

2020 ANNUAL GENERAL MEETING
PLATO INCOME MAXIMISER LIMITED
ASX: PL8

Plato
INCOME MAXIMISER



Disclaimer

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

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Market Update

DR. DON HAMSON



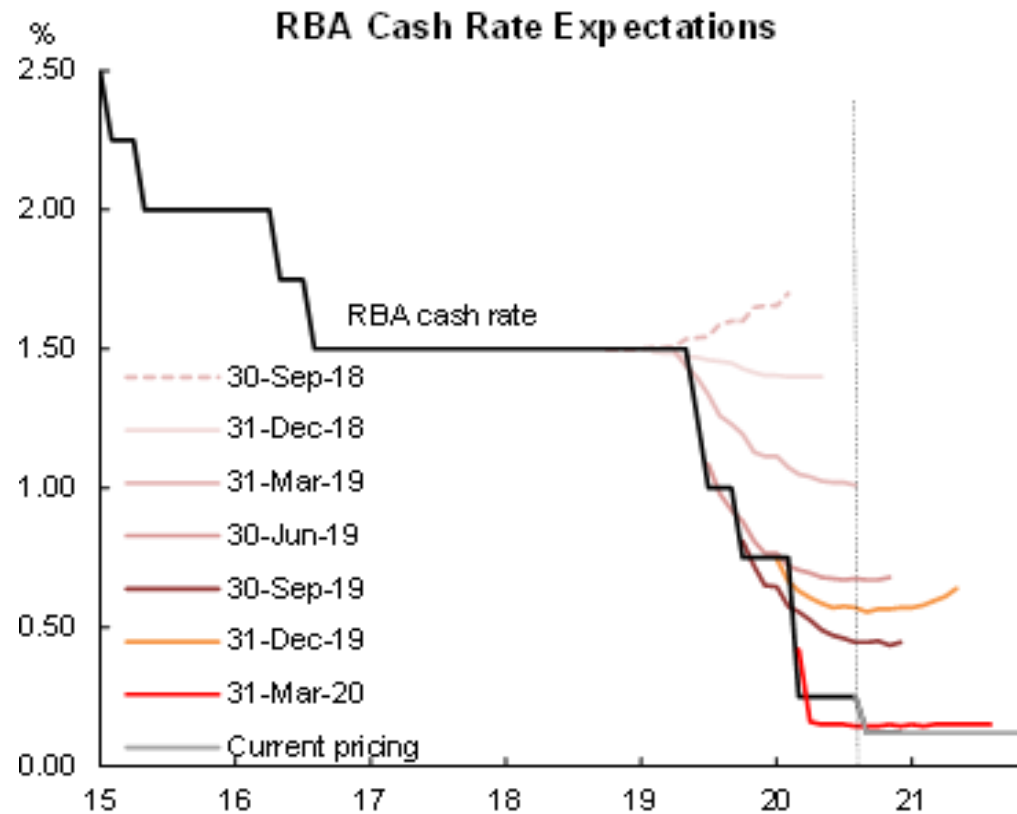
FY 2020: Covid-19 hurts all income

V DIVIDEND BONANZA OF FY 2019

- Interest rates, rental and dividends all take a Covid related hit
- We expect the full year impact to reduce market dividends by approximately a third
- Mixed impacts: Many companies have reduced, deferred or cancelled dividends, but more than 20% of companies increased dividends in the August reporting season
- APRA initially directed financial institutions to defer dividends, but has, subsequent to year end, directed dividends be no more than 50% of significantly reduced earnings
- In response, Directors reduced PL8's monthly dividend by 20% from April 2020

