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22 February 2019

***By Electronic Lodgement***

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

Dear Shareholder,

**Conference call reminder and presentation on half-year results**

Please join us on Monday 25 February 2019 from 10:00am – 10:30am (Sydney time) for a conference call to hear an update on the Company's results and investments from the Company Director and Plato Investment Management Managing Director, Dr Don Hamson.

**Dial in details:**

**Within Australia: 1300 628 593**

**Outside Australia: +613 9067 7903**

The presentation slides are available below and will also be made available on our website before the start of the conference call.

Yours sincerely,

**Calvin Kwok**  
Company Secretary



## Company Half-Year Results



# Agenda

01

**PL8 investment strategy  
and performance**

02

**Manager update**

03

**Questions**

# PL8 investment strategy and performance



# PL8 investment portfolio performance

Performance to 31 December 2018 after fees and costs\*

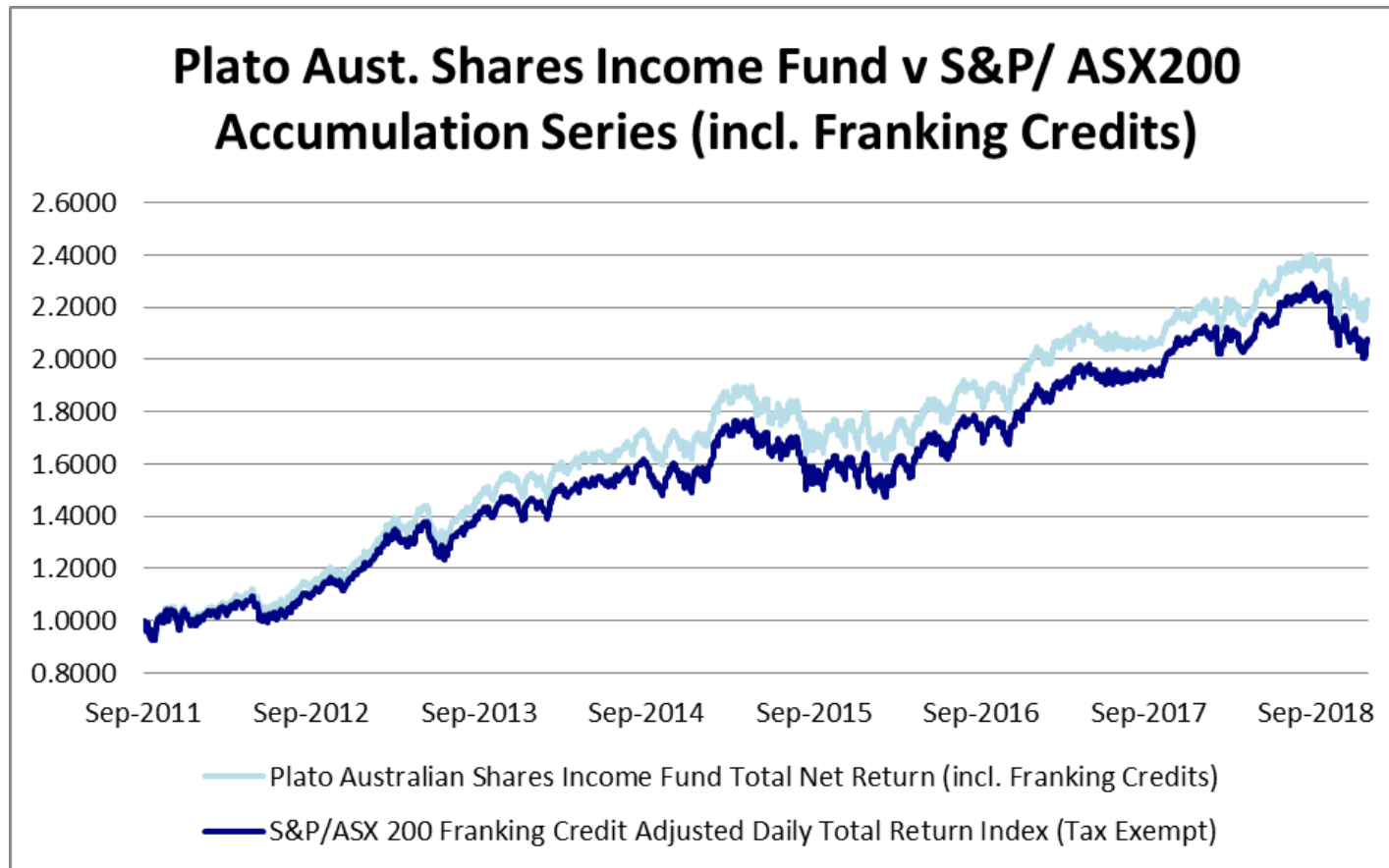
	Half-Year	Since Inception p.a. (28/4/2017)
Including Franking		
Portfolio	-4.8%	3.0%
S&P/ASX200 Tax Exempt	-6.1%	3.0%
Active	+1.3%	0.0%

