

PINNACLE INSIGHTS LIVE 2023

THINKING INCOME? GET REAL!

Plato
INVESTMENT MANAGEMENT



Disclaimer

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

The information contained in this presentation is for information purposes only and has been prepared for use in conjunction with a verbal presentation and should be read in that context.

Plato Investment Management Limited ABN 77 120 730 136 ('Plato') AFSL 504616.

Any opinions or forecasts reflect the judgment and assumptions of Plato and its representatives on the basis of information at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future. The information is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. This communication is for general information only. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice relevant to their particular circumstances, needs and investment objectives.

Interests in the Plato Australian Shares Income Fund (ARSN 152 590 157) and Plato Global Shares Income Fund (ARSN 608 130 838) ('Funds') are issued by Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371. Pinnacle Fund Services Limited is not licensed to provide financial product advice. A copy of the most recent Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Funds can be located at www.plato.com.au/retail-funds/. You should consider the current PDS in its entirety and consult your financial adviser before making an investment decision.

Pinnacle Fund Services Limited and Plato believe the information contained in this communication is reliable, however its accuracy, reliability or completeness is not

guaranteed and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the Competition and Consumer Act 2010 and the Corporations Act, Plato and Pinnacle Fund Services Limited disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information.

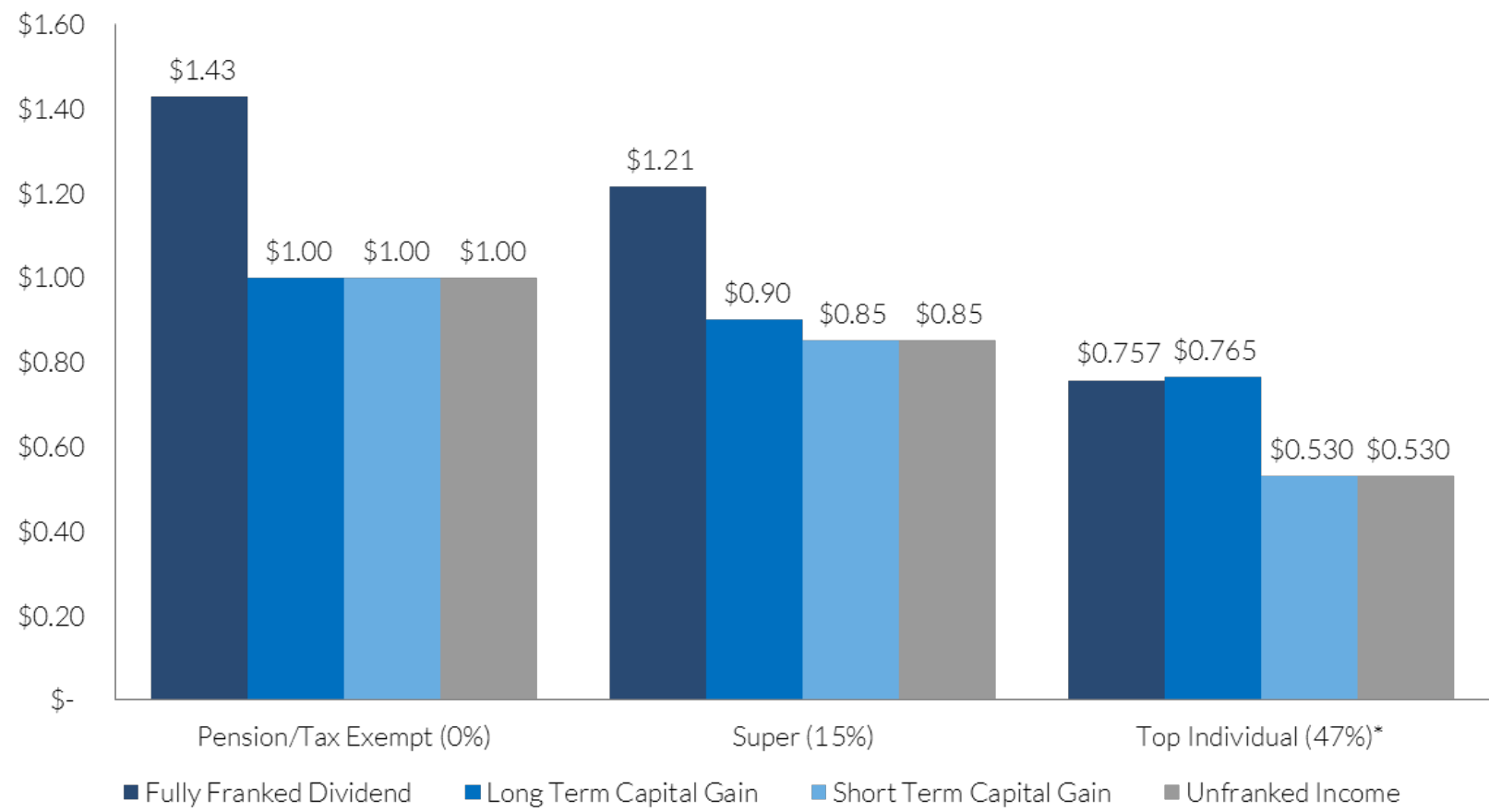
Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this document is prohibited without obtaining prior written permission from Plato. Plato and their associates may have interests in financial products mentioned in the presentation.

