

25 February 2022

Company Announcements  
Australian Securities Exchange**CLIME INVESTMENT MANAGEMENT LIMITED (ASX:CAM)****Half Year Results and Dividend Announcement**

The Board of Clime Investment Management Limited (CIW) is pleased to announce a 16% increase in operating earnings to \$869k (previous corresponding period \$747k) in the half year to 31 December 2021.

The Board is pleased to declare an **interim dividend of 1 cent per share fully franked**.

**Key Highlights of the Result compared to previous corresponding period (pcp)**

- Operating earnings up by 16% to \$869k.
- Gross income up 4% to \$6.9 million.
- Funds under management and advice increased by 6% to \$5.4 billion over the last 6 months.
- Balance sheet investments generated a net loss of \$17k compared to a gain of \$896k in pcp.
- Non-cash amortisation charges increased to \$334k compared to \$313k in pcp and
- Interim dividend of 1 cent fully franked.

Strong cash operating earnings for the first half of FY22 were offset by adverse movements in mark to market values of the Company's direct investments. This resulted in reported NPAT declining to \$445k compared to \$865k in the previous corresponding period.

**Breakdown of operating result (pre-non-cash amortisation and tax)**

	31 December 2021 (\$'000)	31 December 2020 (\$'000)	Change
Cash operating profit	<b>869</b>	747	+16%
Cash investment income	<b>265</b>	152	
Cash earnings	<b>1,134</b>	899	+26%
Mark to Market (MTM) Investments	<b>(282)</b>	744	
Cash earnings plus MTM	<b>852</b>	1,643	
Net Non—recurring	<b>80</b>	(96)	
Profit reported pre-amortisation and tax	<b>932</b>	1,547	(-40%)

**As previously reported, Funds Under Management and Advice (FUM&A) as at 31 December exceeds \$5.4 billion.**

This comprises of:

- Direct funds under management via IMAs (Individually Managed Accounts), SMAs (Separately Managed Accounts) and managed funds of \$1.4 billion;
- Funds under advice within the Madison network of \$4.0 billion; and
- Funds under administration on the WealthPortal platform.

A highlight in the performance of Clime investment products was the robust performance of our income product solutions – particularly the Clime Australian Income Fund and ESG Income portfolios. Clime's Australian Income Fund was ranked 1st out of 111 investments in its peer category for the 12 months to 31 December 2021<sup>[1]</sup>.

Over the 6 months to December 2021, Clime growth funds and IMA strategies lagged index returns as the group's focus on quality and value was trumped by a rotation to lower quality, cyclical components of the market. Over recent weeks this rotation has reversed and moved back towards the value based investment styles that is Clime's investment focus.

The Board is of the opinion that Clime's focus on quality and value will deliver strong returns over the medium term. Clime's funds management team continues to reposition the portfolios to benefit from this investing environment where value based active investing will be well rewarded.

## **Key appointments**

Following our December release announcing the appointment of Will Riggall, Chief Investment Officer, we are delighted to announce the appointment of a Chief Operating Officer commencing early March.

Within the Madison Financial Group team, we have appointed several key roles, which include a Head of Advice, and two Advice Coaches who will provide ongoing education and compliance support to the growing Madison adviser community.

## **Madison Financial Group**

A strong quarter for Madison with funds under advice (FUA) growth of \$26 million, taking the total FUA to \$4.0 billion and Insurance Premium In Force (PIF) growth of \$2.1 million, for the quarter ended December 2021.

Mid 2021 the Group launched a wholesale advice service post a successful pilot program. This service incorporates investment research, advice process implementation and investment consulting solutions. There has been a strong uptake within the Group and the service has attracted high quality professional advice firms seeking support for their high net worth clients.

Both the current pipeline and the level of interest from prospective advisers to join the Madison community is encouraging. Madison is anticipating reporting an increase in adviser numbers in FY22 despite the continuing decline in the industry.

<sup>[1]</sup> <https://www.morningstar.com.au/Fund/FundReportPrint/43292>

## Strategic opportunities

In December we announced CIW had entered into an exclusivity agreement with Ralton Asset Management (RAM) to build a \$330 million Managed Account service. We are pleased to report that this transaction completed on 24 February 2022, with CIW acquiring 75% of RAM. The CIW/Ralton partnership is off to a strong start with all four equity Separately Managed Accounts strategies outperforming their relevant benchmarks.

CIW has seen an increase in demand for bespoke investment solutions and portfolios from its investors and advisers. The partnership provides scale efficiencies across the entire investment management process, enabling advisers to streamline operations, strengthen compliance and serve their clients more effectively. The access to Clime's investment consulting expertise continues to create synergies for the Group.

In December, the Group acquired the client register of CHL Bayswater Financial Planning Pty Limited and Mi Wealth Plan Pty Limited, both based in Perth, for \$232,000. This transaction aligns with CIW's ongoing strategy to expand its advice presence in Western Australia. We continue to explore other opportunities in this region.

## Outlook for second half of FY22

The Group continues to focus on investigating a range of strategic opportunities for growth. These opportunities include accessing both new product and distribution markets, as well as growing our wealth services through mergers and acquisitions.

CIW expects that a range of value creating transactions that can add significant scale benefits will be completed in coming months and will be announced accordingly.

After many months of restructuring to drive operating excellence, the Board is of the opinion that Clime is uniquely positioned to provide high quality solutions to our private wealth clients, high quality dealer services to our advice network and solid returns to our owners.

We thank shareholders, investors, clients, staff and advisers for their ongoing support.

Annick Donat  
Chief Executive Officer

This announcement is approved by the Board of Directors of CIW for release to the ASX. For enquiries, please contact John Abernethy on 1300 788 568 or email at [info@clime.com.au](mailto:info@clime.com.au).