



Clime Capital Limited

13 September 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 31st August 2023.

For further information contact:

John Abernethy

Chairman
Clime Capital Limited

Phone : 1300 788 568

Email : info@clime.com.au

Clime Capital Limited

Level 12, 20 Hunter Street Sydney, NSW 2000, Australia | PO Box H90, Royal Exchange, NSW 1225
ABN 99 106 282 777 P 1300 788 568 W www.clime.com.au T @climeinvest

About *Clime Capital Limited*

Dividend yield growth

The last 12 month rolling dividend per share is growing. The last 4 dividends are Dec-22: 1.30 cents; March-23: 1.32 cents; June-23: 1.34 cents and Sep-23: 1.35 cents which represents a 5.5% rise over the year.

CAM yield vs Market yield (ASX200)

CAM is achieving a dividend yield on NTA in excess of the market yield. Currently, the market yield is 3.8% (70% franked) whereas CAM is trading at a dividend yield of approximately 6.5% (100% franked).

Fully franked dividends

CAM is paying fully franked dividends on a quarterly basis.

Capital growth

CAM has grown its pre tax net tangible assets (NTA) from 77 cents as at 30 June 2022 to the 31 August 2023 pre tax NTA of 85.5 cents.

Net Tangible Assets (NTA)

| | 2023 | August ² | July ¹ | June ¹ |
|----------------|------|---------------------|-------------------|-------------------|
| NTA before tax | | \$0.855 | \$0.870 | \$0.850 |
| NTA after tax | | \$0.835 | \$0.845 | \$0.840 |

¹ On 24 May 2023, the Board declared a fully franked dividend of 1.34 cents per share in respect of the Company's ordinary shares for the period 1 April 2023 to 30 June 2023, and was paid on 28 July 2023. NTA before and after tax disclosed above for June 2023 is before the effect of this dividend payment, and for July 2023 was after the effect of this dividend payment.

² On 25 August 2023, the Board declared a fully franked dividend of 1.35 cents per share in respect of the Company's ordinary shares for the period 1 July 2023 to 30 September 2023, payable on 26 October 2023. NTA before and after tax disclosed above for August 2023 was before the effect of this dividend payment.

Performance*

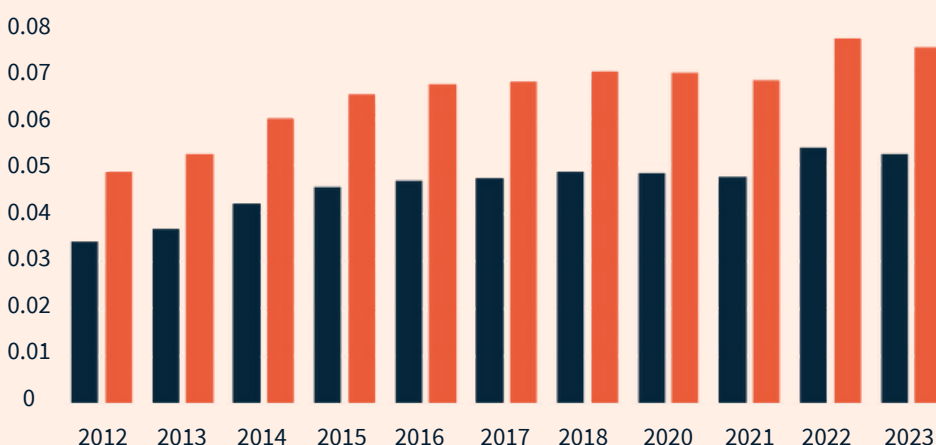
| | 1 month | 3 months | 6 months | 1 year | 2 years p.a. | 5 years p.a. | 10 years p.a. | ITD p.a. |
|-----------------------|---------|----------|----------|--------|--------------|--------------|---------------|----------|
| Gross Return | -1.6% | 3.6% | 0.1% | 9.5% | 0.8% | 5.0% | 6.2% | 10.6% |
| Benchmark Return | -0.7% | 4.2% | 3.1% | 8.9% | 2.3% | 7.2% | 8.2% | 10.3% |
| Active Return (Gross) | -0.8% | -0.6% | -2.9% | 0.6% | -1.5% | -2.2% | -2.0% | 0.3% |

*All performance figures are based off NTA.