Cash rates to be lower for even longer

OFFICIAL RBA CASH RATE EXPECTATIONS



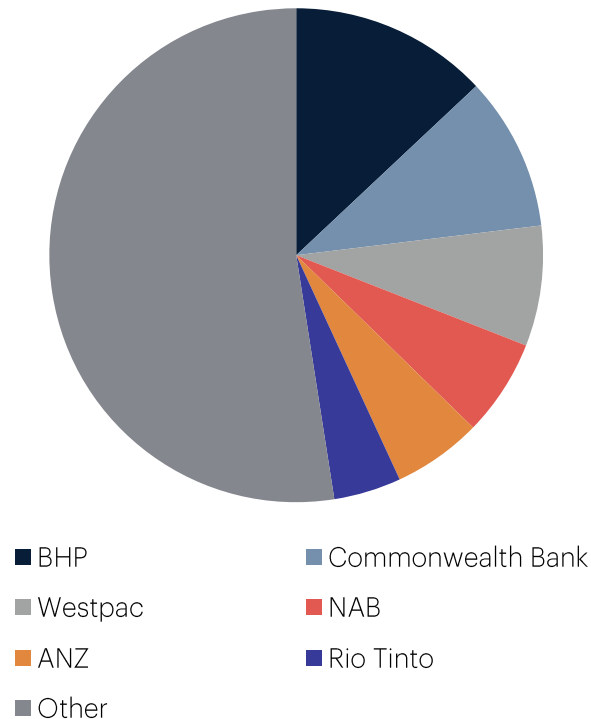
“It is reasonable to expect that an extended period of low interest rates will be required in Australia ...”

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

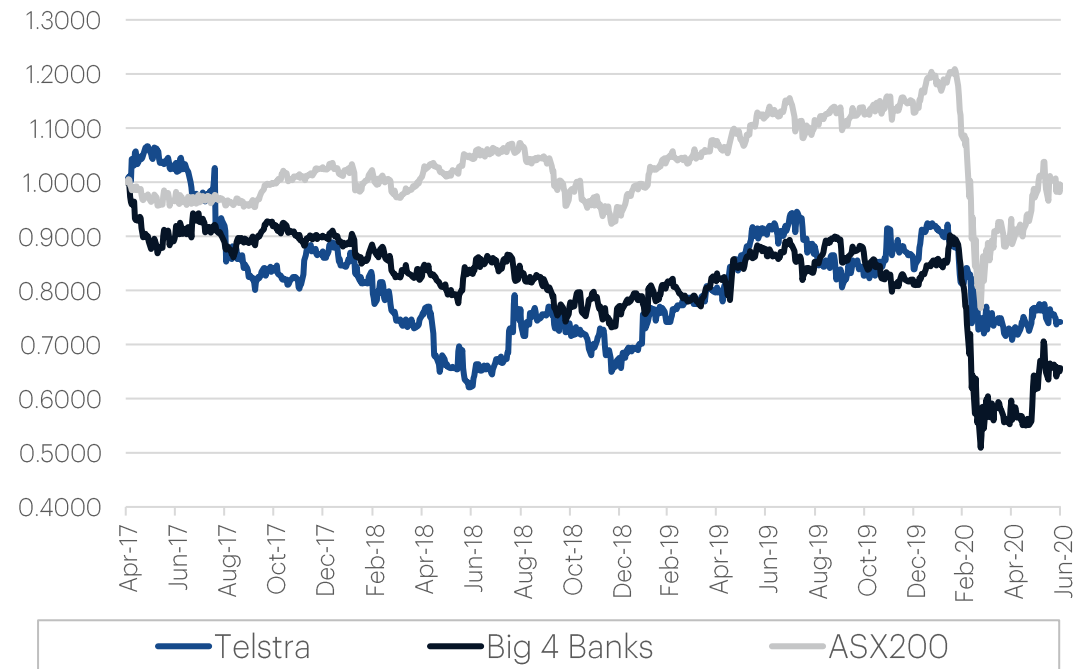
Big Aussie income stocks still doing it tough!

