

ANNUAL GENERAL MEETING
PLATO INCOME MAXIMISER LIMITED
ASX: PL8

Plato
INCOME MAXIMISER



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Market Update

DR. DON HAMSON



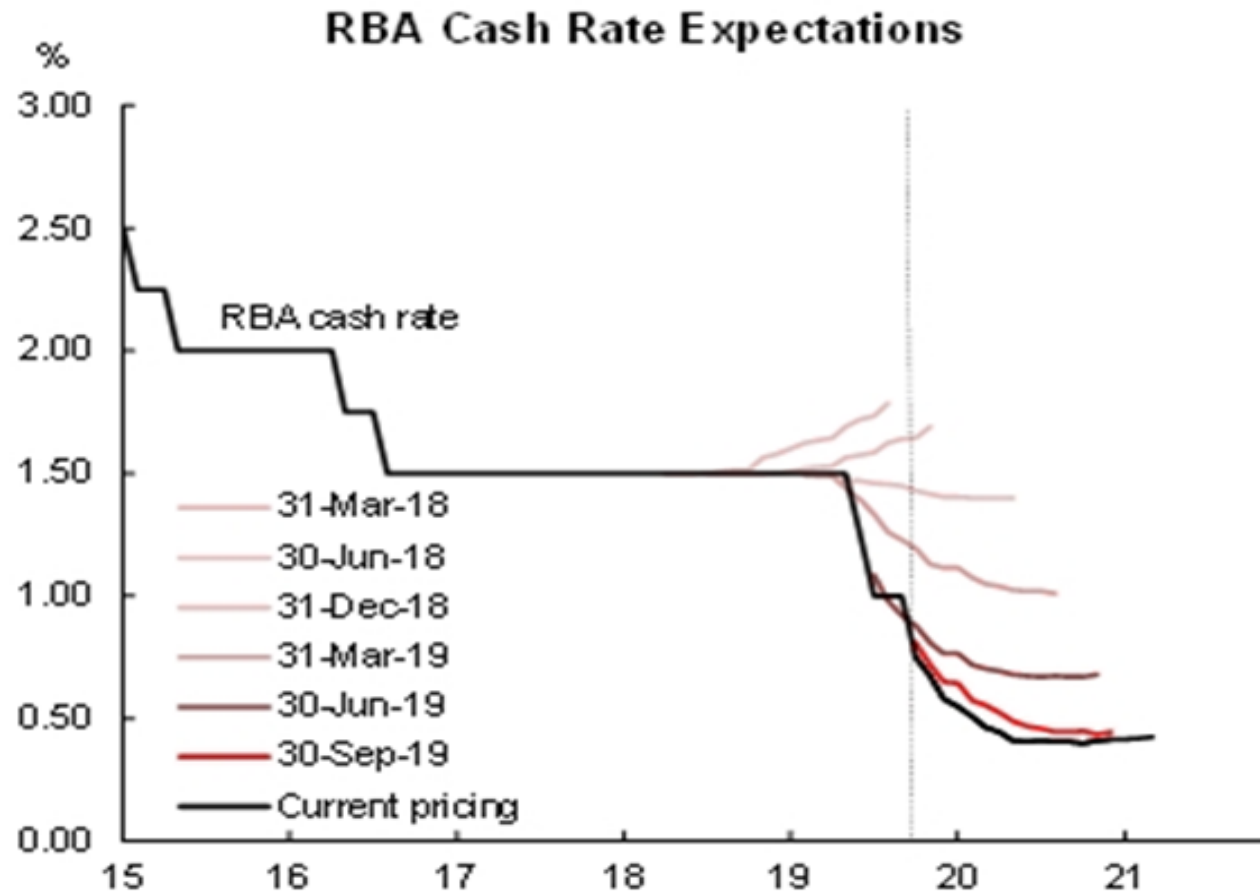
FY 2019: a dividend bonanza in Australia

BUT NOT IN THE USUAL PLACES!

- Buy-backs significant
 - RIO and BHP release \$10B in cash + franking, plus Woolworths and Caltex
- Strong increases in dividends (+37%) in March quarter
 - Alumina (+65%), Fortescue (+172%). RIO (+158%), BHP \$7B special
- Some companies flushed out franking before election/potential ALP proposal – Flight Centre and Woodside
- But we expect dividends to normalise post 30 June 2019 with franking changes now off the agenda
- Dividend bonanza enabled PL8 to pay a 3c special dividend fully franked

Cash rates are very low for “an extended period”

OFFICIAL RBA CASH RATE EXPECTATIONS



“It is reasonable to expect that an extended period of low interest rates will be required in Australia ...”

Philip Lowe, RBA Governor: Monetary Policy Decision 3 September 2019.