History of fully franked dividends

■ Fully franked dividend

■ Dividend



Source: Clime Asset Management

Snapshot numbers

NTA before tax

\$0.855

as at

31 Aug 2023

Cash Dividend**

5.24 cents

fully franked

NTA after tax

\$0.835

as at

31 Aug 2023

Running Yield

6.4%

fully franked

Total Portfolio Including Cash

\$154.98m

Grossed up Running Yield - Pre Tax

9.1%

*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; Dec-22: 1.30 cents; March-23: 1.32 cents; June-23: 1.34 cents

Top 10 Holdings

(in alphabetical order)

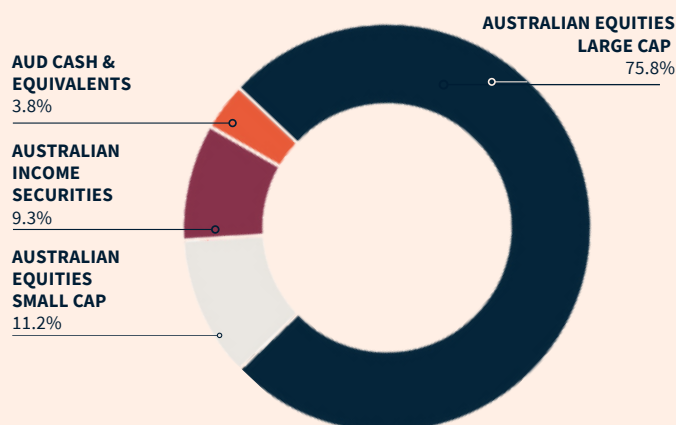
| Company | ASX Code |
|---------------------------------------|----------|
| Amcor | AMC |
| Australia & New Zealand Banking Group | ANZ |
| BHP Billiton | BHP |
| Commonwealth Bank of Australia | CBA |
| Coles Group | COL |
| CSL | CSL |
| Incitec Pivot | IPL |
| James Hardie Industries SE | JHX |
| National Australia Bank | NAB |
| Telstra Group | TLS |



Portfolio Asset Allocation

Gross Asset Allocation

| Assets | \$M |
|--------------------------------|-------|
| Australian Equities | 134.8 |
| Australian Income Securities | 14.3 |
| AUD Cash & Equivalents | 5.8 |
| Gross Portfolio Valuation | 155.0 |
| Convertible Notes (CAMG)* | -35.4 |
| Net Tangible Assets Before Tax | 119.5 |



Portfolio Commentary

Since the start of the new financial year, the Clime Capital portfolio has delivered a return of +2.0%, broadly in line with the broader market. This follows a strong period with rolling 1 year performance of +9.5%.

In August, the team met with portfolio companies as well as potential new investments as companies reported on their end of June financial results. The reporting season showed that Australian corporates continue to deliver strong top line growth as demand remains resilient. On the whole though companies guided to a tougher period ahead with higher wage and interest costs set to impact the bottom line.

At the sector level consumer stocks held up better than expected as retirees, who are less exposed to the impact of interest rates and are benefitting from higher returns on their savings, continue to spend. Conversely, defensive sectors including Telecommunications, Food Retailing and Healthcare all led the market lower.

Certainly, a number of these names are represented in the Clime Capital portfolio and in turn impacted the monthly return, however post meeting with the companies we believe the market has overreacted to short term impacts of cost inflation. We see companies like Telstra (TLS.ASX) and Coles (COL.ASX) as being well positioned to deliver strong performance in the period ahead.

During the month we made a number of additions to the portfolio with each new holding exhibiting the core traits we seek in companies specifically capital growth and a high and growing income stream. The outlook for Ampol (ALD.ASX) remains robust with the refining business delivering strong returns and fuel and food sales from its convenience network reflecting a stronger than expected consumer. The company is set to deliver a 5.7% dividend yield which is expected to increase over the next few years.

In the month, the portfolio supported APA Group's (APA.ASX) acquisition of the Alinta energy assets. The acquisition was in line with the current strategy and financially attractive. At the raising price of \$8.50, the group is offering a yield close to 7% that should grow ahead of inflation over the next 5 years as the company executes on its energy transition projects in the Pilbara.

We expect the portfolio, with its current positioning, to deliver a yield in excess of the index, with income and earnings set to grow at twice the pace of the broader market. Pleasingly the blended valuation of invested companies remains at a discount to the index. We remain disciplined in reducing or exiting positions where our target return is reached, or we have seen a fundamental shift in the outlook for a company.

Your Portfolio Managers



Will Riggall
Chief Investment Officer



Ronni Chalmers
Portfolio Manager
All Cap Australian Equities



Invest in people, who invest in you.

Client Services 1300 788 568 | info@clime.com.au | climecapital.com.au

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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