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

Past performance is not a reliable indicator of future performance

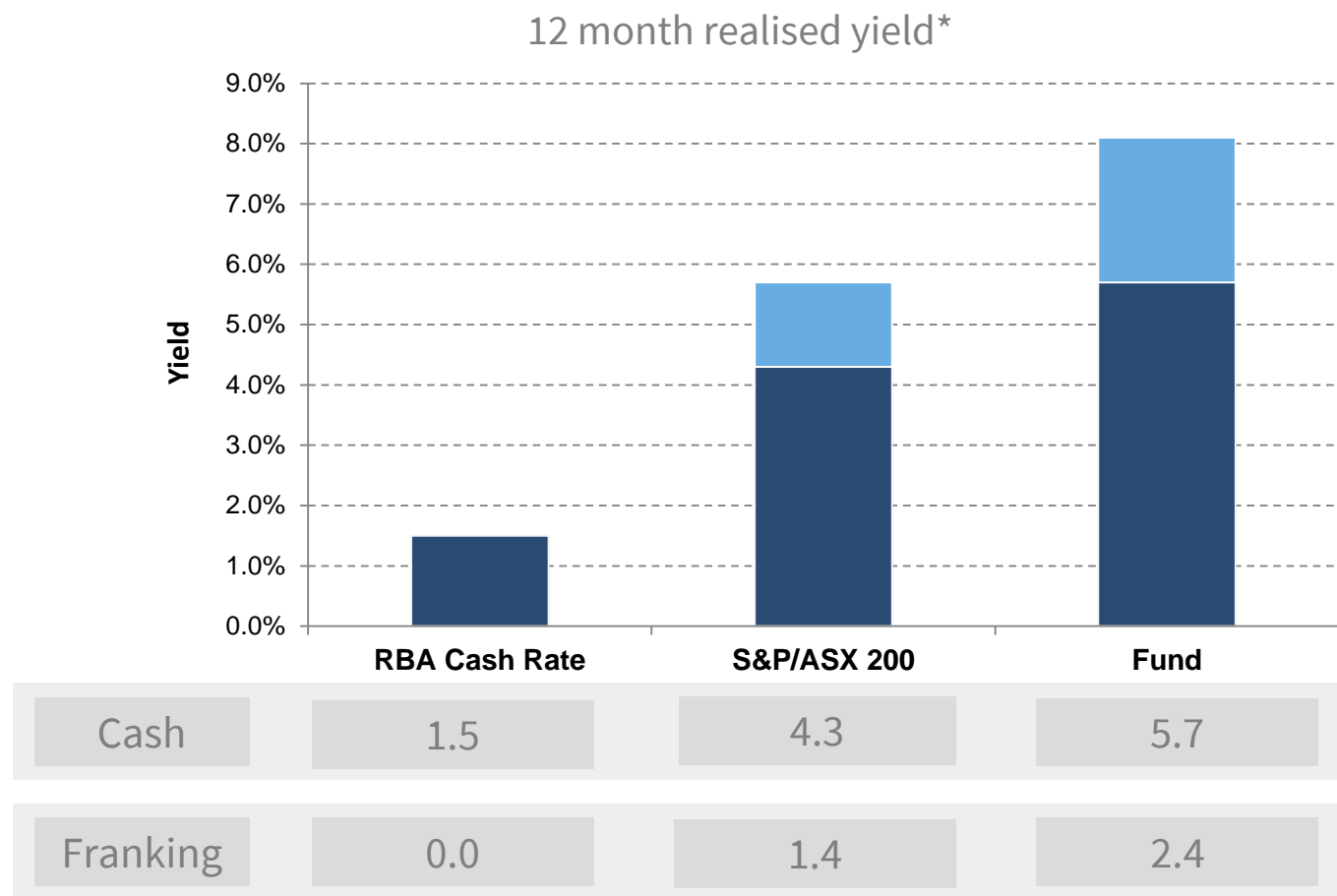
# Longer term performance

Plato Australian Shares Income Fund performance after fees



Source: Plato, IRESS

# PL8 delivering high income



Source: Plato, RBA, Bloomberg \*to 31 December 2018 after fees

# PL8 dividends

During 1HFY19, six monthly dividends of 0.5 cents were paid, bringing the annual yield of PL8 including franking to 8.4%\*, in excess of the benchmark annual yield at 31 December 2018 of 5.7%.

The Board declared three fully franked dividends of 0.5 cents per share payable in January, February and March 2019 and it intends to continue with the payment of monthly dividends.

The Board has also resolved to pay a special dividend of 1.0 cent per share payable to shareholders on 31 May 2019 (subject to final confirmation).

## Special dividend indicative timetable

Amount	Ex – Dividend Date	Dividend Record Date	Dividend Payment Date
1.0 cent per share	16 May 2019	17 May 2019	31 May 2019

