



Plato  
INCOME MAXIMISER

# Annual Report

# 2021

PLATO INCOME MAXIMISER LIMITED  
ACN 616 746 215

**Plato Income Maximiser Limited**

ACN 616 746 215

**Annual Report**

For the year ended 30 June 2021

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## Corporate Governance

The Company's corporate governance statement is available on the Company's website at <https://plato.com.au/australian-strategies/plato-income-maximiser-limited-asxpl8/> under the Corporate Governance section.

# 01. Glossary

<b>Term</b>	<b>Meaning</b>
<b>Administrator</b>	Pinnacle as the provider of various administration support services to the Company.
<b>Annual General Meeting</b>	the annual general meeting of the Company.
<b>ASX</b>	Australian Securities Exchange.
<b>Benchmark</b>	S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt).
<b>Board</b>	board of Directors.
<b>Company</b>	Plato Income Maximiser Limited (ACN 616 746 215).
<b>Company Secretary</b>	company secretary of the Company.
<b>Corporations Act</b>	the Corporations Act 2001 (Cth).
<b>Director</b>	director of the Company.
<b>GST</b>	has the meaning given in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
<b>Investment Management Agreement</b>	the investment management agreement dated 1 March 2017 between the Company and the Manager.
<b>Manager</b>	Plato Investment Management Limited (ACN 120 730 136).
<b>New Shares</b>	fully paid ordinary shares sought to be issued under the Offer.
<b>NTA</b>	net tangible assets.
<b>NTA Performance</b>	the performance of the Company inclusive of portfolio performance after fees, taking into account all other expenses paid and tax on earnings (including on realised gains but excluding any provision for tax on unrealised gains and capitalised share issue costs).
<b>Offer</b>	<p>Entitlement offer announced by the Company on 8 August 2019 seeking to raise up to approximately \$204.3 million via the issue of approximately 185.7 million New Shares, consisting of:</p> <ul style="list-style-type: none"> <li>• a 1 for 1.6 non-renounceable entitlement offer of new fully paid ordinary shares in the Company at an offer price of \$1.10 for existing eligible shareholders;</li> <li>• an oversubscription facility for existing eligible shareholders to apply for additional New Shares in excess of their entitlement; and</li> <li>• an offer of New Shares not taken up by eligible shareholders in the entitlement offer and oversubscription facility to institutional and retail investors.</li> </ul>
<b>Pinnacle</b>	Pinnacle Investment Management Limited (ACN 109 659 109).
<b>Plato Fund</b>	Plato Australian Shares Income Fund (ARSN 152 590 157).
<b>Services Agreement</b>	the services agreement dated 1 March 2017 between the Company and Pinnacle.
<b>TSR Performance</b>	a measure of the change in the share price and any dividends going ex-dividend during the period, excluding the value of any franking credits which are paid to shareholders.

# 02. Chairman's Letter

## Dear fellow shareholders,

On behalf of the Directors, I am pleased to present the results of Plato Income Maximiser Limited (the Company) for the year ended 30 June 2021.

The Company was established to provide shareholders the opportunity to benefit from an actively managed, well-diversified portfolio of Australian equities and a monthly dividend payment. The Company's appointed investment manager, Plato Investment Management Limited (the Manager) is led by Don Hamson. The Manager comprises a team of 11 investment professionals and 5 members of the team hold PhD qualifications.

The Company's investment objectives are to:

- (1) generate annual income (including franking credits) that exceeds the gross income of the Benchmark; and
- (2) outperform (after fees) the Benchmark in total return terms including franking credits over each full investment cycle (typically 3 to 5 years).

We are very pleased that the Company has exceeded its income objective for the year ended 30 June 2021, and also since inception. The Company remains actively positioned to seek superior income and franking returns whilst also being able to allocate to companies that are expected to provide solid capital returns.

The Company's net profit after income tax for the year was \$73,019,000, compared to a loss of \$21,054,000 in the prior corresponding period. This stronger result is largely explained by the rebound in financial markets during the year after the losses sustained during the initial impact of the COVID-19 pandemic. The Board is monitoring the continuing evolution of the situation closely and will continue to manage the Company's capital appropriately to the prevailing economic conditions.

Please note that for the year ended 30 June 2021, the Company's accounting treatment of fair value ('mark-to-market') movements of its investment in the Plato Australian Shares Income Fund has changed. These movements are now recognised in profit and loss, whereas they were previously recognised in other comprehensive income. Comparative financial information for the prior year has been revised to reflect this change. Further information is provided in the notes to the financial statements at Note 1(a).

## Dividends

The Company continued to achieve its stated aim to declare and pay monthly dividends throughout the 2021 financial year, with monthly dividends of \$0.004 per share paid for the months of July 2020 through June 2021.

Pleasingly, the improved outlook for dividend income and rebound in financial markets has allowed the Company to increase its monthly dividend to \$0.0045 per share for the months of July to September 2021. It is intended that the Company will continue to pay monthly dividends provided the Company has sufficient profit reserves and it is permitted by law and within prudent business practices to do so.

## Performance

The Company's performance results are reported below. We consider that it is useful to consider performance from three different perspectives:

### (a) Investment portfolio performance

The Company's investment portfolio performance shows how the Manager has performed after deducting management fees and costs<sup>1</sup>, as compared to the Company's investment objectives.

Performance as at 30 June 2021 <sup>2</sup>	Return	Benchmark	Excess
Total return <sup>3</sup>			
- One Year	+26.9%	+29.1%	-2.2%
- Since Inception <sup>4</sup>	+10.5%	+10.7%	-0.2%
Income <sup>5</sup>			
- One Year	+6.2%	+4.1%	+2.1%
- Since Inception <sup>4</sup>	+7.5%	+5.1%	+2.4%

Please note that the income measure above represents distributed income, not accrued income. For the 2021 financial year total dividends of \$0.048 per share were paid equivalent to distributed income of 6.2%<sup>6</sup>, exceeding the full year gross yield of the Benchmark by 2.1%. The Company trailed its total performance objective by 2.2% during the year in a strong market environment, but remains within 0.2% of Benchmark since inception with total return of 10.5%.

### (b) NTA performance

This measure of Company performance shows the movement in the value of the Company's pre-tax Net Tangible Assets (**NTA**) over the period, adjusted for dividends paid. It includes deductions for management fees, Company administration costs and tax on earnings (including tax on realised gains and other earnings but excluding any provision for tax on unrealised gains, capitalised share issue costs and income tax losses), and excludes the value of franking credits.

The Company's NTA Performance for the year ended 30 June 2021 was +23.8%. Since inception the NTA performance is +7.0% p.a.

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

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

3 Inclusive of franking credits.

4 Annualised from Inception date: 28 April 2017.

5 Distributed income including franking.

6 Calculated as monthly dividends paid (including franking credits) divided by average month-end share price over the financial year.

**(c) TSR performance**

Total Shareholder Return (TSR) Performance is a measure of the change in the share price adjusted for any dividends paid during the period. The TSR Performance can be an important measure as often the share market can trade at a premium or discount to the NTA.

The Company's TSR Performance for the year ended 30 June 2021 was +33.8%. Since inception the TSR performance is +9.2% p.a.

Thank you for your continued support.

Yours sincerely

A handwritten signature in black ink that reads "Jonathan Trollip". The signature is written in a cursive, flowing style.

**Jonathan Trollip**, Chairman  
Sydney, 23 August 2021

# 03.

# Investment Manager's Report

The Company has appointed the Manager as the investment manager of the Company's investment portfolio.

## Investment strategy

The investment strategy used by the Manager is to invest (directly or indirectly) in an actively managed well-diversified Australian equities portfolio predominately comprised of Australian listed securities, which aims to achieve the investment objectives. The Manager implements the investment strategy by investing in the Plato Fund, for which it is also the investment manager.

The Manager employs a disciplined systematic process to take advantage of market inefficiencies to seek to deliver higher levels of income (including franking credits) than the Benchmark.

## Investment philosophy

The Manager's philosophy is centred on the belief that markets are complex and less than perfectly efficient. These market inefficiencies are derived from informational, behavioural and structural sources. The Manager believes a disciplined investment process can take advantage of these market inefficiencies to outperform over a market cycle. Some of these sources of return are exploited on a longer-term time horizon and others are extracted on a shorter-term basis.

The Manager believes that an actively managed well-diversified portfolio of securities that is cheaper than, of higher quality than and exhibits better business momentum than the market is likely to outperform standard market benchmarks over the longer term. The Manager considers that there are also shorter-term opportunities to outperform the market and generate additional income around dividend events for individual companies.

## Investment process

The Manager's investment process involves extensive research focusing on relative market values, business momentum, the quality of the potential investee entity and the prospect for dividends.

Once an investment idea has been identified, the Manager makes an assessment of the following factors where relevant to the specific security:

- (a) **Value:** the value of each security relative to the market (using a combination of models, including models focussed on earnings, cash flow, dividends or EBITDA);
- (b) **Business Momentum:** broker earnings forecasts and share prices to determine the relative business momentum of companies on the Australian share market;
- (c) **Quality:** firm quality, having regard to a range of factors including but not limited to profitability, earnings quality and the Manager's proprietary red flags quality indicator;
- (d) **Dividend and dividend run-up:** the estimated dividend run-up return of each individual stock in the period leading up to its forecast ex-dividend date, as well as the expected size of that dividend payment (including franking credits) as forecast by the Manager. Historically, the Manager has observed a general tendency for securities to outperform the general market in the period leading up to their ex-dividend date;
- (e) **Dividend Trap Avoidance:** the likelihood of a particular entity reducing its dividend as forecast by the Manager using a number of stock specific factors.