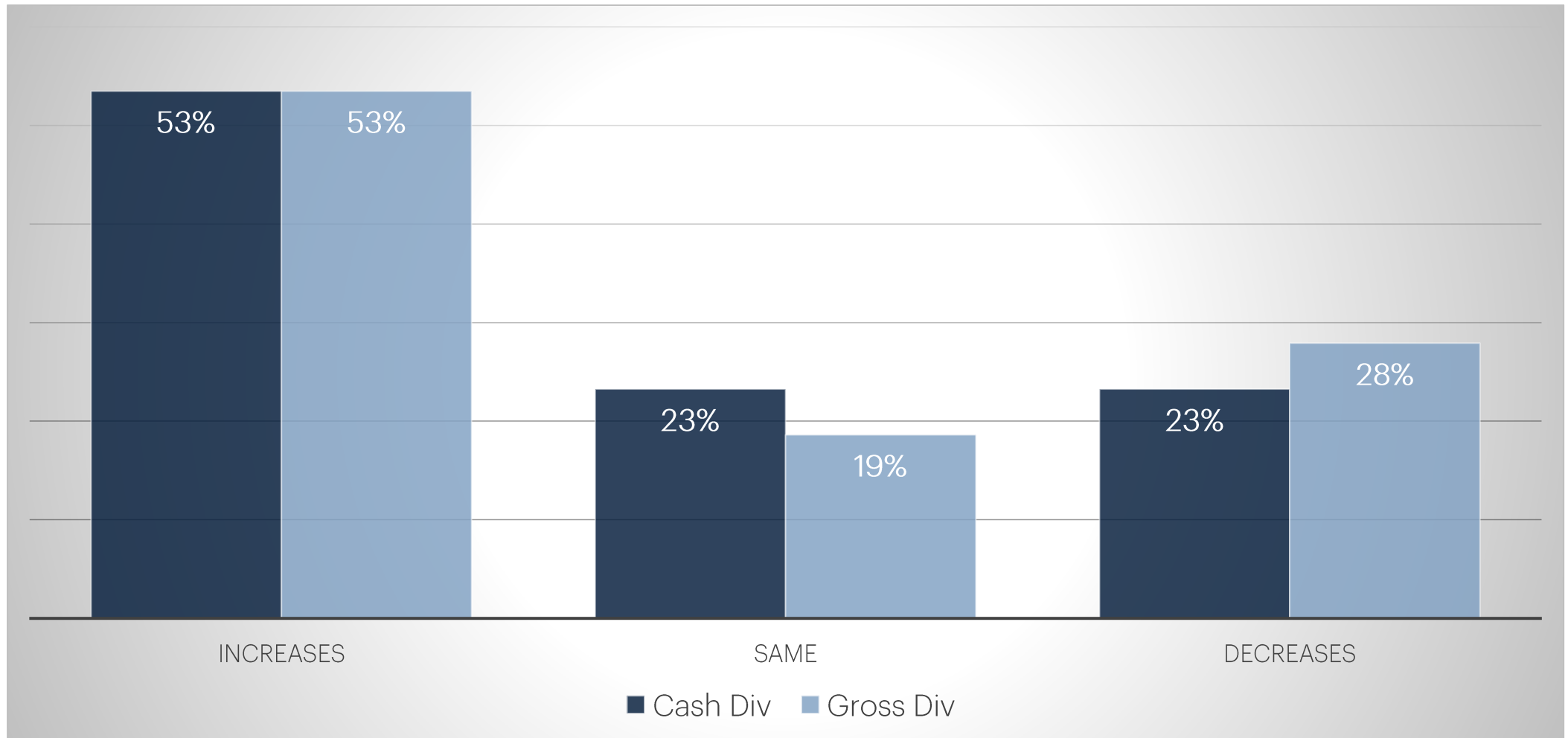
Record low interest rates pushed market to a high in July

BUT LOW RATES SIGNAL WEAK ECONOMY

- 2 cash rate cuts and record low below 1% 10 year Australian Government Bond Yields pushed the S&P/ASX200 Price Index to finally breach its previous pre-GFC high in July
- New high reflected low discount rates expanding multiples, not strong earnings
- Profit warnings and dividend omissions from AMP and Adelaide Brighton set a poor tone for reporting season
- Overall results season was soft, but not nearly as bad as record low interest rates imply
- Dividends increased 9% on average, with median increase at 3%, but pace of growth slowing from February's 5% median increase

