

# COMPANY UPDATE AND WHOLESALE PLACEMENT

PLATO INCOME MAXIMISER LIMITED

ASX: PL8

personal use only

**Plato**  
INCOME MAXIMISER



# Disclaimer

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**Note:** Past performance is not a reliable indicator of future performance.

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Section 4 of the prospectus issued by PL8 dated 8 August 2019 (**Prospectus**) explains PL8's investment strategy and investment objectives as well as PL8's investment structure.

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# Agenda

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Company overview and  
Offer overview

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PL8 investment strategy  
and performance

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# Company overview and Offer overview



# PL8 Overview

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PLATO INCOME MAXIMISER LIMITED

First and only  
Australian Listed  
Investment Company  
(LIC) paying monthly  
dividends

Based on the  
investment strategy of  
the Plato Australian  
Shares Income Fund

Designed specifically  
with retiree investors  
in mind (pension phase  
superannuation or low  
tax individual)

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**Ticker:** PL8

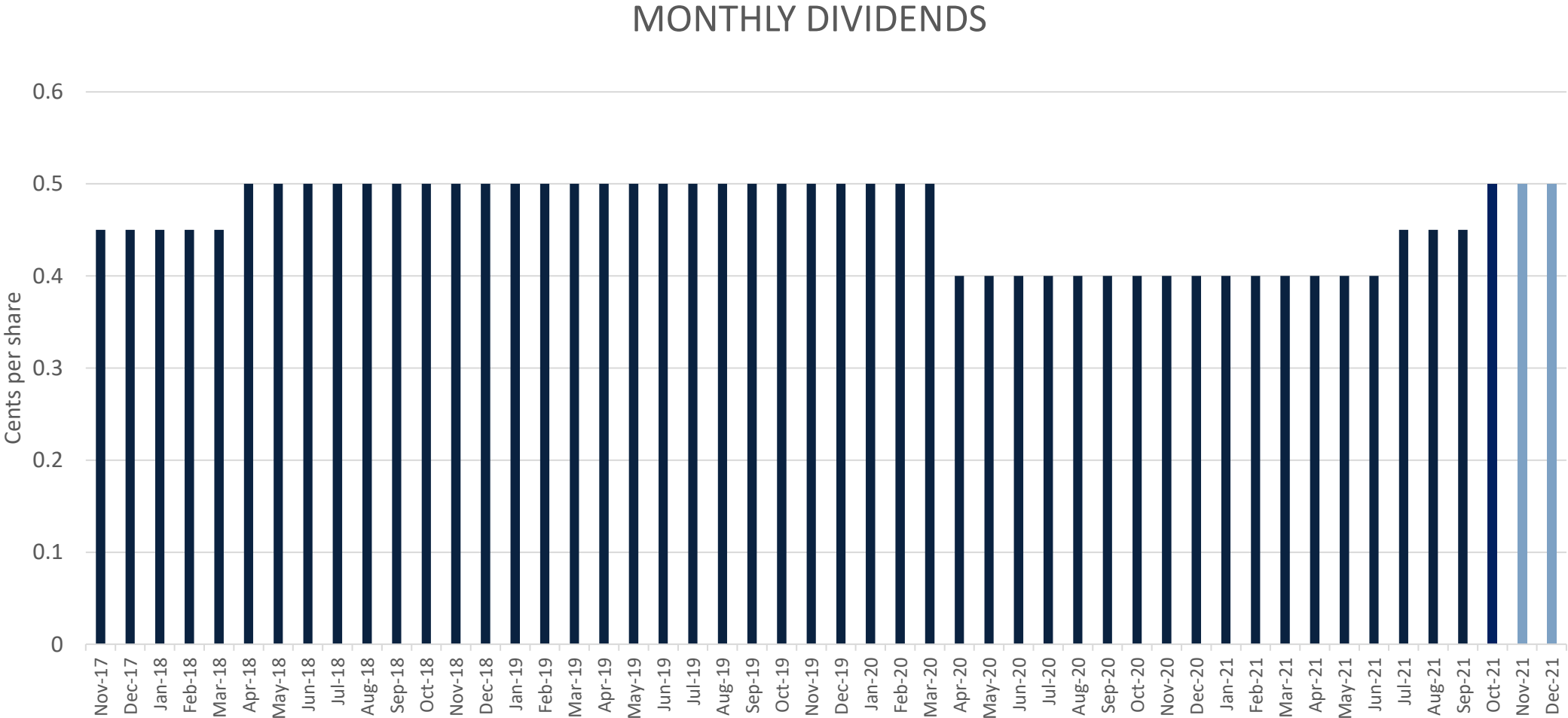
**Listing date:** 5 May 2017

**Market cap\*:** \$550m

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# Delivering consistent monthly income

