



Clime Capital Limited

14 April 2022

Company Announcements
Australian Securities Exchange

Net Tangible Asset Backing

Please find attached Net Tangible Assets report of Clime Capital Limited (ASX: CAM) as at the close of business on 31 March 2022.

For further information contact:

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Clime Capital Limited

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About Clime Capital Limited

Facts

Clime Capital Limited (ASX: CAM) is an actively managed, Listed Investment Company (LIC) providing exposure to high quality large caps, small caps and income securities. CAM's core objective is to provide investors with a dividend yield and franking rate that is consistently higher than that achieved by the S&P/ASX 200 Index. CAM has paid a quarterly fully franked dividend to shareholders every quarter since 2009.

Benefits

CAM offers a number of key advantages to investors:

- Quarterly fully franked dividends
- A disciplined investment process with a bespoke focus on quality and value
- Daily liquidity provided by the Listed Investment
- Company (LIC) structure
- Professional portfolio management services from a dedicated investment team

Investor Suitability

CAM is designed for investors who are seeking:

- Long-term capital preservation when measured against inflation
- Access to quarterly income with the added benefit of franking credits
- The expertise of a professional Investment Manager, focused on quality and value
- Have a minimum of 5 years to invest

Risk Management

Although a diversified portfolio, investing in CAM is considered high risk. The risks associated with investing in a LIC that should be considered include liquidity risks, regulatory and tax risk, and manager risk. Risk management and capital preservation has long been a cornerstone of the Clime Asset Management Pty Ltd (Clime) investment philosophy. The Clime investment team applies a rigorous valuation methodology, coupled with sound portfolio construction principles, to identify upside whilst mitigating downside risk.



Will Riggall
Chief Investment Officer



Ronni Chalmers
Portfolio Manager
All Cap Australian Equities



Vincent Cook
Portfolio Manager
Large Caps

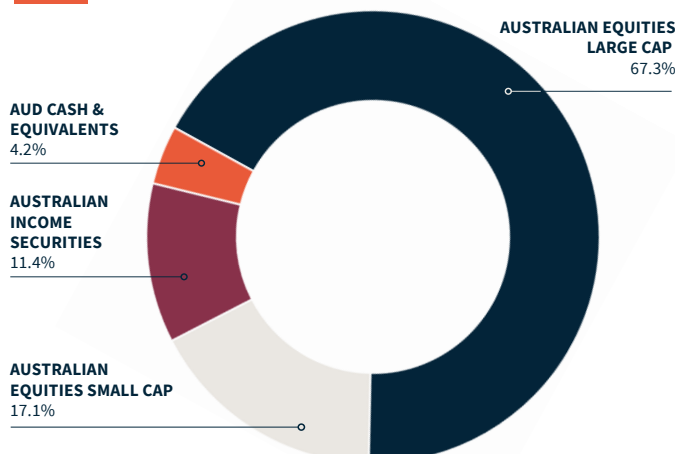
NTA before tax (CUM Dividend)	NTA after tax (CUM Dividend)	Gross Portfolio Value	Cash Dividend (1.28 cents * 4 quarters)	Running Yield	Grossed up Running Yield - Pre Tax
\$0.914	\$0.916	\$164.9 m	5.12 cents	5.9%	8.5%
as at 31 March 2022	as at 31 March 2022		fully franked	fully franked	

Portfolio Asset Allocation

Assets	\$M
Australian Equities	\$139.2
Australian Income Securities	\$18.8
AUD Cash & Equivalents	\$6.9
Gross Portfolio Valuation	\$164.9
Convertible Notes (CAMG)*	-\$36.5
Net Tangible Assets Before Tax	\$128.4

Share price as at
13 April 2022: **\$0.865**

Gross Asset Allocation



Top 20 Holdings

(in alphabetical order)

Company	ASX Code
Australia & New Zealand Banking Group	ANZ
APA Group	APA
BHP Group	BHP
Brickworks	BKW
Coles Group	COL
Hansen Technologies	HSN
Incitec Pivot	IPL
Jumbo Interactive	JIN
Mach7 Technologies	M7T
Mineral Resources	MIN
Macquarie Group	MQG
National Australia Bank	NAB
Navigator Global Investments	NGI
Oz Minerals	OZL
RPM Global Holdings	RUL
Sonic Healthcare	SHL
Seven Group Holdings	SVW
Westpac Banking Corporation	WBC
Worley	WOR
Woodside Petroleum	WPL

*CAMG are unsecured, convertible notes in CAM which, if redeemed, would need to be paid out at face value of \$1.