\* Based on share price to 20 February 2019 of \$1.00

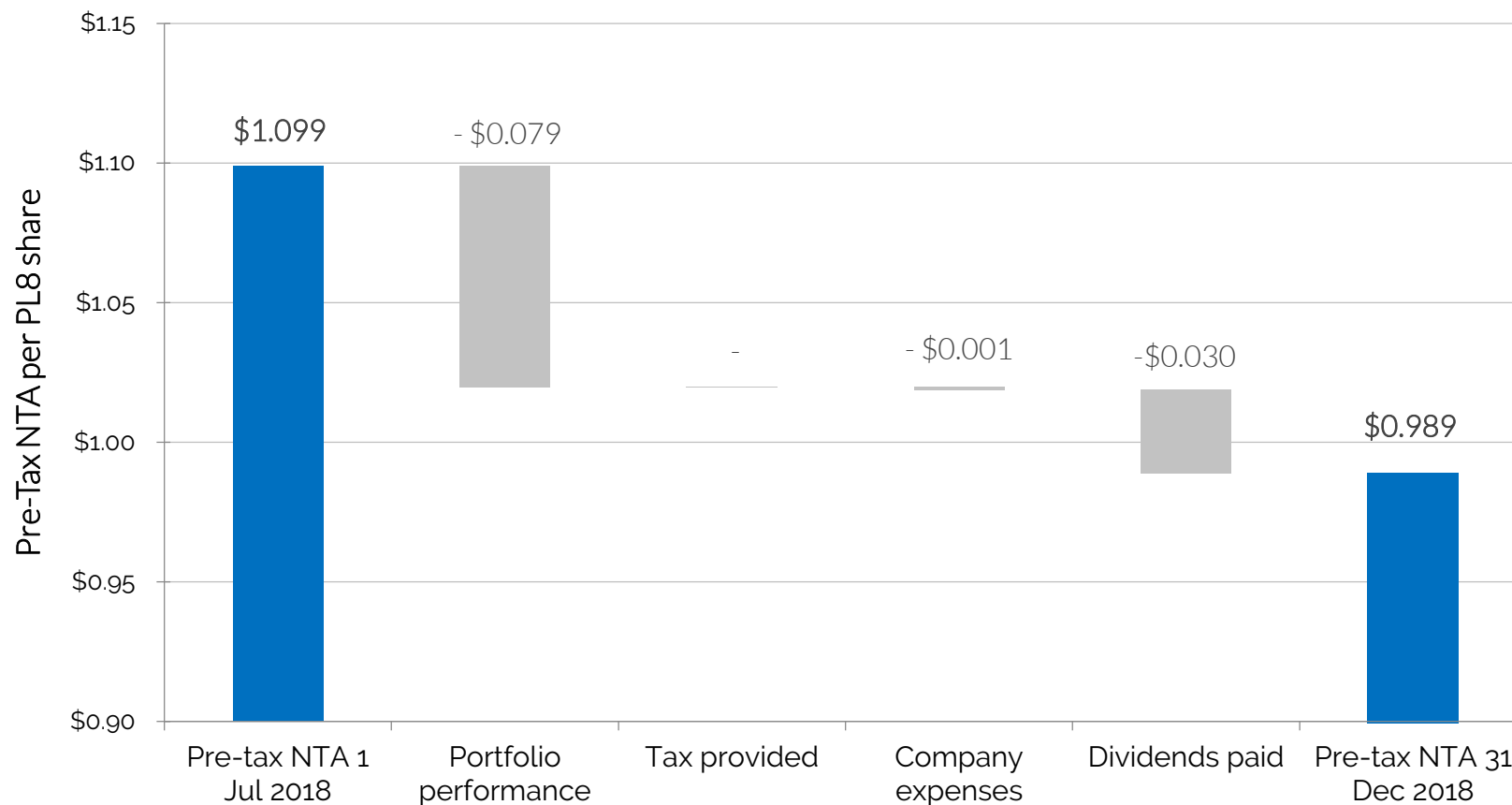


# Option expiry

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- PL8 options (PL8O) will expire on 29 April 2019.
- Strike price \$1.10 per share.
- Options 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).