INCREASED MONTHLY DIVIDENDS TO \$0.005 PER SHARE

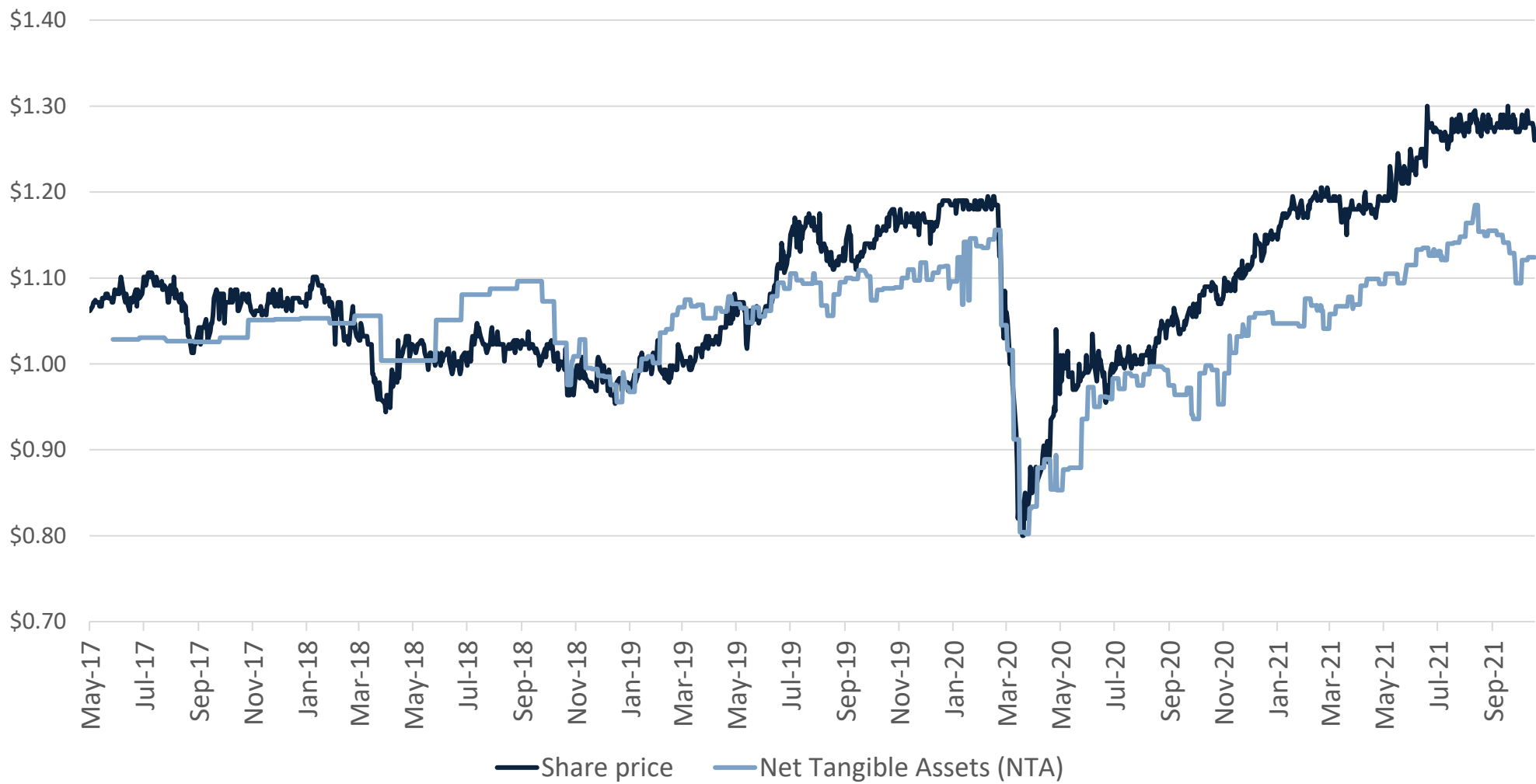


Monthly Dividends back to pre-COVID levels

Source: Plato. The declaration of dividends by the company is at the full discretion of the board (unlike trusts where, typically, income must be fully distributed each financial year). Past performance is illustrative only and not indicative of future performance  
Note : Dividends in light blue on chart are announced but not yet paid

# Price has closely tracked NTA

PL8 PRICE VERSUS PRE-TAX NTA SINCE LISTING



Source: Plato, IRESS. Past performance is illustrative only and not indicative of future performance.

# PL8 Wholesale Placement

## DETAILS OF THE PLACEMENT

**Issue price: \$1.11 per share**

- Issue price equivalent to the pre-tax NTA on 2 November 2021
- Issue price is a 13.6% discount to the closing share price on 2 November 2021

**Placement size: \$ 71.3 million (64.2 million shares)**

- 15% of PL8 shares in issue
- Wholesale Only
- New shares issued under the Placement will rank equally with existing shares and are entitled to the PL8 monthly dividend with record date of 16 November 2021
- The proceeds raised from the Placement and SPP will be invested via the Plato Australian Shares Income Fund (ARSN 152 590 157) (“Plato Fund”) in accordance with how the Company’s investments are currently structured
- All Placement costs paid for by the Manager (Plato Investment Management)

### Wholesale Placement timeline\*



\*T timetable subject to change



# PL8 Share Purchase Plan

## Share Purchase Plan (SPP)

- Shortly after the Wholesale Placement closes, PL8 will undertake a Share Purchase Plan
- Capped at \$50 million (eligible shareholders can each invest a maximum of \$30, 000)
  - PL8 may (in its absolute discretion) scale back applications, including if demand exceeds \$50 million.
- Issue price at lower of:
  - \$1.11 (same price as Wholesale Placement )
  - Pre-tax NTA on the day the Share Purchase Plan Offer closes
- New Shares issued under the Wholesale Placement are not eligible for the Share Purchase Plan
- New Shares issued under the SPP will rank equally with existing shares and are entitled to the PL8 monthly dividend with record date 17 December 2021