6 STOCKS ACCOUNT FOR NEARLY HALF OF ALL DIVIDENDS

% of Gross Dividend Income 2019



Price Performance

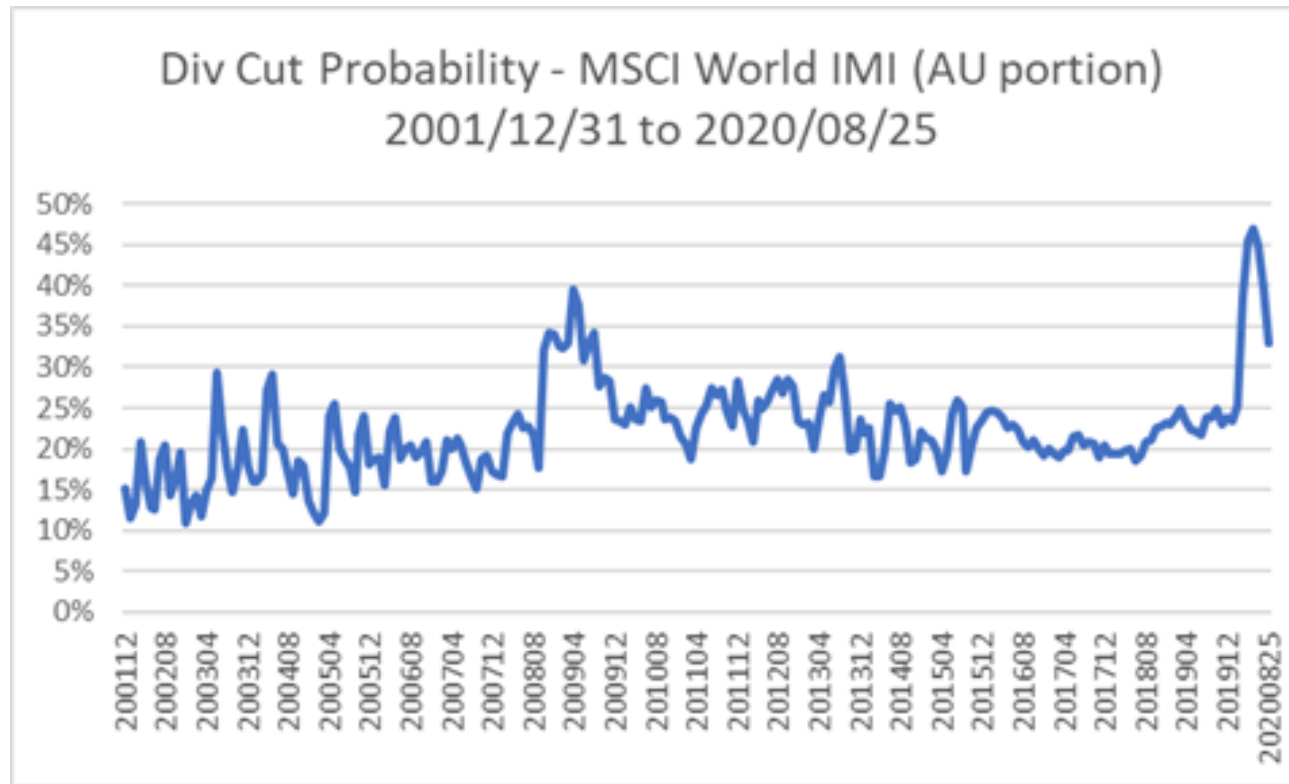


Source: Plato, Iress S&P200

“...Australia is poorly diversified”

Dividend outlook is starting to improve




AVERAGE % CHANCE OF DIVIDEND CUTS FOR AUSTRALIAN MARKET



Source: Plato

Banks

NO LONGER THE DIVIDEND CASH COWS?

Commonwealth Bank 	 Bendigo and Adelaide Bank	 Westpac
Good result Cash NPAT down 11%	Cash EPS down 27%, below expectations by 7%	Quarterly earnings below expectations by 5%
Final div 98c v 231c (Payout 49.95% Profit)	No Final Dividend	Cancelled deferred interim dividend
CET1 11.6% (up 0.9%) (Tier 1 Capital ratio)	CET1 ratio 9.25%	CET1 10.8%



Source: Plato

Max 50% payout ratio (APRA Directive) on reduced earnings

Iron Ore/Diversifieds

BENEFITING FROM HIGH IRON ORE PRICES & GOOD COST CONTROL

RioTinto

FMG Fortescue

BHP

Underlying EPS down
3%

EPS up 59%

EPS 2% above 2019

DPS \$2.16 up 3%

Dividend \$1.00 vs \$0.24
pcp (up 317%)

Dividend \$0.77 down
32% vs pcp

8%+ gross yield*

14% gross yield*

6.5% gross yield*



Source: Plato, Bloomberg

*as at 28/08/2020

The new banks/cash cows?