Net Tangible Assets (NTA)

2021/2022	Mar ¹	Feb ¹	Jan ²
NTA before tax (CUM Dividend)	\$0.914	\$0.855	\$0.850
NTA after tax (CUM Dividend)	\$0.916	\$0.870	\$0.870

¹ On 10 February 2022, the Board declared a fully franked dividend of 1.28 cents per share in respect of the Company's ordinary shares for the period 1 January to 31 March 2022, payable on 28 April 2022. NTA before and after tax disclosed above for February 2022 and March 2022 is before the effect of this dividend payment.

² On 18 November 2021, the Board declared a fully franked dividend of 1.28 cents per share in respect of the Company's ordinary shares for the period 1 October to 31 December 2021, was paid on 28 January 2022. NTA before and after tax disclosed above for January 2022 was after the effect of this dividend payment.

Market Commentary

The start to 2022 felt like a watershed moment for markets with the US Federal Reserve raising rates for the first time since late 2018, an extraordinary event in the invasion of Ukraine by Russia amongst a backdrop of high inflation. The impact on markets has been material with the global technology sectors down over 40%, conversely commodities have surged as supply constraints, largely attributable to the Russian conflict, meets robust global growth. While international markets continued to falter, the Australian market outperformed by an extraordinary 9% over March, reflective of the positive impact of higher commodities on Australia's terms of trade.

At Clime we are positioning for a continuance of the current environment with higher interest rates and commodity prices. Favouring financials and resource sectors while equally understanding that further challenges are still to come particularly for high growth companies including technology names and companies with low earnings history.

In the commodity space our preference is for companies exposed to future facing metals such as copper and lithium with portfolio holdings performing strongly over the quarter. While we have actively reduced remaining exposure to technology and less liquid names, ensuring the portfolio remains exposed to benefit from the current environment whilst also being resilient to any further volatility.

While ever vigilant, we do not see any emerging indication of stress in the global economy, largely evident in functioning credit markets. However, the greatest challenge remains around how central bankers balance the need to temper inflation through raising rates with the risk that they slow the economy too far i.e., before the recovery takes hold.

To ensure we meet our target to deliver long term returns ahead of the market, while offering downside protection, we balance our growth exposures with a set of leading global companies, an allocation to gold, non-cyclical companies as well as an allocation to cash, which we will look to actively deploy in the event of future volatility.

Portfolio Activity

The below table indicates the key stock **contributors** and **detractors** for the month.

Contributors	Comment
Woodside Petroleum (WPL)	WPL has been a strong contributor returning 54% for the March Quarter. WPL remains a high conviction position aligning to our positive energy outlook driven by ongoing demand/supply imbalance in the global oil market. We see the finalisation of the merger with BHP's petroleum division as a positive near-term catalyst for the business.
National Australia Bank (NAB)	NAB returned 12.2% in the March quarter, reflecting an environment of relatively strong credit growth, low impairment charges and the prospect of a near term increase in the RBA cash rate with attendant relief to net interest margins. Over the quarter NAB delivered a standout 1Q result and also announced further capital management, with another \$2.5 billion of shares to be bought back.
Worley (WOR)	WOR returned 24% for the quarter, as high commodity prices continue to strengthen engineering contract volumes and pipeline growth. Going forward, we view the move from corporates and countries to diversify away from fossil fuels and Russia to drive the growth of Worley's de-carbonisation projects division.
Detractors	Comment
RPMGlobal Holdings (RUL)	RUL returned -15% for the quarter, despite continuing business momentum. However, the company could not escape the broad-based sell off on tech and high PE names. RUL produced a solid result for the half, with subscriptions and the advisory division both up over 25%. Outlook for RUL is promising with commentary around the growing, global sales pipeline.
Adairs (ADH)	ADH detracted from performance, returning -29.7% following a first half result that was below expectations and as consumer spending is shifting away from goods in favour of services, with reducing COVID impacts. The prospect of higher interest rates also weighed on the consumer discretionary sector more broadly.
Sonic Healthcare (SHL)	SHL weakened over the quarter returning -23% following a shift in adoption of rapid antigen testing over PCR testing. Looking forward, PCR testing rates have increased again, with German PCR testing back to peak levels. Furthermore, there is potential for accretive acquisitions given SHL's strong balance sheet.



Invest in people, who invest in you.

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The information contained in this document is published by CAM's Investment Manager, Clime Asset Management Pty Limited ABN 72 098 420 770 AFSL 221146 (Clime).

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