Retirees are different

- 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

SOURCE : PLATO, AS AT 31-DEC-2022

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

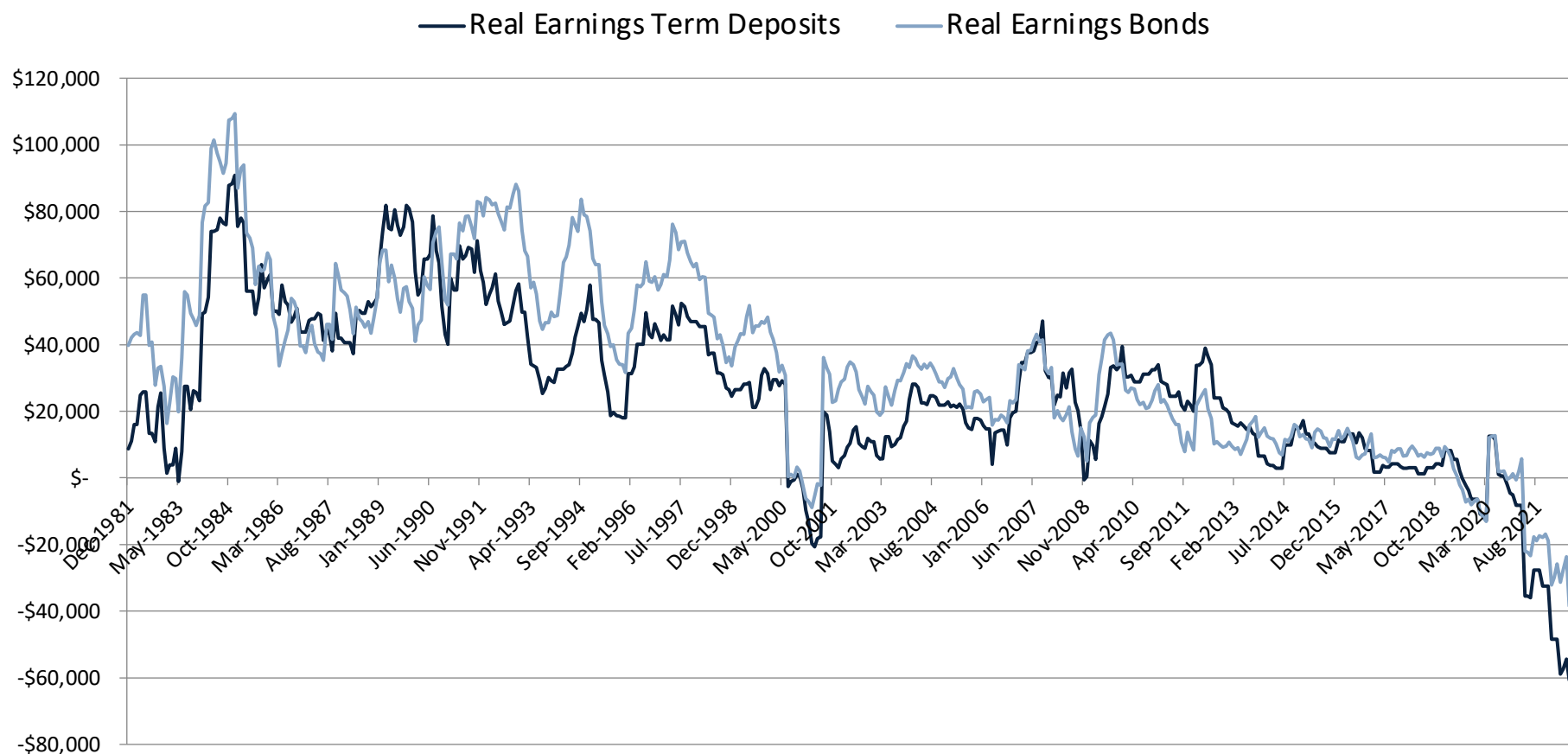


...but what about inflation?