### SPP Offer timeline\*

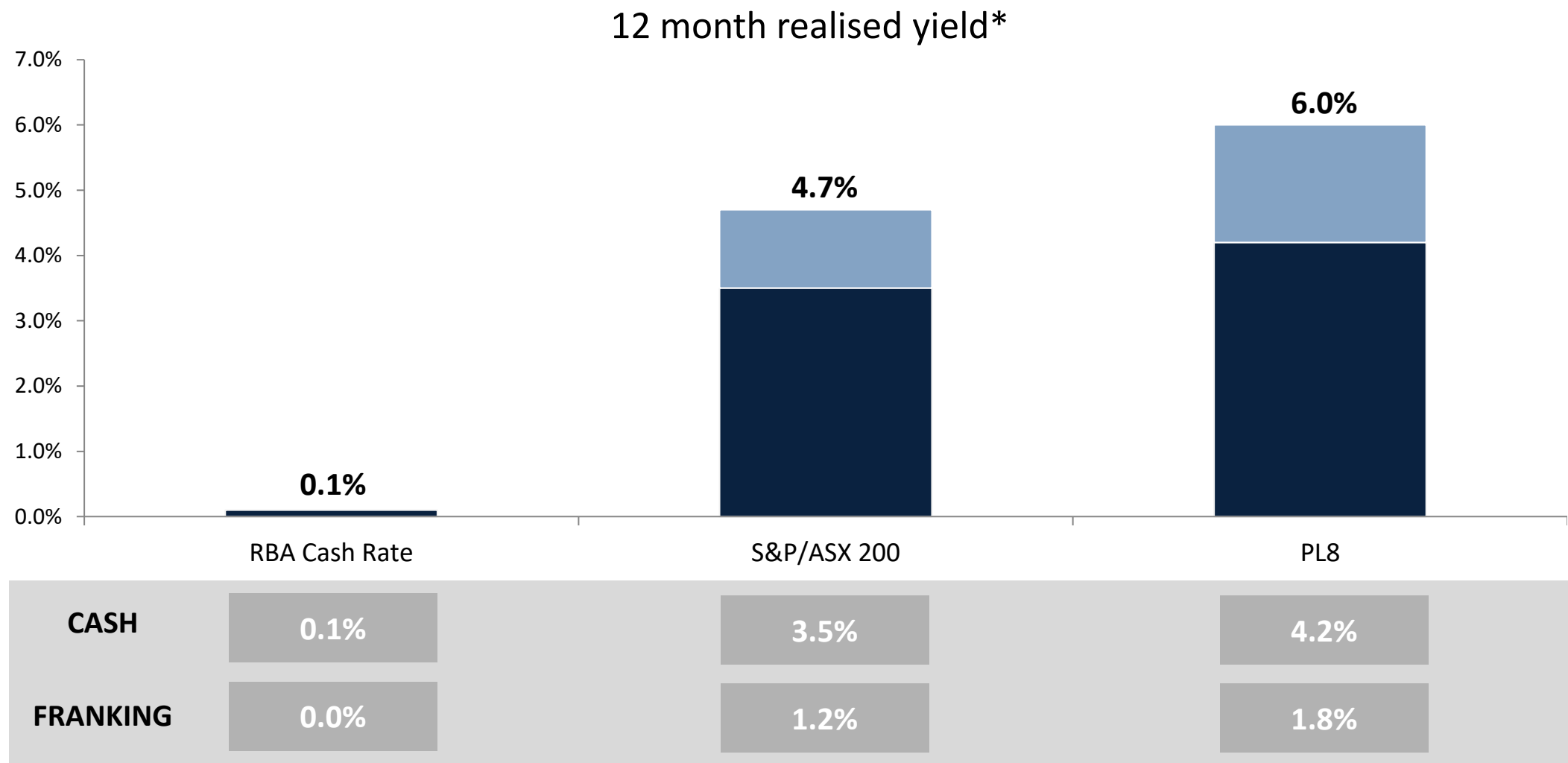


\*Timetable subject to change

# PL8 investment strategy and performance



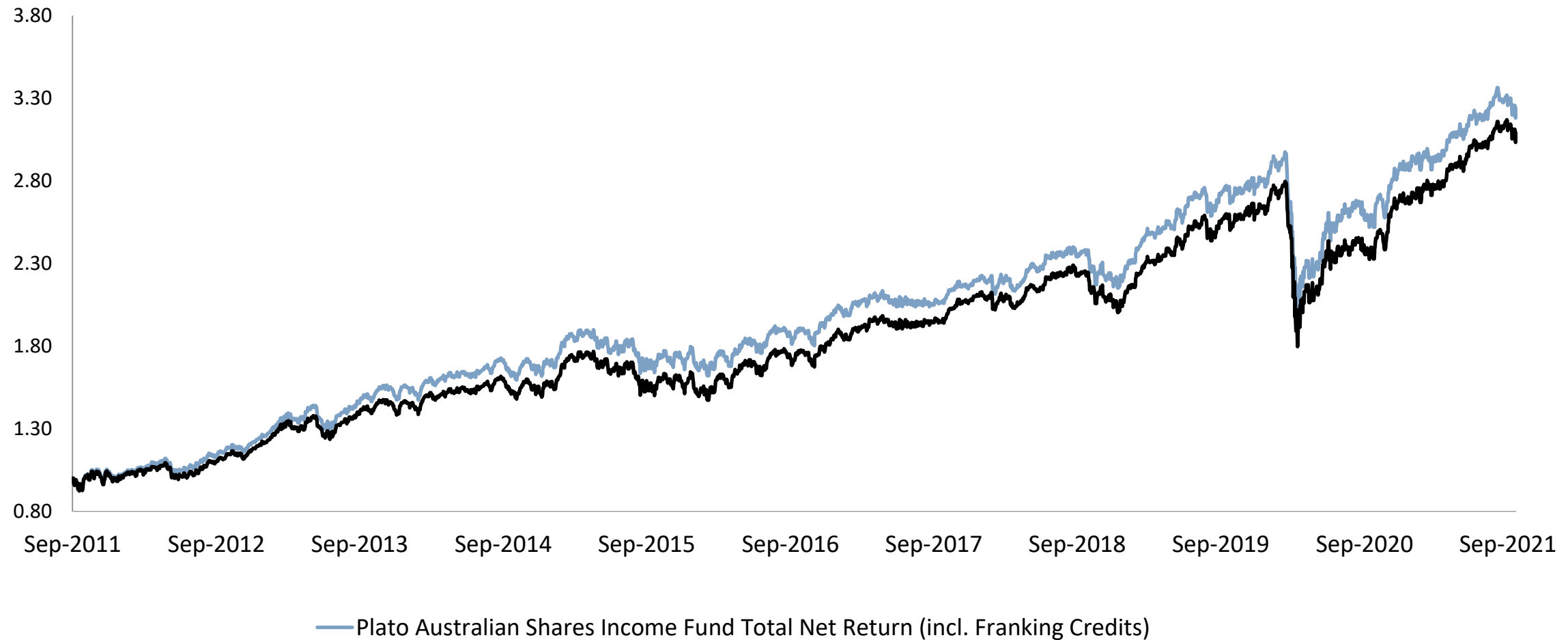
# PL8 delivering high income



\*to 30 September 2021, Plato, Bloomberg

# Chart of Plato Income Performance

**Plato Aust. Shares Income Fund v S&P/ ASX200 Accumulation Series (incl. Franking Credits)**  
Indexed to 1 since inception



Source: Plato, Bloomberg. Franking credits have been valued from the perspective of a tax-exempt investor. Past performance is not a reliable indicator of future performance.