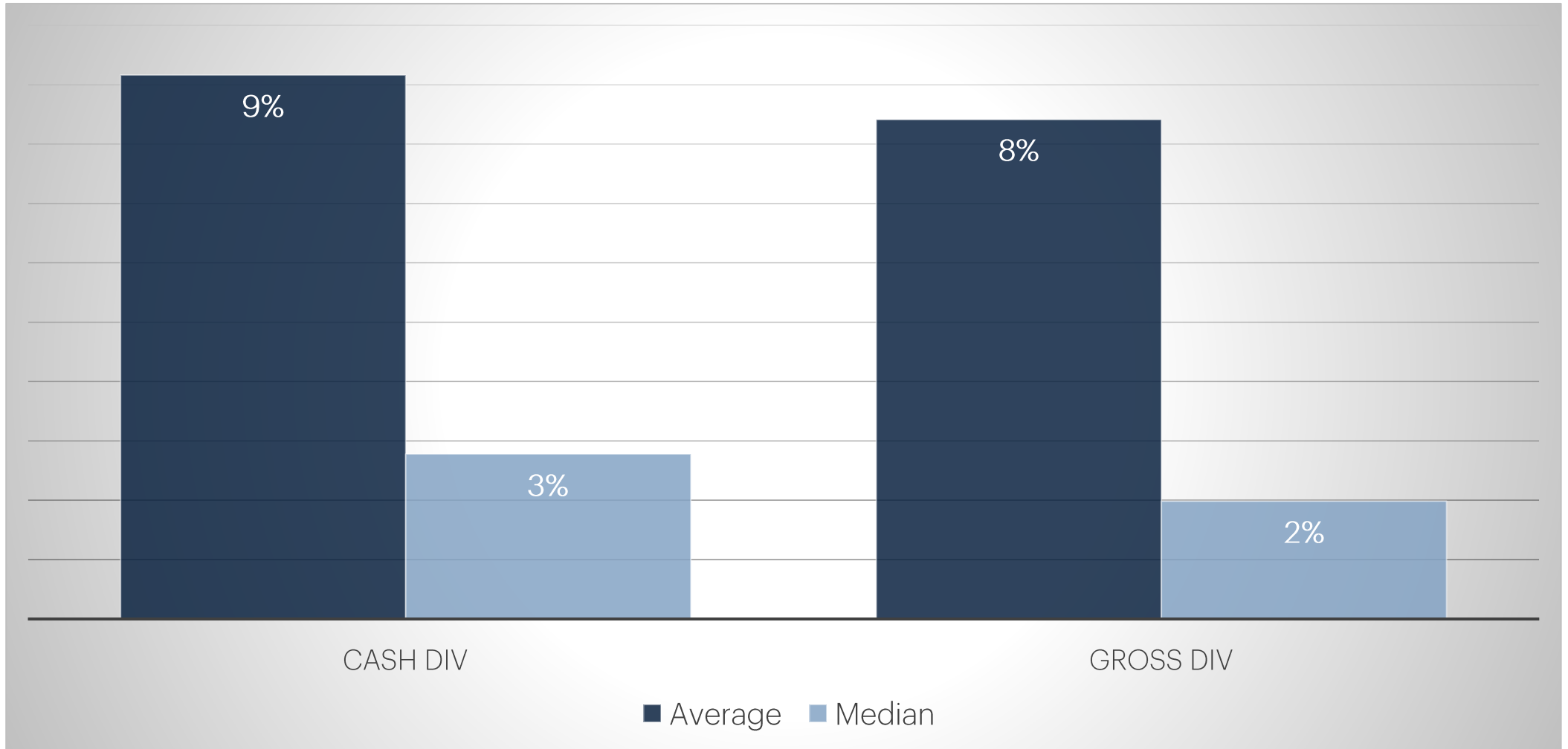
Dividend increases significantly outweigh decreases

PLATO UNIVERSE REPORTING IN AUGUST



Year on Year growth in dividends positive

BUT PACE IN GROWTH DECLINING FROM 22%/5% IN FEBRUARY



Reporting season highlights and lowlights

Highlights:

- Strong increases from BHP, FMG and RIO, with RIO paying \$1B special dividend. FMG paid gross dividends of 20% in the past year including 2 specials
- Independence Group increased dividends by 300% whilst gold stocks Evolution, Newcrest and Northern Star lifted dividends by 43% to 50%, Amcor (+108%)
- JB Hi Fi defied soft retail conditions, lifting earnings and paying 11% higher final
- Qantas increased final dividend by 30% plus \$400m buy-back despite \$614m increase in fuel costs

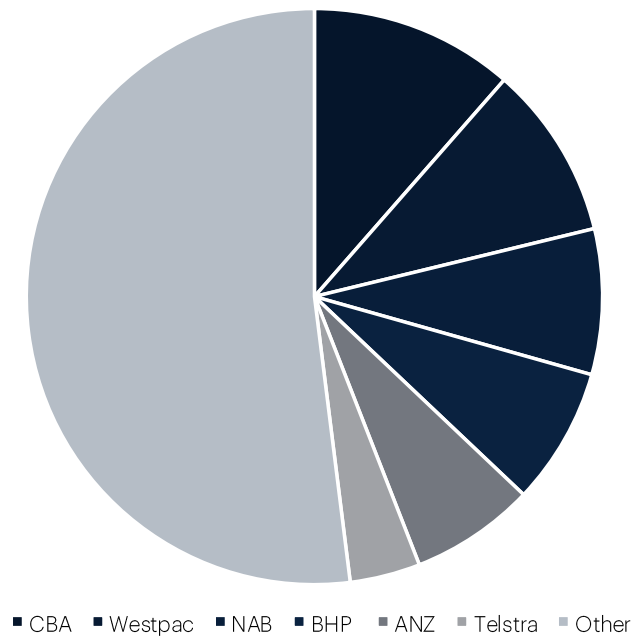
Lowlights:

- AMP, Adelaide Brighton and Speedcast omitted dividends
- Big cuts from Alumina (-44%), Blackmores (-55%), Caltex (-44%), Iluka (-50%), South32 (-52%) and St Barbara (-48%)

Big Aussie income stocks still doing it tough!