These factors are taken into account in assessing the relative merits of entities to invest in. The Manager takes into consideration these factors, as well as investment risk and liquidity, when

constructing the portfolio. The Manager aims to hold a diversified portfolio of securities that it expects will achieve total returns in excess of, and “generate” more income than, the Benchmark without taking on excessive active portfolio risk. The Manager uses portfolio optimisation software to assist with portfolio construction.

Portfolio optimisation is a quantitative approach that constructs the most efficient combination of securities to satisfy investment objectives whilst balancing expected risk and return. For portfolio construction, individual security weightings, sector weightings and size exposure are determined by taking into account the following internal guidelines at the time of portfolio construction:

<b>Stock weightings</b>	The weighting of a security in the portfolio will not be 5% more or 5% less than the Benchmark weighting.
<b>Sector weightings</b>	Whilst there is no hard limit to relative or absolute sector weightings, the Manager aims to build a portfolio with similar sector weightings to the Benchmark.
<b>Cash exposure</b>	Maximum 10% exposure to cash, although it is the Manager’s intention to be largely fully invested as the Manager does not attempt to time markets, rather preferring to be fully invested as much as is practicable.
<b>Number of positions</b>	The portfolio of the Plato Fund is typically comprised of between 50 and 120 securities that the Manager considers to be consistent with the investment strategy.

The Manager then monitors the portfolio risk, returns and implementation, rebalancing the underlying investment portfolio when necessary to satisfy the investment objectives.

## Portfolio performance

As noted in the Chairman’s letter, during the year ended 30 June 2021 the Company exceeded its income objective whilst trailing its performance objective in a strong market environment. The investment portfolio returned 26.9% after management fees and distributed a yield of 6.2%<sup>1</sup> (including franking credits). The Benchmark performance was 29.1% including a gross yield of 4.1% over the same period.

The underlying investment portfolio’s five best contributions to active performance over the last financial year were overweights in Fortescue (up 94%), Mineral Resources (up 166%) and Westpac (up 44%) as well as underweight positions in A2 Milk (down 68%) and CSL (up 0.4%). The largest detractors to active performance were overweights in Regis Resources (down 53%), Aurizon (up 7%) and Woolworths (up 5%) as well as underweight positions in Commonwealth Bank (up 44%) and Afterpay Touch (up 94%). We outperformed in the Consumer Discretionary and Healthcare sectors but underperformed in the Industrials and Communication Services sectors. The Company’s investments added 1.10% more franking credits than the S&P/ASX 200 Index over the last financial year.

The S&P/ASX 200 gross dividend yield<sup>2</sup> fell to 1.81% in the first half of FY21 as many companies maintained a conservative dividend payout but then rose to 2.25% for the second half of FY21. The Company was able to distribute income of 6.2%<sup>2</sup>, 2.1% above its Benchmark. The Company’s investments remain actively positioned to seek superior income than the Benchmark and given our expectation of an improved dividend environment in FY22, in July the Board increased dividends to \$0.0045 per share for July, August and September 2021. This is a 12.5% increase on the level of

<sup>1</sup> Calculated as monthly dividends paid (including franking credits) divided by average month-end share price over the financial year.

<sup>2</sup> Including franking credits.

dividends paid in the June 2021 quarter.

There were two off-market buy-backs announced in FY21 – Ampol and Metcash. These were relatively small buy-backs but in the case of Ampol returned over 20% for zero tax investors for each share successfully tendered. The Metcash buyback was announced in June 2021 and is due to complete in August 2021 where we expect it to deliver approximately 14% for zero tax investors for each share successfully tendered.

From an income perspective, the biggest generators of excess dividend income (including franking credits) were active positions in the big three iron ore miners (Fortescue, Rio Tinto and BHP) as well as the big four banks, Telstra and Harvey Norman.

## **Market commentary**

The Australian market was up 29.1%<sup>3</sup> over the past year as the Australian economy rebounded after the Covid-19 induced recession. During the financial year, the best performing sectors were Consumer Discretionary, Financials and Information Technology. Government payments supported businesses and consumers throughout lockdowns, resulting in record savings levels. As lockdowns ended consumer spending, particularly on goods rebounded to well above 2019 levels. Banks which had cut dividends and increased provisions for Covid-related bad debts in FY20 were able to write back much of those provisions as the economy proved stronger than they had provisioned for. Chinese spending on infrastructure was increased to support its economy which resulted in record steel production and subsequently strong iron ore demand and prices, which was beneficial for Australia's iron ore miners. The vaccine trial results announced in November 2020 were particularly strong, sparking a further market rally, particularly in those stocks most impacted by Covid lockdowns. The worst performing sectors were Utilities, Healthcare and Consumer Staples as economies and bond yields rallied, hurting these defensive sectors that in the case of Healthcare and Consumer Staples were beneficiaries of Covid. The strong divergence in sector performance shows the benefit of holding a diversified portfolio that is forward looking rather than investing in stocks with the highest level of historical income which may lag during particular market cycles.

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3 Including franking credits

## Sector allocation and top ten holdings

As at 30 June 2021, the underlying investment portfolio consisted of 103 stocks which account for 99.4% of the portfolio. The remaining 0.6% is in cash and cash receivables.

### Sector allocation

Sector allocation	Index weight	Active weight
Energy	3.06%	-0.06%
Materials	20.21%	2.30%
Industrials	6.66%	-1.41%
Consumer Discretionary	8.31%	2.87%
Consumer Staples	5.14%	0.35%
Healthcare	10.23%	-0.80%
Financials	29.33%	1.00%
Information Technology	4.44%	-3.96%
Communication Services	4.07%	0.54%
Utilities	1.50%	-0.64%
Real Estate	7.06%	-0.75%

### Top 10 holdings and Top 10 yielding stocks as at 30 June 2021

Top 10 holdings	Top 10 yielding	Yield % p.a. <sup>3</sup>
BHP Group	Aurizon Holdings	9.8
Coles Group	JB Hi-Fi	7.6
Commonwealth Bank	Rio Tinto	6.9
CSL	ANZ	6.6
Macquarie Group	BHP Group	6.1
NAB	Super Retail Group	5.8
Rio Tinto	APA Group	5.7
Telstra Corporation	CSR	5.7
Wesfarmers	Medibank Private	5.5
Westpac	Magellan Financial Group	5.4

<sup>3</sup> Including franking credits

Due to the diversified nature of the underlying investment portfolio and the process that the Manager employs, the Company remains actively positioned to seek superior income and franking whilst also being able to allocate to companies who are providing solid capital returns.



**Don Hamson**, Managing Director  
Plato Investment Management Limited  
23 August 2021

“Good actions  
give strength  
to ourselves  
and inspire  
good actions  
in others.”

Plato (427-347 BC)

# 04. Directors' Report

The Directors present their report together with the financial statements of the Company for the year ended 30 June 2021.

The Company is a company limited by shares and is incorporated in Australia.

## **Directors**

The following persons held office as Directors during the year and up to the date of this report, unless otherwise stated:

**Jonathan Trollip** (Chairman)

**Lorraine Berends**

**Katrina Onishi**

**Alex Ihlenfeldt**

**Donald Hamson**

## **Principal activities**

The principal activity of the Company is to provide shareholders the opportunity to benefit from an investment in an actively managed, well-diversified portfolio of Australian listed equities. There have been no significant changes in the nature of this activity during the year.

## **Review of operations**

The Company offers investors the opportunity to benefit from an investment in an actively managed, well-diversified portfolio of Australian listed equities that aims to:

- (a) generate annual income (including franking credits) in excess of the S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax Exempt); and
- (b) outperform (after fees) the Benchmark in total return terms including franking credits over each full investment cycle (which the Manager considers to be a period of typically 3 to 5 years).

Investment activities over the year ended 30 June 2021 resulted in an operating profit before tax of \$95,302,000 (2020: loss of \$39,004,000) and an operating profit after tax of \$73,019,000 (2020: loss of \$21,054,000).

The Company continued to pay monthly dividends during the year, with fully-franked dividends of \$0.004 per share being paid each month from July 2020 to June 2021. This is in line with the Board's stated objective to pay regular monthly dividends from available profits, provided the Company has sufficient reserves and it is permitted by law and within prudent business practices to do so. Since year-end, the Company has resolved to pay a further three monthly dividends, increased to \$0.0045 per share, for July, August and September 2021.

Further information regarding the Company's operations and financial performance during the year can be found in the Chairman's letter and Investment manager's report at pages 6 to 14.

