

PL8 Half-Year Results FY2019

Highlights:

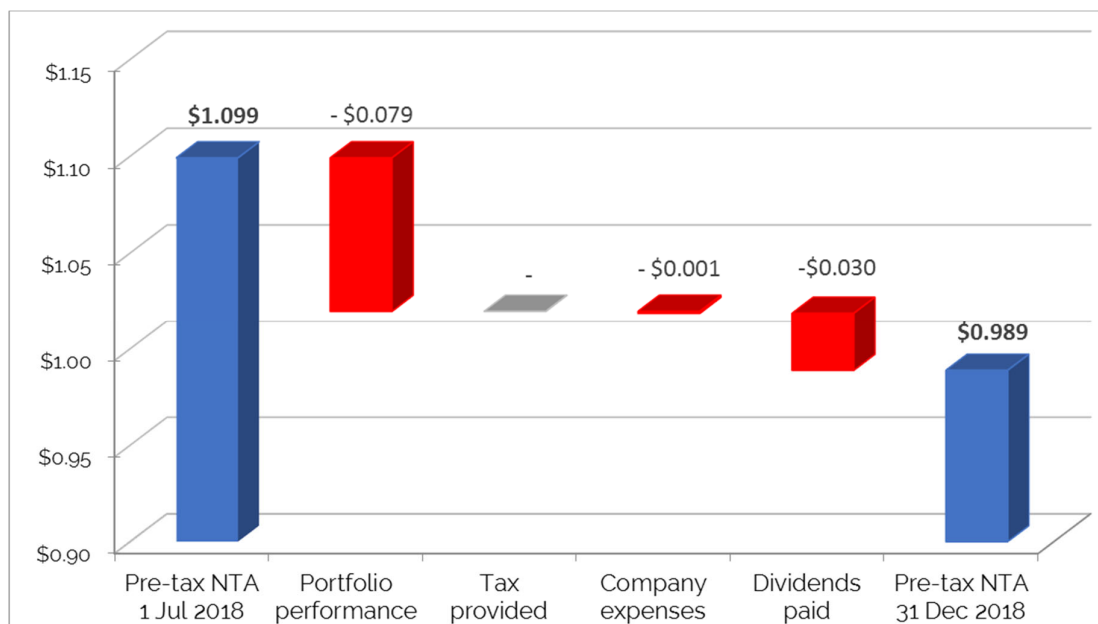
1HFY19 profit	Portfolio performance (incl. franking)	Total monthly dividends paid in 1HFY19
\$20.3m	-4.8%¹ (+1.3% to benchmark²)	3.0c³

- **1HFY19 operating profit after tax of \$20.3 million**
- **Continuing monthly dividends of \$0.005 per share**
- **Portfolio outperformance of 1.3% (-4.8% vs benchmark -6.1%)**
- **Shareholder conference call on results and portfolio**

We are pleased to announce Plato Income Maximiser's (ASX:PL8) results for the first-half of 2019 financial year (1HFY19). Performance for the half was impacted by falls in the market, however the portfolio's total return (including franking) of -4.8% exceeded its benchmark by 1.3%.

The profit for the half was \$20.3m, due to strong distribution income being received during the period. Note however that despite this profit, due to unrealised losses resulting from the market decline during the half, the Company's pre-tax NTA per share reduced from \$1.099 per share to \$0.989 per share. Since period end, the pre-tax NTA has increased to 1.054⁴.

NTA per share performance breakdown for 1HFY19⁵



¹ Including franking credits

² S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax Exempt)

³ Paid in 6 consecutive monthly dividends

⁴ As at 8 February 2019

⁵ NTA per share performance excludes value of franking credits

Monthly dividends

During 1H FY19, six monthly dividends of \$0.005 were paid, bringing the annual yield of PL8 including franking to 8.4%⁶, comfortably in excess of the benchmark annual yield at 31 Dec 2018 of 5.7%. If the Company continues to pay a monthly dividend of \$0.005 per share in the second half, this would equate to an 8.6% annualised gross yield including franking⁶.

The Board has announced a \$0.005 dividend for each of January, February and March 2019 and it intends to continue with the payment of monthly dividends, provided the Company has sufficient profit reserves, it is permitted by law and within prudent business practices to do so. FY2019 would then be the Company's first full financial year of monthly dividends.

