

## PL8 Results FY2019

### Highlights

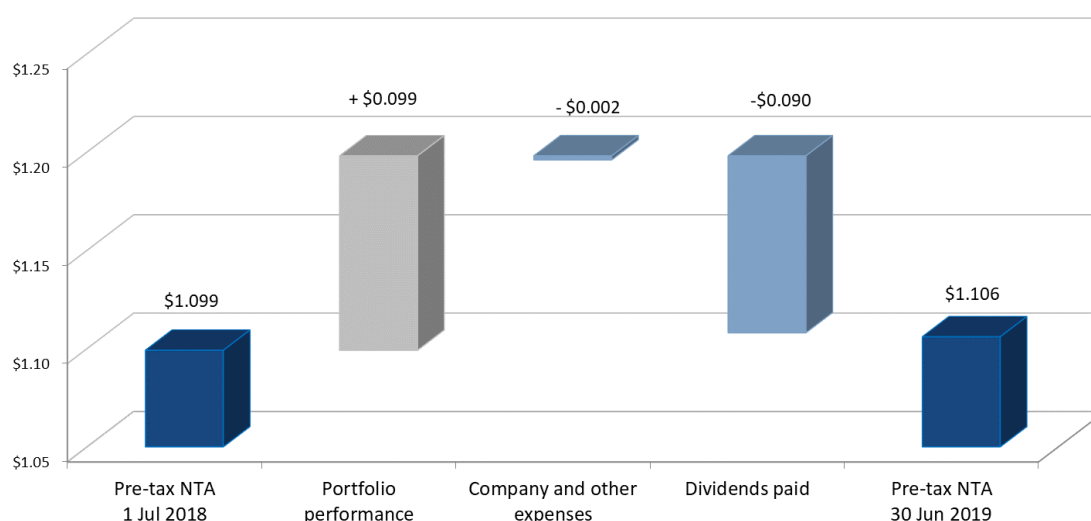
FY19 profit	Portfolio performance (incl. franking)	Total dividends paid in FY19
\$34.6m	+15.0% <sup>1</sup> (+1.6% to benchmark <sup>2</sup> )	9.0c <sup>3</sup>

- FY19 operating profit after tax of \$34.6 million
- Continuing monthly dividends of \$0.005 per share
- Special dividend of \$0.03 per share
- Portfolio outperformance of 1.6% (15.0% vs benchmark 13.4%)
- Shareholder conference call on results and portfolio

We are pleased to announce Plato Income Maximiser's (ASX:PL8) results for 2019 financial year. Portfolio performance for the year was impacted by a large fall in the market in December 2018 and a strong recovery since January 2019. Despite this volatility in the market, the portfolio delivered a strong performance with a total return (including franking) of +15.0% exceeding its benchmark by 1.6%.

The profit for the year was \$34.6m, due to strong distribution income being received during the period. A strong rebound in the second half of the financial year saw the NTA grow from \$0.989 on 31 December 2018 to \$1.106<sup>4</sup>. The \$0.099 increase in NTA per share relating to portfolio performance for the full financial year was largely paid out through the \$0.09 of dividends paid during the year. The Company continues to pay monthly fully franked dividends, the only LIC in Australia to do so.

### NTA performance breakdown for FY19<sup>5</sup>



<sup>1</sup> Including franking credits

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

<sup>3</sup> Paid in 12 consecutive \$0.005 monthly dividends, plus \$0.03 special dividend

<sup>4</sup> As at 30 June 2019

<sup>5</sup> NTA per share performance excludes value of franking credits

## Dividends

During FY19, twelve monthly dividends of \$0.005 were paid, along with a special dividend of \$0.03, bringing the annual yield of PL8 including franking to 11.6%<sup>6</sup>. Not including the special dividend, the annual gross yield of PL8 is 7.7%<sup>6</sup>, comfortably in excess of the benchmark annual yield at 30 June 2019 of 5.9%.

The Board has announced a \$0.005 dividend for each of July, August and September 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.

## Entitlement Offer

Shareholders are reminded of the Entitlement Offer announced on the 8<sup>th</sup> August 2019. The company seeks to raise up to an additional \$204 million at an Offer Price of \$1.10 per share.