## Dividends declared

For the year ended 30 June 2021 the following dividends, fully-franked at 30%, were declared:

Month	Amount	Ex-Dividend Date	Record Date	Payment Date
July 2020	\$0.004	16 July 2020	17 July 2020	31 July 2020
August 2020	\$0.004	14 August 2020	17 August 2020	31 August 2020
September 2020	\$0.004	15 September 2020	16 September 2020	30 September 2020
October 2020	\$0.004	15 October 2020	16 October 2020	30 October 2020
November 2020	\$0.004	13 November 2020	16 November 2020	30 November 2020
December 2020	\$0.004	16 December 2020	17 December 2020	31 December 2020
January 2021	\$0.004	18 January 2021	19 January 2021	29 January 2021
February 2021	\$0.004	11 February 2021	12 February 2021	26 February 2021
March 2021	\$0.004	16 March 2021	17 March 2021	31 March 2021
April 2021	\$0.004	15 April 2021	16 April 2021	30 April 2021
May 2021	\$0.004	14 May 2021	17 May 2021	31 May 2021
June 2021	\$0.004	15 June 2021	16 June 2021	30 June 2021

Since year end the Company has declared the following dividends fully franked at 30%:

Month	Amount	Ex-Dividend Date	Record Date	Payment Date
July 2021	\$0.0045	19 July 2021	20 July 2021	30 July 2021
August 2021	\$0.0045	16 August 2021	17 August 2021	31 August 2021
September 2021	\$0.0045	15 September 2021	16 September 2021	30 September 2021

## Options

As at 30 June 2021, the Company had no unissued ordinary shares under option.

## Matters subsequent to the end of the financial year

Apart from the items disclosed in note 18 to the financial statements at page 60, no matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long-term benefit of shareholders.

## Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors are not aware of any breach by the Company of those regulations.

## Information on Directors

### Jonathan Trollip, Chairman

**Experience and expertise:** Jonathan Trollip is a non-executive director with several years of commercial, corporate, governance, legal and transaction experience. Prior to becoming a professional non-executive director, he worked as a principal of Meridian International Capital Limited, and before that, he was a Partner with law firm Herbert Smith Freehills. In the philanthropy area, he is chairman of Science for Wildlife Limited and a director of The Watarrka Foundation and the Pinnacle Charitable Foundation. Jonathan has a B.Arts, post graduate degrees in Economics and Law and is a Fellow of the Australian Institute of Company Directors.

**Other current directorships:** Jonathan Trollip is independent chairman of ASX listed Antipodes Global Investment Company Limited, Future Generation Investment Company Limited, Spheria Emerging Companies Limited and Global Value Fund Limited (listed investment companies). He is also a non-executive director of ASX listed Propel Funeral Partners Limited, BCAL Diagnostics Limited and of Kore Potash PLC (ASX, AIM and JSE listed).

**Former directorships in last 3 years:** Jonathan Trollip was formerly non-executive chairman of Spicers Limited until 16 July 2019.

**Special responsibilities:** Chairman of the Board

**Interests in shares and options:** Details of Jonathan Trollip's interests in shares of the Company are included in the Remuneration Report.

**Interests in contracts:** Jonathan Trollip has no interests in contracts of the Company.

### Lorraine Berends

**Experience and expertise:** Lorraine Berends has worked in the financial services industry for over 40 years and possesses extensive experience in both investment management and superannuation. Before moving to a non-executive career in 2014, she worked for 15 years with US based investment manager Marvin & Palmer Associates. Lorraine contributed extensively to industry associations throughout her executive career, serving on the boards of the Investment Management Consultants Association (**IMCA Australia**, now the **CIMA Society of Australia**) for 13 years (7 as Chair) and the Association of Superannuation Funds Australia (**ASFA**) for 12 years (3 as Chair). Lorraine has been awarded Life Membership of both CIMA Society and ASFA.

Lorraine holds a BSc from Monash University, is a Fellow of the Actuaries Institute and a Fellow of ASFA.

**Other current directorships:** Lorraine Berends is an independent director of Antipodes Global Investment Company Limited, Spheria Emerging Companies Limited and Hearts and Minds Investments Limited (listed investment companies), and an independent non-executive director of Pinnacle Investment Management Group Limited and a company appointed director of Qantas Superannuation Limited.

**Former directorships in last 3 years:** Lorraine Berends has not held any other directorships of listed companies within the last 3 years.

**Interests in shares and options:** Details of Lorraine Berends interests in shares of the Company are included in the Remuneration Report.

**Interests in contracts:** Lorraine Berends has no interests in contracts of the Company.

## Katrina Onishi

**Experience and expertise:** Katrina Onishi has over 25 years' experience in financial markets as an equities analyst and portfolio manager, both in Australia and overseas. After a long career in investment markets, in 2000, Katrina co-founded Concord Capital, an Australian equities funds management firm of which she was an Executive Director for ten years. In addition, Katrina has 20 years' experience as a company director, including several as a director of ASX-listed companies. Katrina holds a B.A. (Hons) from University of Sydney, is a Chartered Financial Analyst and a Graduate Member of the Australian Institute of Company Directors.

**Other current directorships:** Katrina is an advisor to Little Company of Mary, a not-for-profit organisation and a member of its Investment Committee.

**Former directorships in last 3 years:** Until December 2018, Katrina was a non-executive director of Scottish Pacific Group Limited and a member of the Audit and Risk Committee.

**Interests in shares and options:** Details of Katrina Onishi's interests in shares of the Company are included in the Remuneration Report.

**Interests in contracts:** Katrina Onishi has no interests in contracts of the Company.

## Alex Ihlenfeldt

**Experience and expertise:** Alex Ihlenfeldt serves as a director on a number of Pinnacle affiliate boards, listed investment companies and both Cayman and UCITS investment entities. He has over 25 years financial services experience in both Australia and South Africa. Alex was intimately involved in the establishment of Pinnacle and each of the Pinnacle Affiliates. His responsibilities include the provision of infrastructure services to many of the Pinnacle Affiliates.

Alex has a Bachelor of Commerce (Hons) and is a member of the Institute of Chartered Accountants Australia and New Zealand as well as a Fellow of the Australian Institute of Company Directors.

**Other current directorships:** Alex Ihlenfeldt is a non-independent director of Antipodes Global Investment Company Limited and an alternate director of Spheria Emerging Companies Limited (listed investment companies), and is a director of Plato Investment Management Limited, Solaris Investment Management Limited, Antipodes Partners (UK) Limited, Riparian Capital Partners Pty Ltd, Aikya Investment Management Limited, and Pinnacle Charitable Foundation Ltd and alternate director of Foray Enterprises Pty Limited, Resolution Capital Limited and Firetrail Investments Pty Limited.

Alex is also an executive director of Pinnacle, Pinnacle Services Administration Pty Limited, Pinnacle Fund Services Limited, Pinnacle RE Services Limited and Pinnacle Investment Management (UK) Limited.

**Former directorships in last 3 years:** Alex Ihlenfeldt has not held any other directorships of listed companies within the last 3 years.

**Interests in shares and options:** Details of Alex Ihlenfeldt's interests in shares of the Company are included in the Remuneration Report.

**Interests in contracts:** Details of Alex Ihlenfeldt's interests in contracts of the Company are included in the Remuneration Report.

## Don Hamson

**Experience and expertise:** Don Hamson has over 27 years investment management experience and was the founding Managing Director of Plato. Prior to establishing Plato, Don was Head of Active Equities, Asia Pacific (and a member of the global Senior Management Group) at State Street Global Advisers. Prior to joining State Street Don was Chief Investment Officer at Westpac Investment Management, where he was involved in forming BT Financial Group and was a member of the Investment Committee.

Don has a Bachelor of Commerce with First Class Honours and a PhD in Finance from the University of Queensland (UQ). Before moving to the investment industry Don was a Lecturer in Finance at UQ and a visiting Professor at the University of Michigan Business School.

**Other current directorships:** Don Hamson is Managing Director of the Manager.

**Former directorships in last 3 years:** Don Hamson has not held any other directorships of listed companies within the last three years.

**Interests in shares and options:** Details of Don Hamson's interests in shares of the Company are included in the Remuneration Report.

**Interests in contracts:** Details of Don Hamson's interests in contracts of the Company are included in the Remuneration Report.

### Meetings of Directors

The number of Board meetings held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

Director	Board meetings attended	Board meetings eligible to attend
Jonathan Trollip	4	4
Lorraine Berends	4	4
Katrina Onishi	4	4
Alex Ihlenfeldt	4	4
Don Hamson	4	4

### Company Secretary

During the 2021 financial year, the role of Company Secretary was performed by Calvin Kwok. Calvin is also Chief Legal, Risk & Compliance Officer and company secretary of Pinnacle Investment Management Group Limited and company secretary of Spheria Emerging Companies Limited and Antipodes Global Investment Company Limited. Calvin has prior experience at Herbert Smith Freehills, UBS Global Asset Management and Deutsche Bank. He holds a Master of Applied Finance, a Graduate Diploma of Applied Corporate Governance, a Bachelor of Laws and a Bachelor of Commerce.

## Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director of Plato Income Maximiser Limited in accordance with the Corporations Act. The Company Secretary is remunerated under a service agreement with Pinnacle.

### Details of remuneration

The Board from time to time determines the remuneration of Directors within the maximum amount approved by shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration from the Company.

Fees and payments to Directors reflect the demands that are made on them and their responsibilities. The performance of Directors is reviewed annually. The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total pooled remuneration of the Directors has been set at \$250,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities.

Directors' remuneration is not directly linked to the Company's performance.

The following table outlines key elements of the Company's financial performance since incorporation:

	2021	2020	2019	2018	2017 *
<b>Operating profit after tax (\$'000)</b>	73,019	(21,054) ***	34,592	19,098	863
<b>Dividends per share (cents per share)</b>	4.8	5.7	9.0 **	4.2	-
<b>Pre-tax NTA (\$)</b>	\$1.133	0.959	1.106	1.099	1.038
<b>Closing Share Price (\$)</b>	\$1.270	0.990	1.125	1.025	1.095

\* inception of the investment portfolio occurred 28 April 2017

\*\* includes special dividend of 3.0 cents per share

\*\*\* restated - please refer to Note 1(a) of financial statements regarding change in accounting policy

The following tables show details of the remuneration received by the Directors of the Company for the current financial year and prior period.

