Clime Capital Limited

12 May 2023

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 30th April 2023.

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About Clime Capital Limited

Is the 12-month rolling dividend yield growing? **Yes**

The last 12 month rolling dividend yield is growing. The last 4 dividends are March 2023: 1.32 cents; Dec 2022: 1.30 cents; Sept 22: 1.28 cents and June 22: 1.28 cents.

Is CAM achieving dividend yields on NTA in excess of the market yield (ASX 200)? **Yes**

CAM is achieving dividend yields on NTA in excess of the market yield. Currently, the market yield is 4.2% (70% franked) whereas CAM is achieving dividend yields of approximately 6.2%.

Is CAM paying fully franked dividends? **Yes**

CAM is paying fully franked dividends.

Is CAM maintaining or growing capital (as measured by NTA) over the fiscal year to date? **Yes**

CAM has grown its NTA from 77 cents to 87.5 cents over the fiscal year to date.

NTA before tax	NTA after tax	Total Portfolio Including Cash	Cash Dividend**	Running Yield	Grossed up Running Yield - Pre Tax
$0.875 as at 30 April 2023	$0.865 as at 30 April 2023	$158.6m	5.18 cents fully franked	6.2% fully franked	9.0%

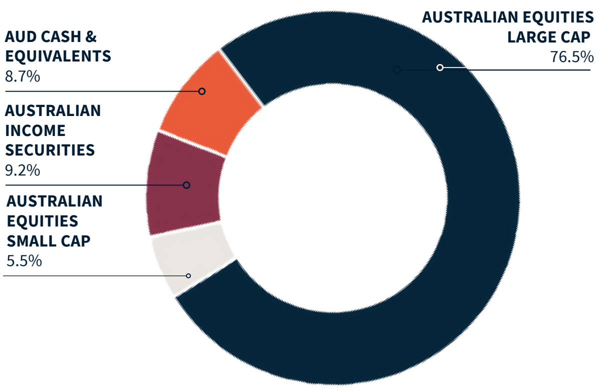
Performance

	1 month	3 months	6 months	1 year	2 years p.a.	5 years p.a.	10 years p.a.	ITD p.a.
Gross Return	1.8%	-2.9%	6.0%	4.8%	5.7%	7.8%	6.1%	10.9%
Benchmark Return	1.8%	-0.9%	8.5%	1.5%	5.8%	8.4%	8.1%	10.4%
Active Return (Gross)	0.0%	-2.0%	-2.5%	3.3%	-0.1%	-0.6%	-2.0%	0.4%

Portfolio Asset Allocation

Assets	$M
Australian Equities	130.1
Australian Income Securities	14.6
AUD Cash & Equivalents	13.9
Gross Portfolio Valuation	158.6
Convertible Notes (CAMG)*	-35.8
Net Tangible Assets Before Tax	122.8

Gross Asset Allocation



Top 10 Holdings

(in alphabetical order)

Company	ASX Code
Amcor	AMC
Australia & New Zealand Banking Group	ANZ
APA Group	APA
Aurizon Holdings	AZJ
BHP Billiton	BHP
Brickworks	BKW
Coles Group	COL
CSL	CSL
GPT Group Property Trust	GPT
IPH	IPH

**CAMG are unsecured, convertible notes in CAM which, if redeemed, would need to be paid out at face value of $1.*
*** Cash dividend includes: Sep-22: 1.28 cents; Jun-22: 1.28 cents; Dec-22: 1.30 cents; March-23: 1.32 cents.*

Net Tangible Assets (NTA)

2023	April [1]	March [1]	February [1]
NTA before tax	$0.875	$0.875	$0.865
NTA after tax	$0.865	$0.865	$0.870

[1] On 23 February 2023, the Board declared a fully franked dividend of 1.32 cents per share in respect of the Company's ordinary shares for the period 1 January 2023 to 31 March 2023, paid on 28 April 2023. NTA before and after tax disclosed above for February 2023 and March 2023 is before the effect of this dividend payment and for April 2023 was after the effect of this dividend payment.

Portfolio Commentary

The portfolio returned 1.8% for the month of April, in line with its benchmark which returned 1.8%. The key drivers of portfolio performance and major portfolio changes are outlined in the tables below.

