

COMPANY HALF YEAR FY2021 RESULTS  
PLATO INCOME MAXIMISER LIMITED  
ASX: PL8



Plato

INVESTMENT MANAGEMENT

# Disclaimer

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# Agenda

01  
PL8 Business &  
Performance Update

02  
Market Update

03  
Questions



# PL8 Business & Performance Update



# PL8 investment portfolio performance

PERFORMANCE TO 31 DECEMBER 2020 AFTER FEES AND COSTS\*

Including franking	Half-Year	12 months	3 years**	Since inception** (28/4/2017)
<b>Portfolio*</b>	+13.3%	+3.7%	+9.3%	+8.6%
<b>S&amp;P/ASX 200 Tax Exempt</b>	+13.7%	+2.4%	+8.1%	+8.5%
<b>Active</b>	<b>-0.4%</b>	<b>+1.3%</b>	<b>+1.2%</b>	<b>+0.1%</b>

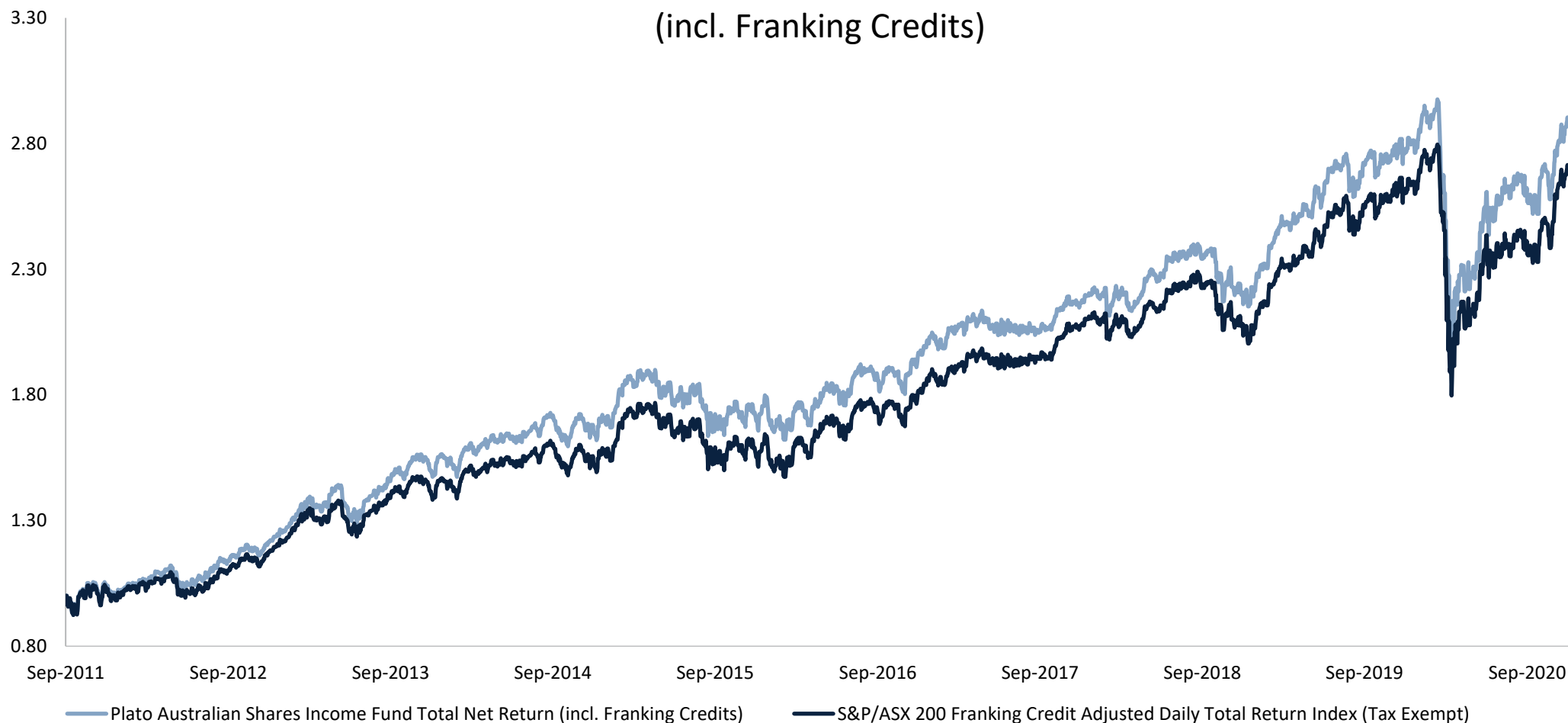
5 \* After portfolio related fees and costs, grossed up for franking credits, dividends reinvested