6 STOCKS ACCOUNT FOR NEARLY HALF OF ALL DIVIDENDS

% OF GROSS DIVIDEND INCOME 2018



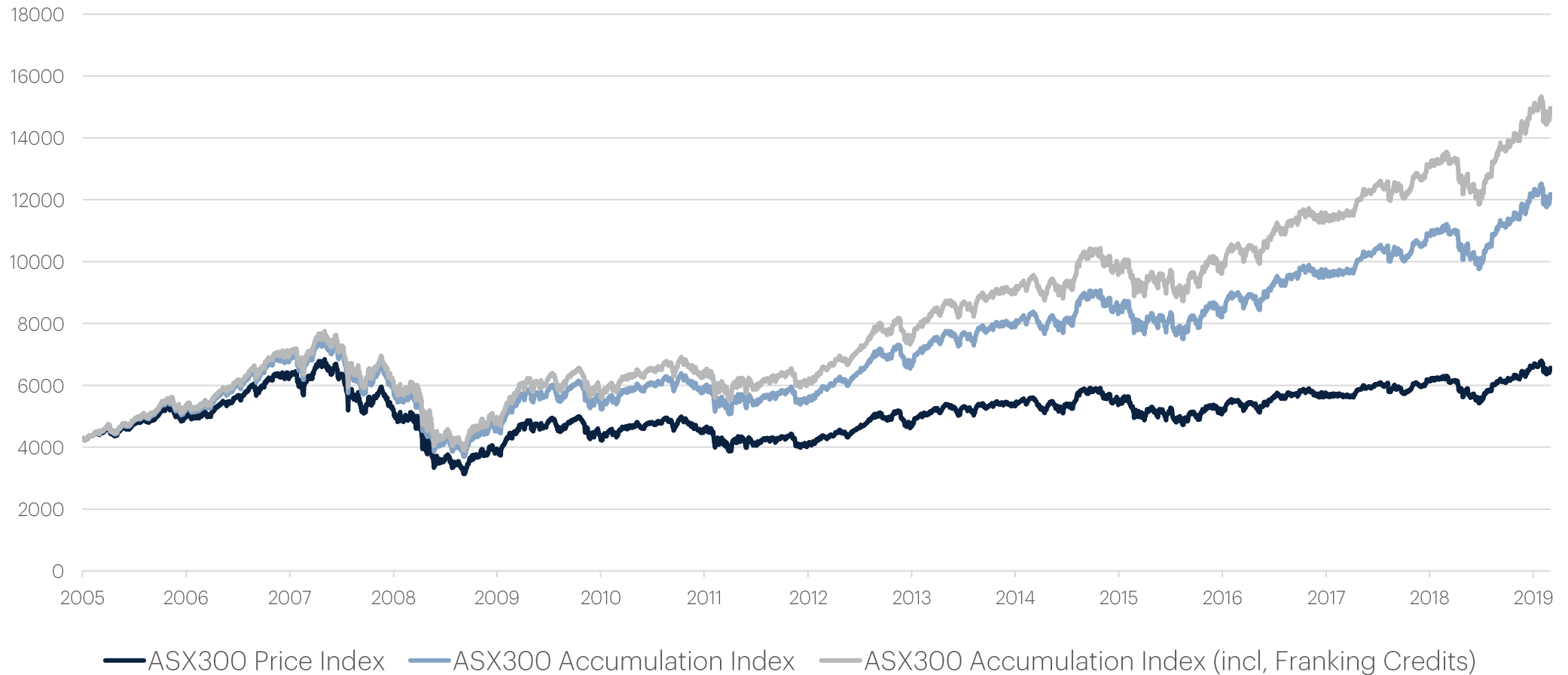
PRICE PERFORMANCE



“... Australia is poorly diversified”

Don't forget the franking!

