

# COMPANY HALF-YEAR FY23 RESULTS

PLATO INCOME MAXIMISER LIMITED

ASX: PL8



**Plato**  
INCOME MAXIMISER

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# Agenda

01  
PL8 Company Update

02  
Market update

03  
Questions





# PL8 Company Update



# 1HFY23 sees strong portfolio returns

1HFY23 profit	1HFY23 Portfolio performance (incl. franking)	Total dividends paid in 1HFY23
\$43.4m	+ 12.3% <sup>1</sup> (+ 1.5% to benchmark <sup>2</sup> )	3.3c <sup>3</sup>

- 1HFY23 operating profit after tax of \$43.4 million (+\$28.0m to 1HFY22)
- Total dividends of \$0.033 per share, equivalent to annualised distributed yield of 8.0%<sup>4</sup>
- Monthly fully franked dividends at \$0.0055 per share representing the largest monthly dividend (excluding special dividends) since ASX listing in May 2017
- Total portfolio return of +12.3%<sup>1</sup>, +1.5% compared to benchmark of +10.8% (+0.5% p.a. to benchmark since inception)
- Distributed income of +4.0% for the half-year, +0.7% compared to benchmark of +3.3% (+2.2% p.a. to benchmark since inception)
- \$85.8 million raised via Share Purchase Plan (SPP)

<sup>1</sup>Including franking credits, net of portfolio related fees, costs and taxes.

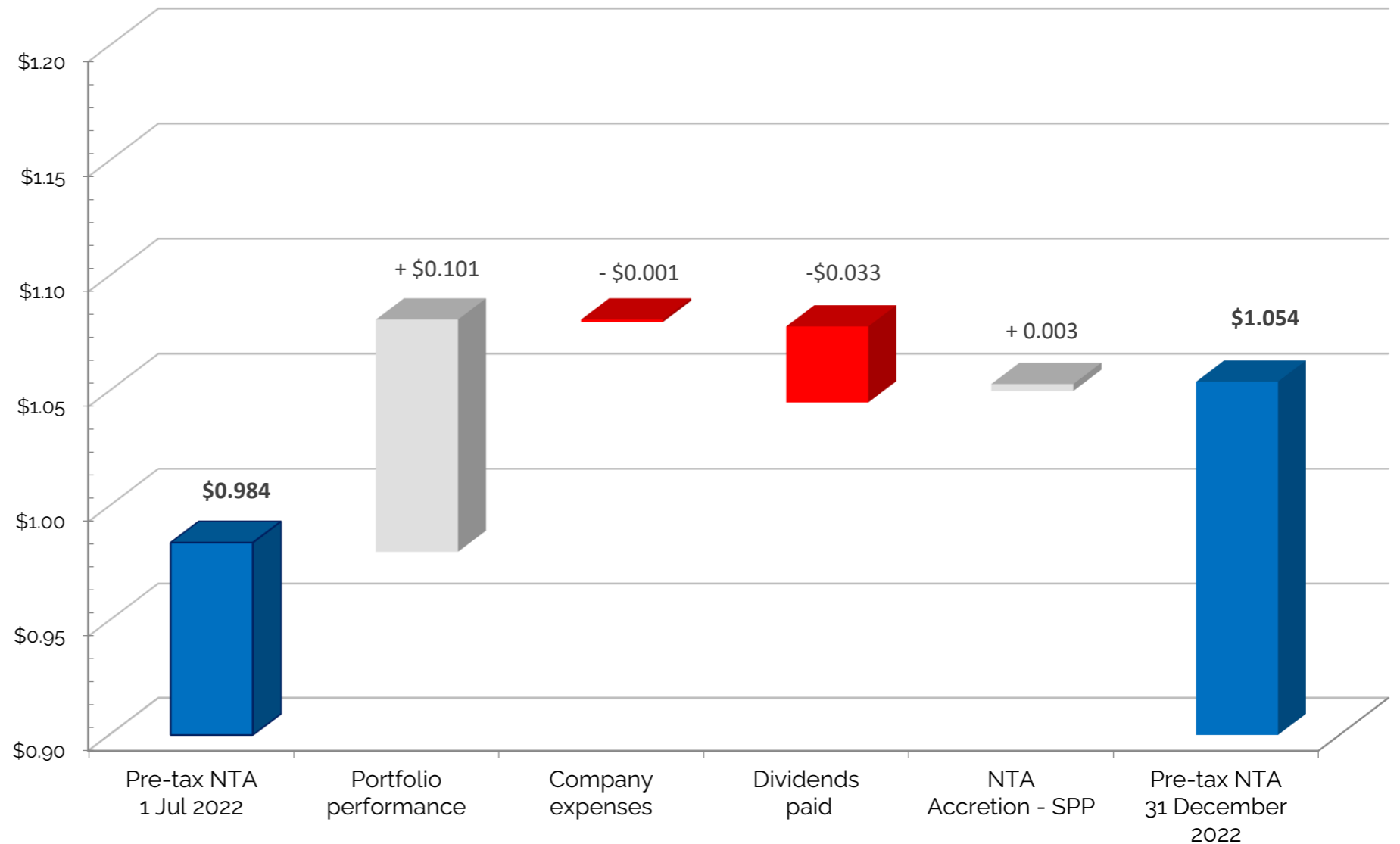
<sup>2</sup>S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt)

<sup>3</sup>Paid via 6 consecutive \$0.0055 monthly dividends

<sup>4</sup>Calculated as monthly dividends paid (including franking credits) divided by average month-end share price over the period, annualised

# PL8 NTA performance breakdown for 1HFY23<sup>2</sup>

- In 1HFY23, the pre-tax NTA per share increased from \$0.984 on 30 June 2022 to \$1.054 on 31 December 2022.
- The \$0.070 increase in NTA per share reflects the strong portfolio performance and a small accretive impact of the SPP of \$0.003 per share, and is after the payment of \$0.033 of fully franked dividends during the half-year<sup>1</sup>.



<sup>1</sup> Paid via 6 consecutive \$0.0055 monthly dividends.

<sup>2</sup> NTA per share performance excludes value of franking credits. Portfolio performance is net of management fees.

