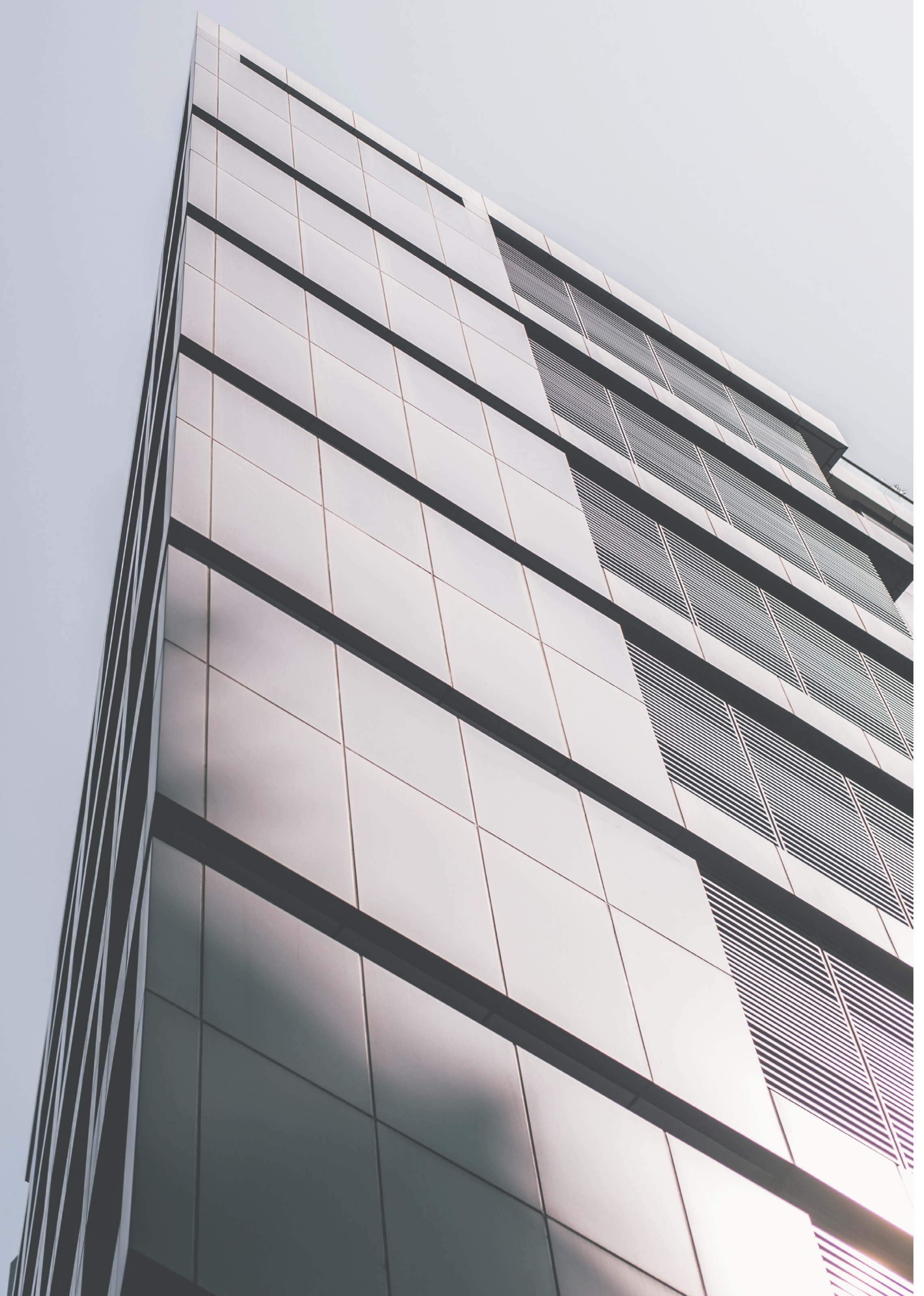
Net Tangible Assets Report

October 2019



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Market Commentary - October 2019

The month of October delivered several market and macroeconomic themes worth highlighting. The IMF provided a more circumspect update specific to global growth forecasts; optimism surrounding a 'phase one' trade deal emerged, both the RBA and The US Federal Reserve cut interest rates; and the domestic 'AGM season' kicked off.

Australian equities lagged the 1.9% return of global markets during the month, with negative returns from gold, information technology and financial sectors more than offsetting the strong returns generated by the health care sector (+7.3% for the month). The rise in global equities for the month was significantly driven by Asian markets, with the Japanese market up +5.4% and the MSCI Asia ex Japan index delivering a return of +4.6%.

