

## PL8 Full Year Results FY2018

### Highlights:

FY18 profit	Portfolio performance	Total dividends paid in FY18
<b>\$19.1m</b>	<b>+13.3%<sup>1</sup></b>	<b>4.2c<sup>2</sup></b>

- **Strong FY18 operating profit after tax of \$19.1 million**
- **Monthly dividends commenced in October 2017**
- **Shareholder conference call on results and portfolio**

We are pleased to announce Plato Income Maximiser's (ASX:PL8) strong FY2018 results, as the investment portfolio returned 13.3%. For FY2017/18 nine monthly dividends were paid equivalent to a grossed up (for franking credits) yield of 5.5%, only slightly less than the full year (12 months) gross yield of the benchmark of 5.7%. If the Company continues to pay a monthly dividend of 0.5 cents per share over the next year, this would equate to an 8.0%<sup>3</sup> annualised gross yield including franking. Along with this significant increase in the investment portfolio, Plato Income Maximiser announces an operating profit after tax of \$19.1million.

#### Monthly dividends

The Board has announced a 0.5 cents dividend for July, August and September 2018 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. FY2019 would then be the Company's first full year of monthly dividends.

#### Conference call on results and portfolio

The Board invites you to our upcoming Shareholder Conference Call on 5 September 2018 at 10:00am. The call will provide an update on the Company's financials and investments from Company Director and Plato Investment Management Managing Director, Dr Don Hamson. Dial in details are provided later in this release.

#### Discount to NTA and petition

PL8 shares are trading at a 6.0%<sup>3</sup> discount to the 31 July 2018 pre-tax NTA (\$1.106 per share). We believe that two main factors impacted the Company moving to a discount to NTA. First, there has been significant issuance of listed investment companies and trusts during the year, with two record \$1B+ raises impacting liquidity. Second, the ALP's proposal to potentially restrict the refunding of franking credits to certain investors appears to have impacted the pricing of Australian equity income focused LIC's. More information on this

<sup>1</sup> Including franking credits

<sup>2</sup> Paid in 9 consecutive monthly dividends

<sup>3</sup> Share price as at 24 August 2018 of \$1.040

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proposal is available on the Manager’s website [www.plato.com.au](http://www.plato.com.au). and we would also encourage you to consider joining the “Stop governments meddling with dividend imputation” petition at [www.plato.com.au/petition/](http://www.plato.com.au/petition/).

Calvin Kwok  
Company Secretary  
27 August 2018

**Conference call details:**

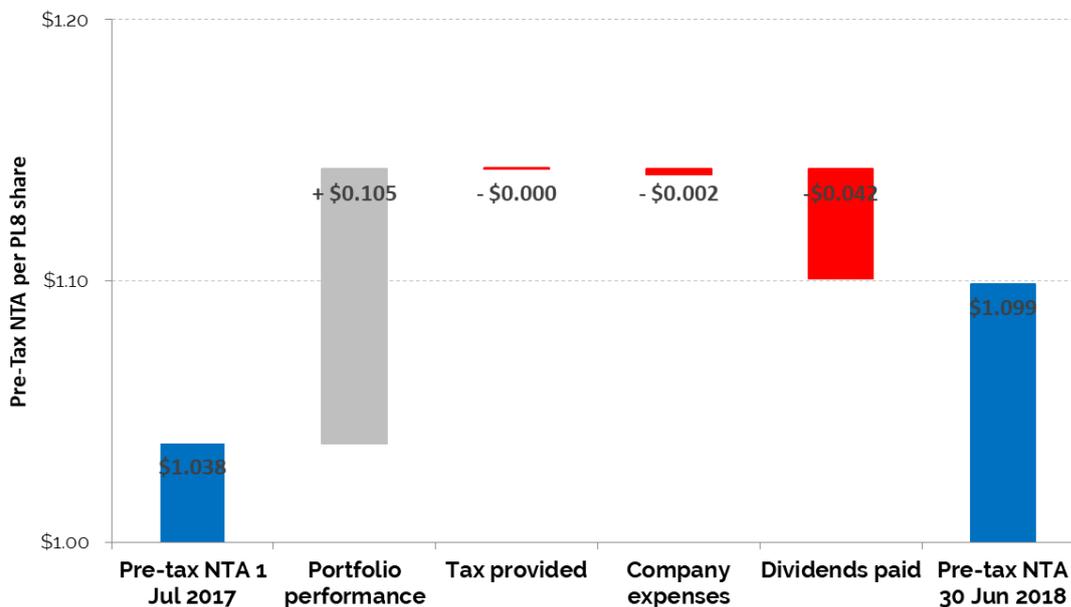
Please join us on 5 September at 10:00am (Sydney time AEST) for a conference call to discuss the Company’s financials and investments from Company Director and Plato Investment Management Managing Director, Dr Don Hamson.