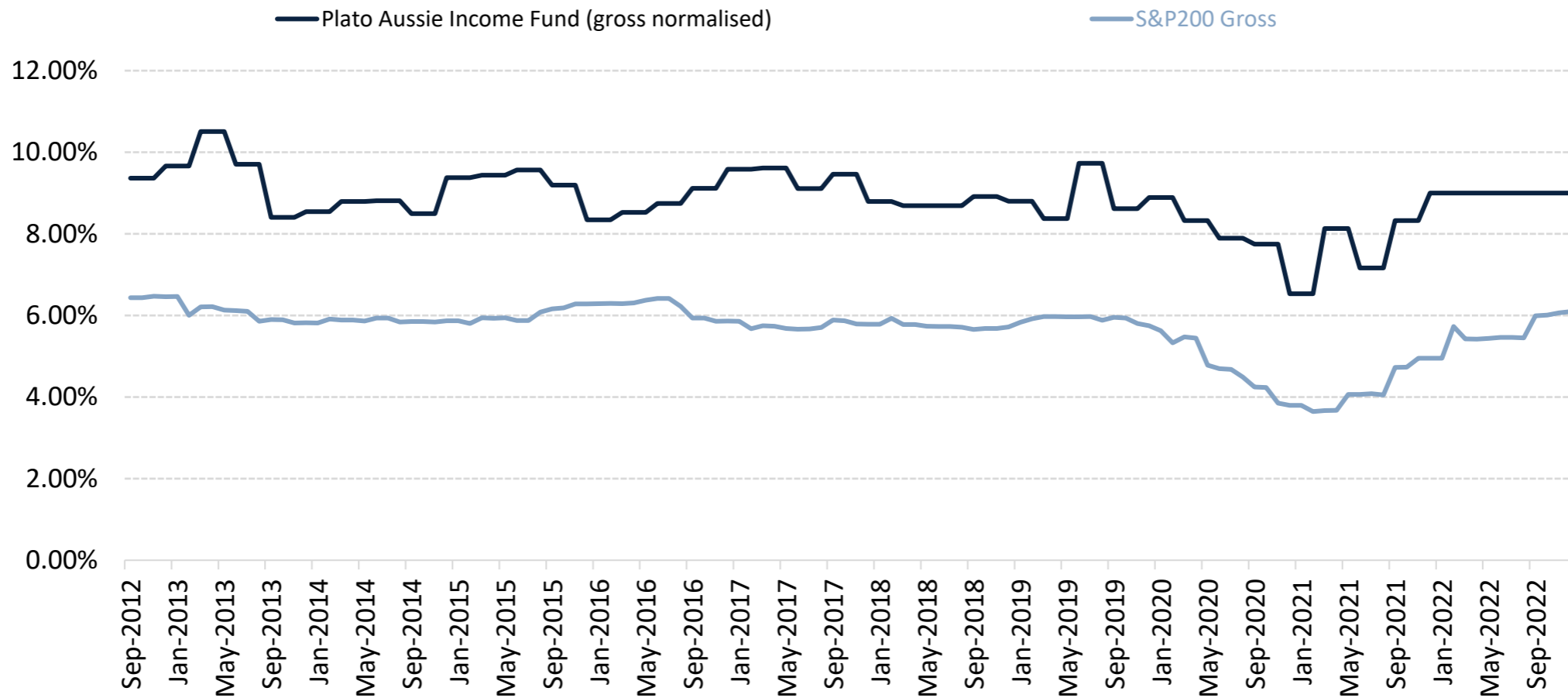
# PL8 investment portfolio performance

PERFORMANCE TO 31 DECEMBER 2022 AFTER FEES AND COSTS\*

Including Franking	Half-Year	12 Months	Since Inception p.a.** (28/4/2017)
Total Portfolio Performance	12.3%	4.5%	9.2%
S&P/ASX200 Tax Exempt	10.8%	0.5%	8.7%
Excess Return	1.5%	4.0%	0.5%

\*Inclusive of the net impact of GST and Reduced Input Tax Credits. Past performance is not a reliable indicator of future performance. \*\*Annualised from Inception date: 28 April 2017

# PL8 objective one: generate income<sup>1</sup> in excess of the Benchmark<sup>2</sup>



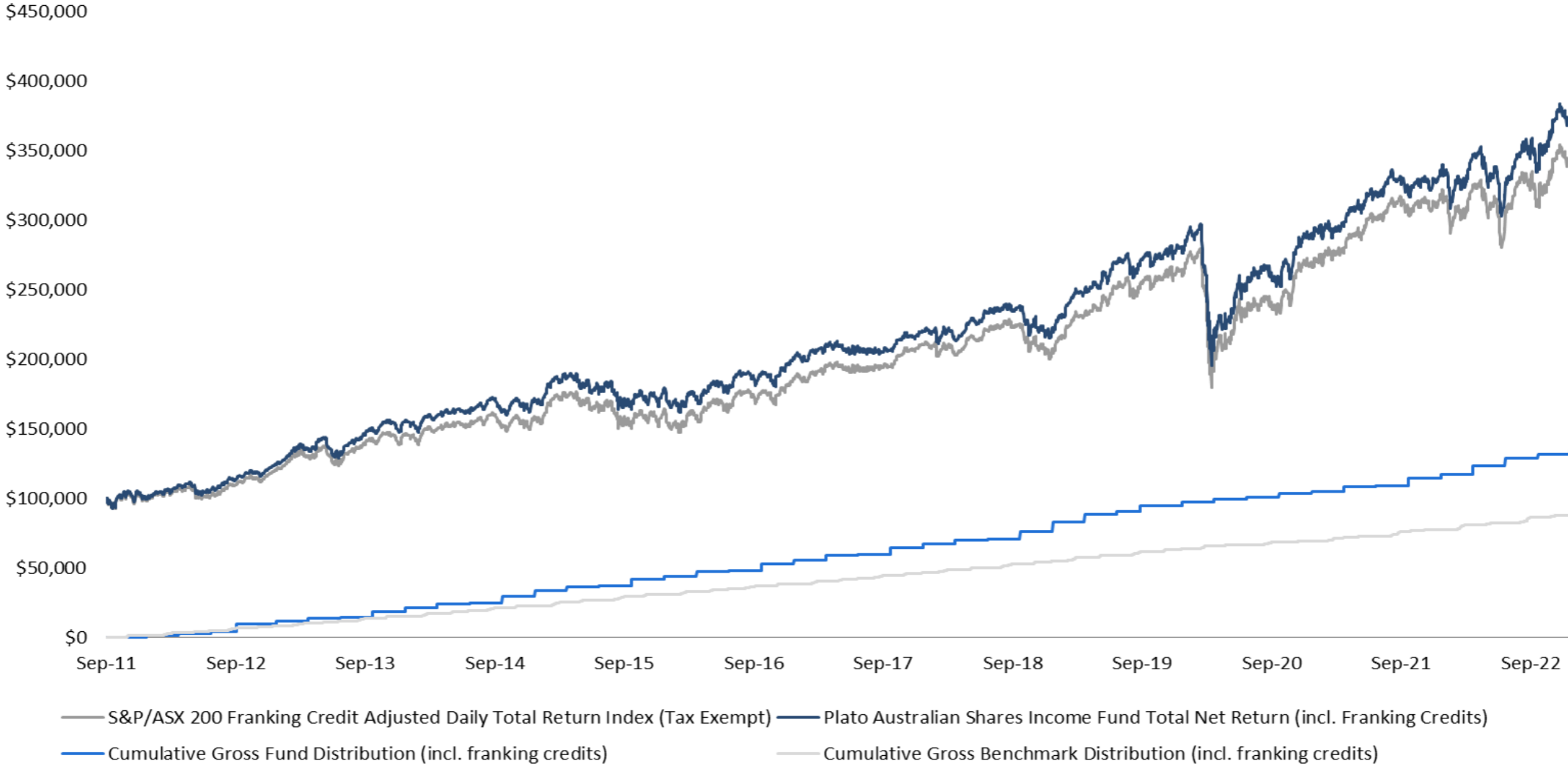
Source: Plato, Bloomberg. Plato income normalised to exclude impact of large buybacks in 2018/19 and 2021/22. Data to 31-Dec-2022