- Please refer to our website [www.plato.com.au/lic-overview/](http://www.plato.com.au/lic-overview/) for further information on PL8O.

# PL8 NTA performance breakdown for 1HFY19\*



Source: Plato \*excludes franking credits

# Plato Investment Management (Manager) Update



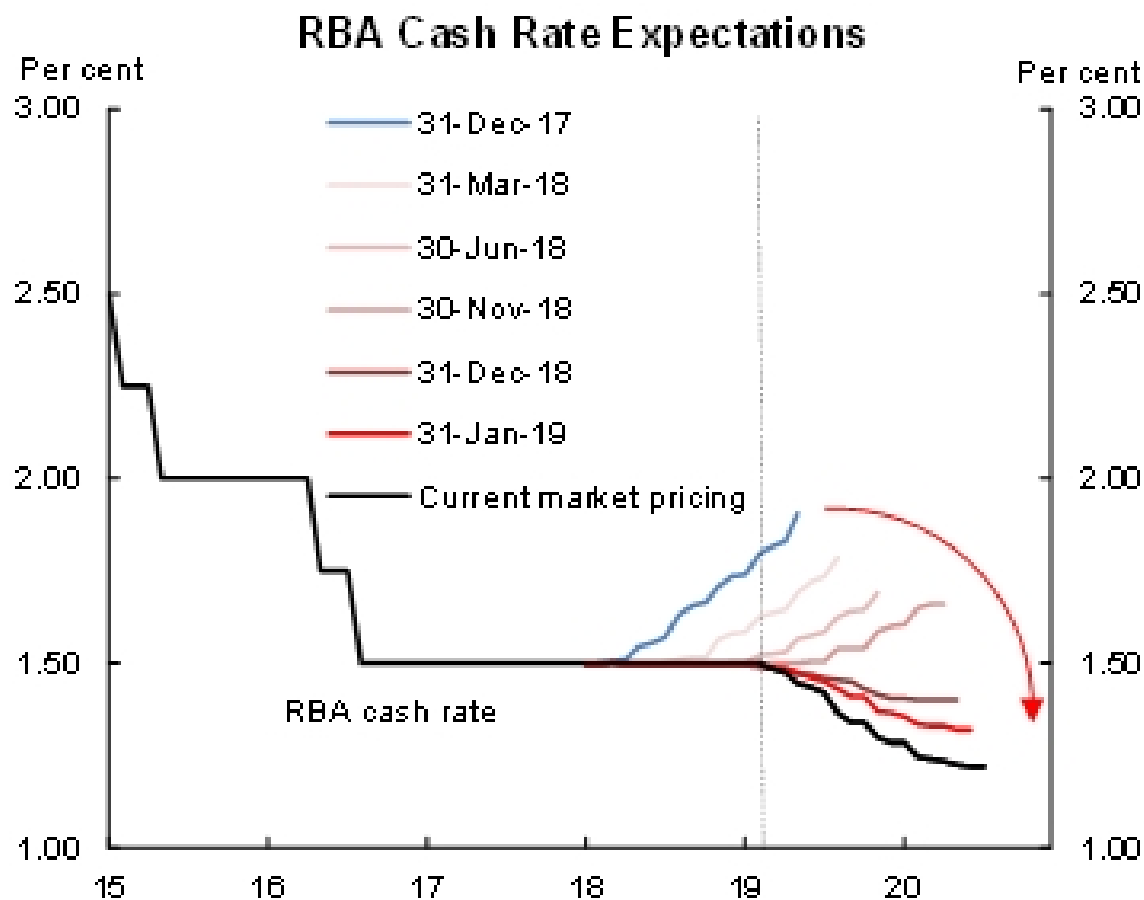
# 2018 – a challenging year for total returns but good year for active returns and income