Retailers

REPORTING SEASON ANALYSIS



NPAT up 8.2%

Final dividend 95c vs
78c pcp

Strong to start FY21



NPAT up 33%

Final dividend 90c vs 51c
pcp

July LFL sales up 44%



NPAT up 7.1%

Final dividend 27.5c vs 24c
pcp

LFL sales up 10% in first 6
weeks of FY21



Source: Plato

Some retailers are shining

Dividends – the good, the bad and the ugly

LARGEST 20 DIVIDEND PAYERS



Source: Plato.

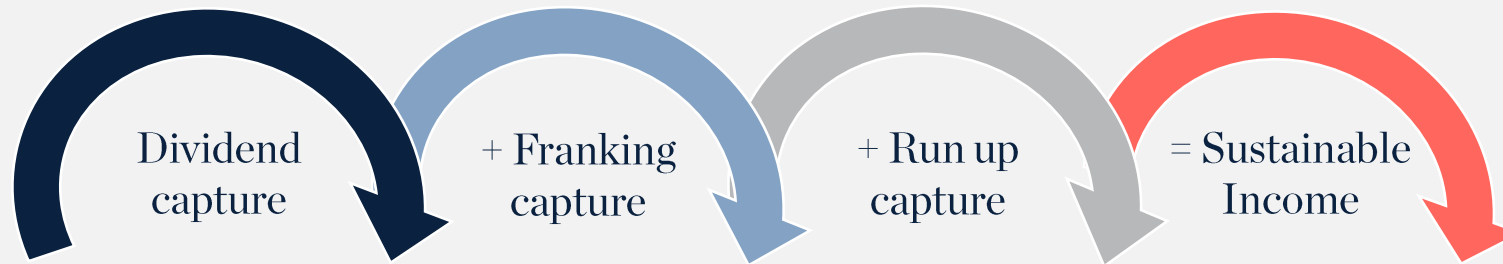
PL8 Investment Strategy

DR. DON HAMSON



Dividend rotation combined with good value

QUALITY LONG TERM HOLDINGS PROVIDES INCOME PLUS GROWTH



Good value, quality long term holdings:

Good Value – Earnings, cash flow, EBITDA


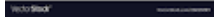


High Quality – cash and profitability, avoid red flags

Good business momentum – EPS revisions

Predict and avoid dividend traps

Dividend traps abound

BE CAREFUL LOOKING AT HISTORICAL YIELD

	STOCK	HIST. ANNUAL YIELD % (31 MAR 2020)	DIVIDEND RECEIVED
Tourism / Leisure		8.7%	0%
- Crown Casino/Flight Centre			
Retail			
- Fashion - Lovisa			
Financials		15.0%	0%
- Westpac, Bendigo			
Infrastructure			
- Sydney Airport, Transurban			
Retail REITS		12.0%	0%
- Scentre, Vicinity			