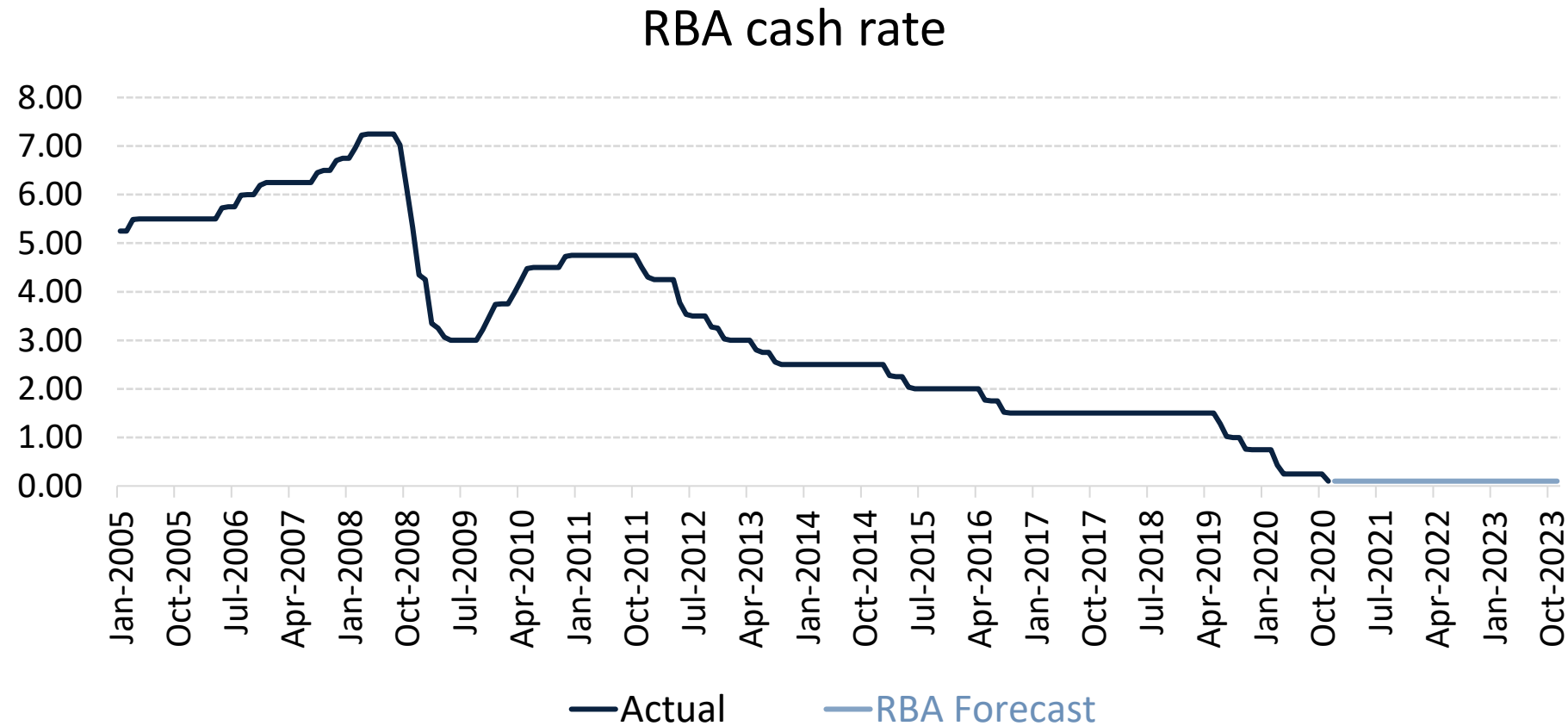
# Market Update





# RBA forecasts three years of record low 0.1% cash rate

OFFICIAL RBA CASH RATE EXPECTATIONS – EVEN LOWER FOR LONGER



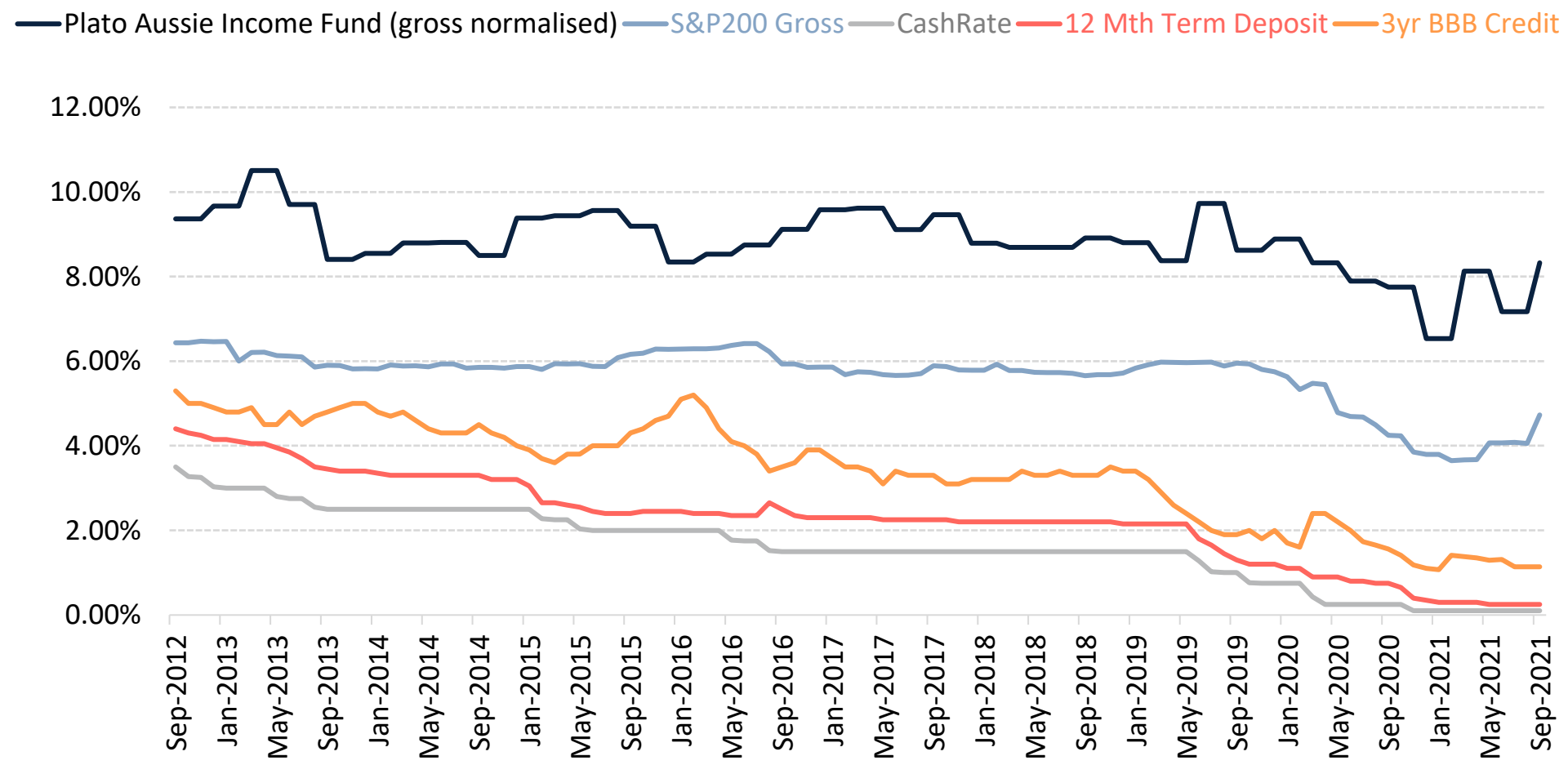
*"Given the outlook, the Board is not expecting to increase the cash rate for at least three years."*

Monetary Policy Decision 3 November 2020.