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- 2018 was tough for total returns with the market falling 8% in the final quarter on worries of:
  - rising interest rates;
  - reductions in global liquidity as quantitative easing unwound;
  - slowing economic activity; and
  - continuing trade war between the U.S. and China.
- Silver lining – lower U.S. bond yields with expectations of tightening here and in the US have faded.
- Portfolio alpha and income levels were strong:
  - Boosted by Rio and BHP highly profitable off-market buybacks
- Stock selection was strong in financials and consumer staples

# Interest rate increases have vanished over the past 3 months

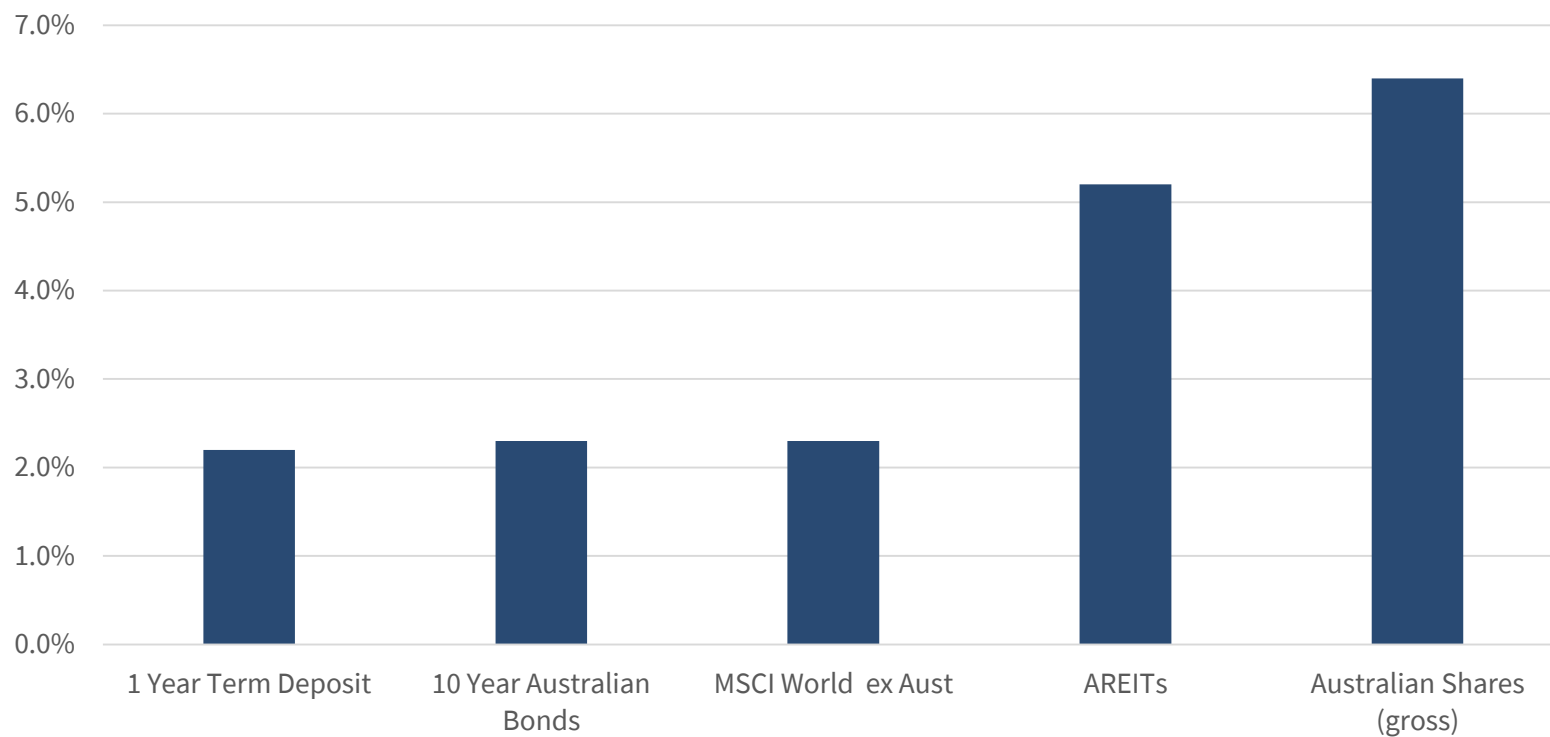
Official RBA cash rate expectations



