Plato
INCOME MAXIMISER

PL8 Results 1st Half FY21

Plato Income Maximiser Limited
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Highlights

1HFY21 profit	Portfolio performance (incl. franking)	Total dividends paid in 1HFY21
$10.7m	13.3%[1] (-0.4% to benchmark[2] with +1.4% higher income generated)	2.4c[3]

- 1HFY21 operating profit after tax of $10.7 million.
- Total dividends of $0.024 per share for half-year (6.0% annualised gross yield[1] on 31 December share price).
- Total portfolio return of 13.3%[1], -0.4% compared to benchmark[2] of 13.7%.
- Distributed gross income for calendar 2020 of 6.9%[4], +3.1% compared to benchmark[2] of 3.8%.
- Shareholder webinar on the Company's results and investment portfolio.

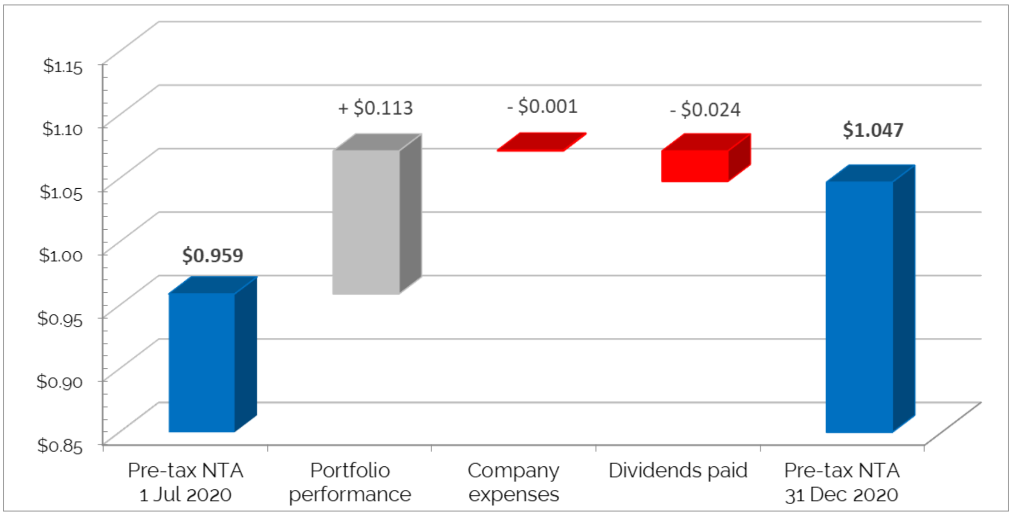
We are pleased to announce Plato Income Maximiser's (ASX:PL8) results for the half-year ended 31 December 2020. The profit for the half-year was $10.7 million, lower than the previous corresponding period, which had been unaffected by the economic impact of the COVID-19 pandemic, of $13.8 million.

Portfolio performance rebounded from a total return perspective in the first half of FY21 (1HFY21) as the Australian economy recovered from the impact of the COVID-19 pandemic and very strong vaccine results were announced in November 2020. Historic government stimulus measures and reductions in interest rates from central banks boosted domestic spending and house prices. In addition, high iron ore prices as Chinese steel production continued to increase resulted in strong earnings and dividends for Australia's iron ore producers.

The active performance of the Company's investments was slightly negative during the first-half, underperforming the benchmark[2] by 0.4% net of portfolio related fees, costs and taxes as those stocks most affected by COVID-19 rebounded in November. The Company distributed 6.9% gross income[4] over calendar 2020 compared to the benchmark[2] which distributed 3.8%.

In 1HFY21, the NTA increased from $0.959 on 30 June 2020 to $1.047 on 31 December 2020. The $0.088 increase in NTA per share includes the $0.024 of fully franked dividends paid during the year[3]. The Company continues to pay monthly fully franked dividends, the only LIC in Australia to do so.

NTA performance breakdown for 1HFY21[5]



[1] Including franking credits
[2] S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax Exempt)
[3] Paid via 6 consecutive $0.004 monthly dividends
[4] Calculated as monthly dividends paid (including franking credits) divided by average month-end share price over the calendar year
[5] NTA per share performance excludes value of franking credits. Portfolio performance is net of management fees.

Dividends

During the half-year, six monthly dividends of $0.004 were paid for the months of July to December 2020. The total dividends of $0.024 for the year translates to an annualised yield of PL8 including franking of 6.0%[6].