\*\* Annualised. Inception date: 28 April 2017

# Longer term performance

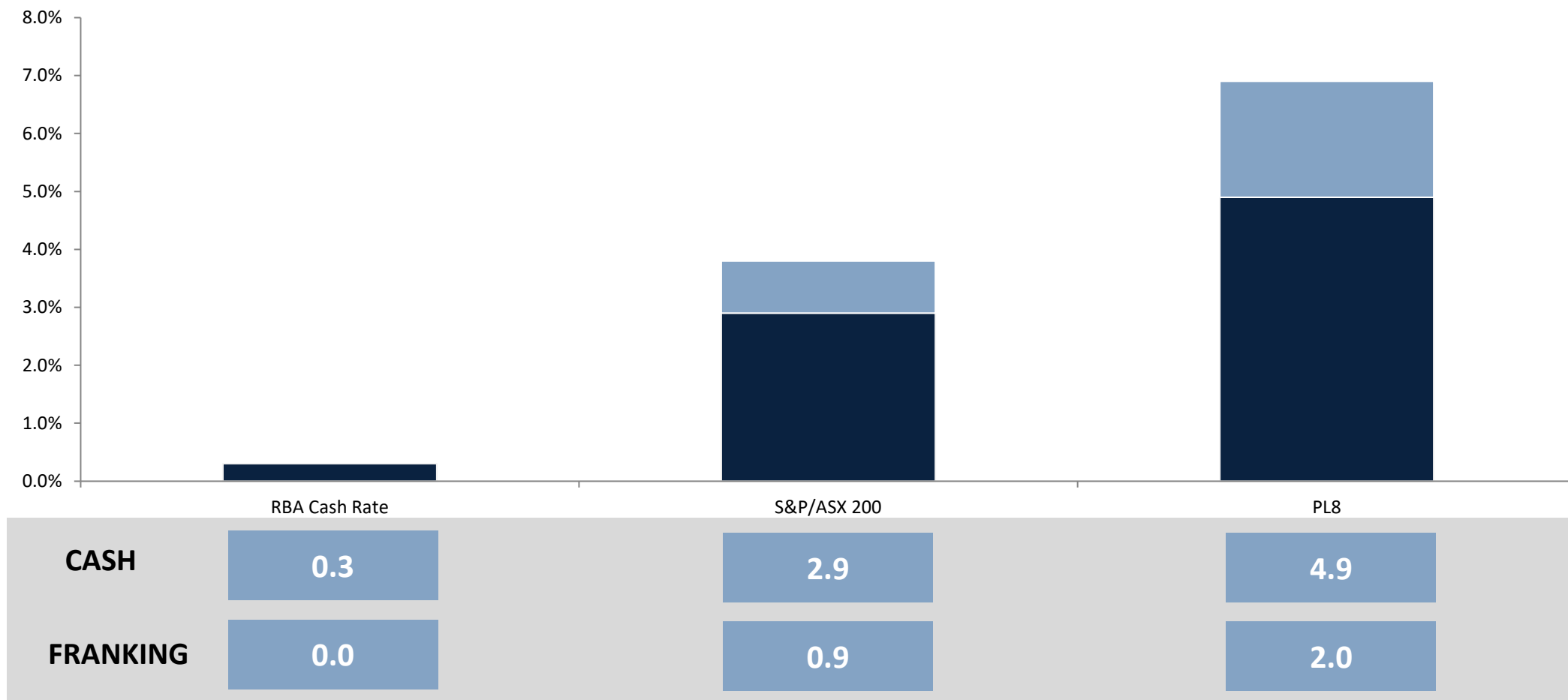
## PLATO AUSTRALIAN SHARES INCOME FUND PERFORMANCE TO 31 DECEMBER 2020 AFTER FEES