Source: RBA, Plato

# Yields on all asset classes have fallen

BUT NOTE THE RECENT INCREASE



Source: Plato, RBA, Bloomberg Plato income normalized to exclude impact of large buybacks in 2018/19

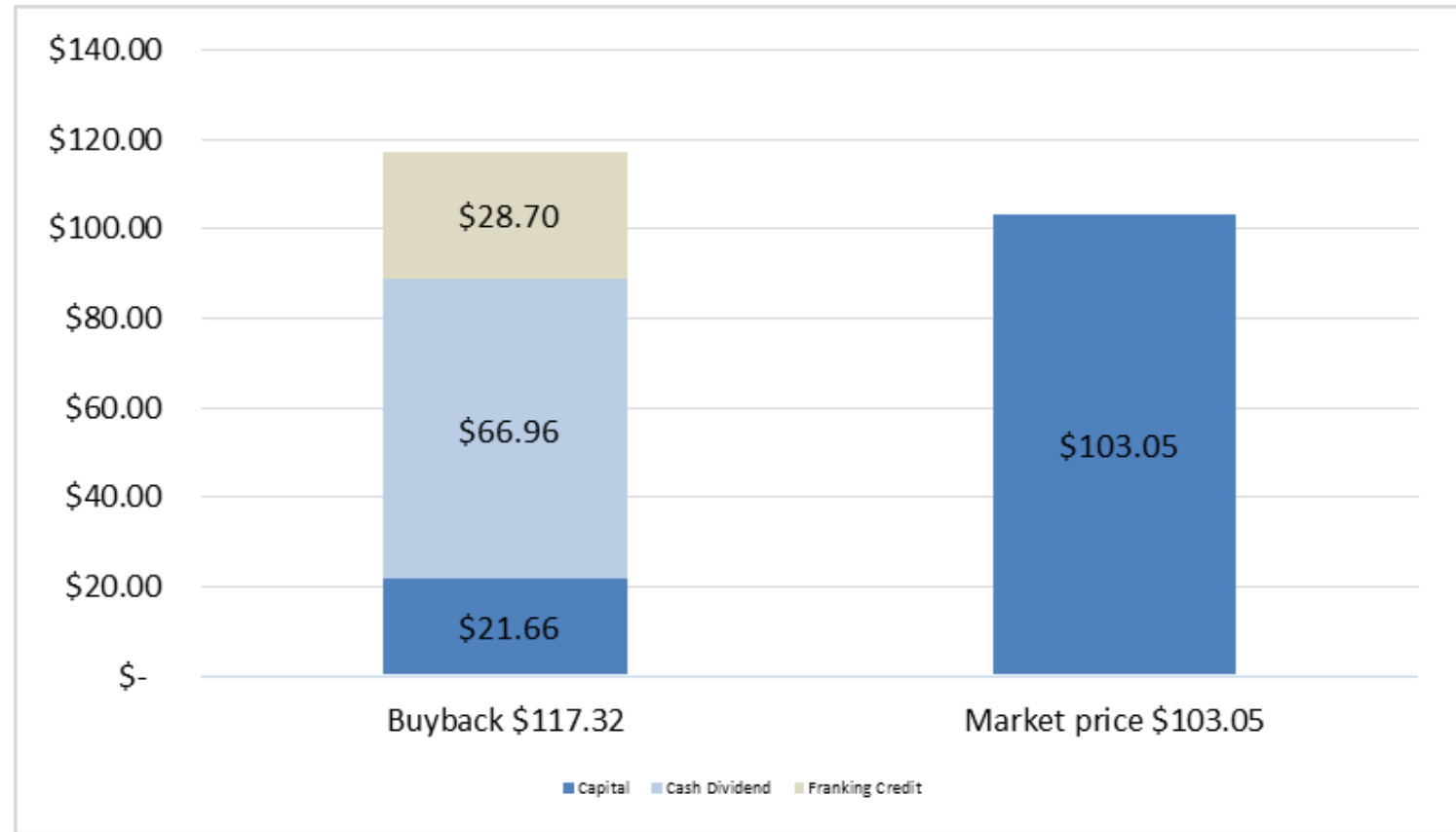
Past performance is illustrative only and not indicative of future performance.

The above chart is intended to compare the income generated by each of the identified products. This is not intended to compare the capital returns (or any other risk) as the risk profiles of each product can and will vary. As an example, equities (including via a managed investment scheme) have a significantly greater risk of loss of capital than a term deposit.

# Tax effective buy-backs can be very advantageous

CBA BUYBACK – WORTH 14% AFTER TAX FOR ZERO TAX INVESTORS

- A\$6bn off market buyback -  
>3.5% of shares on issue
- Worth 14% for zero tax-paying investors (e.g. many pensioners) for every share successfully tendered
- 79.4% scale-back



Source: Plato, CBA announcement 4/10/2021.

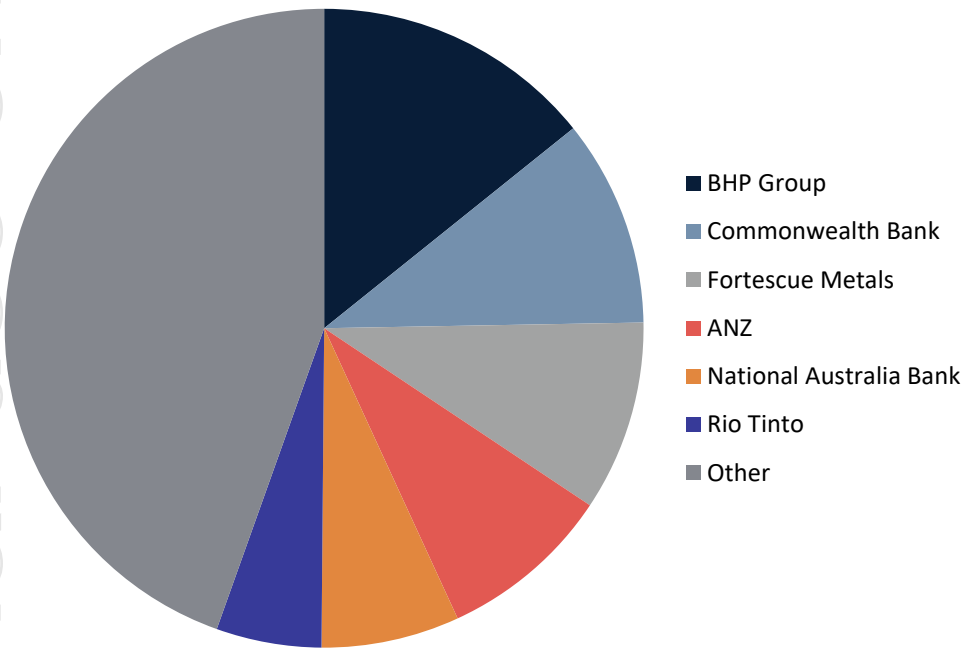
\*based on average price in buyback pricing period.

