

ASX RELEASE

DECEMBER QUARTER UPDATE

CLIME INVESTMENT MANAGEMENT (“CIW”)

The Board of Clime Investment Management Limited (CIW) is pleased to update shareholders with developments in the December 2018 Quarter.

Summary

CIW continues its strategy of moving from an Australian equity manager to an integrated wealth management business by expanding its financial services offering for clients. This includes expert and exclusive Private Wealth Advice; SMSF Administration; direct share research; and investment solutions tailored to meeting the needs of our high net worth and sophisticated investor clients.

Clime’s Private Wealth Advice business focuses on identifying and meeting the needs of Clime clients nationally. During the quarter, Clime appointed a further experienced Private Wealth Adviser to support clients in the expanding Sydney market.

Clime’s investment solutions help clients achieve security in retirement. We construct and implement investment portfolios designed to grow and protect wealth for clients in the accumulation phase and generate meaningful income for clients in the retirement phase.

Clime also provides a range of services to our growing direct client base internally and from external strategic partners. This includes direct share research via Stocks in Value www.stocksinvalue.com.au and SMSF administration (Clime Super).

At 31 December 2018, CIW had approximately \$9.6 million of liquid capital and, at the close-of-day share price of 47 cents per share, CIW was capitalised at \$27 million.

Funds Under Management (FUM)

Clime offers a range of investment options for clients, including Managed Funds, Listed Investment Companies and individually managed accounts for high net worth and sophisticated investor clients, including SMSF clients.

As at 18 January and after a challenging December quarter, the gross balances across Clime’s investments were approximately \$834 million: down from \$855 million at June 30 2018.

FUM	CURRENT	30 JUNE 2018
Clime Individually Managed Accounts	\$402 million	\$409 million
Listed Investment Companies	\$124 million	\$134 million
Managed Funds and mandates	\$308 million	\$312 million
TOTAL	\$834 million	\$855 million

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Performance

Over the last 12 months, the Clime group investment portfolios have delivered good returns. Given the high level of volatility across equity, bond and currency markets, this shows our investment process and methodology delivers sound results across time.

During the December quarter, global and domestic stock markets saw a significant downturn. Our approach of growing and protecting wealth for clients in the accumulation phase and generating meaningful income for clients in the retirement phase was tested – particularly in parts of the equity portfolio.

Accordingly, we have commenced a review of investment performance and expect to refine our approach to managing equity portfolios. Our investment process will continue to be anchored by value-based investment enhanced by a defined quality overlay. In other words, managing the equity portfolios with well-defined risk / return parameters.

Whilst in the financial year to date, Clime's investment strategies have generally fell short of absolute return targets, it is noteworthy that most Clime equity portfolios outperformed their relevant indices as shown below:

- Clime Representative Australian Growth Individually Managed Account, outperforming the ASX200;
- Clime Australian Value Fund, outperforming the ASX All Ordinaries index;
- Clime Smaller Companies Fund, outperforming the ASX Small Ordinaries index; and
- Clime International Fund, outperforming the MSCI World ex Aus Index.

Conclusion

Clime continues on our path of moving from an Australian equity manager to an integrated wealth management business. This transformation involves diversifying our offering of wealth management solutions for clients, in addition to stronger investment management capability directly and through Clime's partnerships with quality asset management firms. The continued expansion of the group Private Wealth Advice and associated wealth management service offerings will add significant value for clients as we build strong partnerships into the future.

Thank you for your ongoing support.

Rod Bristow
Chief Executive Officer

22 January 2019

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