S&P 300 JULY 1 2005 TO 31 AUGUST 2019



3.1%p.a. price, 7.7% accumulation, 9.3%p.a. including franking
Total returns 54%, 186% and 251% respectively

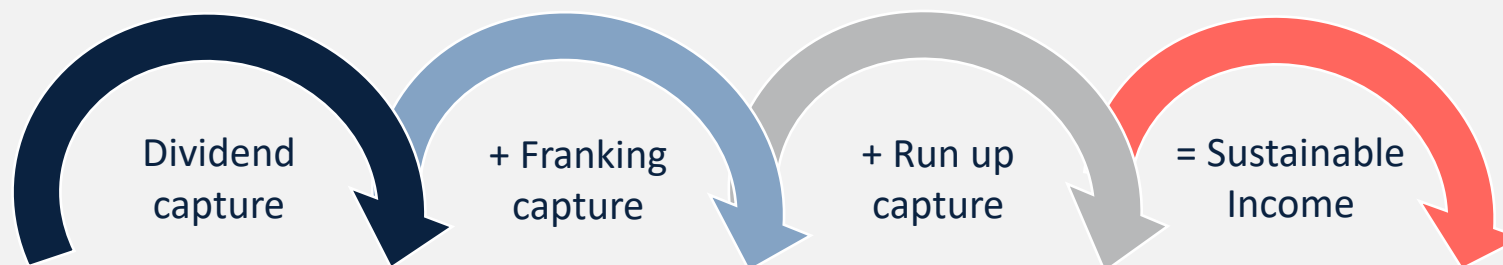
PL8 Investment Strategy

DR. DON HAMSON



Dividend rotation combined with good value

QUALITY LONG TERM HOLDINGS PROVIDES INCOME PLUS GROWTH



Good value, quality long term holdings:

Good Value – Earnings, cash flow, EBITDA

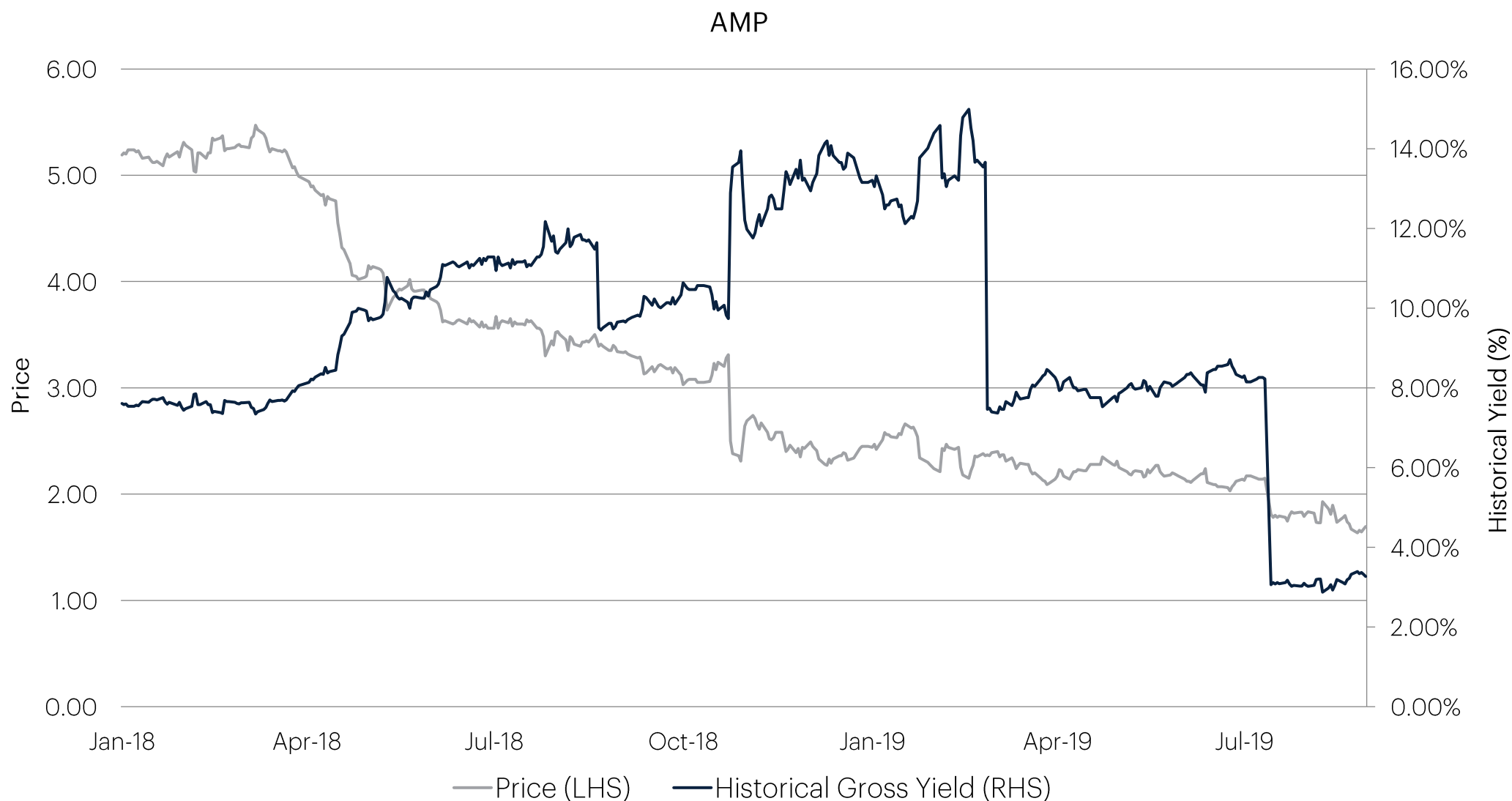
High Quality – cash and profitability, avoid red flags