Dial in details:

Within Australia: 1300 254 398  
Outside Australia: +613 6218 0610

**Additional shareholder information**

**NTA performance breakdown for FY2018**



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### Portfolio Performance

The Company's investment portfolio performance shows how the Manager has performed after deducting management fees and costs<sup>4</sup>, as compared to the Company's investment objectives.

Performance as at 30 June 2018 <sup>5</sup>	Return	Benchmark	Excess
<b>Total return<sup>6</sup></b>			
- One Year	13.3%	14.6%	-1.3%
- Since Inception <sup>7</sup>	8.8%	10.1%	-1.3%
<b>Income<sup>8</sup></b>			
- One Year	5.5%	5.7%	-0.2%
- Since Inception <sup>4</sup>	4.7%	5.9%	-1.2%

### Portfolio Performance

During the year ended 30 June 2018, the Company made good progress towards its income objective and credible progress on its performance objective in a very tough period for income stocks. The investment portfolio returned 13.3% after all fees and expenses and accrued a yield of 8.7% (including franking credits) during the twelve months to 30 June 2018. The Benchmark performance was 14.6% including a gross yield of 5.7% over the same period.

Since the Company listed in May 2017, and particularly over the year ended 30 June 2018, large income stocks such as Telstra and the big four banks have come under significant share price pressure. During the financial year Telstra's share price fell nearly 40% and the average big four bank share price fell over 6% versus the benchmark market indicator the ASX200 having risen by more than 8% in price terms. In this negative environment for large Australian income stocks, the Manager believes the Company's investment portfolio has performed quite credibly to trail its benchmark by only 1.3% (after fees and costs) as not only did large income stocks perform poorly, but many of the best performers for the year paid no dividends whatsoever. For example, the underlying portfolio did not hold any positions in A2 Milk (+180%), Origin Energy (+46%) and Santos (+107%) as they paid no dividends during the year.

The underlying investment portfolio's five best contributions to active performance over the year were overweights in Beach Energy (up 210%), BHP Billiton (up 53%), Insurance Australia (up 33%) and Macquarie Group (up 47%), and an underweight position in AMP (down 24%).

<sup>4</sup> Inclusive of the net impact of GST and Reduced Input Tax Credits.

<sup>5</sup> Past performance is not a reliable indicator of future performance. Performance is quoted in AUD net of portfolio related fees, costs and taxes.

<sup>6</sup> Inclusive of franking credits.

<sup>7</sup> Annualised from Inception date: 28 April 2017.

<sup>8</sup> Distributed income including franking.

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From an income perspective, the biggest generators of excess dividend income (including franking credits) were active positions in the big four banks, Rio Tinto and BHP.

### **Market Commentary**

The Australian equity market returned 14.6% (including franking credits) in the year to 30 June 2018. The weak end to the financial year by the Telecommunications sector solidified its standing as the worst performer of the fiscal year. Energy was the largest contributor to the overall market. Strong returns were also posted by Information Technology, Health Care, Materials and Consumer Staples. Utilities and Financials were the only other sectors which had negative price returns for the financial year. The market over the financial year was led by energy and resources names, as the world economy strengthened despite trade tensions and high growth names are currently looking very expensive resulting in significantly negative returns for any growth stocks which disappoint. However, high income and stocks with a more defensive tilt were left behind.

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Plato Investment Management Limited AFSL 504616 ABN 77 120 730 136 ('Plato'), is the investment manager of Plato Income Maximiser Limited.

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