Director	Short-term employee benefits		Post-employment benefits		Total	
	Salary and fees		Superannuation			
	2021	2020	2021	2020	2021	2020
<b>Jonathan Trollip</b>	\$41,096	\$41,096	\$3,904	\$3,904	\$45,000	\$45,000
<b>Lorraine Berends</b>	\$31,963	\$31,963	\$3,037	\$3,037	\$35,000	\$35,000
<b>Katrina Onishi</b>	\$31,963	\$31,963	\$3,037	\$3,037	\$35,000	\$35,000
<b>Alex Ihlenfeldt</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Don Hamson</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total director remuneration</b>	<b>\$105,022</b>	<b>\$105,022</b>	<b>\$9,978</b>	<b>\$9,978</b>	<b>\$115,000</b>	<b>\$115,000</b>

The Company has no employees and therefore does not have a remuneration policy for employees. The Directors are the only people considered to be key management personnel of the Company.

### Director related entity remuneration

All transactions with related entities are made on normal commercial terms and conditions.

Don Hamson and Alex Ihlenfeldt, who are Directors, are also directors of the Manager. Alex Ihlenfeldt is a director of Pinnacle, which provides services to the Company in accordance with the Services Agreement.

The fees payable to the Manager and the Administrator are listed below:

### Management fee

In its capacity as investment manager, the Manager is entitled to be paid, and the Company must pay to the Manager, a management fee payable monthly in arrears equivalent to 0.80% per annum (exclusive of GST) of the value of the Company's portfolio calculated daily.

For the year ended 30 June 2021 the Manager was paid a management fee of \$3,647,098, exclusive of GST (period ended 30 June 2020: \$3,403,868).

As at 30 June 2021, the balance payable to the Manager was \$325,931, exclusive of GST (30 June 2020: \$540,146).

### Service fee

The Company has entered into the Services Agreement with Pinnacle for the provision of the following administration support services:

- Middle office portfolio administration;
- Finance, tax and reporting and administration; and
- Legal counsel and company secretarial.

For the year ended 30 June 2021, Pinnacle was paid a fee of \$86,664, exclusive of GST (period ended 30 June 2020: \$84,140). As at 30 June 2021, the balance payable was \$nil (30 June 2020: \$21,035).

### Contracts

Other than as stated above, no Director has received, or become entitled to receive, a benefit by reason of a contract made by the Company or a related company with the Director or with a firm of which they are a member or with a company in which they have substantial financial interest since the inception of the Company.

### Equity instrument disclosures relating to Directors

During the financial year and as at the date of this report, the Directors and their related parties held the following interests in the Company:

Director	Opening Balance 1 July	Acquisitions	Disposals	Closing Balance 30 June	Balance at date of this report
Jonathan Trollip*	95,000		-	95,000	95,000
Lorraine Berends*	81,250		-	81,250	81,250
Katrina Onishi*	100,000		-	100,000	100,000
Alex Ihlenfeldt*	587,726		-	587,726	587,726
Don Hamson*	1,250,000		-	1,250,000	1,250,000
<b>Total shares held*</b>	<b>2,113,976</b>		-	<b>2,113,976</b>	<b>2,113,976</b>

\*Held through direct and indirect interests

Directors and Director related entities acquire shares in the Company on the same terms and conditions available to other shareholders.

The Directors have not been granted options over unissued shares or interests in shares of the Company as part of their remuneration during or since the end of the financial year.

## End of Remuneration Report

### **Insurance and indemnification of officers and auditors**

During or since the end of the financial year the Company has given an indemnity and has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors of their position.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as the Company is prevented from doing so under the terms of its contract.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, or for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act.

### **Non-audit services**

During the year, Pitcher Partners, the Company's auditor, performed other services in addition to their statutory duties for the Company as disclosed in note 14 to the financial statements.

The Board is satisfied that the provision of other services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors are satisfied that the services disclosed in note 14 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to the auditor independence in accordance with the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

## **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 27.

## **Rounding of amounts**

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

This report is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, reading "Jonathan Trollip". The signature is written in a cursive style with a prominent loop at the end of the last name.

**Jonathan Trollip**, Chairman  
Sydney, 23 August 2021

# 05. Auditor's Independence Declaration

Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

p. +61 2 9221 2099  
e. [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**Auditor's Independence Declaration  
To the Directors of Plato Income Maximiser Limited  
ABN 63 616 746 215**

In relation to the independent audit of Plato Income Maximiser Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



**SM Whiddett**  
Partner

Pitcher Partners  
Sydney

23 August 2021

# 06. Financial Statements

# Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

			RESTATED*
	Notes	30 June 2021 \$'000	30 June 2020 \$'000
<b>Investment income</b>			
Net gain / (losses) on financial instruments held at fair value through profit and loss		74,392	(60,721)
Distribution income received		25,186	25,819
Interest income received		-	12
<b>Total investment income</b>		<b>99,578</b>	<b>(34,890)</b>
<b>Expenses</b>			
Management fees		(3,647)	(3,404)
ASX and share registry fees		(253)	(333)
Professional fees		(62)	(69)
Director fees		(115)	(115)
Other expenses		(199)	(193)
<b>Total expenses</b>		<b>(4,276)</b>	<b>(4,114)</b>
<b>Profit / (loss) before income tax</b>		<b>95,302</b>	<b>(39,004)</b>
Income tax (expense) / benefit	4	(22,283)	17,950
<b>Net profit / (loss) after income tax</b>		<b>73,019</b>	<b>(21,054)</b>
<b>Other comprehensive (loss) / income</b>			
<i>Items that will not be reclassified to profit and loss</i>			
(Loss) / gain on revaluation of investments		-	-
Provision for tax benefit / (expense) on revaluation of investments		-	-
<b>Other comprehensive (loss) / income net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to shareholders</b>		<b>73,019</b>	<b>(21,054)</b>
<b>Earnings per share for profit attributable to ordinary equity holders of the Company</b>			
		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	17	17.0	(5.2)

\* Please refer to Note 1(a) regarding change in accounting policy

The above statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

# Statement of financial position

As at 30 June 2021

			RESTATED*
	Notes	30 June 2021 \$'000	30 June 2020 \$'000
<b>Assets</b>			
Cash and cash equivalents	5	866	908
Trade and other receivables	6	1,969	4,144
Financial assets at fair value through profit or loss	7	483,144	406,437
Deferred tax assets	8	2,432	21,538
<b>Total assets</b>		<b>488,411</b>	<b>433,027</b>
<b>Liabilities</b>			
Trade and other payables	9	420	667
Deferred tax liabilities	8	3,177	-
<b>Total liabilities</b>		<b>3,597</b>	<b>667</b>
<b>Net assets</b>		<b>484,814</b>	<b>432,360</b>
<b>Shareholders' equity</b>			
Issued capital	10	464,839	464,839
Profits reserve	11a	66,176	13,722
Retained earnings		(46,201)	(46,201)
<b>Total equity</b>		<b>484,814</b>	<b>432,360</b>

\* Please refer to Note 1(a) regarding change in accounting policy

The above statement of financial position should be read in conjunction with the notes to the financial statements.

# Statement of changes in equity

For the year ended 30 June 2021

		RESTATED*		RESTATED*		
	Notes	Issued capital	Profits reserve	Asset revaluation reserve	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year Ended 30 June 2020</b>						
<b>Balance at 1 July 2019</b>		320,462	15,379	(3,696)	-	332,145
Adjustment on change in accounting policy (Note 1(a))		-	-	3,696	(3,696)	-
<b>Balance at 1 July 2019 - Restated</b>		320,462	15,379	-	(3,696)	332,145
<b>Total comprehensive income</b>						
Loss for the year		-	-	-	(21,054)	(21,054)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive loss</b>		-	-	-	<b>(21,054)</b>	<b>(21,054)</b>
<b>Transfer between reserves</b>						
Transfer to profit reserve	11a	-	21,451	-	(21,451)	-
<b>Total transfer between reserves</b>		-	<b>21,451</b>	-	<b>(21,451)</b>	-
<b>Transactions with owners in their capacity as owners</b>						
Issue of shares	10	144,377	-	-	-	144,377
Dividends paid to shareholders	12	-	(23,108)	-	-	(23,108)
<b>Total transactions with owners in their capacity as owners</b>		144,377	(23,108)	-	-	(121,269)
<b>Balance as at 30 June 2020</b>		<b>464,839</b>	<b>13,722</b>	-	<b>(46,201)</b>	<b>432,360</b>
<b>Year Ended 30 June 2021</b>						
<b>Total comprehensive income</b>						
Profit for the year		-	-	-	73,019	73,019
Other comprehensive (loss)		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	<b>73,019</b>	<b>73,019</b>
<b>Transfer between reserves</b>						
Transfer to profit reserve	11a	-	73,019	-	(73,019)	-
<b>Total transfer between reserves</b>		-	<b>73,019</b>	-	<b>(73,019)</b>	-
<b>Transactions with owners in their capacity as owners</b>						
Dividends paid to shareholders	12	-	(20,565)	-	-	(20,565)
<b>Total transactions with owners in their capacity as owners</b>		-	(20,565)	-	-	(20,565)
<b>Balance as at 30 June 2021</b>		<b>464,839</b>	<b>66,176</b>	-	<b>(46,201)</b>	<b>484,814</b>

\* Please refer to Note 1(a) regarding change in accounting policy

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

# Statement of cash flows

For the year ended 30 June 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
<b>Cash flows from operating activities</b>			
Distributions received		27,405	26,000
Interest received		-	12
Payments to suppliers		(4,567)	(3,779)
<b>Net cash provided by operating activities</b>		<b>22,838</b>	<b>22,233</b>
<b>Cash flows from investing activities</b>			
Proceeds from redemption of investments		4,050	-
Payments for investments		(6,365)	(142,922)
<b>Net cash used in investing activities</b>		<b>(2,315)</b>	<b>(142,922)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	144,377
Dividends paid to shareholders		(20,565)	(23,108)
<b>Net cash provided by / (used in) financing activities</b>		<b>(20,565)</b>	<b>121,269</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(42)</b>	<b>580</b>
Cash assets at beginning of the year		908	328
<b>Cash assets at the end of the year</b>	<b>5</b>	<b>866</b>	<b>908</b>

The above statement of cash flows should be read in conjunction with the notes to the financial statements.