Source: Plato, Iress

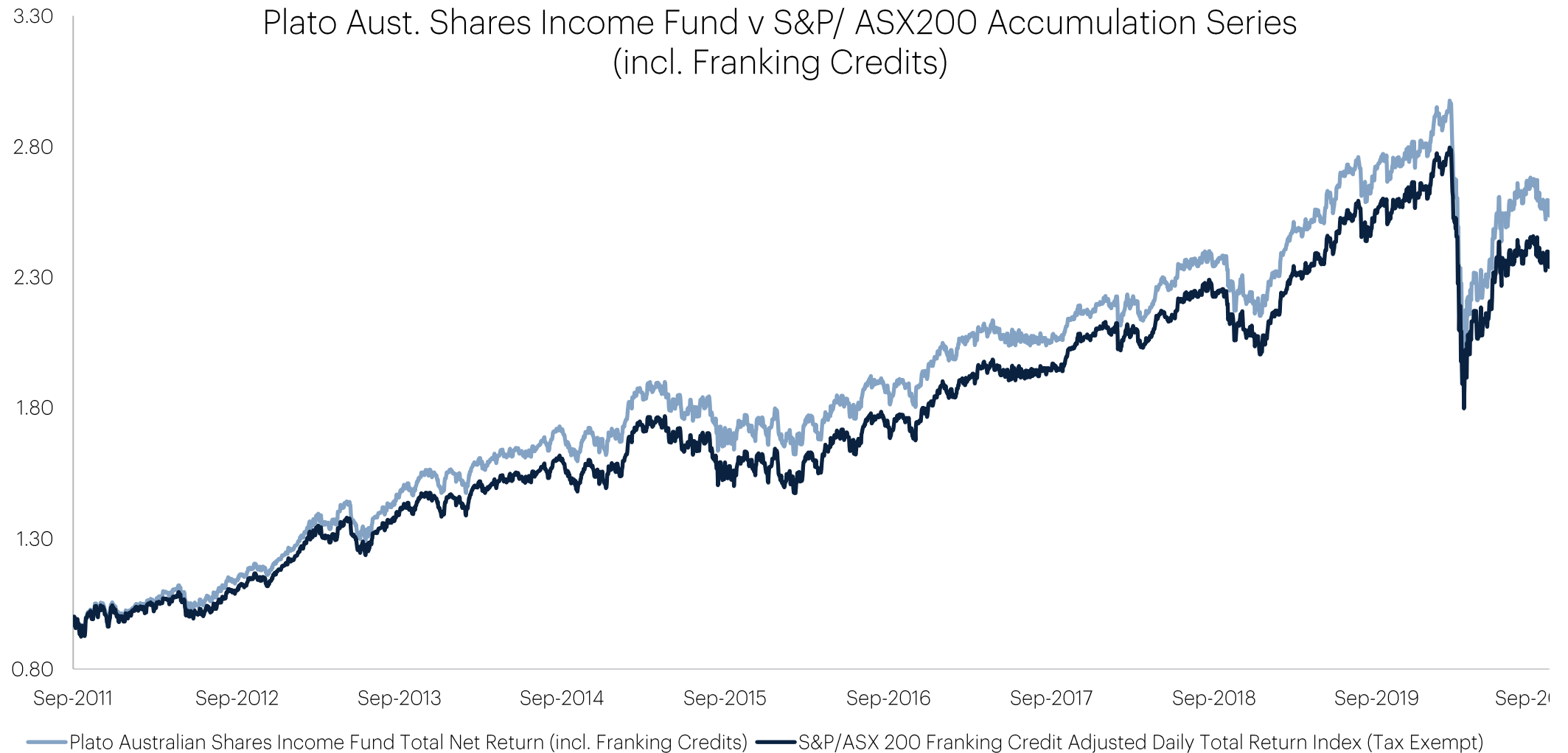
PL8 investment portfolio performance

PERFORMANCE TO 30 SEPTEMBER 2020 AFTER FEES AND COSTS*

Including Franking	Half-Year	12 Months	Since Inception p.a. ^{**} (28/4/2017)
Portfolio	17.8%	-7.6%	5.4%
S&P/ASX200 Tax Exempt	16.5%	-9.3%	5.1%
Active	+1.3%	+1.7%	+0.3%