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



# PL8 delivering high income

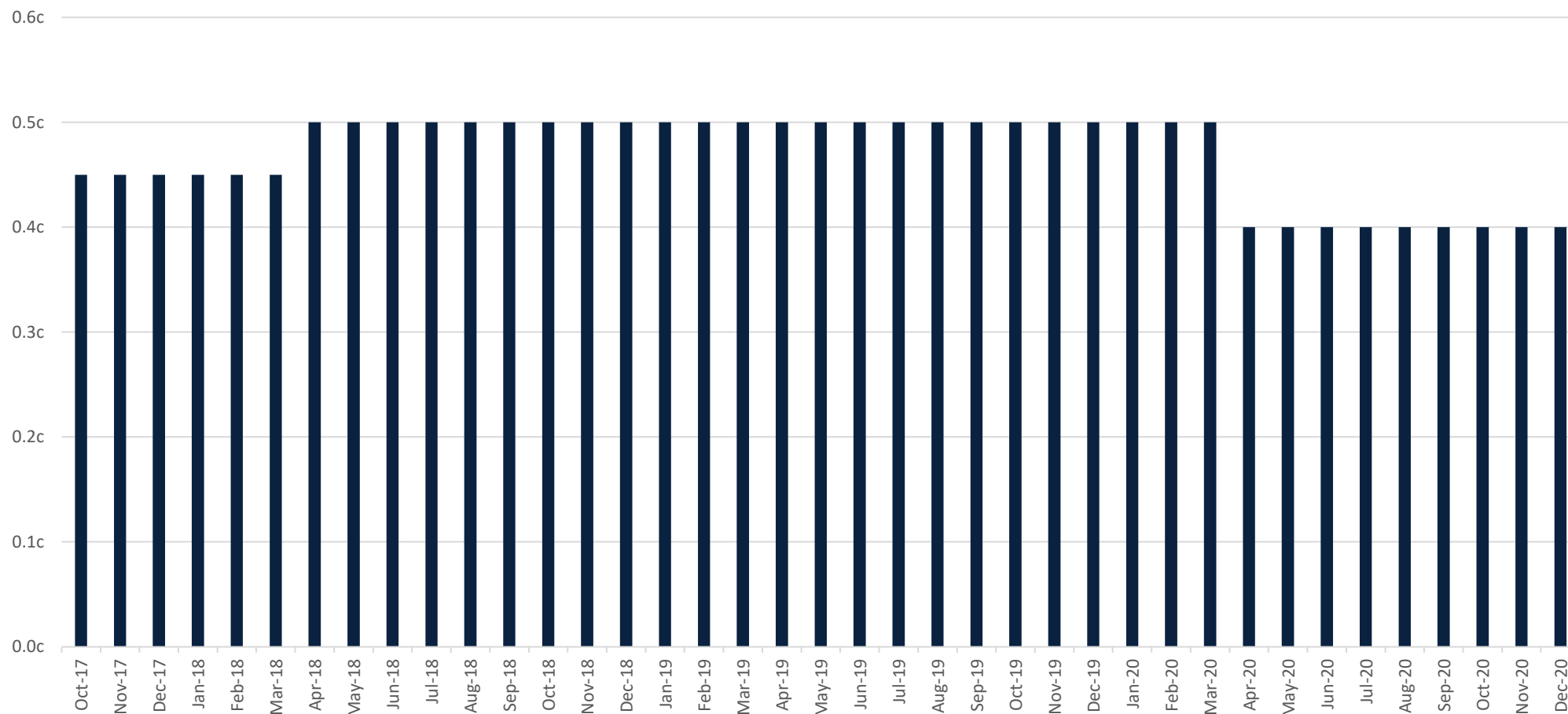
12 month realised yield\*



*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.*

# Delivering consistent monthly income

## MONTHLY DIVIDENDS PAID

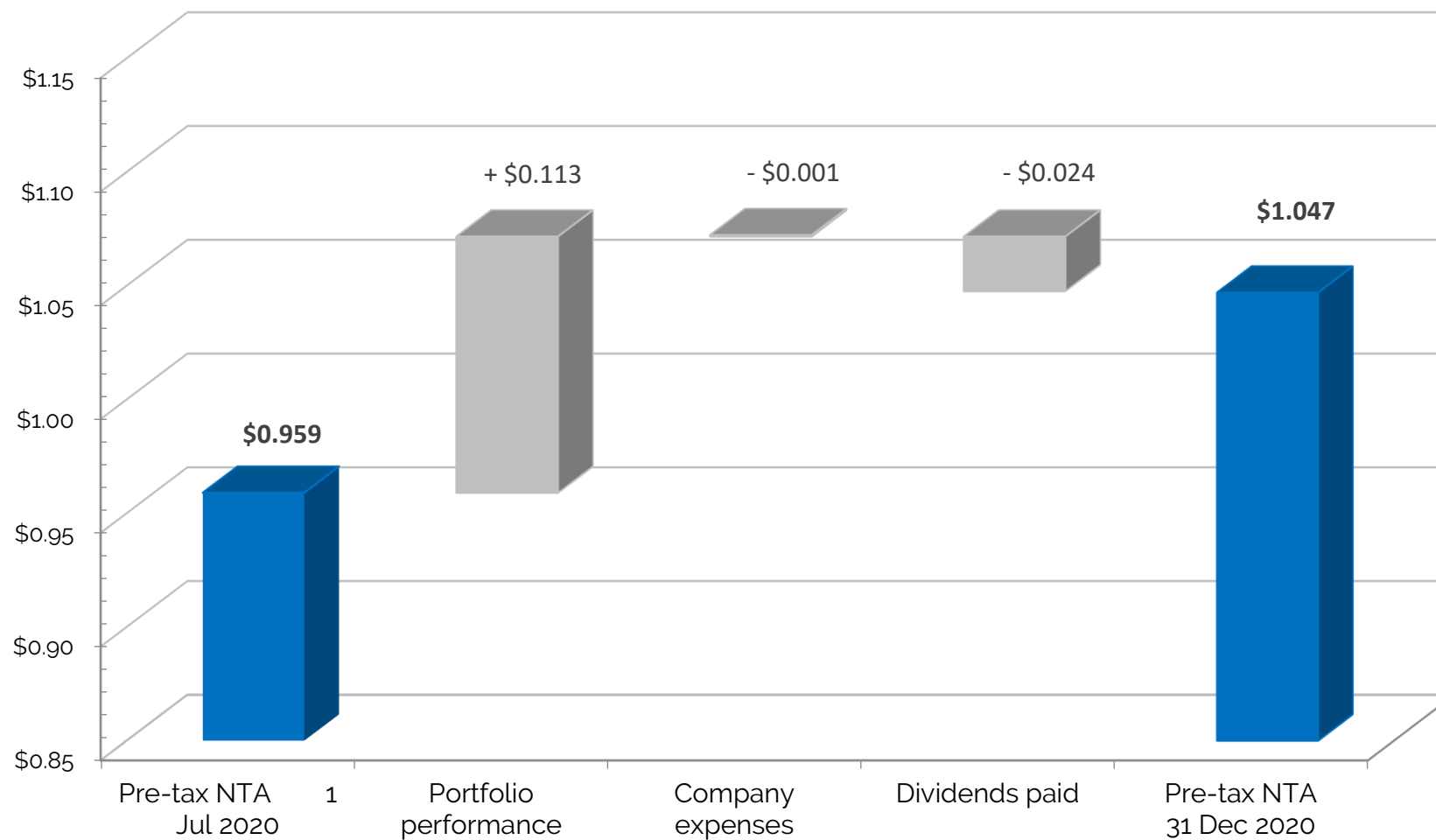


Only Australian LIC paying monthly fully franked dividends