Source: Bloomberg, Macquarie Macro Strategy 7 Feb 2019

# Income is still hard to find

Plato forecast income 2019 for major asset classes



Source: Plato, RBA, Bloomberg

# Largest Contributors to Income

Year to 31 December 2018

Top 10 Contributors to Excess Income (Last 12mths)					Investment Reasoning			
Stock	Excess Income (%)	Return (%)	Capital (%)	Income (%)	Yield	Run up	Value	Momentum
NAB	0.36	-9.0	-18.6	9.6	✓	✓	✓	
Westpac	0.34	-11.6	-20.2	8.6	✓	✓	✓	
ANZ	0.28	-6.9	-14.9	8.0	✓	✓	✓	
Commonwealth	0.27	-2.2	-9.9	7.7	✓	✓	✓	
Rio Tinto	0.22	11.0	3.5	7.5	✓	✓	✓	✓
IAG	0.18	4.5	-3.3	7.8	✓	✓	✓	✓
BHP	0.17	23.4	15.7	7.7	✓	✓	✓	✓
Woolworths	0.15	13.2	7.8	5.4		✓	✓	✓
Macquarie	0.12	15.5	9.1	6.4	✓	✓	✓	✓
CSR	0.10	-33.3	-40.9	7.6	✓	✓	✓	
ETFs (x3)	0.07				✓			
Off-mkt Buybacks (BHP/Rio Tinto)	5.50				✓			

