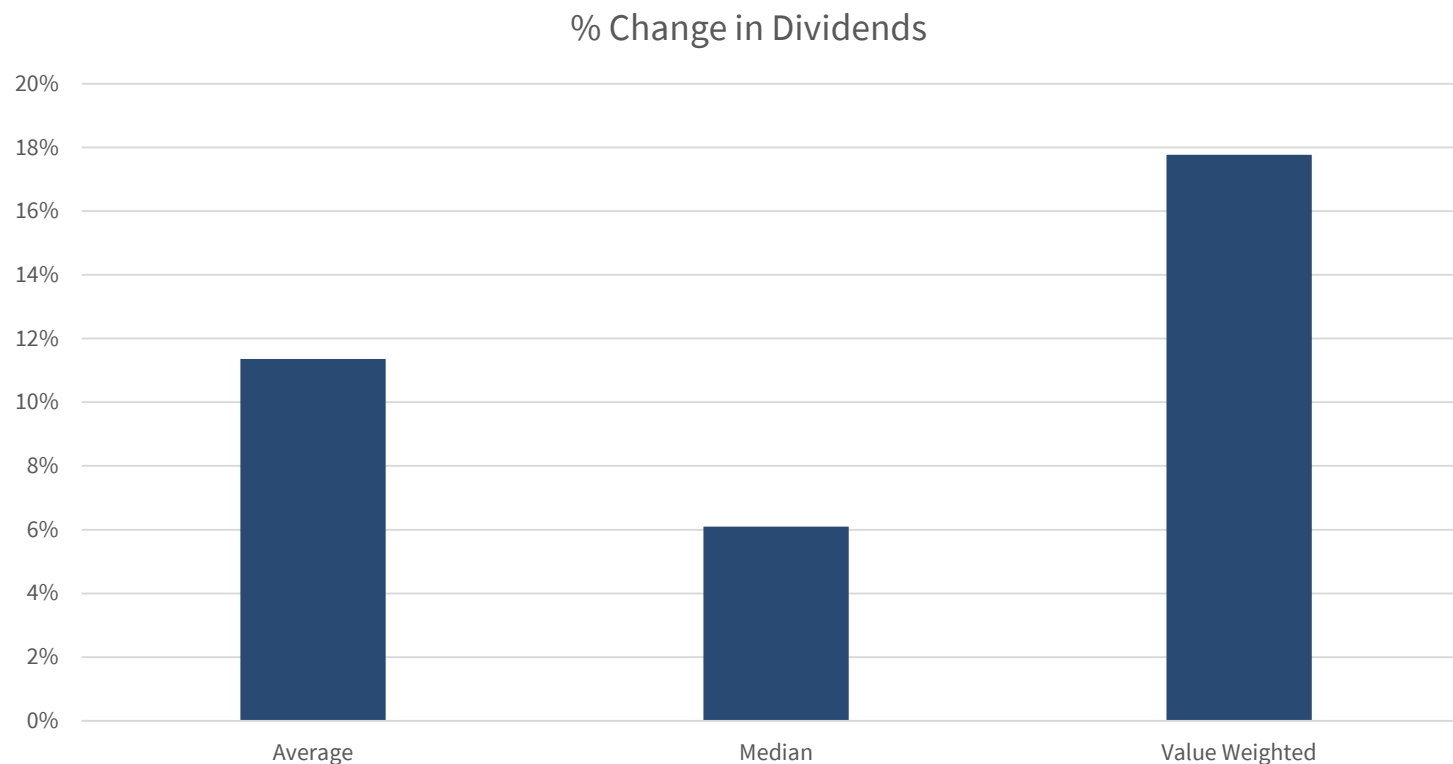
Dividend Changes



Source: Plato, Iress - S&P200 stocks reporting in August 2018 (65% of index)