We suspect the rally in Asian equities particularly reflects the emerging optimism related to the announced 'phase one' trade deal between the US and China. US President Donald Trump suggested that the two countries have come to a 'substantial phase one deal', one that would seek to address issues encompassing agricultural trade, intellectual property and financial services.

Officials from both China and the US have since indicated that a roll back of tariffs on each other's goods would likely occur on completion of the phase one deal. In a sign of the geopolitical times, we remain measured when assessing the probability of a significant reduction of trade related hostilities in the near term.

The significant slowdown in manufacturing activity particularly highlighted the meaningful ripple effects being felt globally. A more cautious business sector, whereby significant investment decisions continue to be postponed, is now directly impacting economic growth rates. As we have highlighted in recent updates, weak manufacturing data continues to emanate from major economies including China, Germany and the US, though easier monetary policy has somewhat softened broader ramifications (to date).

The International Monetary Fund (IMF) presented its outlook for global growth during the month, with its message perhaps best described in its blog headline, 'Synchronised Slowdown'. The IMF has forecast global growth to be 3.0% for 2019, its lowest level since 2008-09, and a 0.3 percentage point downgrade from the April 2019 World Economic Outlook.

Despite projecting a rebound to 3.4% growth in 2020, the IMF did acknowledge that 'with uncertainty about prospects for several of countries, a projected slowdown in China and the United States, and prominent downside risks, a much more subdued pace of global activity could well materialize.'

Domestically, we have observed a further round of weak (versus expectations) retail sales data coupled with another month of negative new vehicle sales data. Post month end, the Federal Chamber of Automotive Industries (FCAI) noted that new vehicles have now seen the 19th consecutive month of decreasing sales in the Australian market, with October 2019 sales down 9.1% compared to October 2018. In aggregate, we continue to see sluggish domestic consumption trends.

While extremely low interest rate settings have largely driven equities higher in CY2019, we note that concurrently forecast earnings trends have continued to moderate. This is particularly apparent within ASX large caps, with the ASX100 forecast to generate earnings growth of just +4.1% for FY2020 and -2.0% FY2021. This contrasts to small cap earnings forecasts, which remain strongly positive for both FY2020 and FY2021. We therefore continue to see significant merit in Clime's domestic 'all cap' strategy, which seeks to generate returns by investing in quality companies across the market cap spectrum.

We look ahead to November with significant interest, with the month bringing substantial opportunity to continue implementing our research program. Several investor conferences, which will see greater than 100 ASX listed businesses present, coupled with a large number of AGM updates and company management meetings, will see your investment management team well positioned to execute in the coming months.

Adrian Ezquerro
Head of Investments

Net Tangible Assets Report

NTA before tax	Total Portfolio Including Cash	Rolling 12 Month Dividend	Historical Dvidend Yield
$0.96	**$137.5m**	**5.0cps**	**5.5%**

Portfolio Commentary

The CAM portfolio pre-tax net return was -2.4% in October, compared to a -0.4% return for the S&P/ASX All Ordinaries Accumulation Index, while the CBC portfolio pre-tax net return was -2.2%, compared to a -0.4% return for the S&P/ASX200 Accumulation Index.

Key contributors and detractors to the portfolio return for the month were:
- Australian Equity Large Cap Sub-Portfolio: Positive contributor CSL (CSL), detractors Westpac Banking Corporation (WBC), Australia and New Zealand Banking Group (ANZ), National Australia Bank (NAB) & Amcor (AMC).
- Australian Equity Mid Cap Sub-Portfolio: Positive contributors GUD Holdings (GUD), Seek (SEK), Credit Corp (CCP) & Webjet (WEB), detractor Afterpay Touch (APT).
- Australian Equity Small Cap Sub-Portfolio: Positive contributors Integral Diagnostics (IDX) & Lovisa Holdings (LOV), detractors Navigator Global Investments (NGI), Electro Optic Systems (EOS), Hansen Technologies (HSN) & IMF Bentham (IMF).

CSL's AGM update was well received, with the company reaffirming guidance for solid growth in FY20, largely reflecting strong ongoing demand for CSL's plasma and recombinant therapies. ANZ's full year results underwhelmed and highlighted the headwinds facing the Australian banking sector at present.

The Mid-Cap sub-portfolio performed well during the month. GUD reaffirmed its FY20 guidance at its AGM while WEB rebounded off arguably oversold recent lows.