The Board has announced a $0.004 dividend for each of January, February and March 2021 and it intends to continue with the payment of monthly dividends, provided the Company has sufficient profit reserves, it is permitted by law and within prudent business practices to do so.

NTA Premium

The PL8 share price continues to trade at a healthy premium to the Net Tangible Asset (NTA) per share, with the share price ending the half-year at $1.15 per share compared to a pre-tax NTA of $1.047, equating to an NTA premium of 9.8%. This is an indication of the attractiveness of the income generating nature of PL8 in a low interest rate environment.

Shareholder webinar on results and portfolio

The Board invites you to the upcoming Shareholder webinar on 3 March 2021 at 11.00am (Sydney time AEDT). The webinar will provide an update on the Company's financials and investments from Company Director and Plato Investment Management Managing Director, Dr Don Hamson.

Shareholders are invited to register at the following link.

Authorised by:

Calvin Kwok
Company Secretary
23 February 2021

[6] Based on share price at 31 December 2020 of $1.15.

Additional shareholder information

Portfolio performance as at 31 December 2020

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

Performance as at 31 December 2020[8]	Return	Benchmark[9]	Excess
Total return[10]			
- Half-year	+13.3%	+13.7%	-0.4%
- Since Inception[11]	+5.8%	+5.5%	+0.3%
Income[12]			
- Half-year	+3.2%	+1.8%	+1.4%
- Since Inception[11]	+8.0%	+5.5%	+2.5%

Manager's commentary

The underlying investment portfolio's five best contributions to active performance over the first half of FY21 were overweight positions in Fortescue (up 79%), JB Hi-fi (up 15%) and Mineral Resources (up 82%) as well as underweight positions in A2 Milk (down 39%) and Newcrest (down 18%). The last six months were a period where avoiding the 'dividend traps' (stocks likely to underperform and cut their dividend) was important as there were many particular stocks that cut their dividend and underperformed significantly. In contrast, certain sectors such as the iron ore miners and particularly consumer discretionary stocks have benefited by the current economic environment.

The gross dividend yield[10] fell in the first half of FY21 as many companies cut dividends to preserve cash in the current environment taking the half-year gross yield of the benchmark[9] to 1.8%[10]. The Company was able to distribute income of 3.2%[13], 1.4% above its benchmark[9]. The Company's investments remain actively positioned to seek superior income than the benchmark. Our proprietary dividend cut model indicates that the proportion of stocks forecast to cut dividends has returned to a normal level after being elevated from March-October last year. Hence, we continue to forecast that dividends are likely to increase in 2021 from their level in the 2nd half of 2020.

There was a one off-market buy-back announced in the first half but completed in January 2021 by Ampol. It was a small buy-back but more importantly was a positive indicator that companies may be getting more confident about the economic output and thus more likely to increase their payouts in terms of dividends and buy-backs going forward.

From an income perspective, the biggest generators of excess dividend income (including franking credits) were active positions in Fortescue, ANZ, Rio Tinto, Telstra and Wesfarmers.

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[7] Inclusive of the net impact of GST and Reduced Input Tax Credits.
[8] Past performance is not a reliable indicator of future performance. Performance is quoted in AUD net of portfolio related fees, costs and taxes.
[9] S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax Exempt)
[10] Inclusive of franking credits.
[11] Annualised from Inception date: 28 April 2017.
[12] Distributed income including franking.
[13] Calculated as monthly dividends paid (including franking credits) divided by average month-end share price over the half-year

Market commentary

The Australian market rebounded in the first half of FY21 as the Australian economy recovered from the impact of the COVID-19 pandemic and very strong vaccine results were announced in November 2020. Historic government stimulus measures and reductions in interest rates from central banks boosted domestic spending and house prices. In addition, high iron ore prices as Chinese steel production continued to increase resulted in strong earnings and dividends for Australia's iron ore producers.

During the first half, the best performing sectors were Information Technology, Consumer Discretionary and REITs, sectors which have not been significantly affected by COVID-19 and in the case of some stocks have seen a strong positive effect. Retail REITs, who were significantly affected by COVID-19, rallied strongly after the vaccine announcements. The worst performing sectors were Utilities, Healthcare and Consumer Staples which did not rally on the vaccine announcements and aren't particularly exposed to the improving domestic economy which were the strong drivers of markets during the half-year. The strong divergence in sector performance shows the benefit of holding a diversified portfolio rather than investing in stocks with the highest level of income which may lag during particular market cycles, such as the one we are currently in.