# Largest Contributors to Active Performance

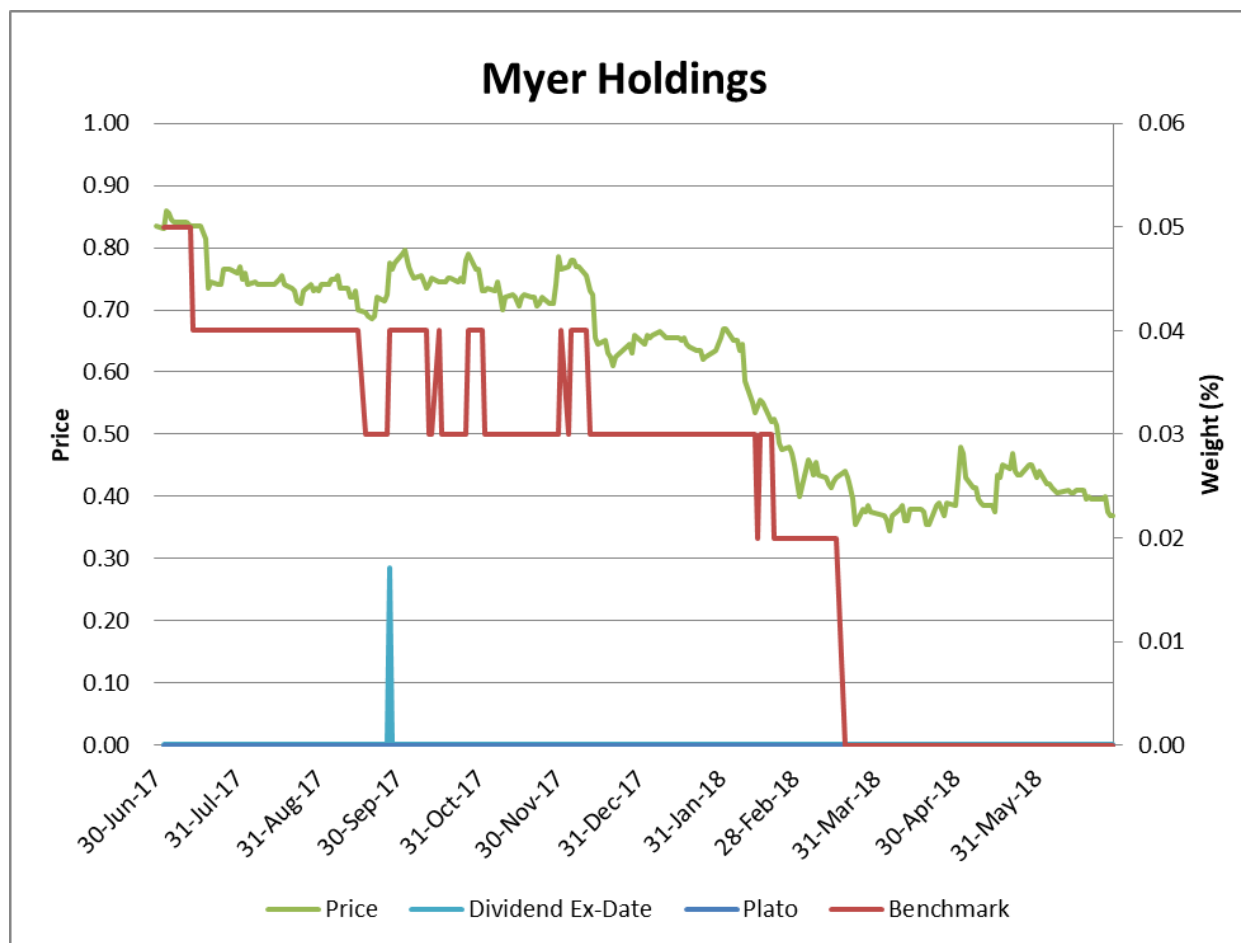
Year to 31 December 2018

Top 10 Contributors To Active Performance (Last 12mths)					Investment Reasoning			
Stock	Active Performance (%)	Return (%)	Capital (%)	Income (%)	Yield	Run up	Value	Momentum
BHP Billiton	0.69	23.4	15.7	7.7	✓	✓	✓	✓
Woolworths	0.63	13.2	7.8	5.4		✓	✓	✓
AMP	0.45	-46.6	-52.8	6.2	✓	✗	✓	✗
Macquarie	0.35	15.5	9.1	6.4	✓	✓	✓	✓
Commonwealth Bank	0.34	-2.2	-9.9	7.7	✓	✓	✓	
Lend Lease	0.26	-24.6	-28.8	4.2			✗	✗
Origin Energy	0.26	-31.3	-31.3	0.0	✗			✗
Qantas	0.24	19.1	14.9	4.2	✓	✓	✓	✓
Westpac	0.23	-11.6	-20.2	8.6	✓	✓	✓	
South32	0.21	3.3	-4.0	7.3	✓	✓	✓	✓