Good business momentum – EPS revisions

Predict and avoid dividend traps

Winning by not losing - avoiding dividend traps

AMP UP TO 15% GROSS HISTORICAL YIELD



PL8 invests into the Plato Australian Shares Income Fund

PERFORMANCE TO 30 SEPTEMBER 2019

	3 month return	12 months return	3 years return**	5 years return**	Since inception** return
Plato*	2.2%	15.3%	13.2%	11.0%	13.3%
S&P/ASX 200 Index	2.9%	14.3%	13.6%	11.2%	12.5%
Active	-0.7%	+1.0%	-0.4%	-0.2%	+0.8%

	Since inception
Tracking error	1.63%
Information ratio	0.54
Monthly hit ratio	60%

Performance comparisons – before and after franking

PLATO AUSTRALIAN SHARES INCOME FUND, TO 30 SEPTEMBER 2019 BEFORE FEES

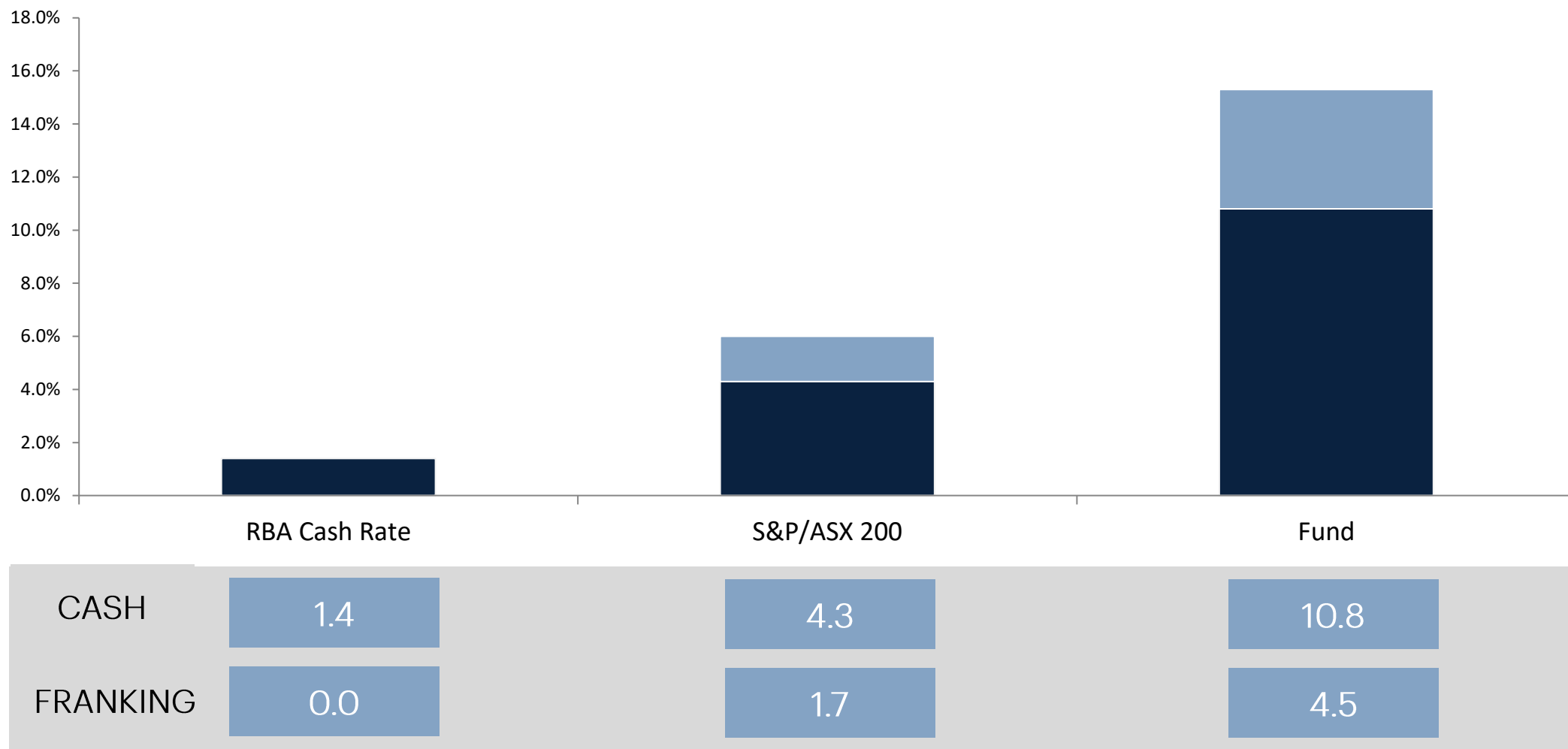
Excluding Franking	1 year	3 years p.a.	Since Inception p.a. (9/9/11)
Plato Income	11.2%	10.6%	11.3%
S&P/ASX200 Accumulation Index	12.5%	11.9%	10.8%
Active	-1.3%	-1.3%	+0.5%