Shareholders are entitled to 1 new share for every 1.6 shares they currently own. There is also an oversubscription facility where shareholders can apply for additional shares beyond their entitlement, subject to availability.

New investors can apply for shares in the Shortfall Offer which will also be subject to availability based on the Entitlement Offer take-up.

The Entitlement Offer has opened on the 15<sup>th</sup> August 2019 and will close on the 30<sup>th</sup> August 2019.

Shareholders should consult the Company's website <https://www.plato.com.au/lic-overview/> for further information on the Entitlement Offer.

## Conference call on results and portfolio

The Board invites you to the upcoming Shareholder conference call on 28 August 2019 at 11:00am. 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: +61 3 9067 7903

---

<sup>6</sup> Based on share price at 30 June 2019 of \$1.11.

## Additional shareholder information

### Portfolio performance as at 30 June 2019

The Company's investment portfolio performance shows how the Manager has performed after deducting management fees and costs<sup>7</sup>, as compared to the Company's investment objectives.

Performance as at 30 June 2019 <sup>8</sup>	Return	Benchmark	Excess
<b>Total return<sup>9</sup></b>			
- Full-year	15.0%	13.4%	+1.6%
- Since Inception <sup>10</sup>	11.6%	11.6%	0.0%
<b>Income<sup>11</sup></b>			
- Full-year	12.2%	5.9%	+6.3%
- Since Inception <sup>10</sup>	8.3%	6.0%	+2.3%

### Portfolio commentary

During the year ended 30 June 2019 the Company exceeded both its income objective and its performance objective. The investment portfolio returned 15.0% after management fees and distributed a yield of 12.2% (including franking credits) during the twelve months to 30 June 2019. The Benchmark performance was 13.4% including a gross yield of 5.9% over the same period.

The underlying investment portfolio's five best contributions to active performance over the year were overweights in BHP Billiton (up 34%), Woolworths (up 14%), Magellan Financial (up 129%) and Wesfarmers (up 14%), and underweight positions in Westpac (up 6%) and AMP (down 35%).

FY19 was certainly a bumper year for dividends as companies implemented buybacks and paid special dividends in anticipation of the potential for change in franking credit legislation. Now that this has passed, the Company expects a more normal dividend year in FY20.

There were four off-market buybacks that we participated in over the year, Rio Tinto, BHP Billiton, Woolworths and Caltex. Participating in these produced an excess total return of 1.2% and an excess accrued income of 6.7% for the company. BHP Billiton and Rio Tinto distributed in excess of \$10B to investors as a result of their asset sales (U.S. Shale Oil assets and Coal mines respectively) and the high iron ore prices they are currently experiencing.

From an income perspective, the biggest generators of excess dividend income (including franking credits) were active positions in the big four banks, Rio Tinto, BHP and Wesfarmers (which paid a large special dividend in 2019).

### Market commentary

The Australian market was up 13.4% in the year to 30 June 2019 (incl. franking credits). It was a tale of two halves with the Australian market falling in the second half of 2018 as the U.S. Federal Reserve interest rate increases along with trade wars caused a slowdown in global growth. However, after a backflip from the U.S. Federal Reserve at the end of 2018, the market went from predicting interest rate rises to significant falls. This caused a massive drop in interest rates with the Australian 10 year bond yield halved from 2.6% to 1.3% during FY19. This caused a significant rally in global stock markets in the first half of 2019. Communication Services and Mining stocks outperformed in contrast to Media and Energy stocks.

<sup>7</sup> Inclusive of the net impact of GST and Reduced Input Tax Credits.

<sup>8</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>9</sup> Inclusive of franking credits.

<sup>10</sup> Annualised from Inception date: 28 April 2017.

<sup>11</sup> Distributed income including franking.

Telstra led the media sector higher as bans on Huawei is providing headwinds for its competitors in building up their 5G capacity and the competition regulator is holding up the TPG-Vodafone merger. Mining stocks gained as the iron ore price rallied after a mining accident for Brazilian producer Vale impacted its supply. Energy stocks fell as the oil price came under pressure on global growth concerns.

**Calvin Kwok**  
Company Secretary  
22 August 2019

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.