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

Safe assets now losing you money

REAL AFTER INFLATION EARNINGS ON \$1M

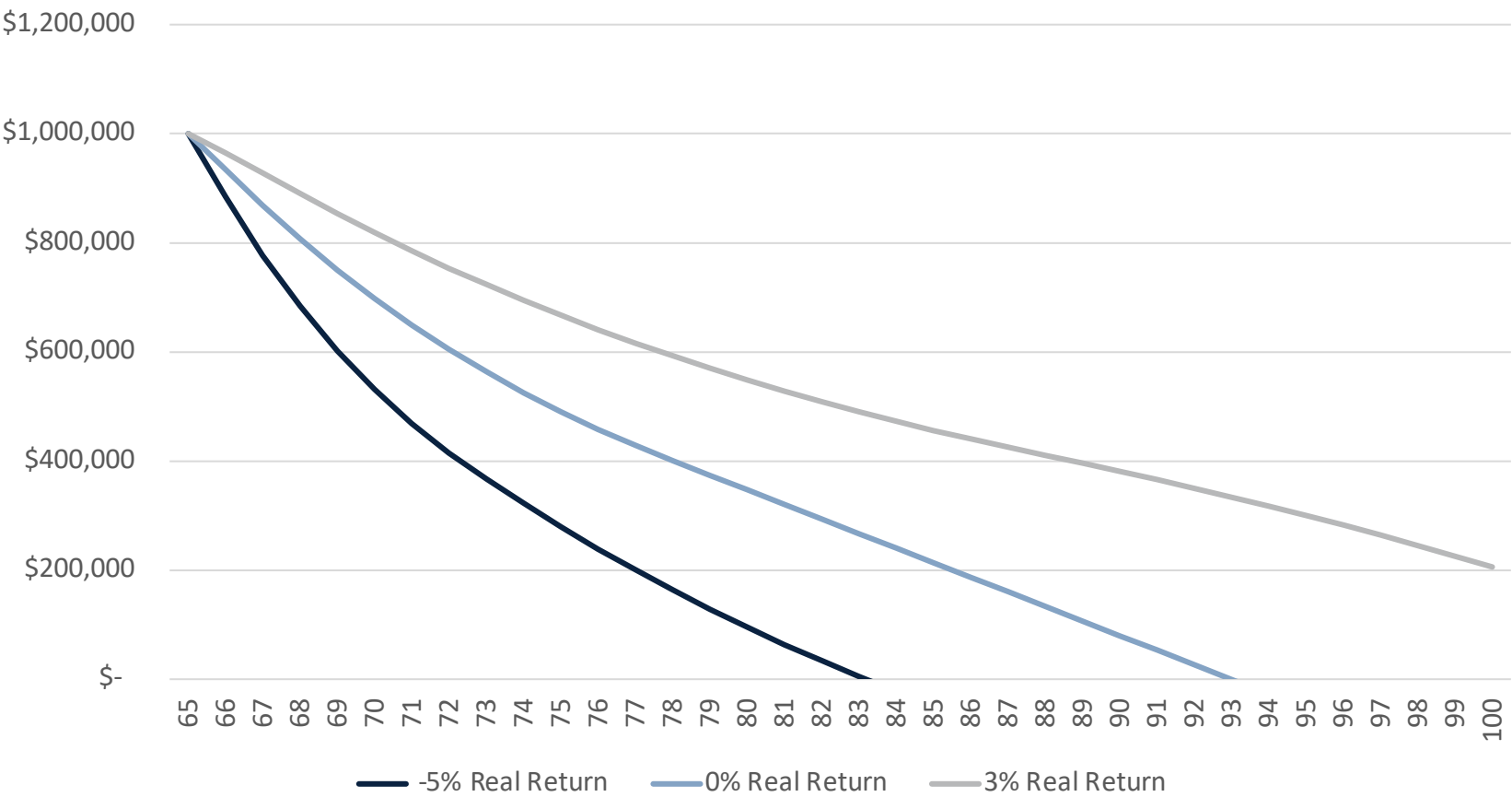


Inflation hit 7.8% in 2022

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