Including Franking	1 year	3 years p.a.	Since Inception p.a. (9/9/11)
Plato Income with Franking	16.3%	14.3%	14.4%
S&P/ASX200 Tax Exempt	14.3%	13.6%	12.5%
Active	+2.0%	+0.7%	+1.9%
Active Difference	+3.3%	+2.0%	+1.4%

Plato Australian Shares Income Fund

DELIVERING HIGH INCOME

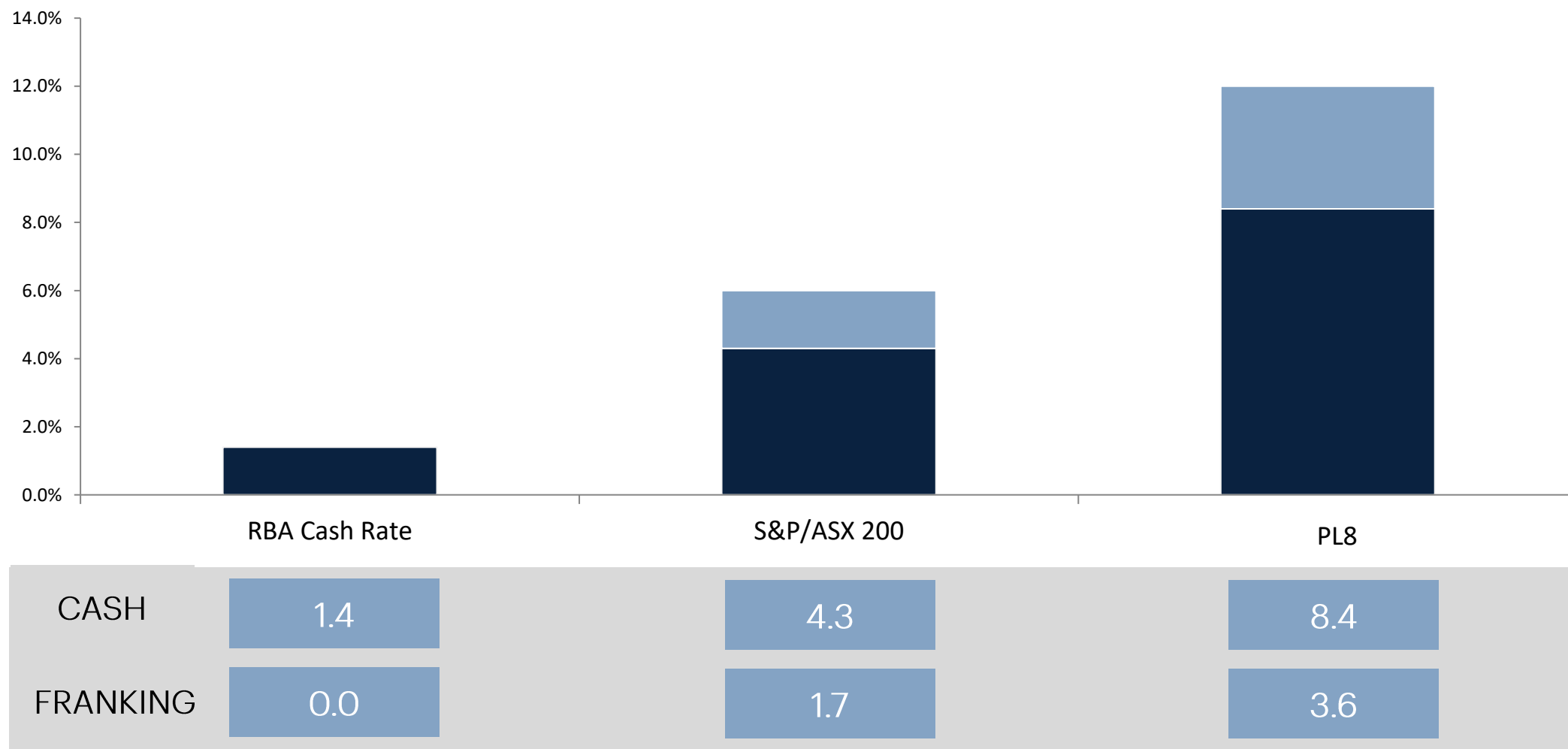
12 month realised yield*



PL8 delivering high income

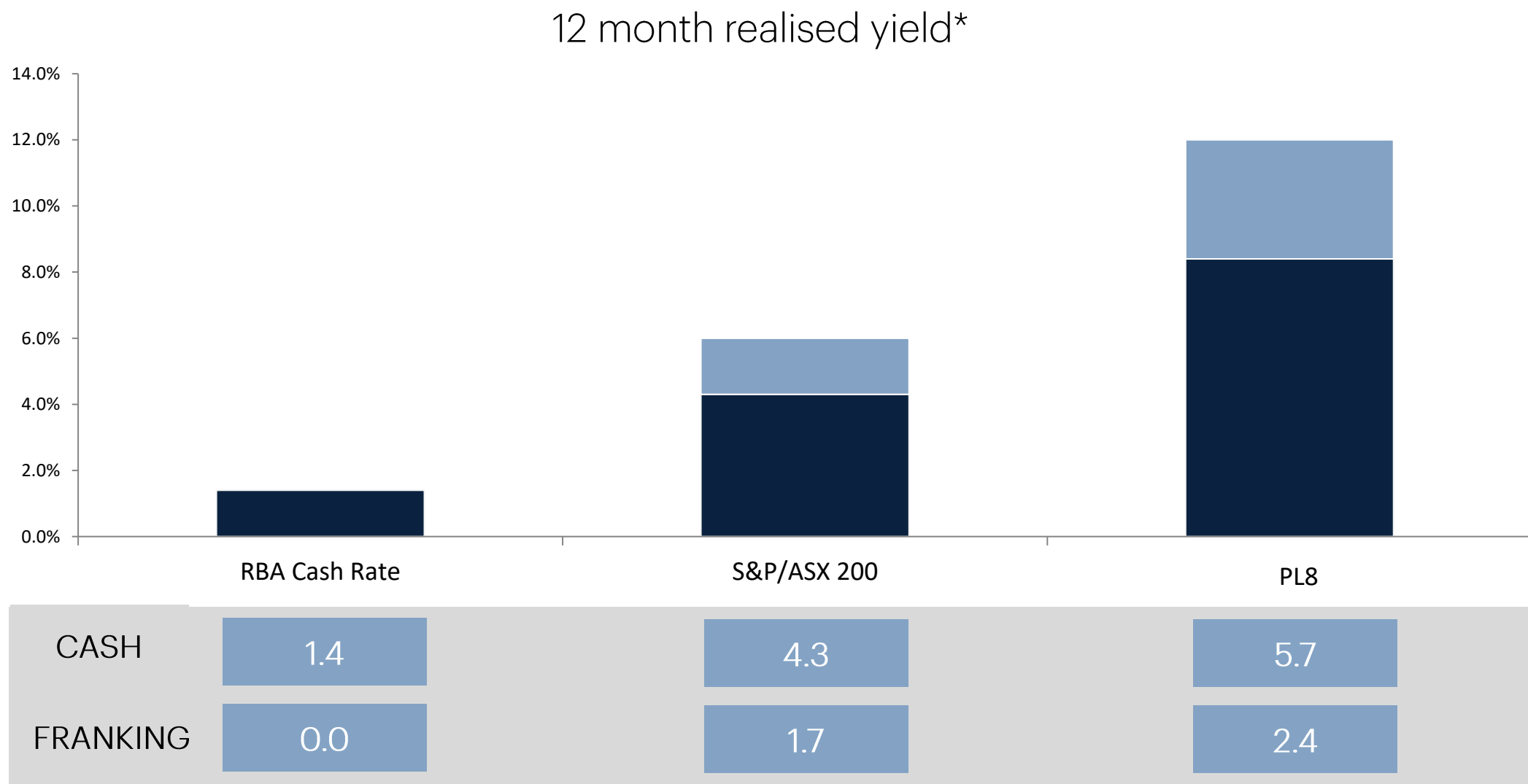
INCLUDING SPECIAL DIVIDEND

12 month realised yield*



PL8 delivering high income

EVEN EXCLUDING THE SPECIAL DIVIDEND



Longer term performance of Plato income strategy

PLATO AUSTRALIAN SHARES INCOME STRATEGY - INCEPTION 9/9/2011

Plato Aust. Shares Income Fund vs
S&P/ ASX200 Accumulation Series (incl. Franking Credits)



Price has closely tracked NTA

CONTINUES TO TRADE AT A PREMIUM TO NTA POST ELECTION



Summary

01

Interest rates to remain low for “an extended period”

02

Australian dividend “bonanza” over but dividends still strong

03

Diversification and avoiding dividend traps are key to income investing



Thank you for joining us for our annual AGM

PL8 SHAREHOLDER ENQUIRIES

For general information and investment enquiries please contact the Share Registry.

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E: enquiries@boardroomlimited.com.au