# Myer Holdings = Dividend Trap!

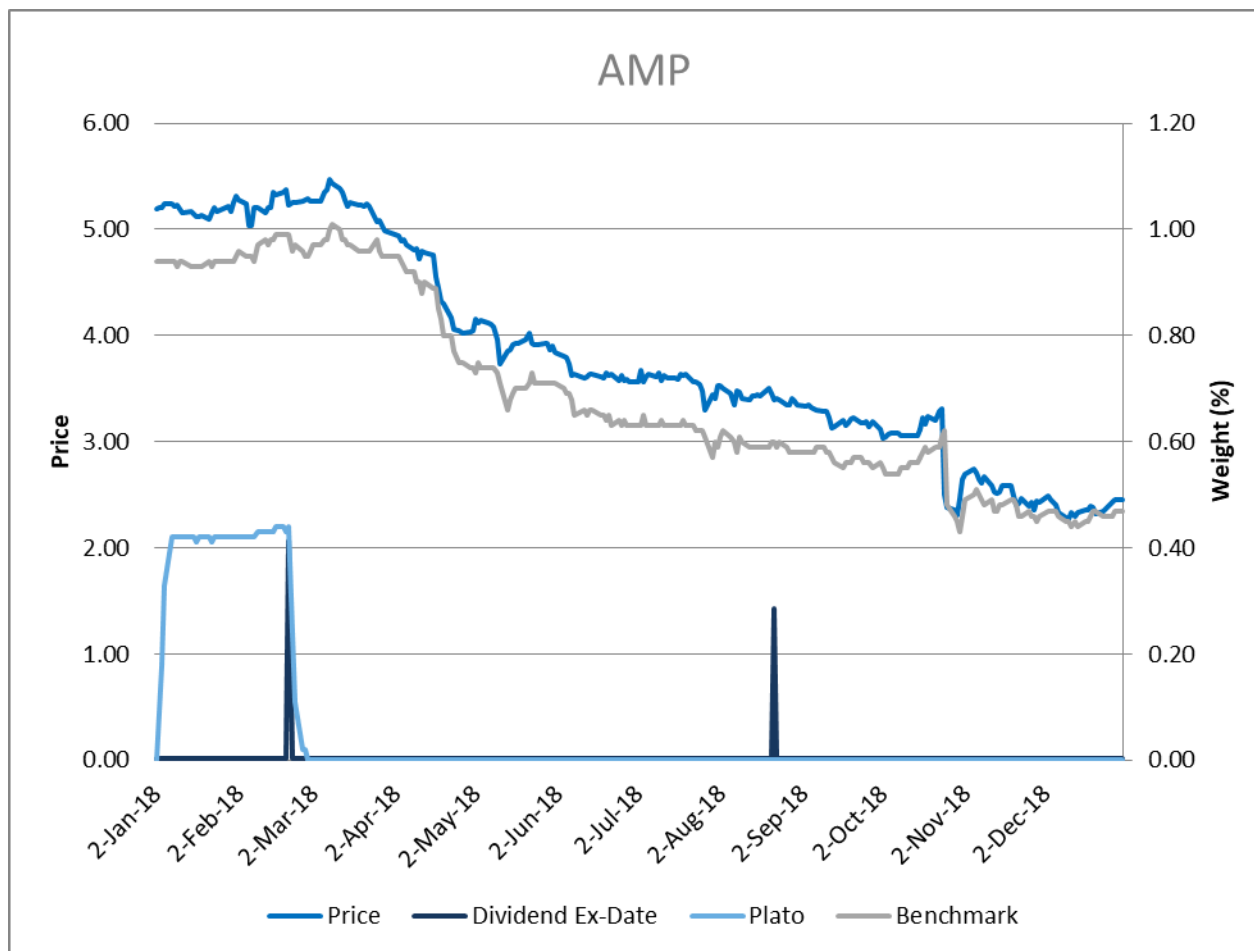
16% Gross Historical Yield at 28<sup>th</sup> February 2018



Source: Plato, Iress

# AMP = Dividend Trap!

12% Gross Historical Yield at 31<sup>st</sup> July 2018



Source: Plato, Iress

# ALP franking credit proposal update

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- ALP have proposed to eliminate the net refund of franking credits to Australian investors other than charities, endowments and Centrelink pensioners.
- Plato has participated in the current Parliamentary Inquiry, providing submissions and appearing as a witness earlier this month.
- We believe the current proposal is regressive and discriminatory.
- This is a contentious issue, generating significant media attention, and we feel it will be difficult to get the current proposal through the Senate.
- However, the ALP proposal was the main reason for Directors determining to pay a special dividend this financial year (prior to the stated commencement date of the ALP proposal 1 July 2019).

# Outlook

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- Interest rates to remain low with market now expecting no increases
- Outlook for dividends from Australian shares remains solid
  - We continue to expect the market to deliver around 6% gross yield
  - With buy-backs and specials to boost opportunities for income this financial year
- We expect to continue to generate 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

# Questions



# Disclaimer

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

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