<sup>1</sup>Distributed income including franking credits of the Plato Australian Shares Income Fund

<sup>2</sup>S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt)



# PL8 objective two: outperform the Benchmark<sup>1</sup>



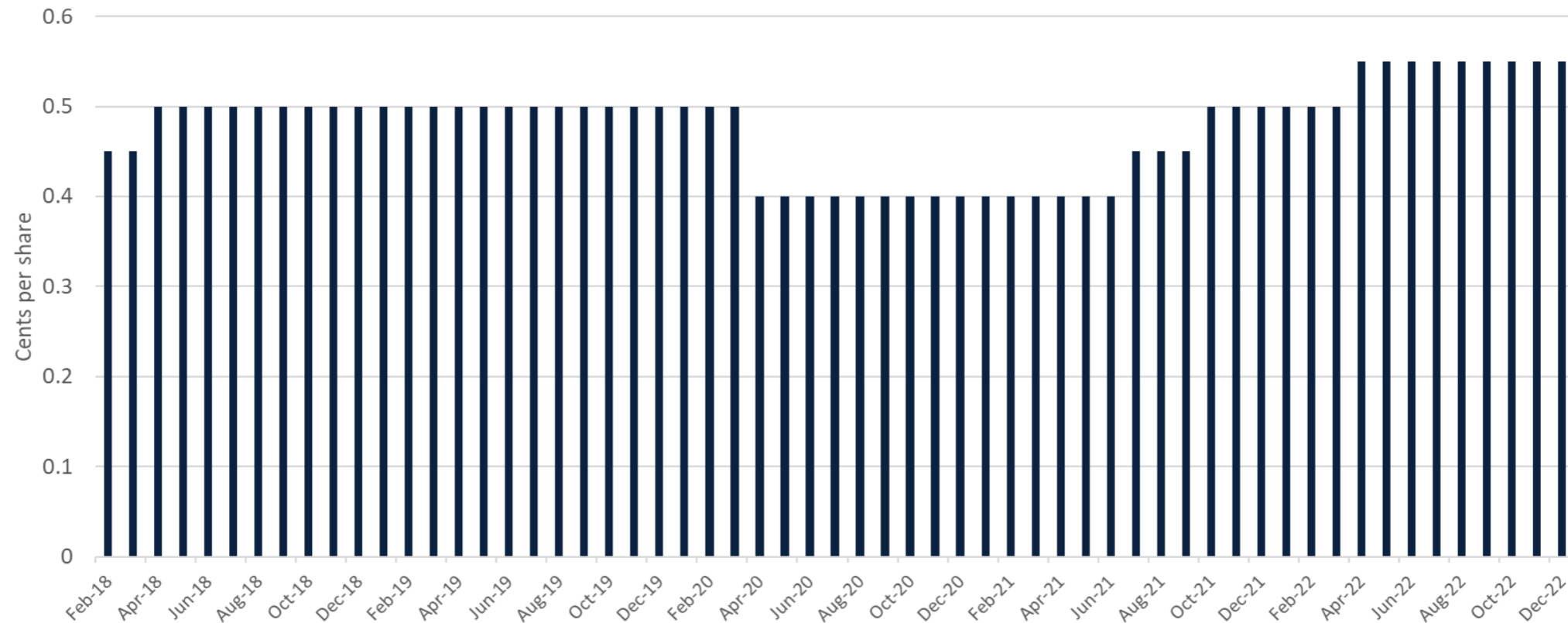
Source: Plato, Bloomberg.

<sup>1</sup>S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt)  
 \*Data as at 31 December 2022

# Delivering consistent monthly income

PAID SIX MONTHLY DIVIDENDS OF \$0.0055 PER SHARE DURING 1HFY23. THIS REPRESENTS THE HIGHEST LEVEL OF MONTHLY DIVIDEND THE COMPANY HAS PAID (EXCLUDING SPECIAL DIVIDENDS)