Positive Attributors	Portfolio Return	Comment
Mach7 Technologies Ltd (M7T)	15.0%	M7T had a positive quarterly update in late April, surpassing its full FY23 sales target already. Q4 is typically the largest period of cash receipts, so despite the negative cash flow in Q3, we are confident the company remains cash flow positive for the full financial year. The company's annual recurring revenue (ARR) is also increasing with management anticipating ARR will cover operating expenses sooner than expected. Overall, the company's ability to meet its targets and grow its ARR is promising for its future success.
Brickworks Ltd (BKW)	11.4%	BKW positively contributed to overall portfolio performance during the month of April, following a +11% surge in the share price. The positive performance follows positive management commentary during the month which highlighted an improved outlook for the Australian residential housing market, and the associated benefit this should have on the Australian brick business. Additionally, the industrial real estate market is also predicted to see rental growth that will offset capitalisation rate expansion. Overall, this news was well received and gave investors confidence in BKW's future performance.
Northern Star Resources Ltd (NST)	9.3%	Although NST reported a softer quarter in production they also reiterated that FY23 guidance remains on target, implying the June quarter will be stronger. The softer March quarter was not a surprise with the Pogo plant down for a three week repair as released to the ASX. Pogo is now back at full production. The Kalgoorlie Consolidated Gold Mines (KCGM) plant was also down for repairs. During the month the company issued USD600 million of long term debt at favourable interest rates to fund the potential expansion at KCGM which will be an accretive long term growth strategy. For the June quarter we are expecting higher volumes and grades across all NST production facilities.
Negative Attributors	**Portfolio Return**	**Comment**
Mineral Resources Limited (MIN)	-8.6%	MIN released a soft March quarterly report with lower production than consensus in lithium, iron ore and mining services. Mt Marion spodumene costs were revised up from $875 per tonne to $1,225 per tonne while Wodgina spodumene production remains on target. Lithium battery chemical guidance is now 37% lower than prior guidance "reflecting current market dynamics". Spodumene and lithium hydroxide prices remain soft despite medium term favourable fundamentals. The large Onslow iron ore project is a new growth project which is on target with first ore due in June 2024. In addition the company is advancing the Stanley Point Berth 3 project, exploring for gas in the Perth Basin and bidding to takeover Norwest ($400 million). We have revised our short term dividend projections sharply down to allow the company the flexibility to manage these projects within conservative debt levels.
Stanmore Resources Ltd (SMR)	-11.1%	SMR saw some weakness during April, with the premium steel additive spot price coming off about 20% during the month. Further, BHP is currently taking expressions of interest for two of its metallurgical mines in Queensland, one of which shares a border with SMR's mines. The bidding process is more competitive than when SMR bought South Walker Creek from BHP, so the market may be cautious about the company overpaying. After speaking to management, we believe these fears are overstated, as they will maintain strong financial discipline with any bid.
Straker Translations Ltd (STG)	-10.3%	STG saw further selling pressure, despite a positive quarterly report posted at the end of the month. The company returned to positive free cashflow and has been successfully implementing its cost reduction program. We believe there may be some fear in the market regarding recent artificial general intelligence (AGI) advancements, however due to the commercial nature of STG's customers work, a human operator will be required in the loop for some time yet.

Portfolio Activity

BUY	Comment
Macquarie Group Ltd (MQG)	We have been cautious regarding MQG's ability to perform in an increasing interest rate environment with a tighter liquidity environment a challenge to the recycling of capital. Our view that interest rates have peaked and successful market intervention as credit risk looked to escalate post the US bank credit issues has been a catalyst for review. We believe MQG has positioned itself to deliver sustainable growth as it pivots toward funding the capital spend needed in the transition to a low carbon economy. Offering a 4% yield with evident upside we initiated a position.

SELL	Comment
Woodside Energy Group Ltd (WDS)	WDS released their first quarter production report during the month which saw 46.8 mmboe (millions of barrels of oil equivalent) being produced at an average price received of $85 per barrel with Bass Strait and Gulf of Mexico being marginally below expectations. The company continued its recent strategy of selling a meaningful amount of product in the spot market. The proportion for the quarter spot sales was 32% which helped boost their realised average price. The second quarter will be a softer quarter given the upcoming maintenance at the Pluto LNG facility. The company continues to make good progress with upcoming growth projects at Scarborough and Pluto Train 2. In addition, Sangomar is now 82% complete and expected to produce first oil in late 2023. Joint venture partner BP agreed to buy Shell's 27% stake in the $20 billion Browse field which should see the project finally move forward after many delays to replace the aging North West Shelf LNG aging plants. With the stock trading close to fair value we reduced our allocation, maintaining a level of exposure to the sector through a smaller position.
New Hope Corporation Limited (NHC)	NHC released a strong 1H result during the month. Revenue rose 54% to $1.58 billion, cashflow from operations rose 117% to $983 million and net profit after tax rose was $669 million up 103%. NHC finished the half year with over $1 billion of cash. The dividend of 40 cents per share slightly disappointed the market. Mine costs at Bengalla rose 34% while at Acland they rose 65% but these operations still represent low cost mines compared to its industry peers. During the period the company continued to buy back shares and convertible notes to the value of $105 million. Coal prices rose sharply over the half year although we do note they have fallen somewhat in the last two months. The company flagged a potential acquisition in the near term but we also note that they have considerable organic growth through New Acland Stage 3, higher volumes at Bengalla and first volumes at Malabar later this year. We took some profit in the month and reduced our position.

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
- Dividend Reinvestment Plan is on offer at a 1% discount to market
- 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

The risks associated with investing in CAM 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.

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clime

Invest in people, who invest in you.

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