# 07.

# Notes to the Financial Statements

For the year ended 30 June 2021

# Note 1

## Summary of significant accounting policies

The financial statements were authorised for issue on 23 August 2021 by the Board.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with the Corporations Act, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a 'for-profit' entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, except for the measurement at fair value of selected financial assets and financial liabilities.

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Material accounting policies adopted in the preparation of the financial statements are presented below. Other than the implementation of new accounting standards noted in 1(o) below, the accounting policies adopted are consistent with the previous year, unless stated otherwise:

#### **(a) Change in classification of investments**

During the financial year, the Company reassessed the classification of investments held in managed funds. In previous financial years, the Company elected to designate, and subsequently measure, all investments held in managed funds at fair value through other comprehensive income. After reconsidering the underlying terms and conditions of units held in managed funds, the Company has determined that it would be more appropriate for units redeemable directly to the fund to be classified, and subsequently measured, at fair value through profit or loss.

As a result, changes in fair value of investments in redeemable units are now recognised in profit or loss, instead of other comprehensive income. Comparative information has been restated to align with the revised accounting policy, so that both the current year and prior year information is presented on a consistent and comparable basis.

Applying the revised accounting policy to the comparative information resulted in the restatement of prior year profit from \$21,451,000 to a loss of \$21,054,000, the restatement of prior year other comprehensive income from a loss of \$42,505,000 to \$nil, and the transfer of cumulative changes in fair value from the asset revaluation reserve to retained earnings of \$3,696,000. The revised accounting policy did not change the reported amount of total comprehensive income, the closing equity balance or the carrying amount of investments held in managed funds.

The table following sets out the impact of these changes on the statement of profit or loss and other comprehensive income for the previous financial year:

	as previously reported	RESTATED	Difference
	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
<b>Investment income</b>			
Net gain / (losses) on financial instruments held at fair value through profit and loss	-	(60,721)	60,721
Distribution income received	25,819	25,819	-
Interest income received	12	12	-
<b>Total investment income</b>	<b>25,831</b>	<b>(34,890)</b>	<b>60,721</b>
<b>Total expenses</b>	<b>(4,114)</b>	<b>(4,114)</b>	<b>-</b>
<b>Profit / (loss) before income tax</b>	<b>21,717</b>	<b>(39,004)</b>	<b>60,721</b>
Income tax (expense) / benefit	(266)	17,950	(18,216)
<b>Net profit / (loss) after income tax</b>	<b>21,451</b>	<b>(21,054)</b>	<b>42,505</b>
<b>Other comprehensive (loss) / income</b>			
<i>Items that will not be reclassified to profit and loss</i>			
(Loss) / gain on revaluation of investments	(60,721)	-	(60,721)
Provision for tax benefit / (expense) on revaluation of investments	18,216	-	18,216
<b>Other comprehensive (loss) / income net of tax</b>	<b>(42,505)</b>	<b>-</b>	<b>(42,505)</b>
<b>Total comprehensive income attributable to shareholders</b>	<b>(21,054)</b>	<b>(21,054)</b>	<b>-</b>

## (b) Investments

### 1. Classification

The category of financial assets and financial liabilities comprises financial assets designated at fair value through profit and loss.

This includes financial assets that are redeemable units in unit funds and their fair value changes are recorded in profit and loss.

### 2. Recognition and Measurement

Financial assets at fair value through profit and loss are recognised initially at fair value, including transaction costs on trade date at which the Company becomes party to the contractual provisions

of the instrument. Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

### 3. *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

### 4. *Valuation*

All investments are classified and measured at fair value. The Company's managed fund investment is valued based on the redemption price of the units held. Listed investments are valued continuously at fair value, which is determined by the unadjusted last-sale price quoted on the Australian Securities Exchange at the measurement date.

If a quoted market price is not available on a recognised security exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

#### **(c) Fair value measurement**

When a financial asset is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either in the principal market, or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets measured on a recurring basis at fair value are classified into 3 levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Further information regarding fair value measurements is provided in note 3.

#### **(d) Income and expenditure**

Distributions from managed funds are recognised on a present entitlements basis and recognised in the statement of profit or loss on the day the distributions are announced.

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised in the statement of profit or loss as they accrue, using the effective interest method of the instrument calculated at the acquisition date. Interest income includes

the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income is recognised on a gross basis, including any withholding tax, if any.

All other expenses, including investment management fees, are recognised in the statement of profit or loss on an accruals basis.

#### **(e) Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the applicable tax rate.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date.

Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

#### **(f) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST, unless GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority are presented as operating cash flows.

#### **(g) Cash and cash equivalents**

Cash includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **(h) Trade and other receivables**

Trade and other receivables relate to outstanding settlements as well as accrued income in relation to interest and dividends receivable. Trade receivables are generally due for settlement within 30 days. Details regarding the accounting policy for the impairment of receivables is provided at note(1)(n).

#### **(i) Trade and other payables**

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(j) Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### **(k) Profits reserve**

A profits reserve has been created representing an amount allocated from earnings that is preserved for future dividend payments.

#### **(l) Earnings per share**

##### 1. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial period adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

##### 2. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares (e.g. options on issue and in the money).

#### **(m) Operating segments**

The Company's investment activities are its only reportable segment. The Company operates from one geographic location, being Australia.

## **(n) Critical accounting estimates and judgments**

The preparation of financial statements requires the use of estimates and judgments which affect the reported amounts of assets and liabilities of the Company. These estimates and judgments are constantly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### *Income taxes*

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. The Company estimates its income taxes based on the Company's understanding of tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Further information regarding the Company's income tax expense / (benefit) is provided in note 4.

The Company can recognise deferred tax assets relating to carried forward tax losses and deductible timing differences to the extent that it is considered probable that there will be future taxable profits relating to the same taxation authority against which the carried forward tax losses and deductible timing differences will be utilised. Further information regarding the Company's deferred tax assets are provided at note 8.

### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group of receivables. These assumptions can include historical collection rates, and any forward-looking information that is available including potential impacts of the COVID-19 pandemic. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

## **(o) New accounting standards and interpretations not yet mandatory or early adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Company. It is not expected that that these new standards and interpretations will have a material impact on the entity in future reporting periods.

# Note 2

## Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk, which could affect the Company's future financial performance.

The Board has implemented a risk management framework to mitigate these risks. This includes consideration of compliance and risk management reporting on a quarterly basis to monitor compliance and evaluate risk, and regular reporting from the Manager to ensure ongoing compliance with the investment strategy and investment guidelines. During the financial year, the risk management framework for the Company was reviewed.

The Company holds the following financial instruments, all of which are measured at amortised cost except for financial assets at fair value through profit or loss:

Financial assets	2021 \$'000	2020 \$'000
Cash and cash equivalents	866	908
Trade and other receivables	1,969	4,144
Financial assets at fair value through profit or loss	483,144	406,437*
	<b>485,979</b>	<b>411,489</b>
Financial liabilities		
Trade and other payables	420	667
	<b>420</b>	<b>667</b>

\*As detailed in note 1 (a), during the financial year, the Company reassessed the classification of investments held in managed funds. In previous financial years, the Company elected to designate, and subsequently measure, all investments held in managed funds at fair value through other comprehensive income. After reconsidering the underlying terms and conditions of units held in managed funds, the Company has determined that it would be more appropriate for units redeemable directly to the fund to be classified, and subsequently measured, at fair value through profit or loss.

As a result, changes in fair value of investments in redeemable units are now recognised in profit or loss, instead of other comprehensive income. Comparative information has been restated to align with the revised accounting policy, so that both the current year and prior year information is presented on a consistent and comparable basis.

### (a) Market risk

#### 1. Price risk

Price risk is the risk that changes in market prices will affect the fair value of the financial instrument. The fair value is determined by the redemption price of the managed fund investment at the measurement date.

The Company is exposed to price risk through the movement of the unit price of the managed fund which is exposed to variation of security prices of the companies and trusts in which it is invested.

The market value of the managed fund fluctuates daily and the fair value of the portfolio changes continuously, with this change in the fair value recognised through profit or loss.

### Sensitivity

The table below summarises the impact of increases/(decreases) in equity securities prices on the Company's net assets before provision for tax on unrealised capital gains at 30 June 2021. The analysis is based on the assumption that equity securities prices had increased/(decreased) by 10% and 20% with all other variables held constant and the Company's investment moved in correlation with the index.

