

**ASX RELEASE****JUNE QUARTER UPDATE****CLIME INVESTMENT MANAGEMENT LIMITED ("CIW")**

The Board of Clime Investment Management Limited (CIW) is pleased to update shareholders with developments in the June 2019 Quarter.

**Summary**

The June 2019 quarter has seen strong investment performance and FUM growth across all investment portfolios managed by CIW. Individual mandates grew 3.5%, Listed Investment Companies (LIC's) 3% and managed funds 5.5% over the quarter with net investment inflows as well as market performance. The quarter also saw the introduction of a dedicated engagement program offering individually tailored fee-for-service packages for private wealth advisory clients; and rating of a number of Clime managed funds to facilitate distribution through financial advisers nationally.

**Assets Under Management (AUM)**

Clime's investment products and mandates include Managed Funds, Listed Investment Companies, Separately Managed Accounts and Individually Managed Accounts. As at 30 June 2019, the gross balances across Clime's investments were approximately \$924 million: up from \$855 million at 30 June 2018.

FUM	30 June 2019	30 June 2018	Change	% change
Clime Individually Managed Accounts	\$443 million	\$409 million	\$34 million	8.3%
Listed Investment Companies	\$138 million	\$134 million	\$4 million	3.0%
Managed Funds and mandates	\$343 million	\$312 million	\$31 million	9.9%
<b>TOTAL</b>	<b>\$924 million</b>	<b>\$855 million</b>	<b>\$69 million</b>	<b>8.1%</b>

**Investment Performance**

Clime's investment portfolios are managed reflecting our style of investing in quality stocks using a strong valuation discipline. Our primary objective is to achieve strong returns for clients in excess of the relevant benchmark for lower levels of risk. This allows Clime to grow and protect client capital in the accumulation phase and generate meaningful income in the retirement phase.

The foundation of the portfolio is based on income as this is essential for the needs of pensions and allows for compounding of capital to occur in the accumulation phase. Income can flow directly from companies or from securities as dividends, distributions, interest or rent and realisation of cash capital gains in a timely fashion.

Clime's portfolios that are outperforming their relevant indices for the financial year ended June 30 2019 are shown below:

**Clime Investment Management Limited**

Strategy	Investment type	1-year performance to benchmark
<b>Australian Equities</b>		
Clime Australian Growth	Individually Managed Account (IMA) Wholesale investors only	Outperforming
Clime “High Conviction”	Individually Managed Account (IMA) Wholesale investors only	Outperforming
Clime Australian Value Fund	Managed Fund Wholesale and Retail investors	Outperforming
Clime Smaller Companies Fund	Managed Fund Wholesale and Retail investors	Outperforming
<b>Australian Income</b>		
Clime Australian Income	Individually Managed Account (IMA) Wholesale investors only	Outperforming
Clime Australian Income ESG	Individually Managed Account (IMA) Wholesale investors only	Outperforming
Clime Australian Income Fund	Managed Fund Wholesale and Retail investors	Outperforming
<b>International</b>		
Clime International Fund	Managed Fund Wholesale and Retail investors	Outperforming

### Clime Private Wealth initiative

In November 2018, Clime launched Clime Private Wealth to deliver tailored private wealth advisory services for Clime’s wholesale and sophisticated investor clients. This new strategic initiative is being funded via operating earnings, introducing a new revenue stream in the medium term to the Clime business without the requirement of additional capital from shareholders in the short term.

During the June quarter Clime initiated a dedicated engagement program offering individually tailored fee-for-service packages for private wealth advisory clients. This program exceeded expectations in the quarter.

### Third-party (financial adviser) distribution initiative

During the quarter, Clime appointed a highly experienced executive to lead the distribution of Clime’s investment products via external financial advisers.

In addition, during the quarter Clime converted a further 2 managed funds to have retail units available for investors (in addition to wholesale units). Clime now offers 5 managed funds with both wholesale and retail units for investors.

With the completion of the Royal Commission into Banking and Financial Services, many large financial institutions will be required to offer investment products from managers other than exclusively those in-house to that institution. This offers a unique opportunity for Clime to attract investment from financial advisers external to the group.

Supporting this strategy is achievement of ratings from reputable organisations that review the quality of investments and make recommendations to the financial adviser market accordingly. Clime has secured the following ratings for the core investment products to be distributed via financial advisers:

Strategy	Focus	Rating Achieved
CBG Australian Equities Fund (Retail)	Provide capital growth and income by investing in Australian listed shares across large, mid and small-cap segments of the market	Recommended
Clime Smaller Companies Fund	Deliver strong risk-adjusted total returns by investing in a portfolio of high quality smaller Australian companies that are attractively priced	Superior (4 stars out of 5) High Investment Grade
Clime International Fund	Achieve above benchmark returns through investing in high quality global shares with strong financial and operational performance	Superior (4.25 stars out of 5) High Investment Grade
Clime Australian Income Fund	Deliver annual income of 3% above the RBA Cash rate by investing in a portfolio of Australian listed and unlisted securities that display low volatility	Superior (4.25 stars out of 5) High Investment Grade

## Balance Sheet

At 30 June 2019, CIW had approximately \$10.1 million of liquid capital and, at the close-of-quarter share price of \$0.50 per share, CIW was capitalised at \$28 million.

## Conclusion

CIW continued good progress during the quarter on its path of moving from an Australian equity manager to an integrated wealth management business. CIW will announce its audited FY19 results and declaration of its final dividend in late August.

Thank you for your ongoing support.

**Rod Bristow**  
**Chief Executive Officer**

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