# PL8 NTA performance breakdown for 1HFY21

## PRE-TAX NTA PER PL8 SHARE\*



# PL8 trading closely to NTA

TRADING AT A PREMIUM TO NTA POST LAST FEDERAL ELECTION

PL8 PRICE VS. NTA SINCE LISTING

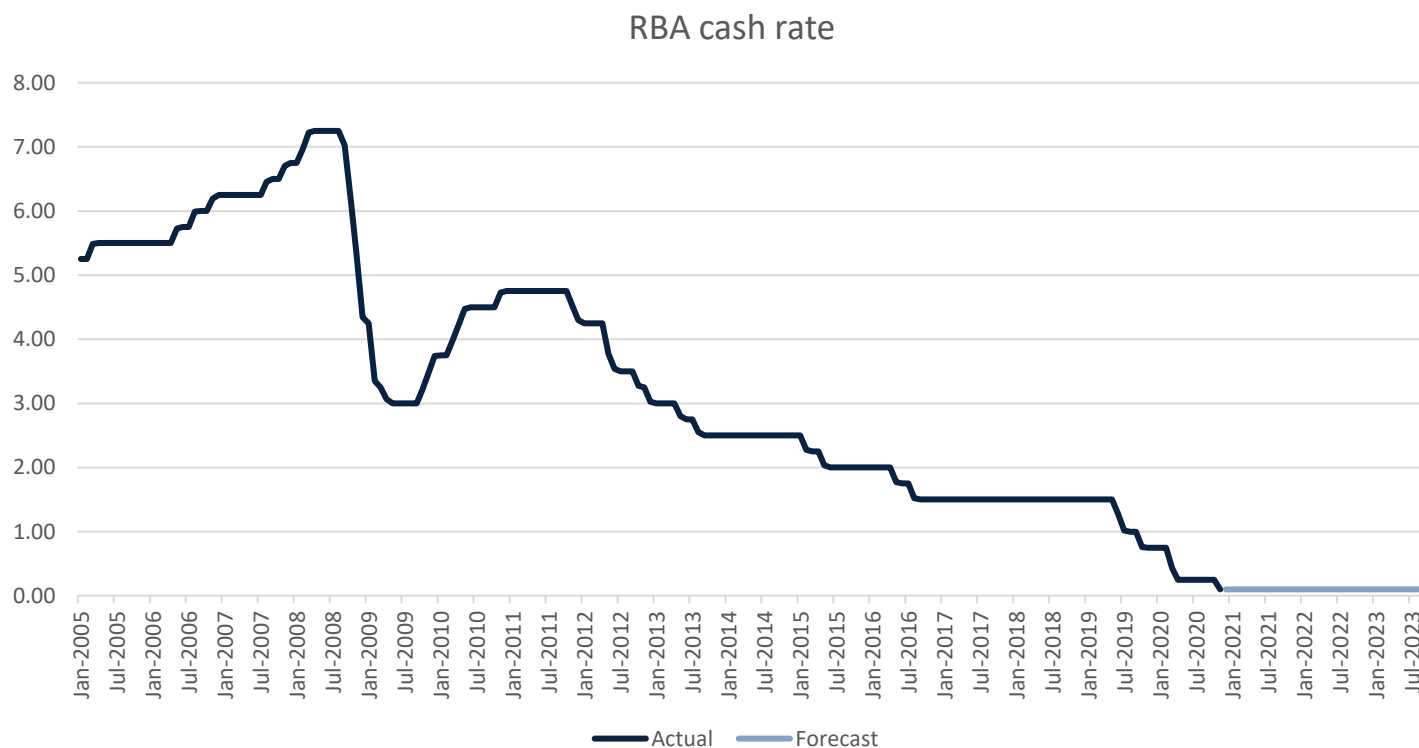


# Market Update



# RBA moves cash rate to new historic low of 0.1%

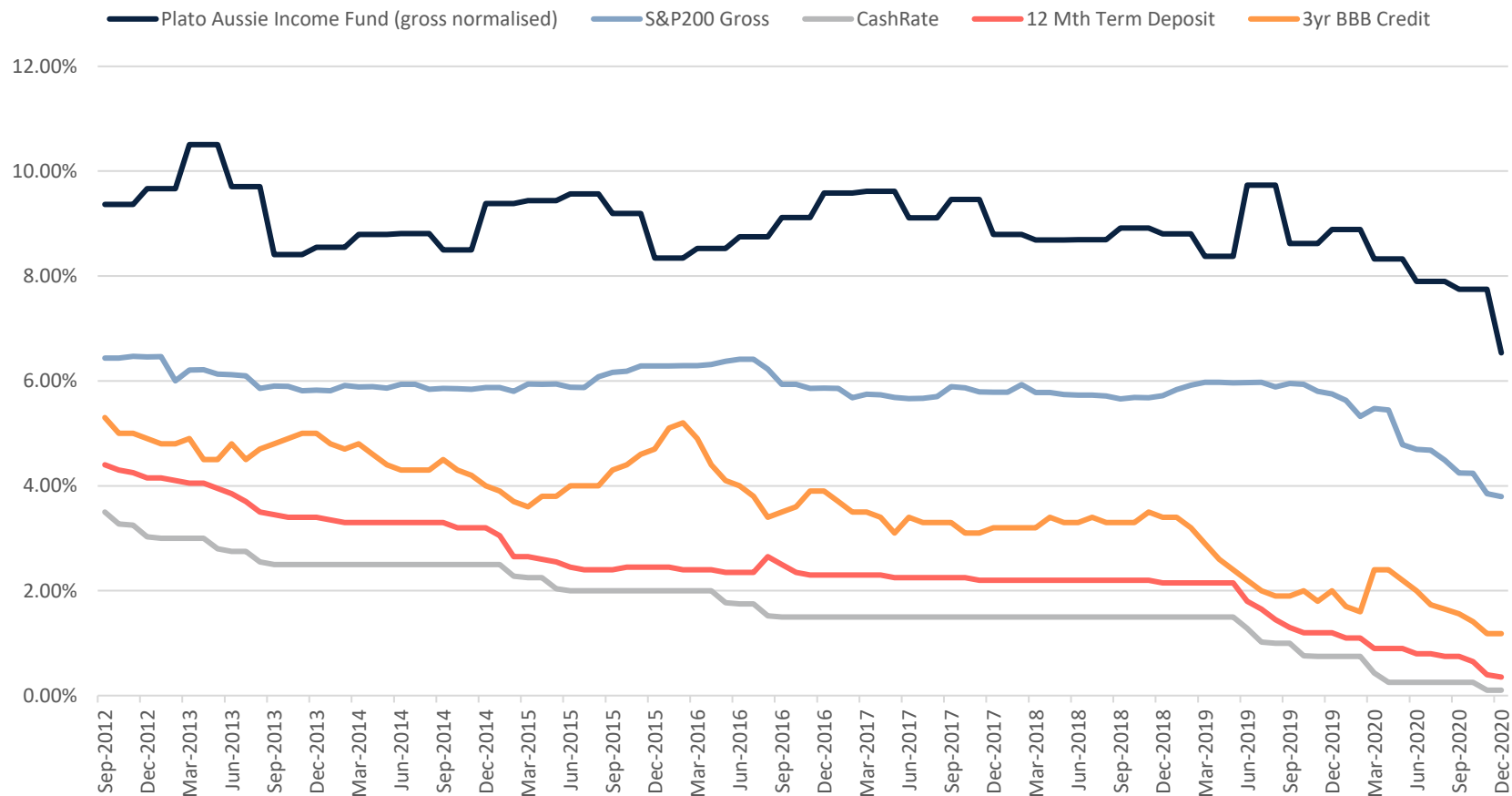
OFFICIAL RBA CASH RATE EXPECTATIONS – EVEN LOWER FOR LONGER



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

Monetary Policy Decision 3 November 2020.