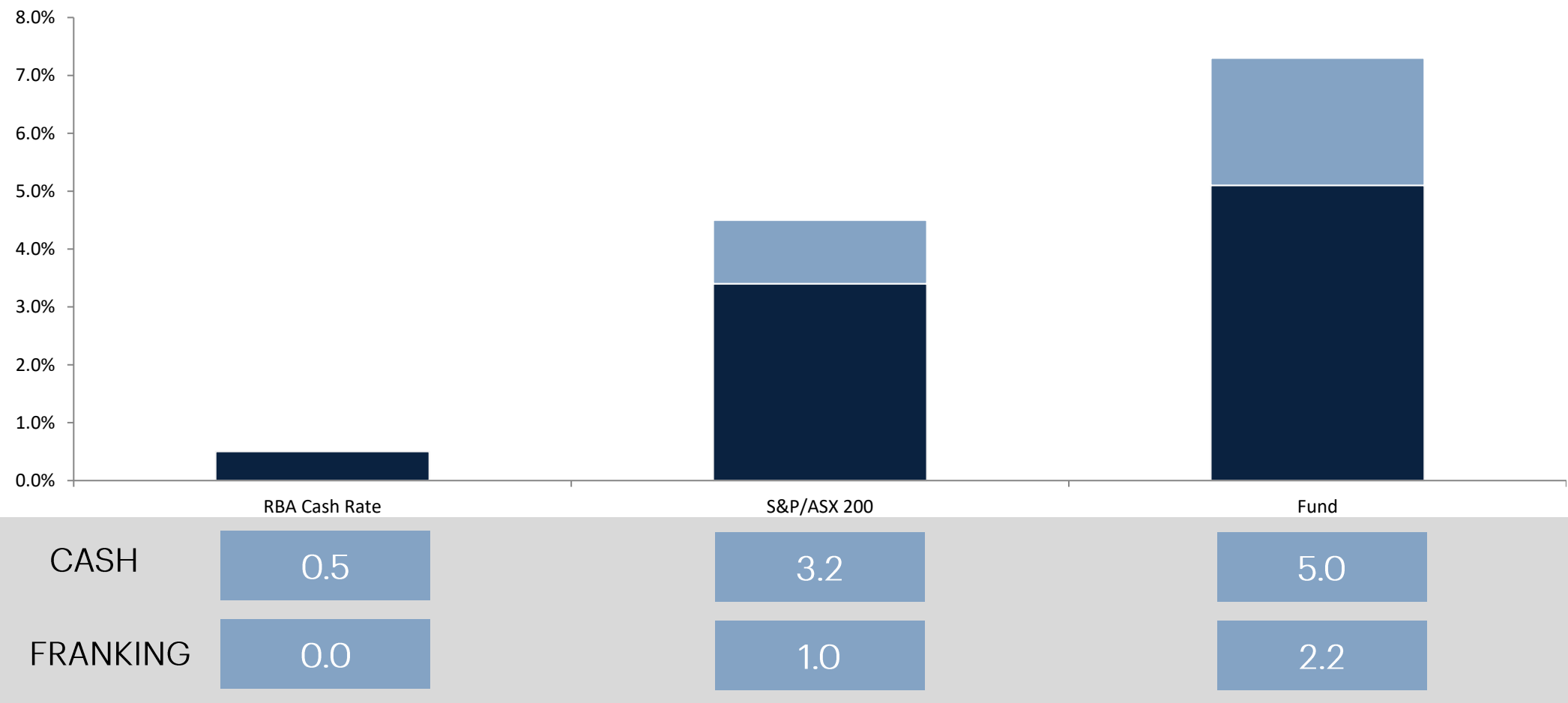
Longer term performance

PLATO AUSTRALIAN SHARES INCOME FUND PERFORMANCE TO 30 SEPTEMBER 2020 AFTER FEES



PL8 delivering high income

12 month realised yield*



*to 30 September 2020, Plato, Bloomberg. Past performance is not a reliable indicator of future performance.

PL8 price has closely tracked NTA

PL8 CONTINUES TO TRADE AT A PREMIUM TO NTA



Summary

01

Interest rates to remain very low for “an extended period”

02

Australian equity income still looks relatively attractive

03

Diversification and avoiding dividend traps are key to income investing



Thank you for joining us for our AGM

PL8 SHAREHOLDER ENQUIRIES

For general information about your
shareholding please contact the Share
Registry Automic:

T: 1300 288 664
E: hello@automicgroup.com.au

For investment enquiries please contact
Pinnacle

T: 1300 010 311
E: invest@plato.com.au