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

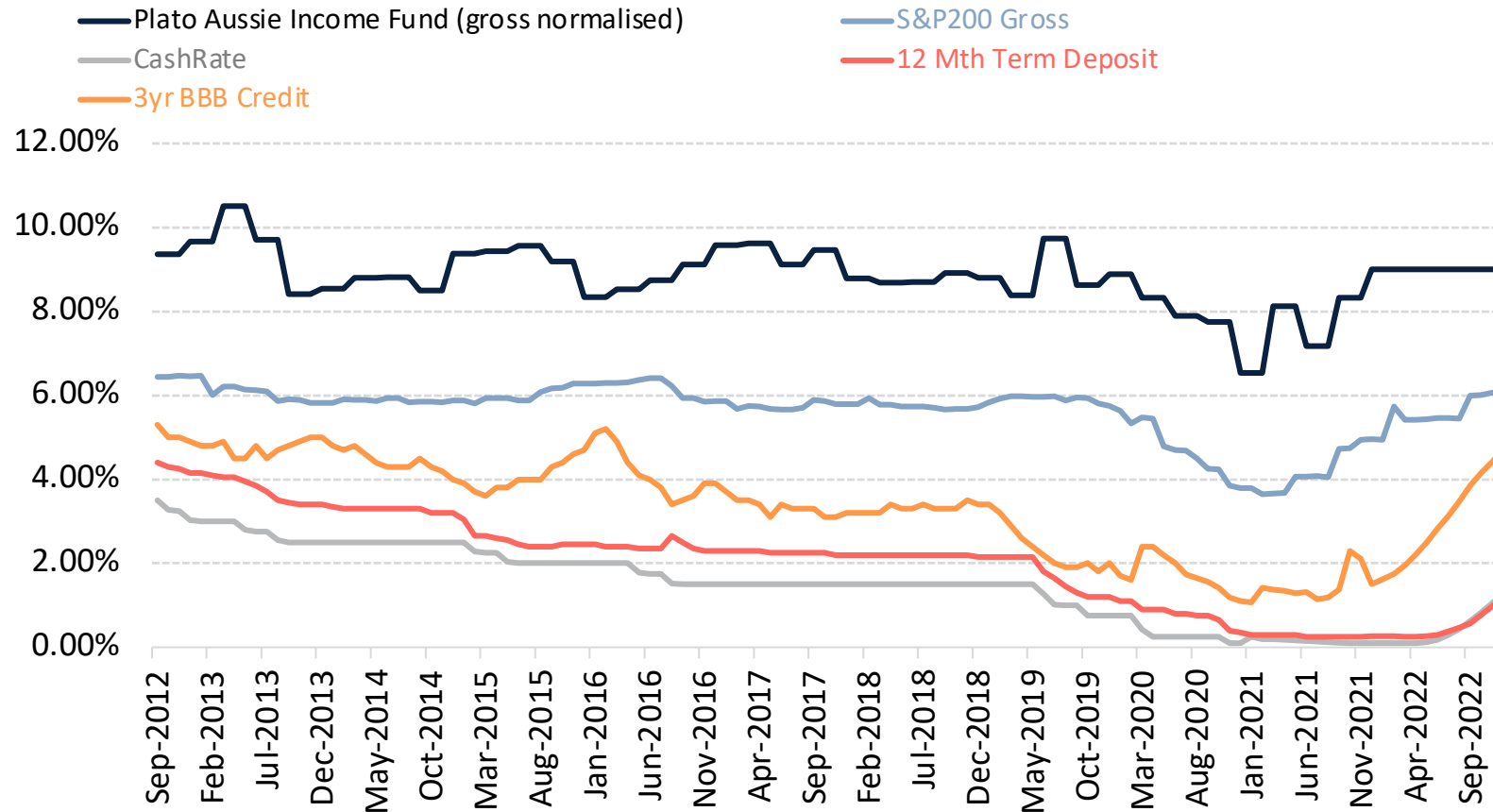
-5% REAL RETURN MEANS YOU'LL BE ON THE FULL PENSION AT 72... NEGATE REAL RETURNS ARE A KILLER FOR RETIREMENT BALANCES



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.