# Yields on all asset classes are falling

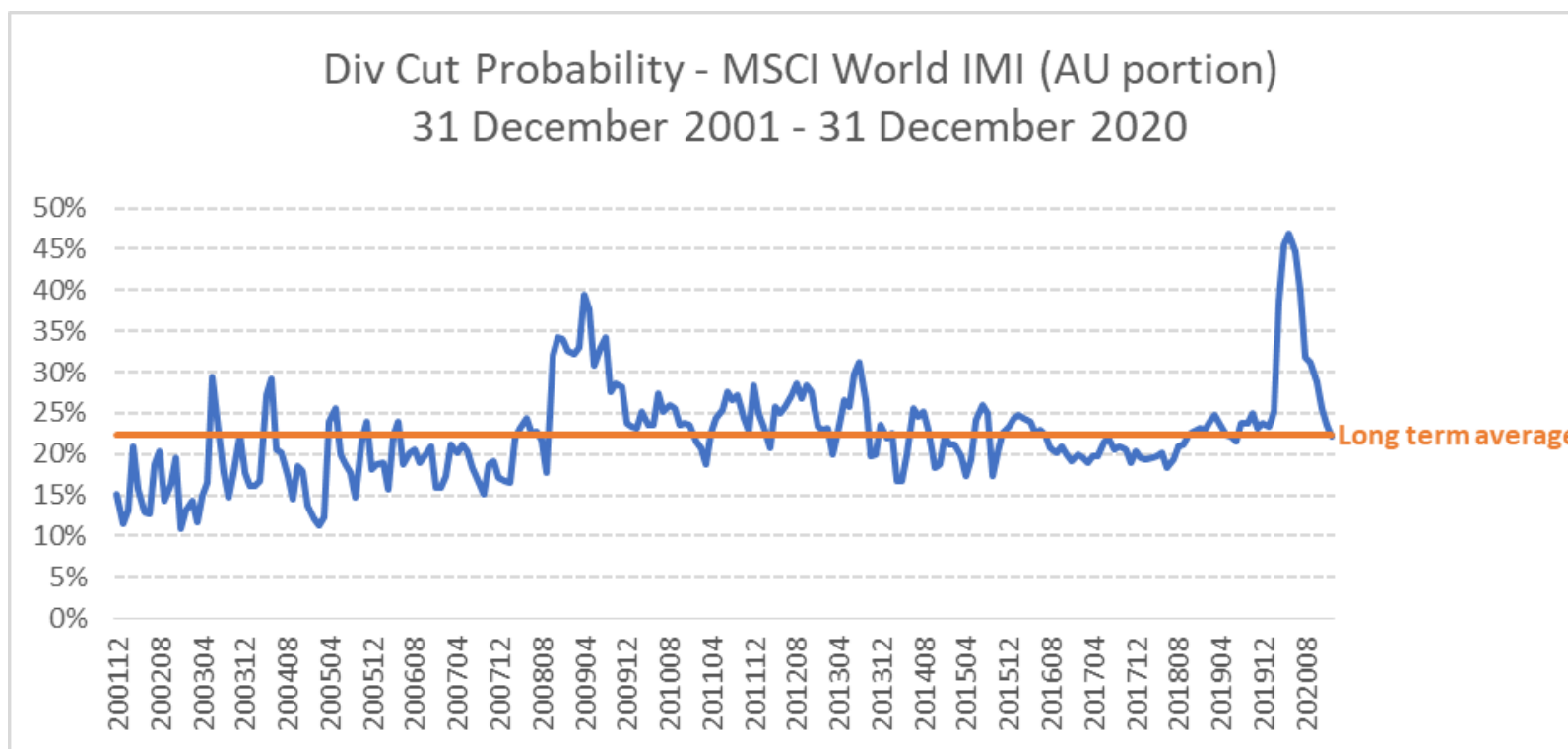


Source: Plato, RBA, Bloomberg Plato income normalized to exclude impact of large buybacks in 2018/19

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# Dividend outlook is improving

AVERAGE % CHANCE OF DIVIDEND CUTS FOR AUSTRALIAN MARKET



# TOP DIVIDEND TRAPS

BE CAREFUL LOOKING AT HISTORICAL YIELD

- COVID has impacted sectors and stocks differently:

- Tourism / Leisure

- Crown Casino / Flight Centre

- Consumer Discretionary




- G8 Education

- Resources

- South32

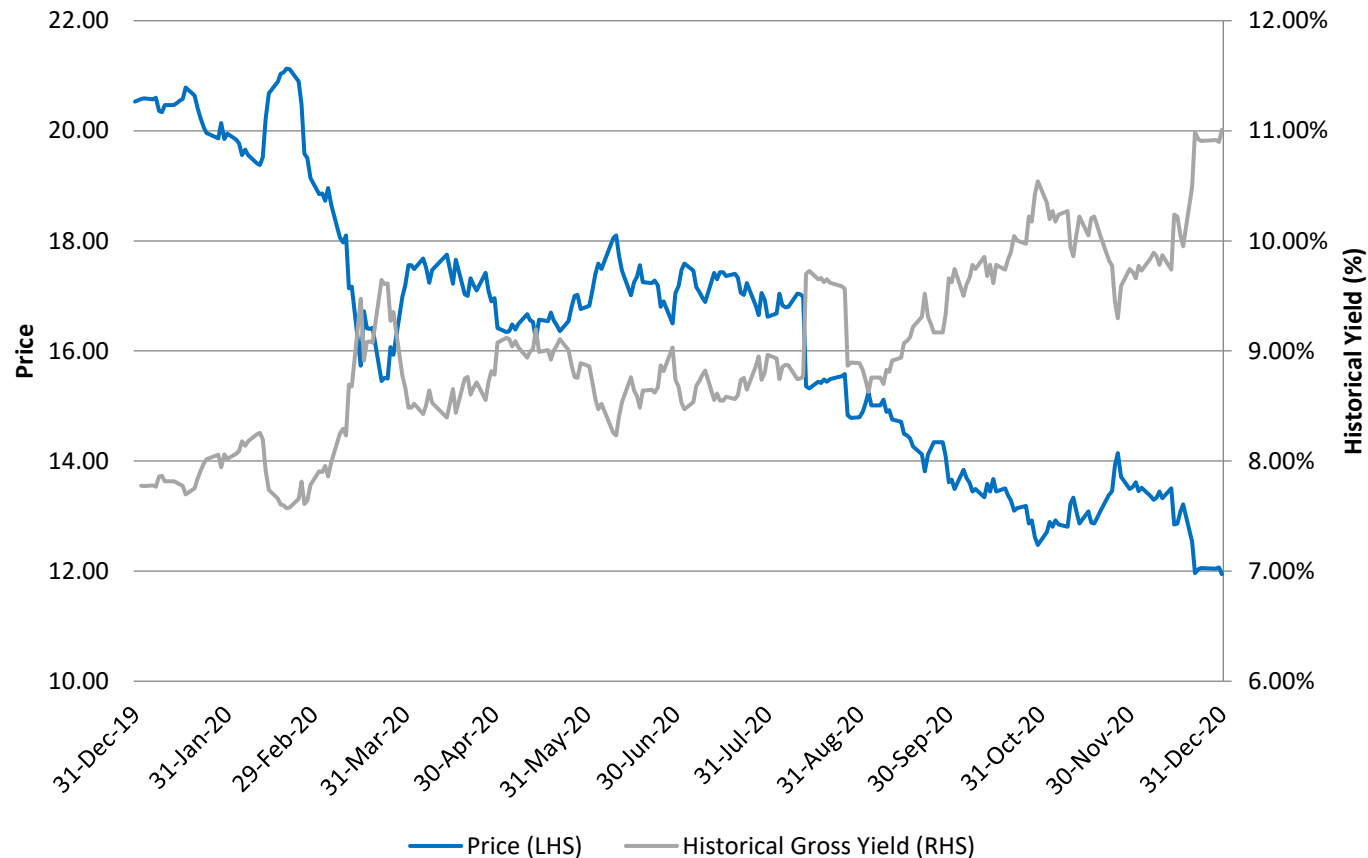
- Infrastructure

- Sydney Airport

STOCK	HIST. ANNUAL YIELD % (31 DEC 2020)
	11.0%
 G8 Education <sup>ltd</sup>	6.7%
	6.6%

# Winning by not losing - avoiding dividend traps

AGL ENERGY UP TO 11% GROSS DIVIDEND YIELD





# APRA December Update re Capital Management\*

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“...Since July 2020, there has been an *improvement in the economic outlook and stability in financial markets*. For banks, there has been a strengthening in capital positions and provisioning levels, and the majority of loans that were previously granted repayment deferral have recommenced repayments. APRA has also undertaken a range of stress testing exercises that has provided assurance that *the banking industry is well placed to withstand a range of downturn scenarios*...

There remains a high degree of uncertainty in the outlook for the operating environment, and all entities will need to maintain vigilance and careful planning in capital management. This should include:

- caution in capital distributions, with an *ongoing measured approach to dividends* in this heightened risk environment

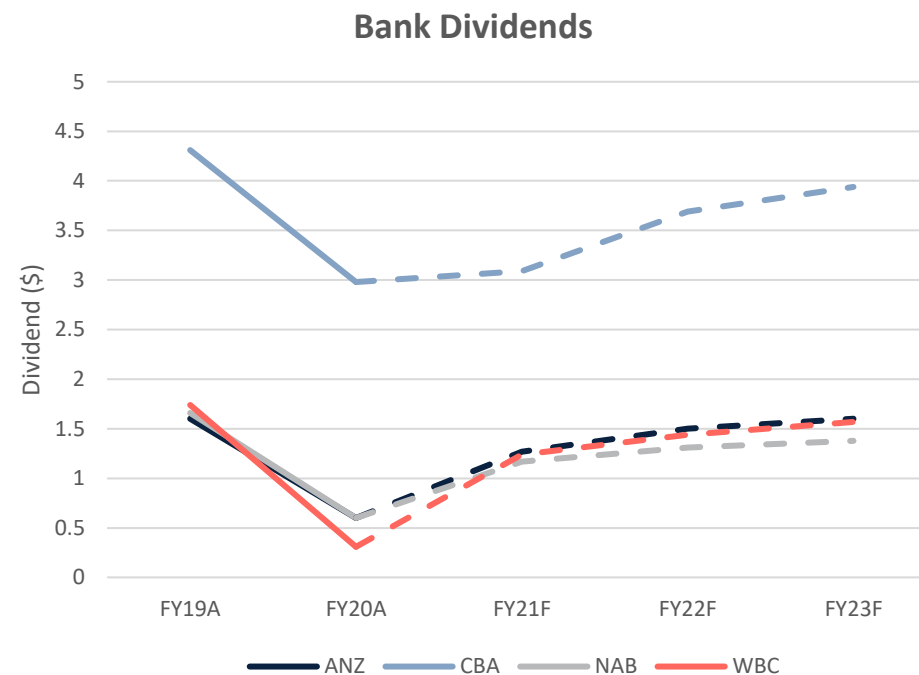
APRA expects banks and insurers to continue to *moderate dividend payout ratios*, and consider the use of dividend reinvestment plans (DRPs) and/or other capital management initiatives to offset the impact on capital from distributions. *While APRA will no longer hold banks to a minimum level of earnings retention, the onus will be on Boards to carefully consider the sustainable rate for dividends*, taking into account the outlook for profitability, capital and the economic environment.”