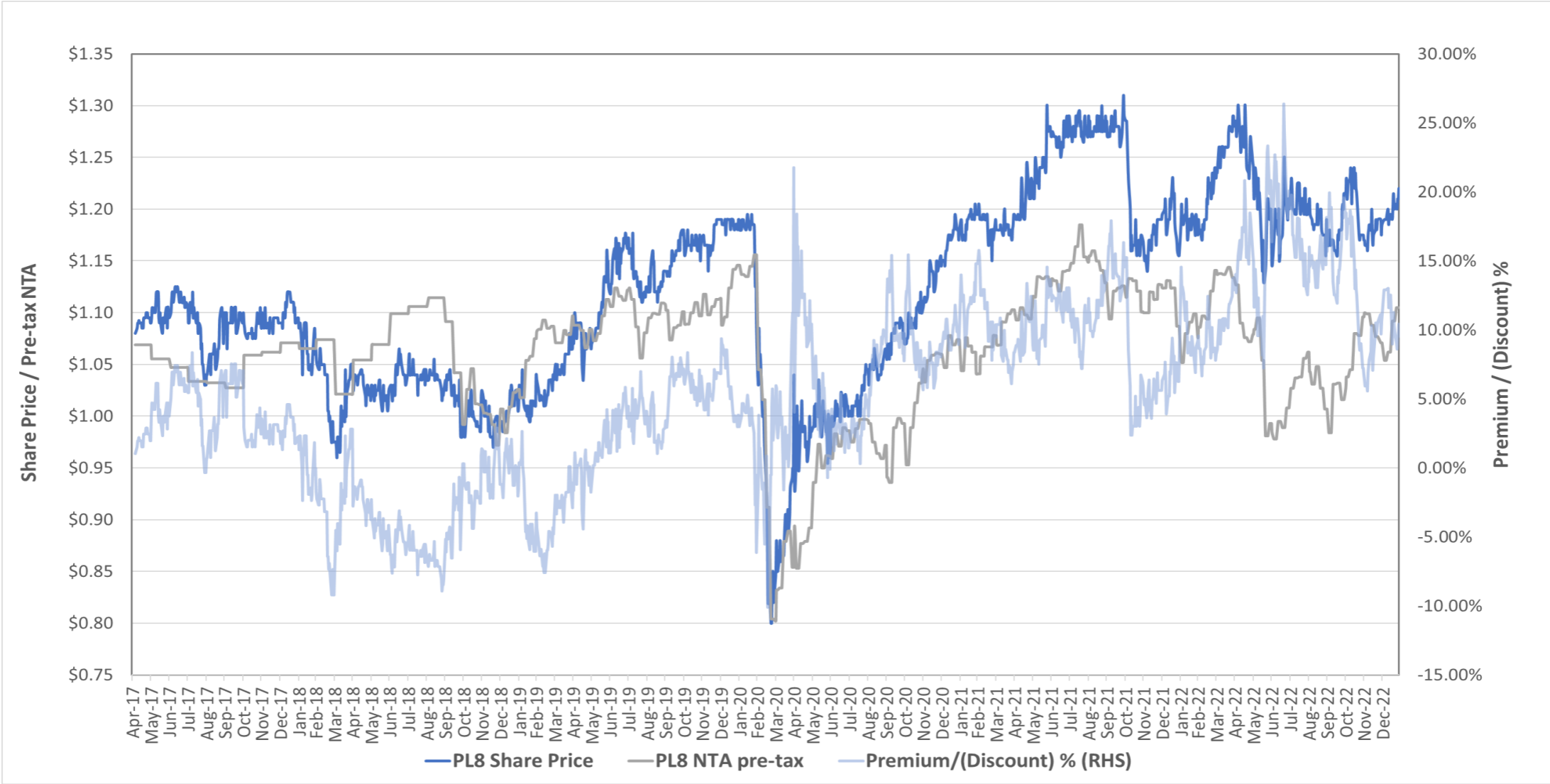
MONTHLY DIVIDENDS



Only Australian LIC paying monthly fully franked dividends

Source: Plato. While monthly income has been consistent since April 2018, this may change in the future. The declaration of dividends by the company is at the full discretion of the board (unlike trusts where income must be fully distributed each financial year).

# Share price has traded at a premium to NTA



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

\*Data as at 31 December 2022

# Market Update

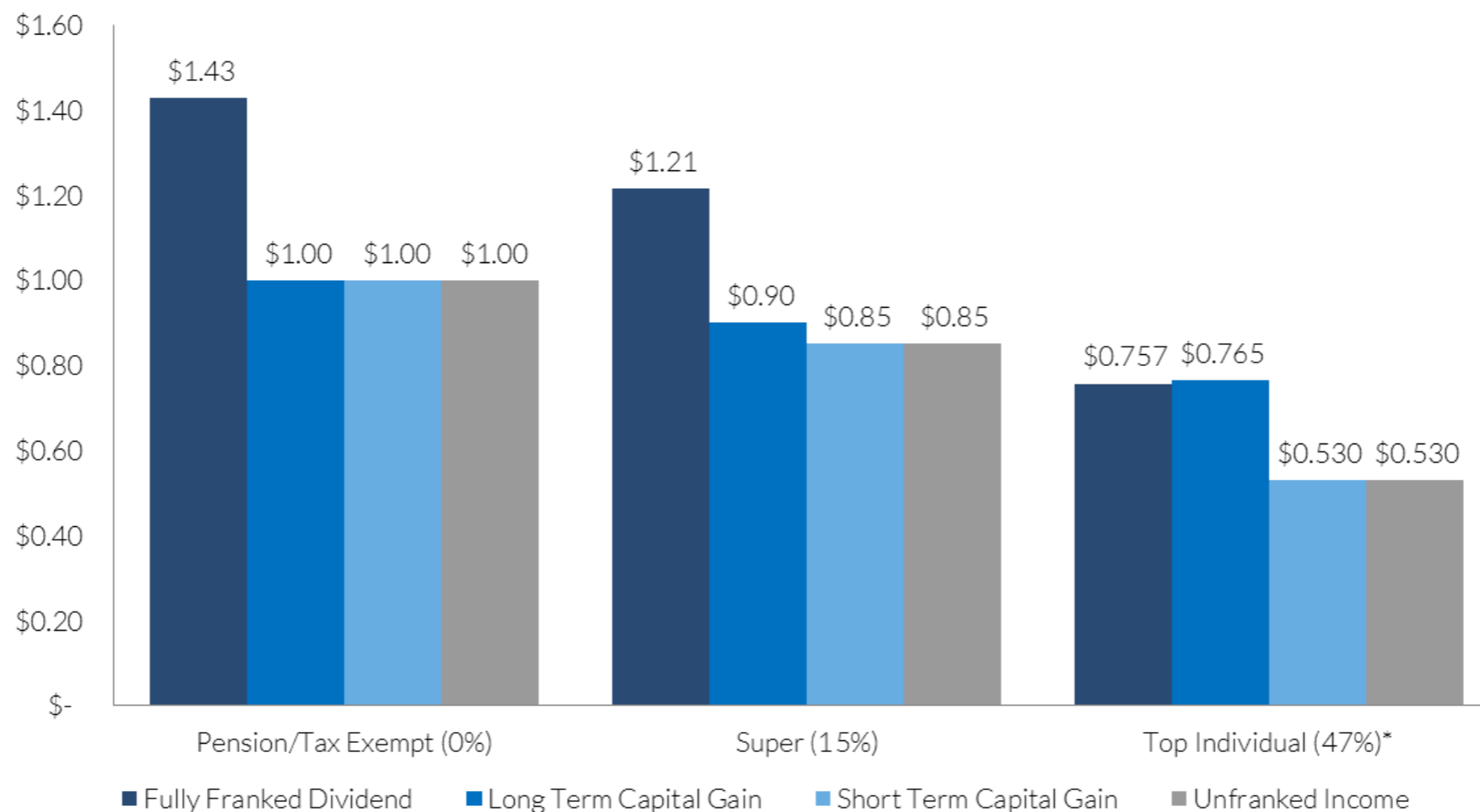


# Retirees are different

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- Retirees are different to accumulators
- They need to live off the income from their investments:
  - Investment income replaces regular salary
- They are taxed differently:
  - The first \$1.7m (\$1.9m July) in pension phase superannuation is tax free whereas accumulation superannuation is taxed at 15%
- They face longevity risk:
  - Risk of outliving your investments
  - Significant evidence that retirees prefer to live off income rather than significantly drawdown on capital