## Highlights value of franking credits

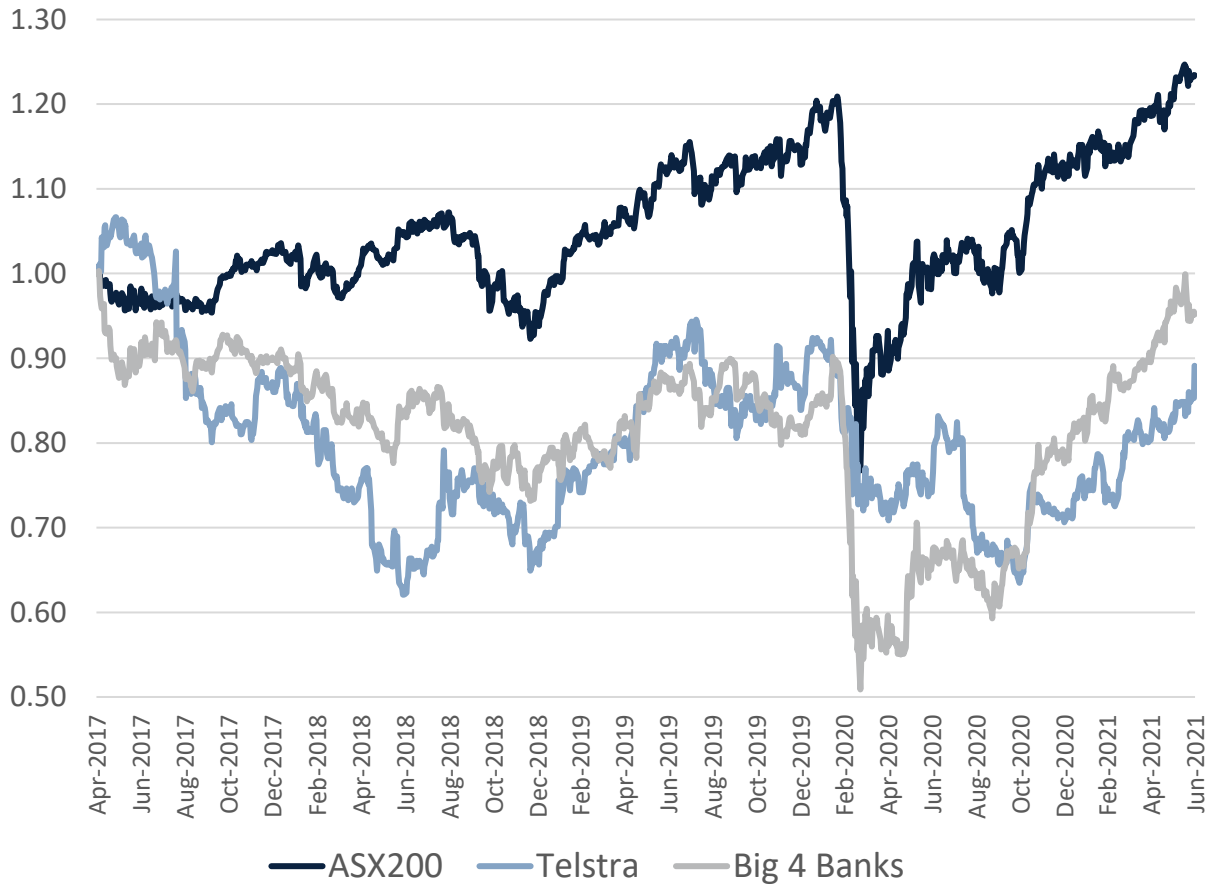
# Big Aussie income stocks doing it tough!

6 STOCKS ACCOUNT FOR NEARLY HALF OF ALL DIVIDENDS

% of Gross Dividend Income - FY21



Price Performance - Rebased

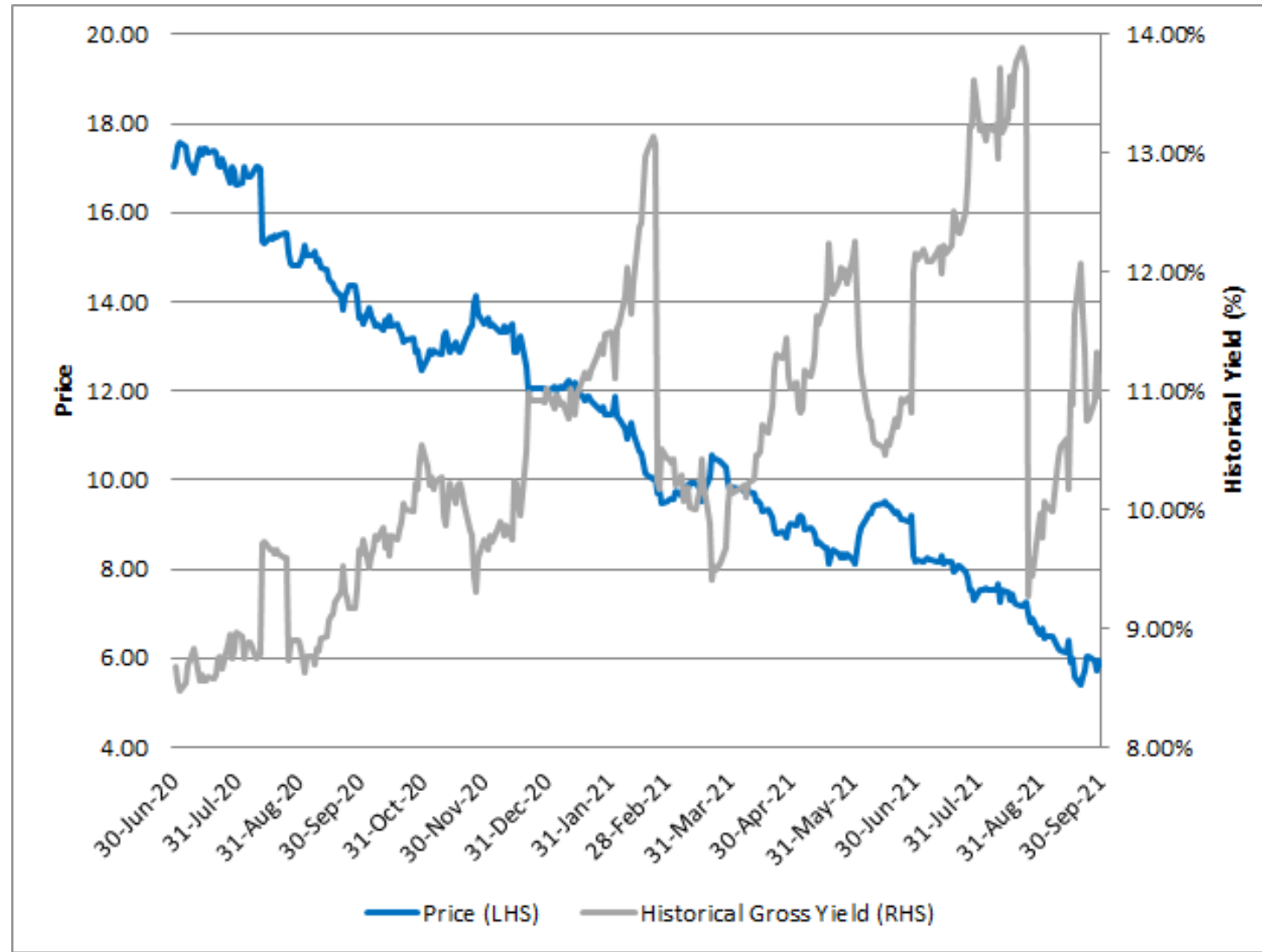


Source: Plato, Bloomberg S&P200

“...Australia is poorly diversified”