	Impact on net assets			
	\$'000		NTA per share	
	+/- 10%	+/- 20%	+/- 10%	+/- 20%
2021	48,314/(48,314)	96,629/(96,629)	\$0.11/(\$0.11)	\$0.23/(\$0.23)
2020	40,644/(40,644)	82,118/(82,118)	\$0.09/(\$0.09)	\$0.19/(\$0.19)

## 2. Interest rate risk

The fair value of other financial instruments is unlikely to be materially affected by a movement in interest rates as they generally have short dated maturities and variable interest rates.

### (b) Credit risk

The Company's credit risk exposures arise from the investment in liquid assets, such as cash and income receivable.

The risk that a financial loss will occur because of a counterparty to a financial instrument failing to discharge an obligation is known as credit risk. The credit risk on the Company's financial assets, excluding investments, is the carrying amount of those assets.

Income receivable comprises accrued interest and distributions which were brought to account on the date the units traded ex-distribution.

There are no financial instruments overdue.

The Company's cash balances are held with a counterparty that has a credit rating of AA- (as determined by Standard and Poor's (S&P)). The clearing and depository operations of the underlying managed fund's security transactions are mainly concentrated with one counterparty which has a credit rating of AA- with S&P. All financial assets and their recoverability are continuously monitored by the Administrator and reviewed by the board on a quarterly basis.

### (c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due.

The Company manages the liquidity risk by monitoring forecast and actual cash-flows.

## Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities at year end date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

### Contractual maturities of financial liabilities

	1 to 30 days	30 days to 1 year	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2021</b>				
Trade and other payables	420	-	420	420
<b>Total financial liabilities</b>	<b>420</b>	<b>-</b>	<b>420</b>	<b>420</b>
<b>At 30 June 2020</b>				
Trade and other payables	667	-	667	667
<b>Total financial liabilities</b>	<b>667</b>	<b>-</b>	<b>667</b>	<b>667</b>



# Note 3

## Fair value measurements

The Company measures and recognises its investments on a recurring basis.

### Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

### Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value.

	Level 1	Level 2	Level 3	Total
Assets	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2021</b>				
Managed funds	-	483,144	-	483,144
<b>Total assets</b>	-	<b>483,144</b>	-	<b>483,144</b>
<b>At 30 June 2020</b>				
Managed funds	-	406,437	-	406,437
<b>Total assets</b>	-	<b>406,437</b>	-	<b>406,437</b>

The investment included in level 2 of the hierarchy is the amount of the investment based on the redemption price of the Plato Fund as at the end of the reporting period.

There were no transfers between levels for recurring fair value measurements during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

The carrying amounts of all financial instruments other than those measured at fair value on a recurring basis are considered to represent a reasonable approximation of their fair values.

# Note 4

## Income tax expense

	RESTATED*	
	2021 \$'000	2020 \$'000
<b>(a) Income tax expense</b>		
Current tax (benefit) / expense	(123)	155
Deferred tax expense / (benefit)	22,406	(18,105)
Total income tax expense / (benefit) in profit or loss	22,283	(17,950)
Deferred income tax expense / (benefit) included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	19,229	18,105
Increase / (decrease) in deferred tax liabilities	3,177	-
	<b>22,406</b>	<b>18,105</b>
<b>(b) Reconciliation of income tax expense to prima facie tax payable</b>		
Profit before income tax	95,302	(39,004)
<b>Tax at the Australian tax rate of 30%</b>	<b>28,591</b>	<b>(11,701)</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax credits	(6,303)	(6,249)
Prior period adjustments	(5)	-
<b>Income tax expense</b>	<b>22,283</b>	<b>(17,950)</b>

\* Please refer to Note 1(a) regarding change in accounting policy.

# Note 5

## Cash and cash equivalents

	30 June 2021 \$'000	30 June 2020 \$'000
Cash at bank	866	908
	<b>866</b>	<b>908</b>

The weighted average interest rate for cash as at 30 June 2021 is 0.00% (30 June 2020: 0.00%).

# Note 6

## Trade and other receivables

	30 June 2021 \$'000	30 June 2020 \$'000
Distributions receivable	1,829	4,048
Prepayments	46	33
GST receivable	94	63
	<b>1,969</b>	<b>4,144</b>

Collectibility of trade receivables is reviewed on an ongoing basis in accordance with the expected credit loss ('ECL') model (refer note 1(n)). The ECL assessment at 30 June 2021 has resulted in no credit loss and no impairment allowance being recognised by the Company. Further information regarding credit risk of the Company is provided at note 2(b).





# Note 7

## Investments

	30 June 2021 \$'000	30 June 2020 \$'000
Investment in Plato Australian Shares Income Fund	483,144	406,437
	<b>483,144</b>	<b>406,437</b>

Changes in fair value of the investments are presented in the statement of profit or loss and other comprehensive income.

The holding at 30 June 2021 was 481,794,816 units valued at \$1.0028 per unit (30 June 2020: 479,006,899 units valued at \$0.8485 per unit).

# Note 8

## Deferred tax assets/liabilities

	RESTATED*	
	30 June 2021 \$'000	30 June 2020 \$'000
<b>The deferred tax assets balance comprises temporary differences attributable to:</b>		
Accruals	15	17
Unrealised loss on financial assets at fair value through profit or loss	-	19,227
Share issue costs	-	548
Income tax losses	2,417	1,746
	<b>2,432</b>	<b>21,538</b>
<b>Reconciliations</b>		
<b>Gross movements:</b>		
The overall movement in deferred tax asset accounts is as follows:		
Opening balance	21,538	3,587
(Charged) / credited directly to profit or loss	(19,229)	18,105
(Charged) to equity	(548)	(548)
Income tax losses	671	394
<b>Closing balance</b>	<b>2,432</b>	<b>21,538</b>
<b>The movement in deferred tax assets for each temporary difference during the year is as follows:</b>		
<b>(i) Accruals</b>		
Opening balance	17	16
(Charged) / credited directly to profit or loss	(2)	1
<b>Closing balance</b>	<b>15</b>	<b>17</b>
<b>(ii) Unrealised loss on financial assets at fair value through other comprehensive income</b>		
Opening balance	19,227	1,123
(Charged) / credited directly to profit or loss	(19,227)	18,104
<b>Closing balance</b>	<b>-</b>	<b>19,227</b>
<b>(iii) Share issue costs</b>		
Opening balance	548	1,096
Credited directly to equity	(548)	(548)
<b>Closing balance</b>	<b>-</b>	<b>548</b>
<b>(iv) Income tax losses</b>		
Opening balance	1,746	1,352
Increase in income tax losses	671	394
<b>Closing balance</b>	<b>2,417</b>	<b>1,746</b>

\* Please refer to Note 1(a) regarding change in accounting policy.

A deferred tax asset for income tax losses has been recognised on the basis it is considered probable that there will be sufficient taxable profits against which to recover the losses in future years.

	30 June 2021 \$'000	30 June 2020 \$'000
<b>The deferred tax liability balance comprises temporary differences attributable to:</b>		
Unrealised gain on financial assets at fair value through profit or loss	3,177	-
	3,177	-
<b>Reconciliations</b>		
<b>Gross movements:</b>		
The overall movement in deferred tax liability accounts is as follows:		
Opening balance	-	-
Charged to profit or loss	3,177	-
<b>Closing balance</b>	<b>3,177</b>	<b>-</b>
<b>The movement in deferred tax liabilities for each temporary difference during the year is as follows:</b>		
<b>(ii) Unrealised gain on financial assets at fair value through other comprehensive income</b>		
Opening balance	-	-
Charged directly to profit or loss	3,177	-
<b>Closing balance</b>	<b>3,177</b>	<b>-</b>

## Note 9

# Trade and other payables

	30 June 2021 \$'000	30 June 2020 \$'000
Trade creditors	8	295
Accrued expenses	403	365
Other payables	9	7
	<b>420</b>	<b>667</b>

Trade and other payables primarily relate to outstanding settlements and are usually paid within 30 days of recognition.

# Note 10

## Issued capital

### (a) Share capital

	2021 Number	2021 \$'000	2020 Number	2020 \$'000
Fully paid ordinary shares	428,433,163	464,839	428,433,163	464,839
<b>Total share capital</b>	<b>428,433,163</b>	<b>464,839</b>	<b>428,433,163</b>	<b>464,839</b>

The Company does not have an authorised capital value or par value in respect of its issued shares.

### (b) Movements in ordinary share capital

Date	Details	Number of Shares	Price	Total \$'000
1 July 2019	Balance	296,619,760		319,661
6 September 2019	Issue of shares pursuant to 1 for 1.6 non-renounceable entitlement offer and oversubscription facility (refer (e) below)	45,228,433	\$1.10	49,751
12 September 2019	Issue of shares pursuant to broker firm shortfall offer (refer (e) below)	86,023,470	\$1.10	94,626
30 June 2020	Balance	428,433,163		464,839
1 July 2020	Balance	428,433,163		464,839
	No changes	-		-
30 June 2021	Balance	428,433,163		464,839

### (c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a general meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

### (d) Options

During the current year and prior year, the Company had no unissued ordinary shares under option

**(e) Non-renounceable Entitlement Offer**

On 8 August 2019, the Company announced an offer of shares consisting of:

- a 1 for 1.6 non-renounceable entitlement offer of new fully paid ordinary shares in the Company at an offer price of \$1.10 (“New Shares”) for existing eligible shareholders;
- an oversubscription facility for existing eligible shareholders to apply for additional New Shares in excess of their entitlement; and
- an offer of New Shares not taken up by eligible shareholders in the entitlement offer and oversubscription facility to institutional and retail investors (“broker firm shortfall offer”).