# Pension phase super tax rates are different



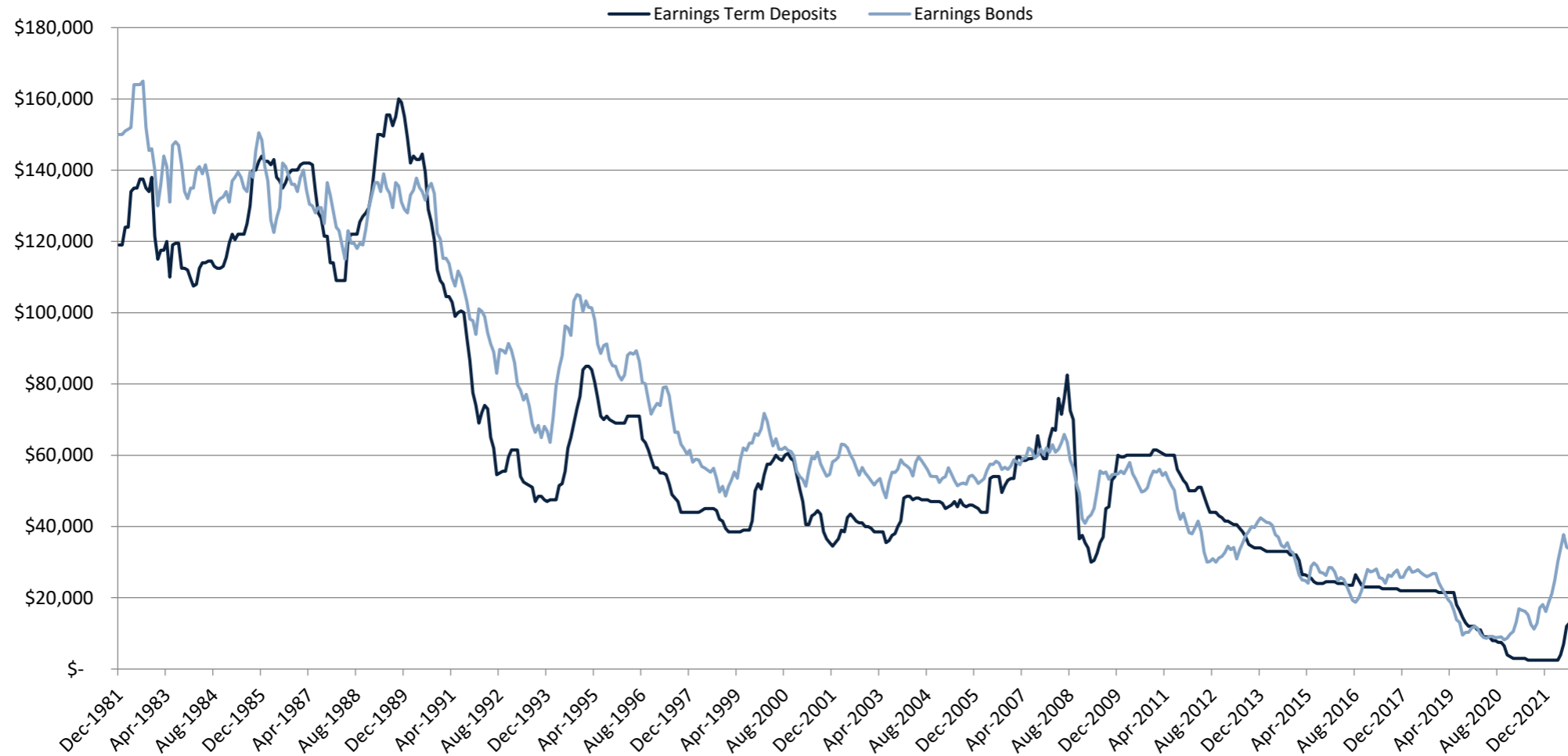
**Tax effectiveness depends on your tax status!**

Source : ATO, Plato using 1 July 2020 tax rates including Medicare levy. After tax value of \$1 of pre-tax return)