# Winning by not losing - avoiding dividend traps

AGL ENERGY UP TO 14% GROSS DIVIDEND YIELD



Source: Plato, Bloomberg

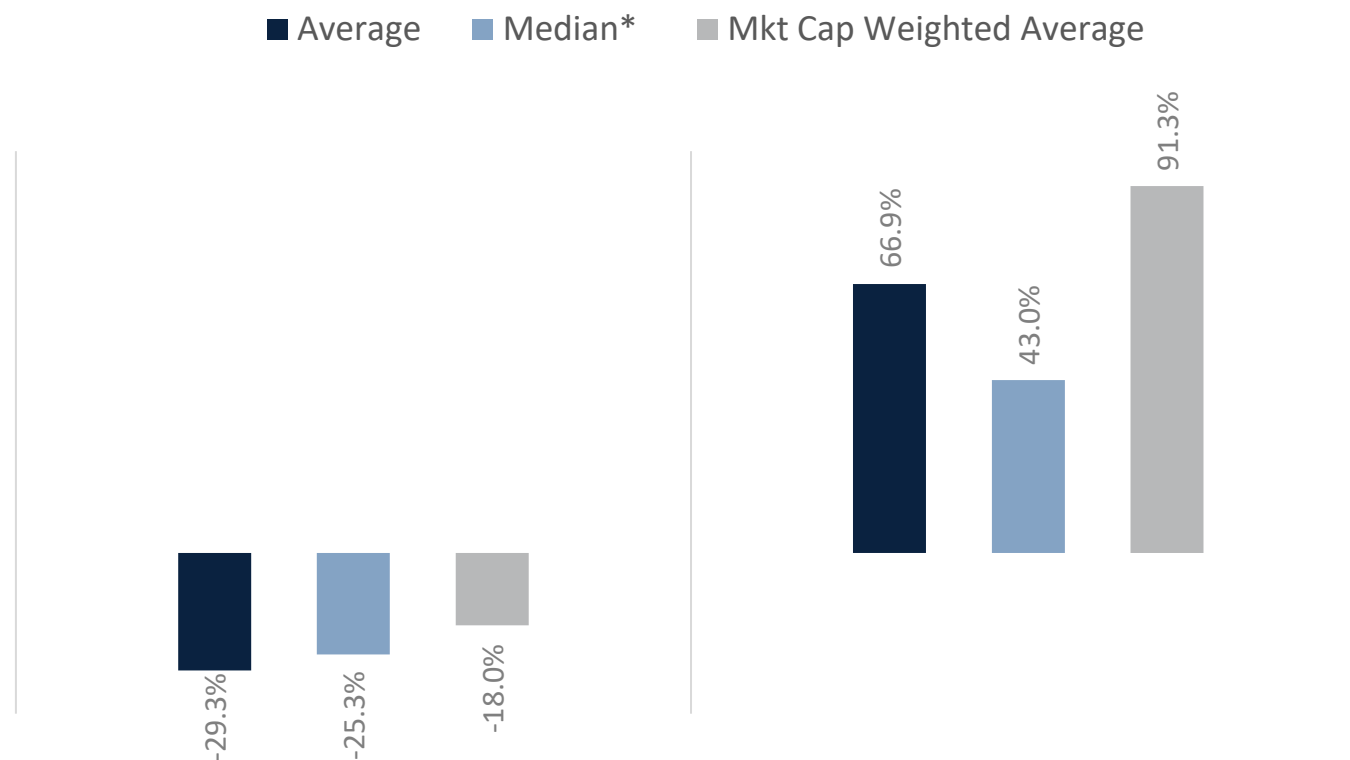


# Results season August 2021 - Dividends

## EARNINGS UP AND DIVIDENDS EVEN MORE

- Over \$38bn in dividends have been declared, \$17bn more than last year and \$10bn more than in 2019.
- Strong dividend increases:
  - BHP (263%), Rio Tinto (251%), Fortescue (111%) and Mineral Resources (127%) in iron ore
  - BlueScope Steel (450%) and South32 (448%) in resources.
  - Commonwealth Bank (104%) and Suncorp (380%) in financials
  - Super Retail (182%) and AP Eagers (100%) in Consumer Discretionary
- Just 1 company in ASX200 (Kogan) omitted its dividend.
- Dividend Cuts from AGL (33%) and Origin Energy (25%).
- 79% of companies increased dividends, 9% had flat dividend and 12% reduced dividends. Last year 67% of stock cut dividends.

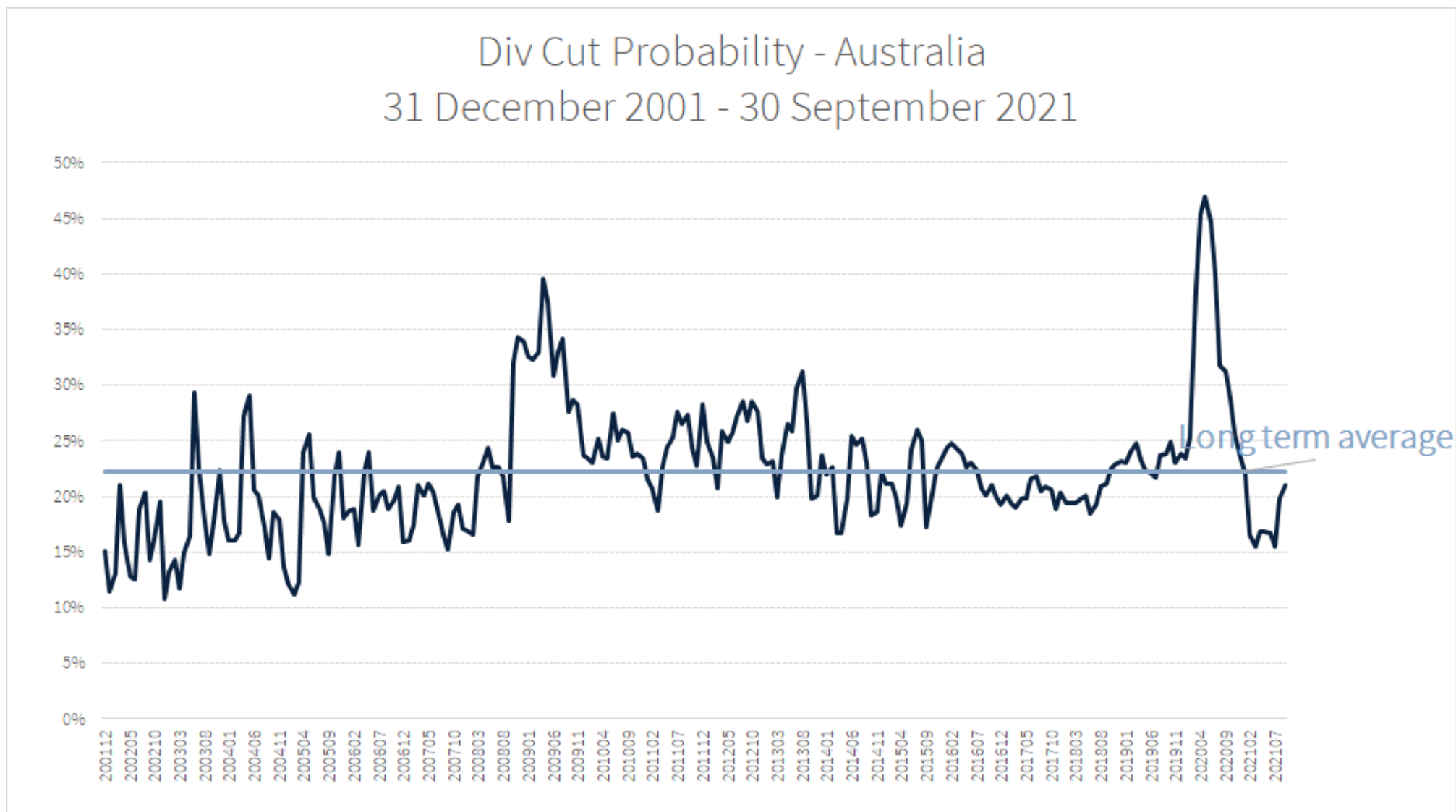
## 2020 AND 2021 CHANGE IN DIVIDENDS (VS PRIOR COMPARABLE PERIOD)