- <https://www.apra.gov.au/capital-management-1> dated 15 December 2020

# Bank Dividend Forecasts

IMPROVING, ALBEIT STILL LOWER THAN FY19

- Bank dividends cut an average of 60% in FY20.
- APRA removed shackles from banks in December.
- FY21 Divs to increase as earnings aren't affected by extra provisioning and payout ratios increase, still 20-25% below FY19 levels.
- Likely to see further write backs of Covid-related provisions after JobKeeper comes off at end of March.
- Potential for buybacks once we get vaccine roll-out and greater economic stability.



Highlights value of franking credits

# Australian Iron Ore Miners

## IRON ORE PRICE KEEPS MOVING HIGHER



STOCK

12MTH GROSS YIELD %

 **Fortescue**

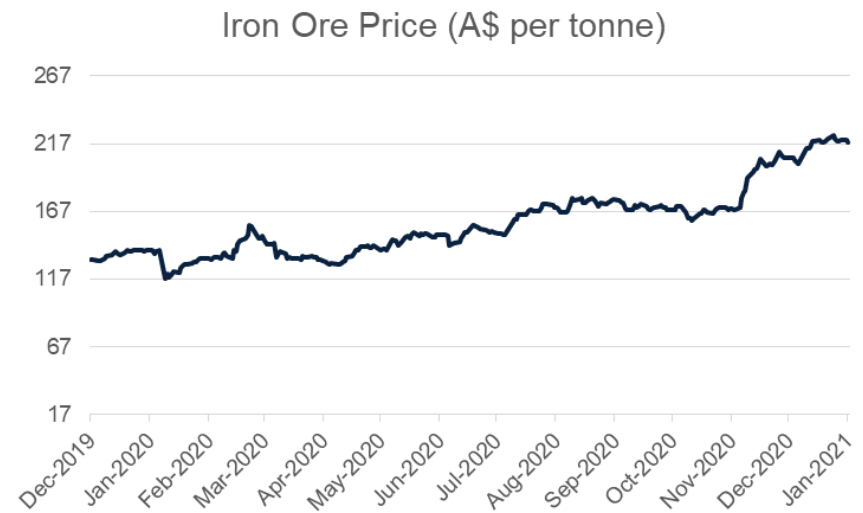
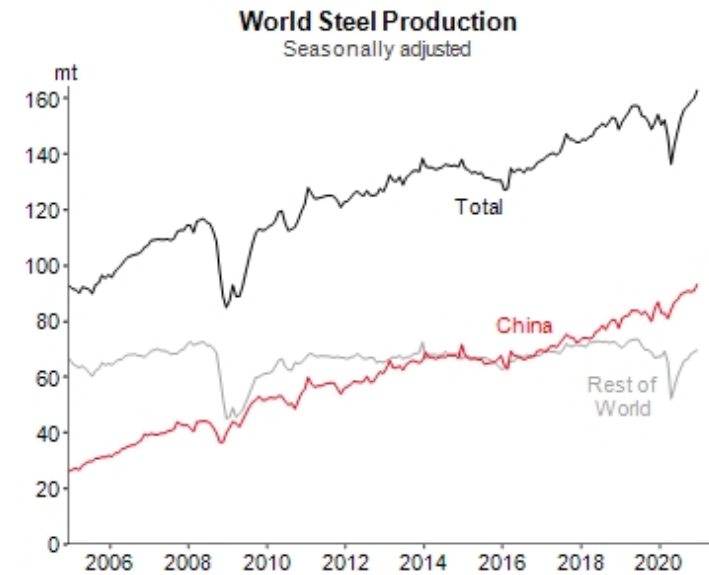
14.5%

**RioTinto**

8.2%

 **bhpbilliton**






6.1%



# Australian Retailers Sales Numbers during COVID

MANY RETAILERS HAVE BEEN THRIVING DURING THE SHUTDOWN

- Particular stocks have been benefiting by consumers diverting their discretionary spend from travel to goods as they spend more time at home.
- Social distancing has resulted in less trips to shopping centres and greater online purchases benefiting retailers with a strong on-line offering.

STOCK	% SALES INCREASE/DECREASE
	+24%
	+23%
	+24%
	+24%
	+35%

# Dividend Outlook

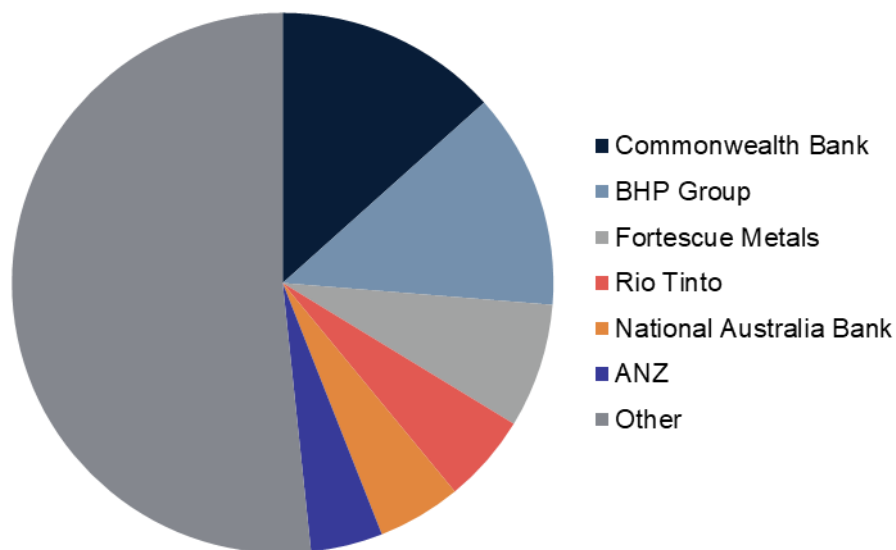
## LARGE DIVIDEND PAYERS

GOOD		BAD	UGLY
			
			
			
