



**2018 ANNUAL GENERAL MEETING  
CHAIRMAN'S ADDRESS**

I am pleased to present the results of Clime Investment Management Limited and its controlled entities for the financial year ended 30 June 2018. There are also events post balance date that I would like to share with you.

On 14<sup>th</sup> July 2017, the Group acquired 100% equity of CBG Asset Management Limited (CBG). The results for CBG have been included in the Group consolidation from the date of acquisition to 30 June 2018 and have contributed positively to the overall Group result.

The Group recorded an after-tax profit attributable to members of \$1.06 million for the year to 30 June 2018 compared with \$2.56 million in the previous financial year. As outlined in the Board Report, the after-tax profit of previous financial year included a one-off tax benefit of \$1.94 million arising from the in-specie distribution to shareholders of the Company's 21.75% direct stake in Jasco in October 2016.

This after-tax result disguises some good work going on in the core business. Total revenue for the year of \$10.86 million was a 25% increase over the 2017 financial year, boosted by a \$0.96 million increase in performance fees and more pleasingly, a \$1.39 million increase in management fees and commissions - the core of our business sustainability. At the pre-tax level, net profit before tax increased 78% to \$1.36 million

Investment Management fees increased from \$7.2 million to \$8.6 million attributed to higher Funds Under Management (FUM). The Group's Gross FUM was \$855 million as at 30 June 2018, compared with \$584 million at 30 June 2017. This included a net \$122 million obtained from the acquisition of CBG and the balance from organic growth and market price movements.

The Group received performance fees during the year at \$1.08 million compared with \$0.1 million in the previous financial year.

The board and senior management have spent the year focusing on widening the product range, the acquisition of new clients and distribution networks and strengthening key management personnel.

Achievements have been:

- The acquisition of CBG into Clime in July 2017 which has proceeded smoothly, was earnings accretive as expected. Acquiring CBG gave us rated retail product, a second Listed Investment Company, a strong Sydney wholesale client base and three experienced investment professionals. Annual performance of the CBG (Wholesale Fund) to September 2018 was 28.9% , making it 8<sup>th</sup> in the Mercer universe of Australian Equity Managers.
- In April 2018, Clime Private Wealth commenced with the recruitment of salaried financial planners servicing all our offices with the relevant experience to relate and add value to the high net worth demographic of our clients. At the same time, we have successfully upgraded our Australian Financial Services Licence to include giving personal financial advice.

In any organization, depth of management and succession planning is always an issue. The founder John Abernethy is about to enter his 25<sup>th</sup> year with the company at a time when the demands on management are more complex than when we were a single product Australian equity manager. John has requested, and the board has agreed that he step down from the day to day management, so he can focus on his considerable talent as an observer and commentator on financial markets and the relevant investment strategy. His principal focus will be in support of the Clime Private Wealth team and our advice to clients and prospects.

On August 21, 2018 we announced the appointment of Mr. Rod Bristow as Group Chief Executive Officer reporting to the Board. Mr. Bristow brings a wealth of management experience, having worked in senior roles across a range of successful financial services businesses which were outlined in the ASX announcement. He has demonstrated experience in developing and implementing strategy for enhanced organisational performance with a strong commercial and ethical overlay. We are extremely fortunate to have attracted such a quality individual to lead our company into its next phase of development.

To meet the needs of modern corporate governance, John Abernethy will resign from the role of Managing Director and become a consultant focused on providing macro-economic and other market information as input into our investment process under a three year mutually renewable contract reporting to the CEO. The board values John's strategic thinking, agile mind and strong corporate memory and has approved his reappointment as a director. These changes will take effect from 31 December 2018.

I thank my fellow Directors who have put in considerable effort over the past year to agree change and participate in the selection process for the new CEO. I thank our Managing Director John Abernethy for his courage to focus on what he enjoys best, and our new CEO Rod Bristow who has already hit the ground running in his short time on the job.

And finally, on behalf of the Board and shareholders, I wish to thank all our 33 employees for their continued contribution to the ongoing progress of the company during this time of transition. These are the people who are implementing and accountable for the changes and future success of our business. Thank you.

I now invite shareholders to ask questions.

**Donald McLay**  
Chairman