Yields on all asset classes have fallen

BUT NOTE THE RECENT INCREASE

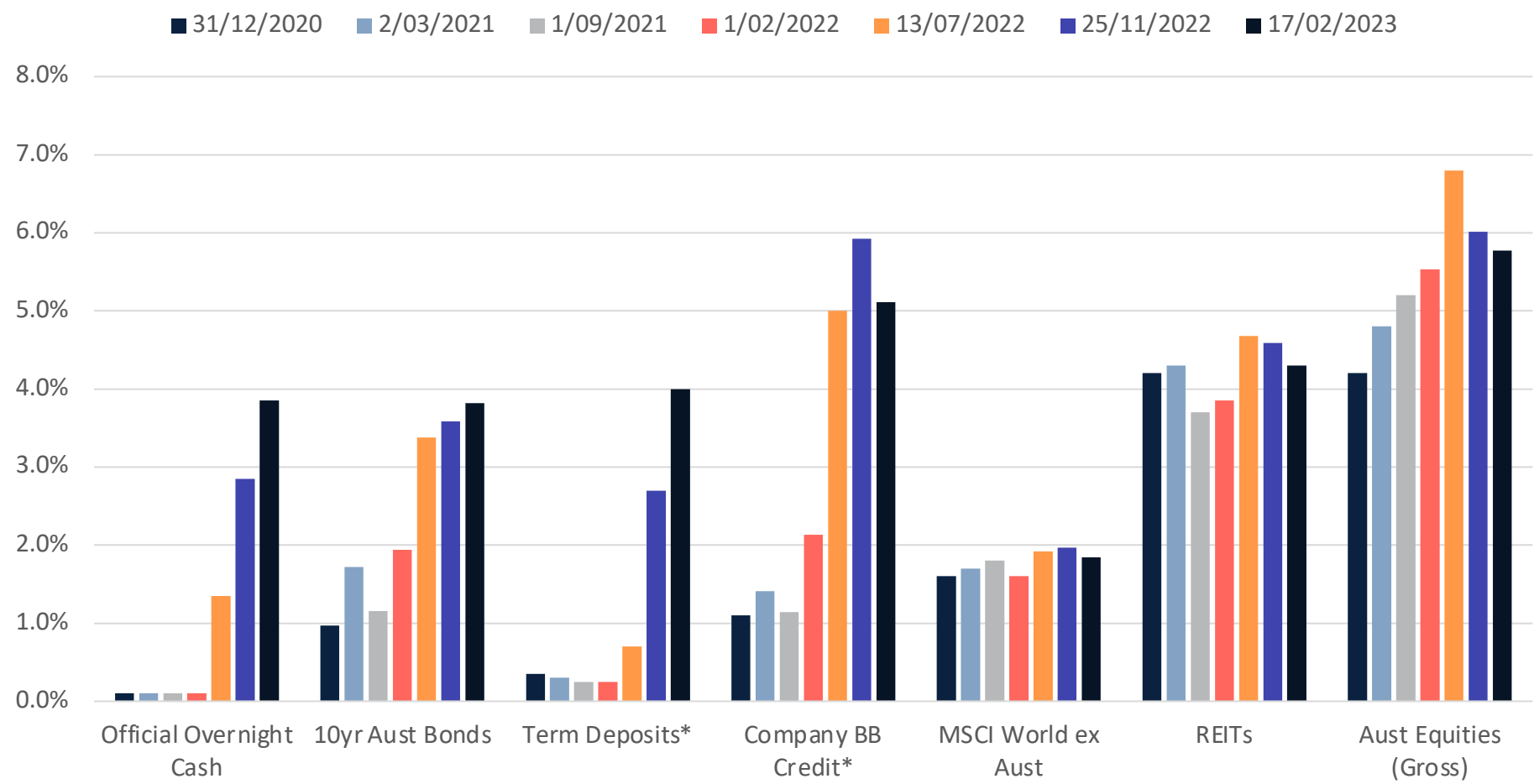


Source: Plato, RBA, Bloomberg. Plato income normalized to exclude impact of large buybacks in 2018/19 and 2021/22. Data to 31-Dec-2022.