			
			
			
			
			

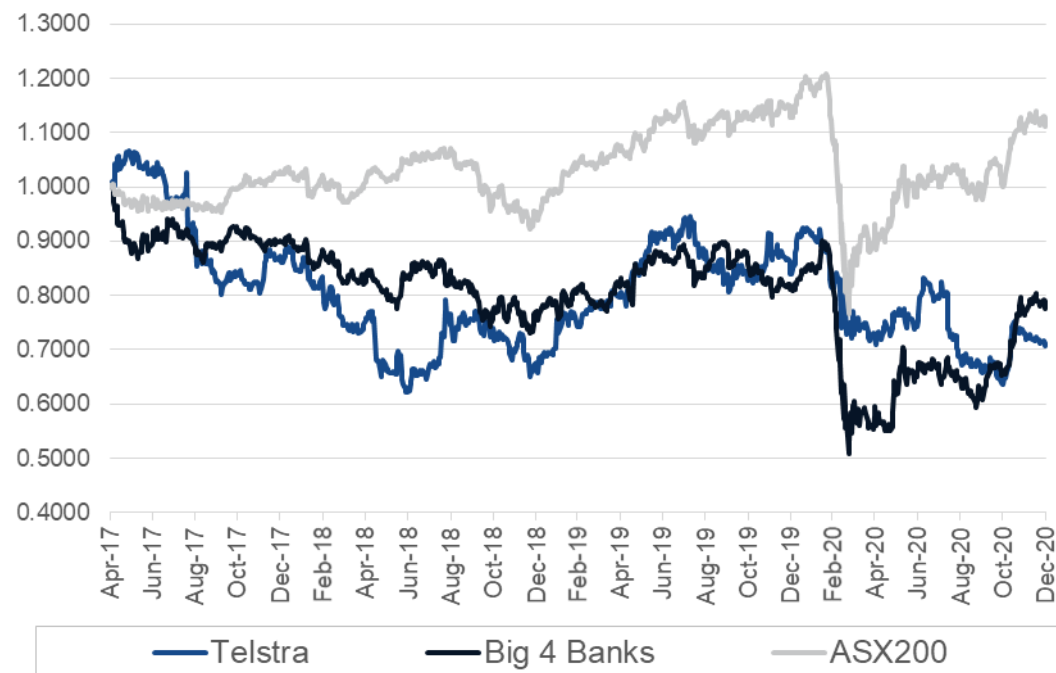
# Big Aussie income stocks doing it tough!

6 STOCKS ACCOUNT FOR NEARLY HALF OF ALL DIVIDENDS

% of Gross Dividend Income 2020



Price Performance

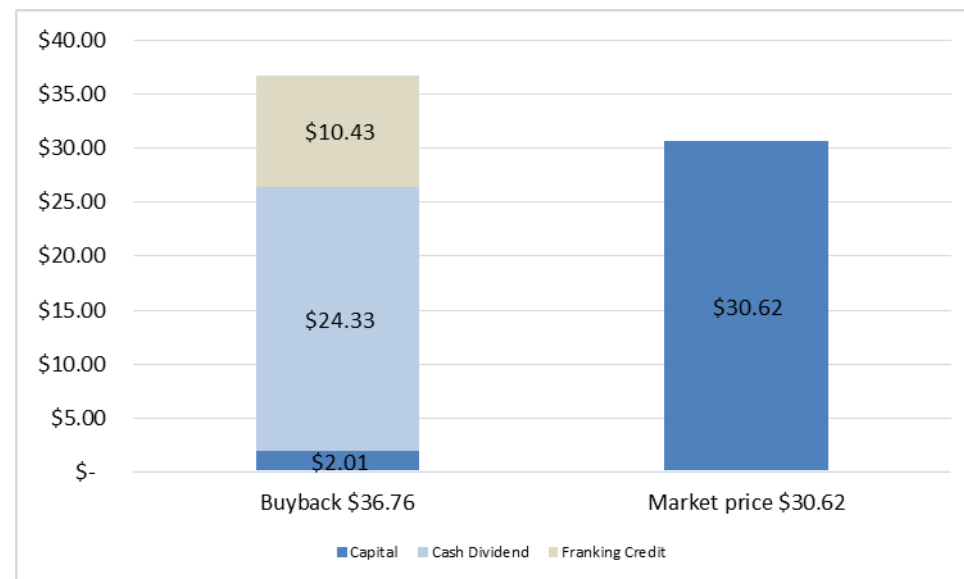


“...Australia is poorly diversified”

# Ampol announces off-market buy-back

WORTH 20% AFTER TAX FOR ZERO TAX INVESTORS

- A\$300m off market buyback - approximately 4% of shares on issue
- Worth 20% for pensioners for every share successfully tendered
- 89.4% scale back



## Highlights value of franking credits

# Market Outlook

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- **Interest rates to be even lower for longer**
  - All asset classes will deliver lower income
  - Equity income actually looks relatively more attractive
- **ALP has formally retracted its franking credit policy**
- **Dividends have been cut, but outlook improving**
  - APRA takes off dividend shackles
  - Plato dividend cut model now back to normal



# Questions



Retirement Solutions  
and Income Specialists

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