# Interest rates are rising...

NOMINAL EARNINGS ON \$1M

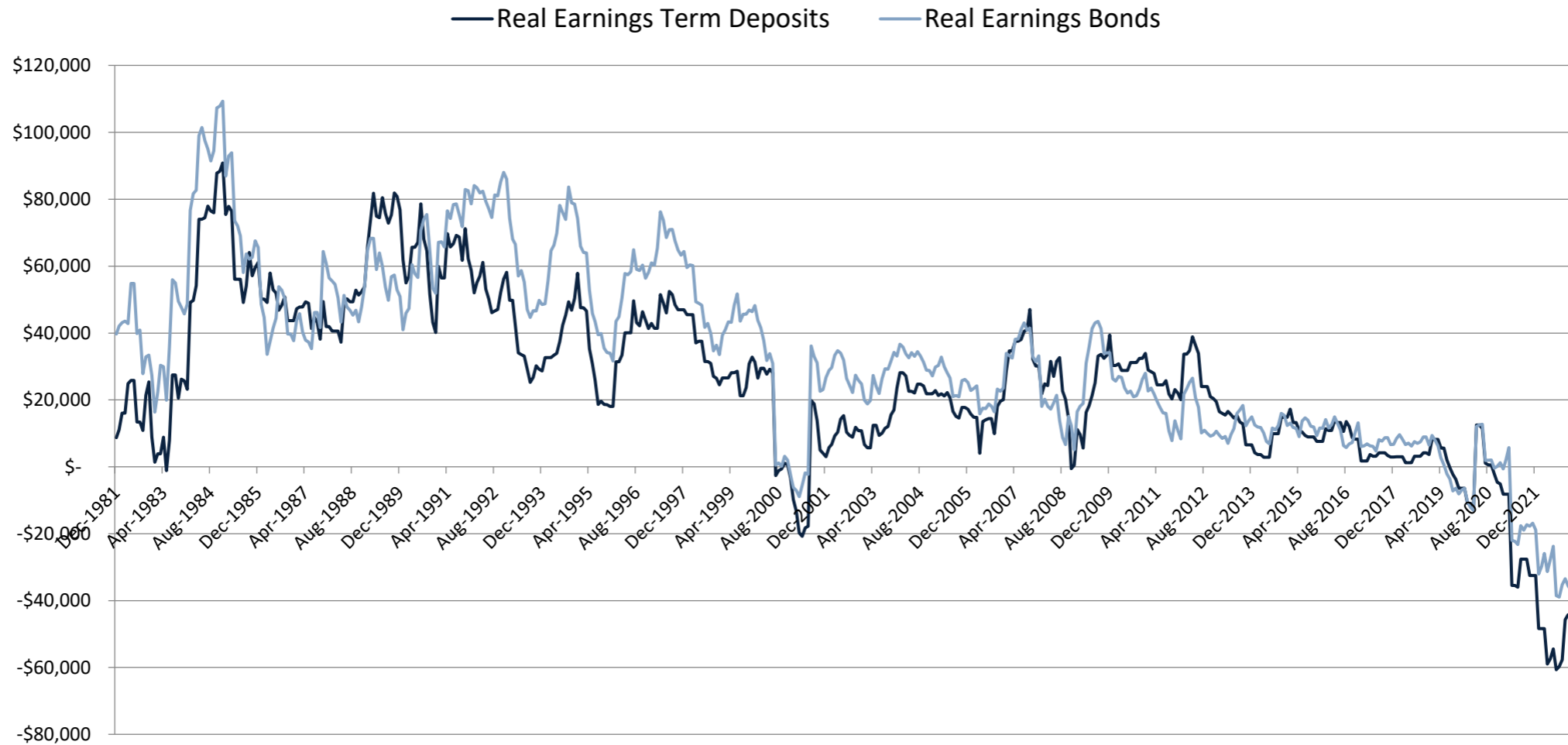


...but what about inflation?

