

27 July 2023

Company Announcements
Australian Securities Exchange

Clime (ASX: CIW) June Quarter Update

- **Group FUM&A \$5.6 billion**
- **Managed account solutions move onto core industry platforms**
- **Continued investment in data intelligence and cyber security**

The June quarter saw a 3% decrease in Clime managed FUM with the decrease mainly due to client pension drawdowns or changes in client circumstances in our direct IMA/SMA business. Actual portfolio returns remained solid against benchmarks. Assets under advice across the Madison licensed business grew consistent with asset market returns.

During the second half of FY23, a significant investment has been made to strengthen the foundation of our business. These initiatives are aimed at ensuring the long-term growth and success of the company and deliver long term shareholder value. We continue to expand the access of our managed account solutions to core industry platforms, including the design of bespoke investment solutions with our key strategic partnerships.

We continue to make significant investments in technology, data consolidation, and system integration. By doing so, we are laying the groundwork for a more robust and streamlined operation. This transformation will not only enhance the use of data intelligence and insights but also empower us to gain a deeper understanding of our clients and investors, ultimately driving better decision-making across our business units.

As part of our commitment to safeguarding our stakeholders' interests, we have doubled our investment in cyber security-related systems and services. This comprehensive approach includes employee training, upgrade of hardware and external penetration testing of our core systems. By proactively bolstering our security measures, we are aligning ourselves with the latest cyber laws, ensuring that our business remains resilient and safeguarded against potential threats.

Funds Under Management and Advice (FUM&A) as at 30 June 2023 is in excess of \$5.6 billion

FUM/FUA is comprised of:

- \$1.3 billion Direct funds under management via Independently Managed accounts (IMA), Separately Managed accounts (SMA), and managed funds; including Clime Capital
- \$3.8 billion Funds under advice within the Madison network; and
- \$0.5 billion Funds under administration on the WealthPortal platform.

The following table provides specific detail of FUM&A across the CIW Group and changes since the March 2023 quarter:

FUNDS AND INSURANCE PREMIUMS UNDER MANAGEMENT & ADVICE (Unaudited)	30-Jun-23 \$mill	31-Mar-23 \$mill	Change \$mill	Change \$
FUNDS UNDER MANAGEMENT (FUM)				
Individually Managed Accounts (IMAs)	\$496	\$514	(\$18)	(3.7%)
Clime Capital Limited (Listed Investment Co.)	\$157	\$160	(\$3)	(2.2%)
Managed Funds and mandates	\$249	\$256	(\$7)	(2.8%)
Separately Managed Accounts (SMAs)	\$373	\$379	(\$6)	(1.5%)
TOTAL FUM	\$1,274	\$1,309	(\$35)	(2.7%)
FUNDS & INSURANCE PREMIUMS UNDER ADVICE (FUA)				
Funds under administration – WealthPortal ¹	\$516	\$521	(\$5)	(1.0%)
Funds under Advice	\$3,821	\$3,763	\$58	1.5%
Insurance Premiums Under Advice	\$51	\$50	\$1	2.9%
TOTAL FUA	\$4,389	\$4,334	\$54	1.2%
TOTAL FUM&A	\$5,663	\$5,643	\$20	0.4%

Solid Investment Returns in June Quarter

Across the year the suite of portfolios managed by the Clime investment team delivered on client objectives with double digit total returns, including a high level of fully franked income. As a reference, Clime's listed investment company (CAM.ASX) finished the year having delivered a return of 18.0%, outperforming the benchmark return of 14.8%. *

Across the strategies and as noted above, funds under management (FUM) declined marginally due to pension drawdowns prior to 30 June. The decline in segment FUM masked positive momentum within the group's SMA business with portfolios under the Ralton and ProActive brands delivering quarter on quarter growth across platform. Moreover, we are seeing early strong inflows into the recently launched ProActive suite of portfolios on Netwealth with strong adviser support.

The focus for the year ahead will be driving growth across the group's IMA and SMA business. We believe 2024, following a year of rationalisation, transition, and restructure, will see the strategic components of Clime's investment solutions strategy fall into place with growth in FUM and revenue to follow.

As the economy shifts from low inflation to a more typical inflationary environment, we will continue to focus on investing in quality companies at the right valuation. We expect such companies to generate steady cashflow for reinvestment which is likely to result in strong returns for our investors. Moreover, in the quarter ahead we expect to engage, in person with over 1000 current and prospective clients, with our new CRM set to have our insights reach a much broader audience. We are excited to continue to deliver returns that can support advisers and individual investors in achieving their goals.

***Return is gross of fees and taxes, benchmark is the ASX All Ordinaries Accumulated Index.**

¹ WealthPortal Pty Ltd (WealthPortal) is a wholly owned subsidiary of CIW. WealthPortal is a 'white-label' of IRESS' investment platform, providing asset management and reporting solutions for clients of Financial Advisers licensed by various AFSL holders including but not limited to Madison Financial Group Pty Ltd (Madison).

² *Performance is gross of fees and taxes

Outlook and positioning for FY24

FY23 has been a difficult year for the Group and indeed many other industry participants in the wealth advice sector. Continued regulatory changes affecting the adviser market have required a resetting of the service offer to align with adviser needs and responding to the significant cost pressures that they are facing.

We have undertaken a comprehensive evaluation of both industry trends and client preferences. We have laid the foundations for several strategies which will continue during FY24 to support our clients as they look to transfer wealth and our advisers to in their offer to their clients. These include:

1. Increased Brand visibility and engagement efforts to resonate with the next generation of clients and investors. Our marketing team has developed innovative campaigns that focus on social media, digital platforms, and targeted content creation.
2. An expansion of our education events to new investor groups and communities to assist with financial literacy and investor education. We believe this will also be of great benefit to Madison advisers introducing the need to for financial advice.
3. Alongside our core offerings, we continue to use the expertise of our investment team to develop bespoke solutions for target demographics focussing on income generation and innovative financial products and services that cater to the unique needs and aspirations of the next generation.
4. Partnerships and collaborations such as Marcus Today, Torica, Stirling Clime and the Madison advisers to enable us to leverage our combined strengths to create meaningful opportunities for our future clients and investors.

Moreover, our investment in operational infrastructure will play a pivotal role in unlocking several ongoing opportunities.

One of our primary objectives is to bring together the Private Wealth and MTIS business, consolidating our expertise to provide a full suite of wealth services to our clients. This strategic move will not only enhance our service offerings but also position us as a holistic wealth management partner for our valued clients.

Our commitment to existing clients and advisers remains steadfast, as we look to implement our FY24 strategy which we believe will enable us to better serve the needs of our clients and investors.

We thank shareholders, investors, and advisers for their ongoing support of Clime. We look forward to providing the strategic outlook for FY24 in our upcoming FY23 announcement and Annual Report.

This announcement is approved by the Board of Directors of Clime Investment Management Limited for release to the ASX.

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