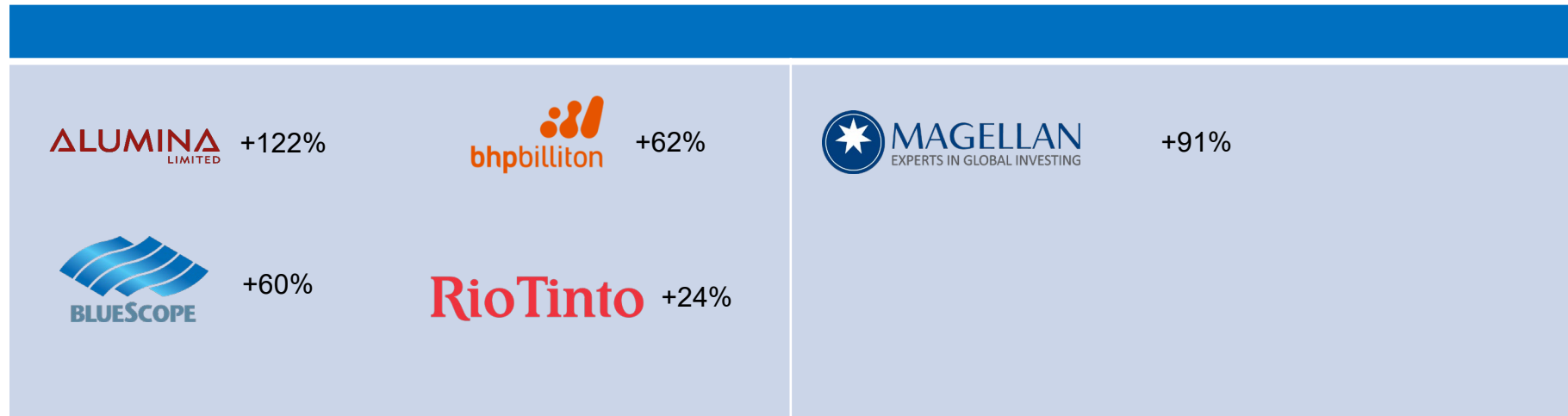


# Strong average increases despite Telstra's cut



Source: Plato, Iress - S&P200 stocks reporting in August 2018 (65% of index), excludes special dividends

# Resources stocks again dominate dividend increases



Cutting dividends by 29% (50% ex special)



Cutting dividends by 31%



Cut dividend by 52% on low quality ore woes

Source: Plato, ASX

Overall market weighted dividend yield  modestly

# ALP franking credit proposal

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- Proposal to eliminate the net refund of franking credits for all Australian investors other than charities and endowments, but not franking credits *per se*
- 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.

# ALP franking credit proposal:

## Another regulatory risk

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- A very poor and biased proposal
- Don't panic too soon:
  - requires ALP to win government **and**
  - win over cross-bench Senators
  - currently subject to a Standing Committee on Economics Inquiry
- People power will win out - **Join our petition now!**

**[www.plato.com.au/petition](http://www.plato.com.au/petition)**

# 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
  - We continue to expect the market to deliver around 6% gross yield
- We expect PL8 will be able to continue to generate and pay more income than the Australian share market from a diversified portfolio of Australian shares
- Significant political risk with potential changes to franking, CGT and negative gearing domestically, Trump tariff war globally

# 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 2018, together with the Directors' Report and the Auditor's Report as set out in the 2018 Annual Report.



# Formal Business

## Resolution 1

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### 1. Re-election of Jonathan Trollip as a Director

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

**“That Mr Jonathan Trollip, 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	20,946,225	89.40%
Open	2,113,965	9.02%
Against	371,217	1.58%
Abstain	151,380	

# Formal Business

## Resolution 2

### 2. Re-election of Lorraine Berends as a Director

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

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

# Formal Business

## Resolution 2 - Proxies

Shares Voted		
For	20,720,354	88.43%
Open	2,290,018	9.77%
Against	421,035	1.80%
Abstain	151,380	

# 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 2018 be adopted”**

# Formal Business

## Resolution 3 - Proxies

Shares Voted		
For	13,929,560	78.86%
Open	2,292,088	12.97%
Against	1,442,835	8.17%
Abstain	5,868,304	

# Thank you for joining us for our annual 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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