The offer was completed during September 2019 raising \$144,377,000 via the issue of 131,251,903 New Shares, 45,228,433 of which were issued under the entitlement offer and oversubscription facility, and 86,023,470 under the broker firm shortfall offer.

**(f) Capital management**

The Company’s objective in managing its capital is to satisfy its aim to provide shareholders with dividend income and total return in excess of the Company’s Benchmark. The Company considers its capital to be its issued capital, reserves and accumulated retained earnings.

The Company’s capital will fluctuate with market conditions. The Company can manage its capital through the level of dividends paid to shareholders, the issue of shares or the use of share buy-backs.

The Company is an ASX listed investment Company and is subject to ASX listing rule requirements.

# Note 11

## Reserves

### (a) Profits reserve

	30 June 2021 \$'000	30 June 2020 \$'000
Opening balance	13,722	15,379
Transfer of net profits from profit and loss	73,019	21,451
Dividends paid	(20,565)	(23,108)
<b>Closing balance</b>	<b>66,176</b>	<b>13,722</b>

### (b) Asset revaluation reserve

		RESTATED*
	30 June 2021 \$'000	30 June 2020 \$'000
Opening balance	-	(3,696)
Opening balance adjustment – change in accounting policy Note 1(a)	-	3,696
<b>Closing balance</b>	<b>-</b>	<b>-</b>

\* Please refer to Note 1(a) regarding change in accounting policy.

# Note 12

## Dividends

### (a) Dividend paid

During the year ended 30 June 2021 the Company paid the following dividends, franked at a company tax rate of 30%:

	2021 \$'000	2020 \$'000
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 31 July 2020 (2020 - \$0.005 paid on 31 July 2019)	1,714	1,486
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 31 August 2020 (2020 - \$0.005 paid on 30 August 2019)	1,714	1,486
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 30 September 2020 (2020 - \$0.005 paid on 30 September 2019)	1,714	2,142
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 30 October 2020 (2020 - \$0.005 paid on 31 October 2019)	1,714	2,142
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 30 November 2020 (2020 - \$0.005 paid on 29 November 2019)	1,714	2,142
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 31 December 2020 (2020 - \$0.005 paid on 31 December 2019)	1,714	2,142
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 29 January 2021 (2020 - \$0.005 paid on 31 January 2020)	1,714	2,142
Interim fully-franked dividend of \$0.004 per fully paid ordinary share payable on 26 February 2021 (2020 - \$0.005 paid on 28 February 2020)	1,714	2,142
Interim fully-franked dividend of \$0.004 per fully paid ordinary share payable on 31 March 2021 (2020 - \$0.005 paid on 31 March 2020)	1,714	2,142
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 30 April 2021 (2020 - \$0.004 paid on 30 April 2020)	1,714	1,714
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 31 May 2021 (2020 - \$0.004 paid on 29 May 2020)	1,714	1,714
Interim fully-franked dividend of \$0.004 per fully paid ordinary share paid on 30 June 2021 (2020 - \$0.004 paid on 30 June 2020)	1,714	1,714
<b>Total dividends paid</b>	<b>20,565</b>	<b>23,108</b>

**(b) Dividends not recognised at the end of the year**

Since the end of the year the Company has declared the following dividends, franked at a Company tax rate of 30%. The aggregate amount of dividends expected to be paid but not recognised as a liability at year end, is:

	2021 \$'000	2020 \$'000
Interim fully-franked dividend of \$0.0045 per fully paid ordinary share paid on 30 July 2021 (2020 - \$0.004 paid on 31 July 2020)	1,928	1,714
Interim fully-franked dividend of \$0.0045 per fully paid ordinary share payable on 31 August 2021 (2020 - \$0.004 paid on 31 August 2020)	1,928	1,714
Interim fully-franked dividend of \$0.0045 per fully paid ordinary share payable on 30 September 2021 (2020 - \$0.004 paid on 30 September 2020)	1,928	1,714
<b>Total dividends payable but not recognised as a liability at year-end</b>	<b>5,784</b>	<b>5,142</b>

**(c) Dividend franking account**

The balance of the Company's dividend franking account available for use in subsequent reporting periods at 30 June 2021 was \$4,984,000 (30 June 2020: \$4,770,000).

# Note 13

## Key management personnel disclosures

**(a) Key management personnel compensation**

	2021 \$	2020 \$
Short-term employment benefits	105,022	105,022
Post-employment benefits	9,978	9,978
<b>Total remuneration</b>	<b>115,000</b>	<b>115,000</b>

Detailed remuneration disclosures are provided in the Remuneration Report on pages 22 to 24.

## (b) Equity instrument disclosures relating to key management personnel

### (1) Shareholdings

The numbers of shares in the Company held during the financial year by each Director, including their related parties, are set out below. There were no shares granted during the financial year as compensation.

Ordinary shares held					
Director	Year	Opening balance	Acquisitions	Disposals	Closing balance
Jonathan Trollip*	2021	95,000	-	-	95,000
	2020	50,000	45,000	-	95,000
Lorraine Berends*	2021	81,250	-	-	81,250
	2020	50,000	31,250	-	81,250
Katrina Onishi*	2021	100,000	-	-	100,000
	2020	50,000	50,000	-	100,000
Alex Ihlenfeldt*	2021	587,726	-	-	587,726
	2020	535,000	52,726	-	587,726
Don Hamson*	2021	1,250,000	-	-	1,250,000
	2020	250,001	999,999	-	1,250,000
Total shares held*	2021	2,113,976	-	-	2,113,976
	2020	935,001	1,178,975	-	2,113,976

\* Held through direct and indirect interests.

Directors and their related parties acquire shares in the Company on the same terms and conditions available to other shareholders.

### (2) Option holdings

During the current year and prior year, the Company had no unissued ordinary shares under option.

# Note 14

## Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor, its related practices and non related audit firms:

### (a) Audit and other assurance services

	2021 \$	2020 \$
<b>Audit services – Pitcher Partners</b>		
Audit of financial reports	51,262	53,304
<b>Total remuneration for audit and other assurance services</b>	<b>51,262</b>	<b>53,304</b>

### (b) Non-audit services

	30 June 2021 \$	30 June 2020 \$
<b>Taxation services – Pitcher Partners</b>		
Tax compliance services	10,593	16,027
<b>Total remuneration for tax compliance services</b>	<b>10,593</b>	<b>16,027</b>

The Board oversees the relationship with the Company's external auditors. The Board reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other audit-related tax compliance services provided by the audit firm, to ensure that they do not compromise independence.

# Note 15

## Related party transactions

All transactions with related parties were made on normal commercial terms and conditions and at market rates.

### **(a) Investment Management Agreement**

Don Hamson and Alex Ihlenfeldt, directors of the Company, are directors of the Manager.

The Company appointed the Manager to act as investment manager of the Company's portfolio under the Investment Management Agreement.

Under the Investment Management Agreement, the Manager must:

- (1) invest money constituted in or available to the Company's portfolio, including money received as a consequence of disposal of investments or any dividend or other distribution received;
- (2) retain investments; and
- (3) realise or dispose of investments.

The initial term of the Investment Management Agreement is 10 years, which will be automatically extended for successive five year periods up to 25 years from the commencement date when it will terminate, unless terminated earlier in accordance with the Investment Management Agreement. The Company may remove the Manager and terminate the agreement after the expiration of the initial term if the shareholders resolve by ordinary resolution that the Manager should be removed as manager of the Company's portfolio, on delivery of three months' prior written notice.

The associated fees payable to the Manager are listed below:

### **Management fee**

In its capacity as investment manager, the Manager is entitled to receive a management fee of 0.80% per annum (exclusive of GST) of the value of the Company's portfolio calculated daily and paid at the end of each month in arrears.

For the year ended 30 June 2021 the Manager was paid a management fee of \$3,647,098, exclusive of GST (period ended 30 June 2020: \$3,403,868).

As at 30 June 2021, the balance payable to the Manager was \$325,931, exclusive of GST (30 June 2020: \$540,146).

## **(b) Services Agreement**

Alex Ihlenfeldt, a director of the Company, is also a director of Pinnacle, the Administrator.

The Company has entered into the Services Agreement with Pinnacle for the provision of the following administration support services:

- Middle office portfolio administration;
- Finance, tax and reporting and administration; and
- Legal counsel and company secretarial.

The Company is required to pay Pinnacle a service fee quarterly in arrears for the provision of the services calculated as follows:

- (1) in respect of the first financial year to 30 June 2017 – \$70,000 (exclusive of GST) (Base Retainer); and
- (2) in respect of each subsequent financial year – the Base Retainer calculated for the immediately preceding financial year indexed by 3%.

For the year ended 30 June 2021, Pinnacle was paid a fee of \$86,664, exclusive of GST (30 June 2020: \$84,140). As at 30 June 2021, the balance payable was \$nil (30 June 2020: \$21,035).

## **(c) Responsible Entity of Plato Fund**

Alex Ihlenfeldt, a director of the Company, is one of four directors of Pinnacle Fund Services Limited, the responsible entity of the Plato Fund.