Source : Plato, RBA updated to 30/12/2022

# Safe assets now losing you money

REAL AFTER INFLATION EARNINGS ON \$1M

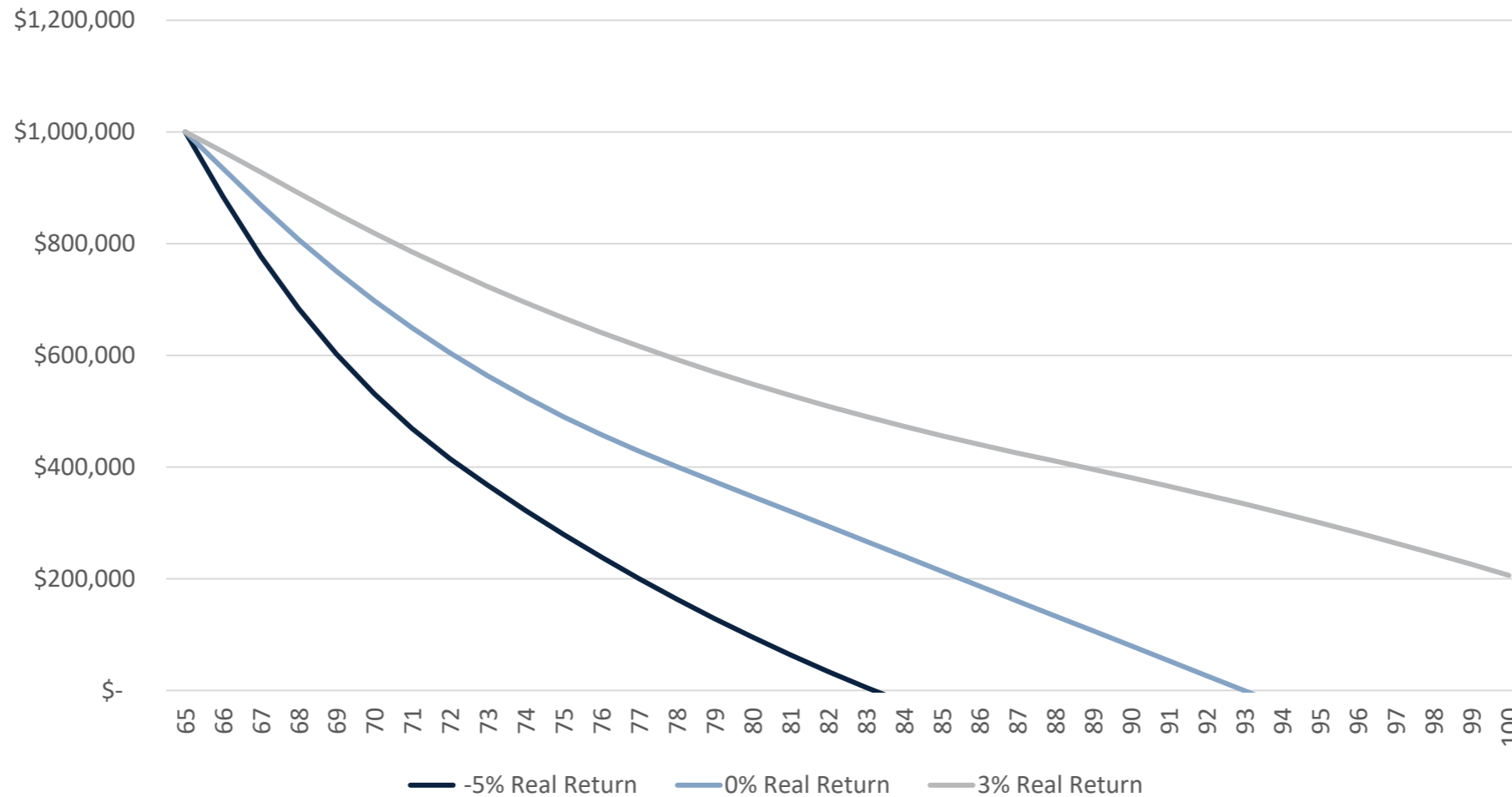


Inflation hit 7.8% in 2022

Source : Plato, RBA updated to 31/12/2022

# Don't be fooled: Why retirees must get real!

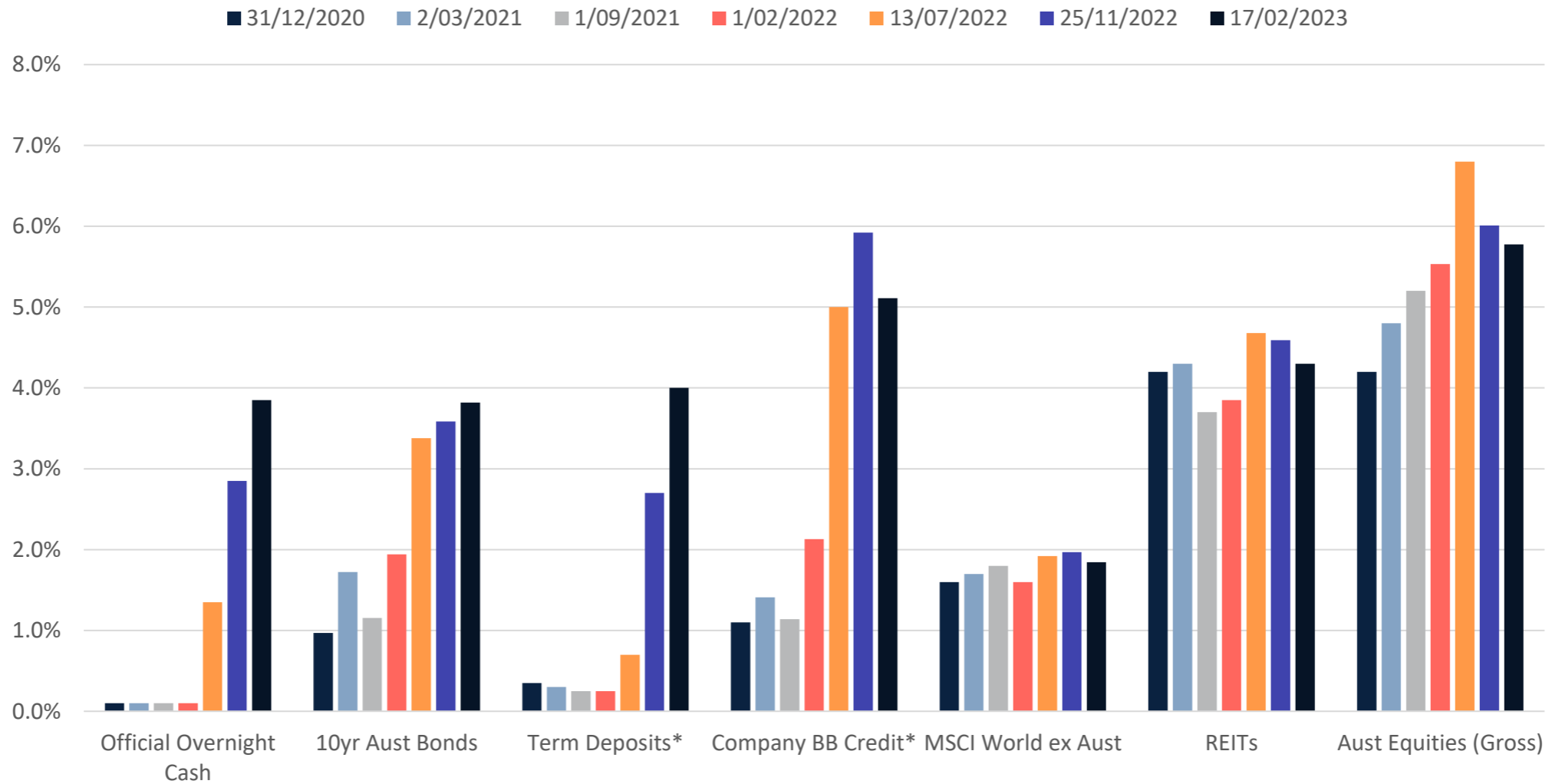
**-5% REAL RETURN MEANS YOU'LL BE ON THE FULL PENSION AT 72... NEGATE REAL RETURNS ARE A KILLER FOR RETIREMENT BALANCES**



Source: ASFA, Plato, Services Australia  
Assumptions: Homeowner couple, \$1m starting assets, ASFA comfortable lifestyle, eligible for pension subject to assets test. As at 31-Dec-2021.

# Asset Class Outlook for Income

FORECAST 12 MONTH INCOME AS AT 17/2/2023



Source: Plato, Bloomberg, \*RBA

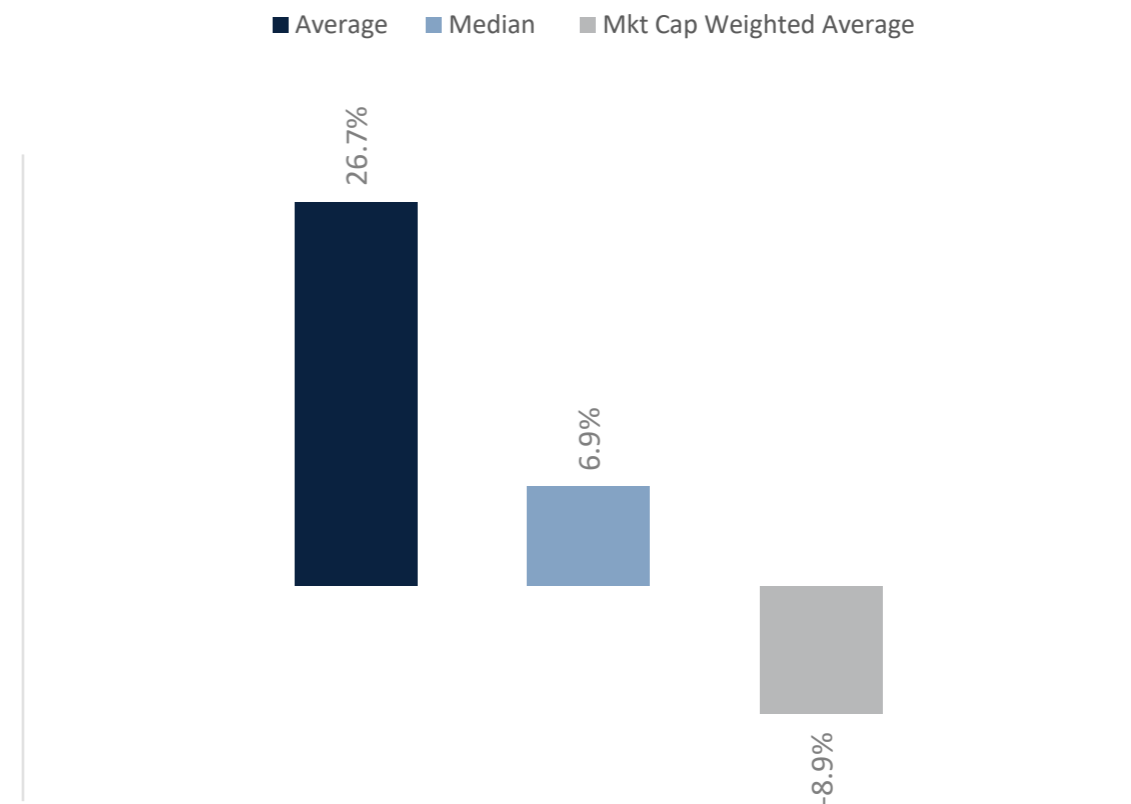
*The above forecast may not occur and you may not receive any income from any product including the Plato Fund.*

# Results season February 2023 - Dividends

## DIVIDENDS UP BUT SOME RETRACEMENT

- Over \$35bn in dividends have been declared, 8.9% less than last year.
- Strong dividend increases:
  - Ampol (278%), Viva Energy (316%), Whitehaven Coal (300%), Santos (90%) and Woodside (46%) in energy.
  - QBE Insurance (58%), Suncorp (43%), Commonwealth Bank (20%) and AMP (100%) in financials.
  - JB Hi-fi (21%), Super Retail (26%), Woolworths (18%) and Wesfarmers (10%)
- 2 companies in ASX200 (Alumina and Helius) omitted their dividend.
- Dividend Cuts in resources: Coronado (94%), Sims (66%), Rio Tinto (51%), South32 (38%), BHP (36%) and Evolution (33%).
- Other Dividend Cuts: Downer (58%), Magellan Financial (57%), AGL Energy (50%), Aurizon (33%) and Dominoes (24%).
- 62% of companies increased dividends, 13% had flat dividend and 25% reduced dividends.