Much of LOV's AGM update highlighted the global rollout opportunity for the group, with store rollouts gaining momentum in France and the US particularly. NGI's quarterly Assets Under Management (AUM) update disappointed against expectations, though we retain the view that the business is modestly priced relative to

Net Tangible Assets (NTA)

	October	September	August
NTA before tax	$0.96[1]	$0.99[1]	$0.94
NTA after tax	$0.93	$0.96	$0.93
CAM Share Price	$0.91	$0.94	$0.93
Yield Excl. Franking	5.5%	5.3%	5.4%
Yield Incl. Franking	7.9%	7.6%	7.7%

1 On 27 August 2019, the Board declared a fully franked dividend of 1.25 cents per share in respect of the Company's ordinary shares for the period 1 July to 31 August 2019, payable on 25 October 2019. NTA before and after tax disclosed above for Octobr 2019 is after, an September 2019 is before the effect of this dividend payment.

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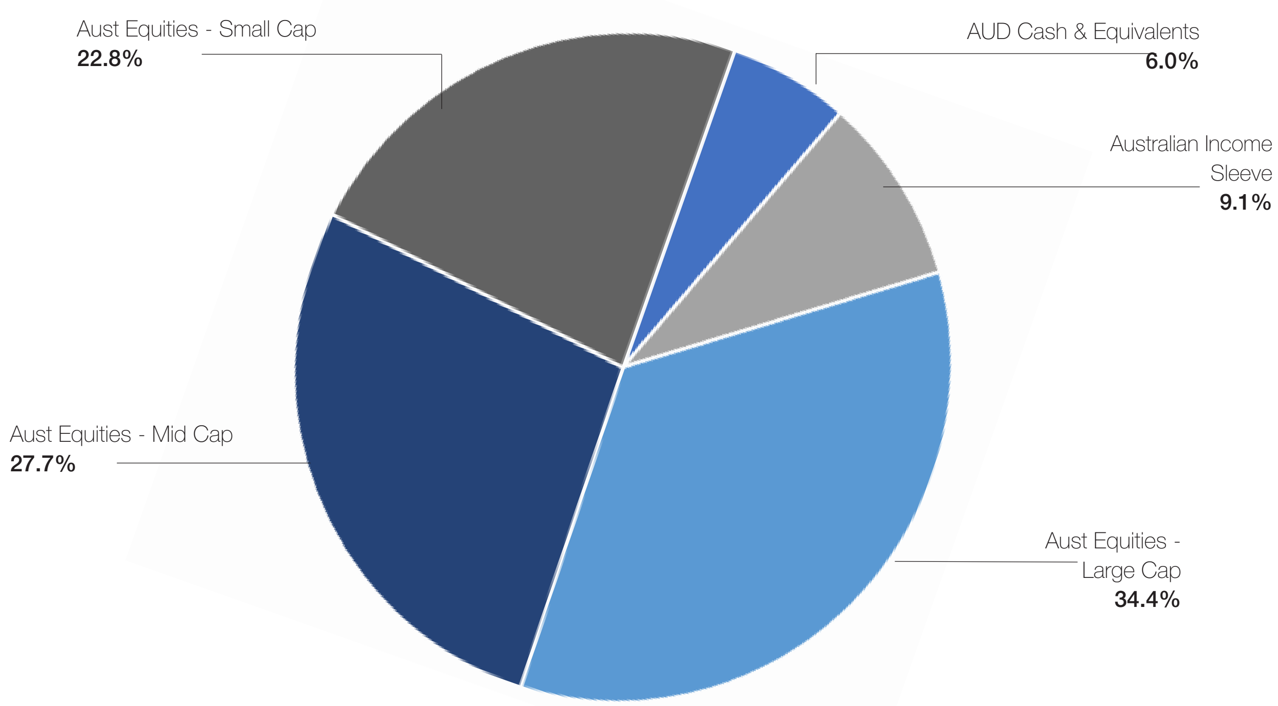
Top Holdings (% of Gross Assets)

Stock Code	Company	% of Assets
BHP	BHP Group Limited	5.7%
AMC	Amcor PLC	5.1%
WBC	Westpac Banking Corporation	4.3%
NAB	National Australia Bank Limited	4.1%
BVS	Bravura Solutions Limited	3.7%

Gross Asset Allocation



Company Overview ($m)

Assets	$M
Australian Equities	$116.7
Australian Income Sleeve	$12.6
AUD Cash & Equivalents	$8.2
Total Portfolio Including cash	$137.5
Notes Payable at face value of $0.96	($28.3)
Net Tangible Assets	$109.2