# Note 16

## Reconciliation of profit after income tax to net cash flow from operating activities

	RESTATED*	
	2021 \$'000	2020 \$'000
<b>Profit / (loss) for the period</b>	<b>73,019</b>	<b>(21,054)</b>
Net (gains) / losses on financial instruments held at fair value through profit and loss	(74,392)	60,721
Changes in operating assets / liabilities		
Decrease / (increase) in trade and other receivables	2,175	165
Decrease / (increase) in deferred tax balances credited to profit or loss	22,283	(17,950)
Increase / (decrease) in trade and other payables	(247)	351
<b>Net cash inflow from operating activities</b>	<b>23,838</b>	<b>22,233</b>

\* Please refer to Note 1(a) regarding change in accounting policy.

# Note 17

## Earnings per share

	2021 \$'000	2020 \$'000
<b>(a) Earnings used in the calculation of basic and diluted earnings per share</b>		
Profit / (loss) from continuing operations attributable to the owners of the Company	73,019	(21,054)
<b>(b) Basic and diluted earnings per share</b>	<b>Cents</b>	<b>Cents</b>
Profit / (loss) from continuing operations attributable to the owners of the Company	17.0	(5.2)
<b>(c) Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share</b>	<b>Number</b>	<b>Number</b>
	428,433,163	402,637,343

# Note 18

## Subsequent events

Apart from the dividends declared subsequent to balance date as disclosed in note 12(b), no matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

# Note 19

## Contingencies and commitments

The Company has no known contingent assets or liabilities nor material commitments as at 30 June 2021.

“Truth is the beginning of every good to the gods, and of every good to man.”

Plato (427-347 BC)

# 08. Directors' Declaration

**The Directors declare that:**

- (a) the financial statements and notes as set out on pages 28 to 60 are in accordance with the Corporations Act 2001, including:
  - (1) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (2) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date.
- (b) in the Directors' opinion there are reasonable grounds to believe that Plato Income Maximiser Limited will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting standards as issued by the International Accounting Standards Board; and

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.



**Jonathan Trollip**, Chairman  
Sydney, 23 August 2021

# 09. Independent Auditor's Report

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**Independent Auditor's Report  
to the Members of Plato Income Maximiser Limited  
ABN 63 616 746 215**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Plato Income Maximiser Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying the financial report of Plato Income Maximiser Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis of Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<p><b>Existence and Valuation of Financial Assets</b> <b>Refer to Note 3: Fair value measurements, Note 7: Investments and Note 8: Deferred tax assets/liabilities</b></p>	
<p>We focused our audit effort on the valuation and existence of the Company's investment due to the size of the balance. It also represents the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>As the Company's sole investment is in an unlisted managed investment scheme, (the Fund), there are judgements involved in determining the fair value on investment.</p> <p>We therefore identified the existence and valuation of the investment as an area of focus.</p> <p>The revaluation of investments poses a further audit focus area in relation to the taxation adjustments.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the design and implementation of the investment management processes and controls;</li> <li>▪ Assessing the existence and valuation by agreeing the investment units held and the unit price as at 30 June 2021 to the distribution statement;</li> <li>▪ Obtaining the 30 June 2021 audited accounts of the Plato Australian Shares Income Fund ("the Fund") and performing procedures including: <ul style="list-style-type: none"> <li>- Recalculating Net Asset Value "NAV" and comparing to reported unit price;</li> <li>- Confirming the 30 June 2021 balance of units and movement in units for the class of units and movements in units for the class of units offered to the Company in the Fund;</li> <li>- Considering the appropriateness of the Fund's accounting policies; and</li> <li>- Confirming that the Fund's audit opinion is unmodified.</li> </ul> </li> <li>▪ Evaluating the appropriateness of the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

*Other information*

The Directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 14 to 16 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Plato Income Maximiser Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The Directors of Plato Income Maximiser Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**S M Whiddett**  
Partner



**Pitcher Partners**  
Sydney

23 August 2021



# 10. Shareholder Information

The shareholder information set out below was applicable as at 20 August 2021.

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report, is listed below.

### **Distribution of equity securities**

Analysis of numbers of equity security holders by size of holding:

<b>Holding</b>	<b>Number of shareholders</b>	<b>Shares</b>	<b>Percentage</b>
1 – 1,000	380	221,078	0.05%
1,001 – 5,000	752	2,613,313	0.61%
5,001 – 10,000	1,094	9,319,066	2.18%
10,001 – 100,000	5,838	226,217,467	52.80%
100,001 and over	759	190,062,239	44.36%
<b>Total</b>	<b>8,823</b>	<b>428,433,163</b>	<b>100.000%</b>
<b>Holdings less than a marketable parcel (less than \$500)</b>	<b>98</b>	<b>2,772</b>	<b>0.001%</b>

There are no options currently on issue by the Company.

## Equity security holders

The Company's twenty largest quoted equity security holders are:

Name	Number held	Percentage of shares issued
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	9,569,852	2.28%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,431,543	1.79%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	4,893,225	1.34%
NETWEALTH INVESTMENTS LIMITED	3,687,203	0.93%
NETWEALTH INVESTMENTS LIMITED	2,829,236	0.51%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	2,303,431	0.42%
GOLD TIGER INVESTMENTS PTY LTD	2,000,000	0.34%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	1,333,905	0.30%
DRUG AWARENESS & RELIEF FOUNDATION (AUSTRALIA)	1,273,000	0.28%
DONALD FRANK HAMSON & TINA VANESSA HAMSON	1,200,000	0.28%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	1,078,700	0.27%
MRS JUNIDA STEPHENSON	1,000,000	0.26%
KIRKFARE PTY LTD	1,000,000	0.23%
THE REBECCA L COOPER MEDICAL RESEARCH FOUNDATION LTD	989,554	0.22%
CHARANDA NOMINEE COMPANY PTY LTD	940,605	0.22%
THE CORPORATION OF THE TRUSTEES OF THE ORDER OF THE SISTERS OF MERCY IN QLD	909,090	0.21%
MR GREGORY ALAN BELL & MRS MYRA MARGARET BELL	801,200	0.19%
JOHNSON'S HARDWARE PTY LTD	800,000	0.19%
NAVIGATOR AUSTRALIA LTD	792,303	0.19%
MRS KELLYANNE DYER	739,375	0.17%
<b>Total</b>	<b>47,305,312</b>	<b>11.04%</b>
<b>Total remaining holders balance</b>	<b>381,127,851</b>	<b>88.96%</b>

## Voting rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

## Stock exchange listing

Quotation has been granted for all of the ordinary shares and options of the Company on all member exchanges of the ASX.

## Unquoted securities

There are no unquoted shares.

## Securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

## Brokerage

During the year ended 30 June 2021, the Company invested \$6,983,000 into the Plato Australian Shares Income Fund. There were 3 investment transactions during the year and no brokerage was paid on these investments.

## Net Tangible Asset Backing per share

	30 June 2021	30 June 2020
Net tangible asset backing per ordinary security – including tax provided on realised gains only *	\$1.133	\$0.959
Net tangible asset backing per ordinary security – including tax provided on realised gains and unrealised gains *	\$1.126	\$1.004

\* Net of DTA relating to capitalised issue costs and income tax losses.

Further information regarding items that impact the movement in NTA during the year including portfolio performance (net of management fees), dividends paid, and capital management initiatives are provided in the Chairman's letter and Investment manager's report at pages 6 to 14.

## On-market buy-back

There is currently no on market buy-back.

## Working capital

In accordance with ASX Listing Rule 4.10.19, during the year ended 30 June 2021, the Company has used its working capital in a way consistent with its business objective.

# 11. Corporate Directory

## **Board of Directors**

**Jonathan Trollip**, Chairman (appointed 20 February 2017)

**Lorraine Berends** (appointed 20 February 2017)

**Katrina Onishi** (appointed 20 February 2017)

**Donald Hamson** (appointed 10 January 2017)

**Alexander Ihlenfeldt** (appointed 10 January 2017)

## **Secretary**

Calvin Kwok

## **Manager**

Plato Investment Management Limited

ACN 120 730 136

Level 35

60 Margaret Street

Sydney NSW 2000

Fax: +61 (0) 2 8970 7799

Toll Free: 1300 010 311

## **ASX Code**

PL8 - Ordinary Shares

## **Lawyers**

Mont Lawyers

Suite 18, 50 Stanley Street

Darlinghurst NSW 2010

Tel: +61 (0) 2 9059 8113

[www.montlawyers.com](http://www.montlawyers.com)

## **Auditors**

Pitcher Partners

Level 16, Tower 2 Darling Park,

201 Sussex Street

Sydney NSW 2000

Tel: +61 (0) 2 9221 2099

Fax: +61 (0) 2 9223 1762

[www.pitcher.com.au](http://www.pitcher.com.au)

## **Share Register**

Automic Pty Limited

Level 5, 126 Phillip Street

Sydney NSW 2000

Toll Free: 1300 288 664

International: +61 (0) 2 9698 5414

[www.automic.com.au](http://www.automic.com.au)

## **Registered Office**

Level 35, 60 Margaret Street

Sydney NSW 2000

Tel: 1300 651 577

## **Website Address**

<https://plato.com.au/australian-strategies/plato-income-maximiser-limited-asxpl8>

# Plato

INCOME MAXIMISER

**Plato Income Maximiser Limited**

ACN 616 746 215

**Annual Report**

For the year ended 30 June 2021