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.

Asset Class Outlook for Income

FORECAST 12 MONTH INCOME AS AT 25/11/2022



Source: Plato, Bloomberg, *RBA

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

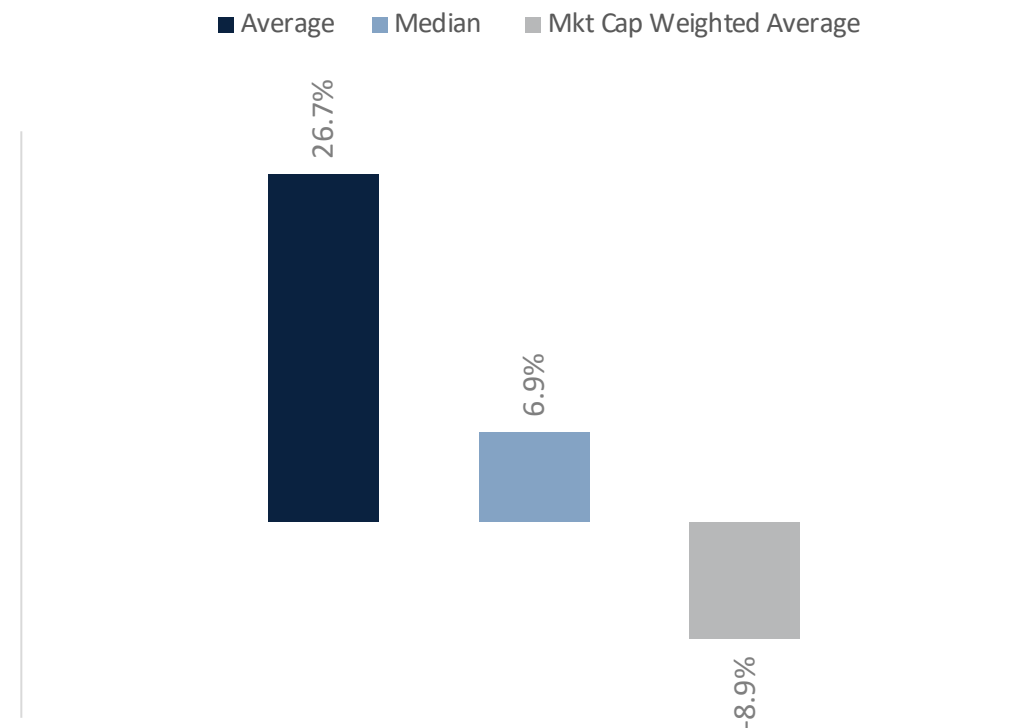
Results season February 2023 - Dividends

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 Heliuss) 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.

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

FEB 2023 CHANGE IN DIVIDENDS PCP



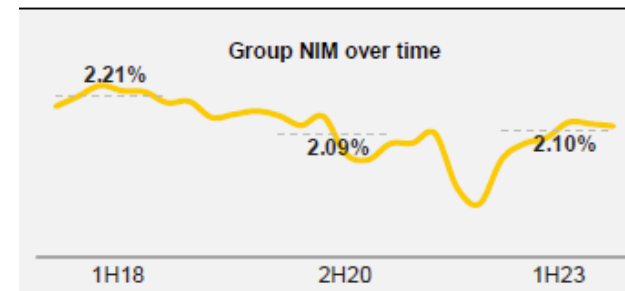
Source: Plato, Bloomberg, S&P200

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.



Reporting Season Analysis

WESFARMERS



- Good result - 1H FY23 NPAT of \$1.3bn, 14% above pcg, 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.