Source: Plato, Iress, S&P200

# Dividend Outlook has improved significantly over past year

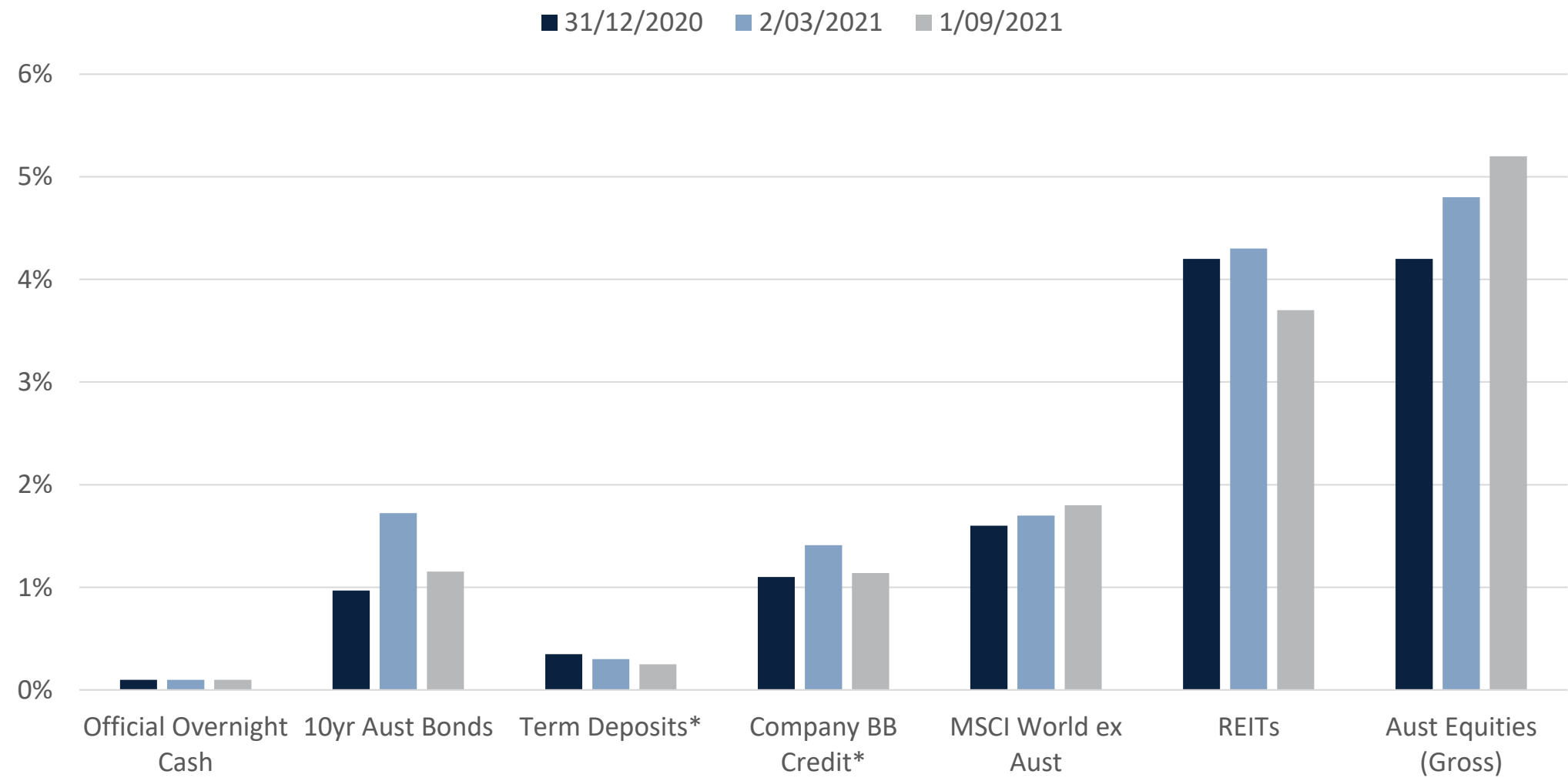
LARGE DIVIDEND AVERAGE % CHANCE OF DIVIDEND CUTS FOR AUSTRALIAN MARKET



Source: Plato, based on MSCI World IMI (Australian portion)

# Asset Class Outlook for Income

FORECAST 12 MONTH INCOME AS AT 01/09/2021



Source: Plato, Bloomberg, \*RBA. Aust Equities (Gross) includes franking credits  
The above forecast may not occur and you may not receive any income from any product including the Plato Fund.

# Conclusion

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## **Bad news: Interest rates to remain at historic lows**

- 2-3 years of bad news for retirees in term deposits



## **Good news: Dividends are rebounding strongly**

- Plato dividend cut model returns to normal
- Strong dividends from iron ore miners and banks
- Take advantage of tax effective buybacks
- Active fund management critical in delivering income, total return & avoiding dividend traps



## **Opportunity : PL8 Wholesale Placement**

- PL8 remains the only LIC paying fully franked monthly dividends
- Opportunity to buy PL8 shares at NTA, a meaningful discount to recent prices

# Questions

THANK YOU