## FEB 2023 CHANGE IN DIVIDENDS PCP



Source: Plato, Bloomberg, S&P200

\* Plato estimates, making an adjustment to last year's numbers for BHP's re-unification

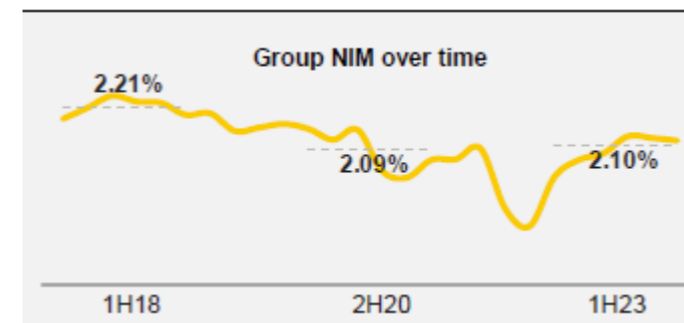
\*\* Companies mentioned on this slide are illustrative only and not a recommendation to buy or sell any particular security

# Reporting Season Analysis

CBA



- Good result, 1H FY23 Cash NPAT of \$5,153m, up 9% from PCP in line with expectations.
- Interim Dividend 210c vs 175c last year, up 20%. Record interim.
- Payout Ratio 69% of 1H FY23 Earnings
- 1H Net Interest Margin 2.10% around market expectations (1.87% in 2H FY22).
- Bad debts of 11bps.
- Deposits are funding 75% of loans.



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# Reporting Season Analysis



WESFARMERS

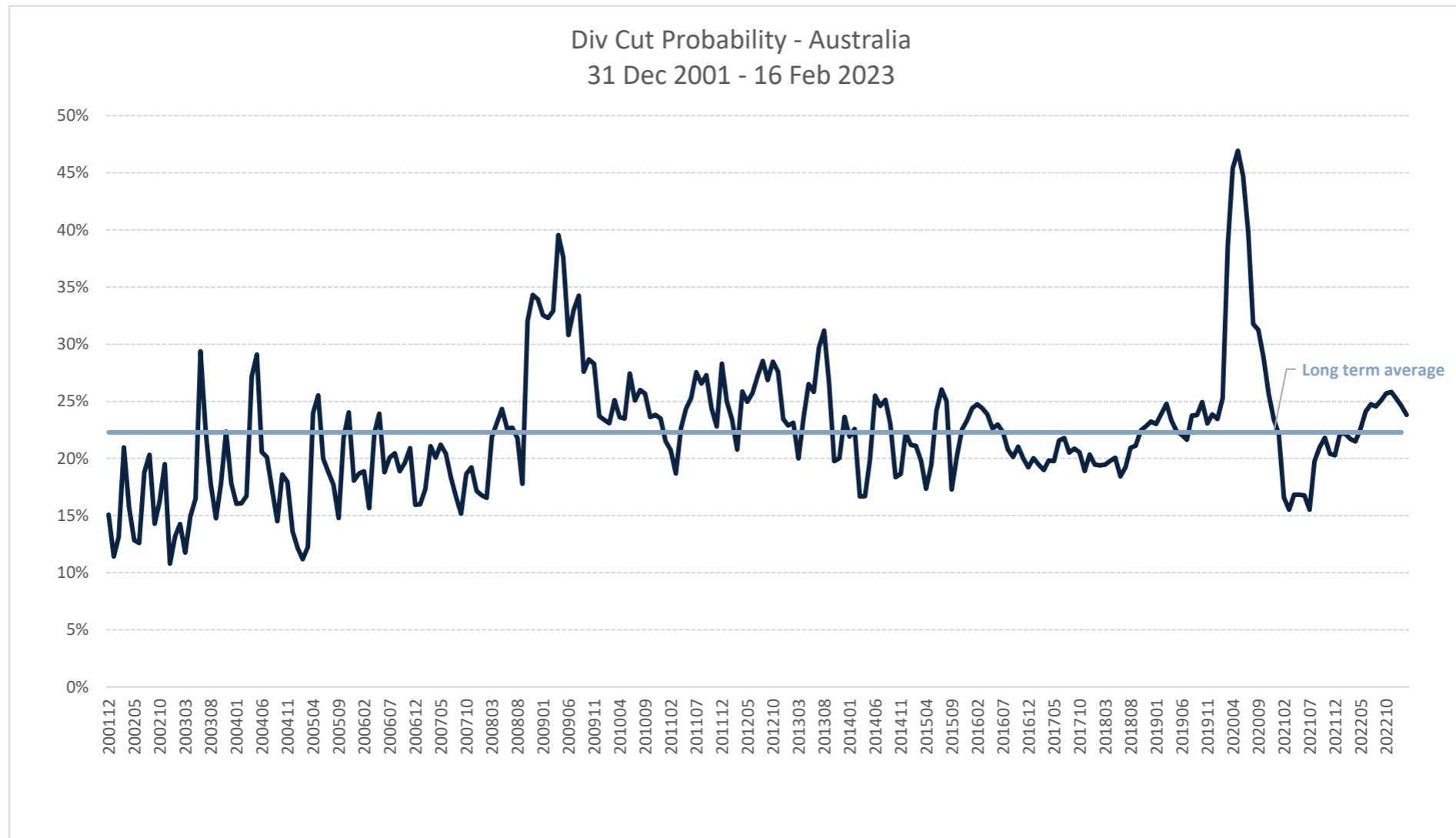


- Good result - 1H FY23 NPAT of \$1.3bn, 14% above pcp, revenue up 27%.
- Interim dividend 88c vs 80c last year.
- Retail trading results through the first five weeks of 2H23 have been broadly in line with growth reported for 1H23.

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# Dividend cut risk rising but still within normal range

AVERAGE % CHANCE OF DIVIDEND CUTS FOR AUSTRALIAN MARKET



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

# The income summary

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— **Bad news: Interest rates are rising quickly**

- rising interest rates will challenge asset prices but “safe assets” face negative real returns



— **Good news: Dividends are still strong**

- Plato dividend cut model still fairly benign
- Balance sheets are strong
- Active management critical in avoiding dividend traps as uncertainty rises

# Questions

THANK YOU