Note that as a result of legislation changes during the half, PL8's dividends are now franked at 30%. This also applies to all PL8's historical dividends since it commenced paying dividends in October 2017.

Option expiry

Shareholders are reminded of the expiry of the PL8 options (PL8O) on 29 April 2019. These options have a strike price of \$1.10 per share and were issued to PL8 shareholders at IPO on a 1:1 basis. Shareholders are encouraged to determine if they own any PL8 options in case the options are in the money before they expire (if the PL8 share price is above \$1.10 per share). Shareholders should consult our website <https://www.plato.com.au/lic-overview/> for further information on PL8O.

Discount to NTA and petition

PL8 shares are trading at a 5.1%⁶ discount to the 8 February 2019 pre-tax NTA (\$1.054 per share). Pleasingly, this discount has reduced during the half, however the ALP's proposal to potentially restrict the refunding of franking credits to certain investors still has the capacity to weigh on the pricing of Australian equity income focused LIC's.

More information on this proposal is available on the Manager's website www.plato.com.au, and we would also encourage you to consider joining the "Stop governments meddling with dividend imputation" petition at www.plato.com.au/petition/.

Conference call on results and portfolio

The Board invites you to our upcoming Shareholder Conference Call on 25 February at 10:00am. The call will provide an update on the Company's financials and investments from Company Director and Plato Investment Management Managing Director, Dr Don Hamson. Dial in details are provided below.

Dial in details:

Within Australia: 1300 628 593

Outside Australia: +613 9067 7903

⁶ Based on share price at 20 February 2019 of \$1.00.

Additional shareholder information

Portfolio Performance

The Company's investment portfolio performance shows how the Manager has performed after deducting management fees and costs⁷, as compared to the Company's investment objectives.

Performance as at 31 December 2018 ⁸	Return	Benchmark	Excess
Total return⁹			
- Half-Year	-4.8%	-6.1%	+1.3%
- Since Inception ¹⁰	3.0%	3.0%	0.0%
Income¹¹			
- Half-Year	4.2%	2.9%	+1.3%
- Since Inception ¹⁰	5.9%	5.9%	0.0%

Portfolio Performance

During the six months ended 31 December 2018, the Company made good progress towards its income and performance objectives in a tough period for total return. The investment portfolio returned -4.8% after all investment fees and expenses and distributed a yield of 4.2% (including franking credits) during the six months to 31 December 2018. The Benchmark performance was -6.1% including a gross yield of 2.9% over the same period.

Since the Company listed in May 2017, large income stocks such as Telstra and the big four banks have come under significant share price pressure. In this negative environment for large Australian income stocks, the Manager believes the Company's investment portfolio has performed quite credibly to perform in line with its benchmark (after fees and costs). In particular, during the last six months, the Company was able to outperform the benchmark by 1.3% and by 2.7% during 2018.

The underlying investment portfolio's five best contributions to active performance over the six months were overweights in Woolworths and BHP Billiton and underweight positions in Origin Energy, Lend Lease and Wesfarmers.

From an income perspective, the biggest generators of excess dividend income (including franking credits) were the big four banks as well as BHP and Rio Tinto which both completed off-market buybacks which added to total return and income during the last six months.

⁷ Inclusive of the net impact of GST and Reduced Input Tax Credits.

⁸ Past performance is not a reliable indicator of future performance. Performance is quoted in AUD net of portfolio related fees, costs and taxes.

⁹ Inclusive of franking credits.

¹⁰ Annualised from Inception date: 28 April 2017.

¹¹ Distributed income including franking.



Market Commentary

The Australian equity market returned -6.1% (including franking credits) in the six months to 31 December 2018. Every sector except communication services (formally called telecommunications) achieved a negative return, with industrials and health care also outperforming. Communication services was aided by the announced prospective merger of TPG and Vodafone which is likely to reduce competition in the mobile market. In contrast, energy (which was the best performing sector in FY17-18) fell as the oil price came under pressure. Consumer discretionary and financials also underperformed, impacted by banking royal commission as well as the fall in the Sydney and Melbourne property market which is putting pressure on consumer spending.

Calvin Kwok

Company Secretary

21 February 2019

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