Reporting Season Analysis

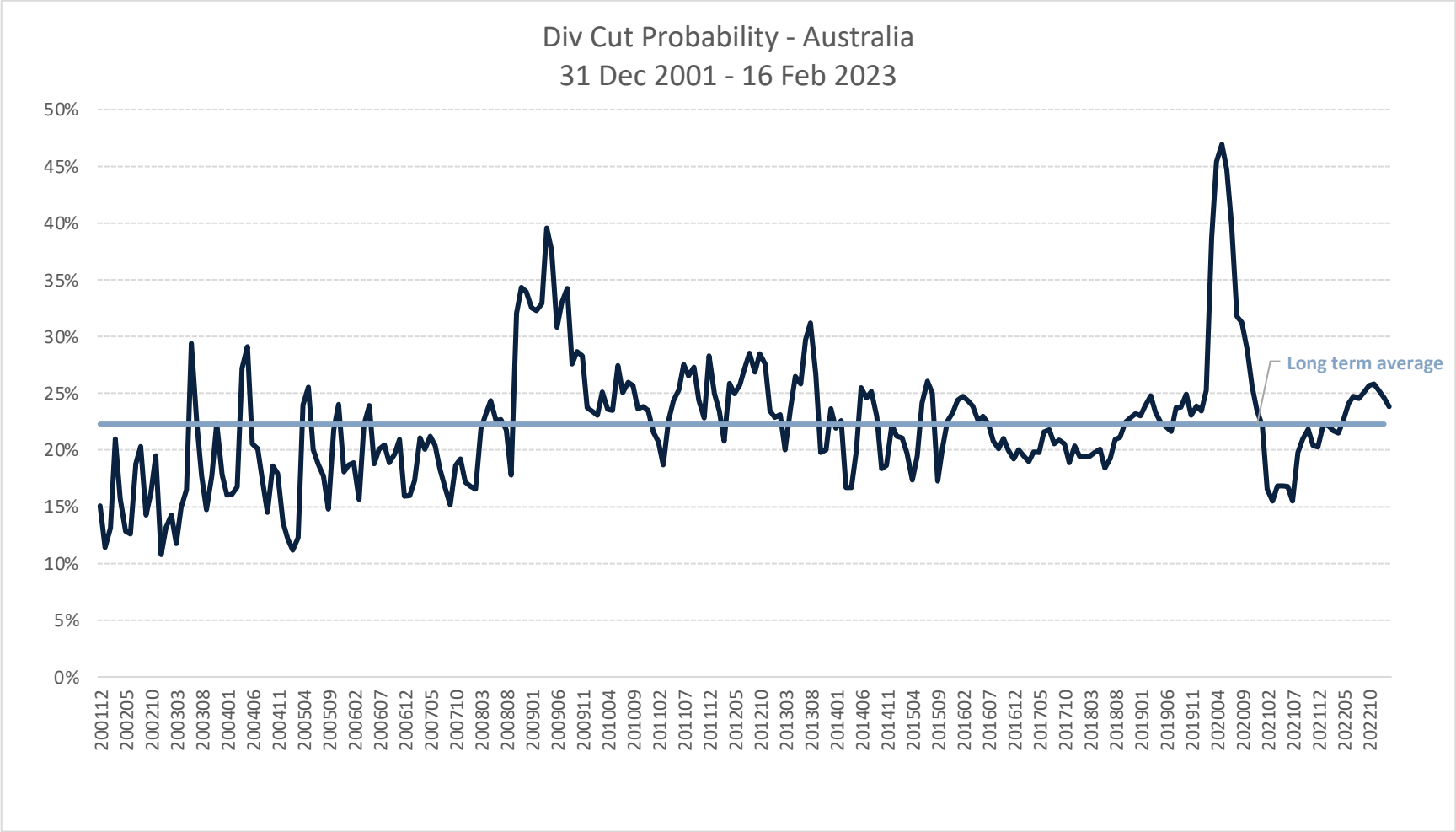
JB HI-FI



- Great result - sales up 8.6%, EPS up 20.4%.
- Final Dividend 197c vs 163c last year (21% increase + all time high). 6.3% gross yield for this dividend alone. 65% payout ratio.
- January LFL sales slowed significantly (“we have seen sales growth start to moderate from the elevated levels seen in the first half of FY23”):
 - JB Aust : up 2.5% vs FY22, up 25.5% vs FY20.

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)

Pinnacle Distribution Contact Details



For further information please speak to our distribution partner; Pinnacle Investment Management

T 1300 010 311

E update@plato.com.au

Retirement Solutions and
Income Specialists

Plato
INVESTMENT MANAGEMENT

