

27 October 2023

Company Announcements
Australian Securities Exchange

Clime (ASX: CIW) September Quarter Update

- **Group FUM&A \$5.5 billion**
- **Continued rationalisation of non-core services and systems**
- **Strategic focus in developing a full-service Private Wealth business**

In the September 2023 quarter, a significant amount of research and analysis was conducted internally on our combined Private Wealth businesses (Clime Private Wealth and MTIS Pty Ltd) as we strategically pivot our existing business model towards a full-service private wealth business.

This transition requires the rationalisation of non-core services and systems. Consequently, the September quarter results were negatively affected by elevated operating and project consultant costs. The company continues to both undertake (and expense) its investment into new finance and client database systems to support ongoing client and adviser engagement.

We expect to see the continued shift in the flow of new business revenue into our managed account and bespoke investment solutions over the coming quarters. The transition into a full-service Private Wealth model will see growth in advisory fee revenue against a decline in funds management revenue until FUM growth is sustainably generated.

A review of all business operations is underway which will see a reduction in expenses before the 2023 calendar year end. The major part of the investment in new systems will be completed by the end of November and will result in a significant cost reductions in the second half of FY24.

1. *Private Wealth transformation*

Significant progress continues towards our strategic transformation into a full-service private wealth business. We have identified the operational and technology infrastructure that best suit the requirements of providing a high-quality private wealth experience for our clients. In parallel, we have engaged with external providers in the areas of philanthropy, private equity and aged care to enhance our existing Private Wealth services.

2. *Madison Financial Group*

Madison has recently celebrated 40 years in business, a significant milestone in an industry that is continually disrupted. As stated in our annual report, we continue to work closely with the Practice Principals aimed at building an adviser directed licensor.

Our focus as a licensee continues to be on generating operating productivity improvements for our licensed advisors. Therefore, we see the developments in client engagement and managed accounts solutions as directly benefitting the Madison network.

The previously advised (late August), we are continuing in our discussions to negotiate a joint services venture with PDG. We will update shareholders as we progress in our discussions.

3. AI adoption

During the quarter, we undertook a program of work to identify a provider of AI services which will enhance the company's ability to identify specific client segments and their wealth preferences. The data generated will assist CIW to respond more quickly to the changes in market and consumer behaviour, adapting our Private Wealth services and investment solutions to meet the evolving needs of the clients. Enabling the use of AI for personalised marketing and client engagement will create growth opportunities in client segments where we have a distinctive solution.

Funds Under Management and Advice (FUM&A) as at 30 September 2023 is in excess of \$5.5 billion

FUM/FUA is comprised of:

- \$1.2 billion Direct funds under management via Independently Managed accounts (IMA), Separately Managed accounts (SMA), and managed funds; including Clime Capital
- \$3.7 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 June 2023 quarter:

FUNDS AND INSURANCE PREMIUMS UNDER MANAGEMENT & ADVICE (Unaudited)	30-Sep-23 \$mill	31-Jun-23 \$mill	Change \$mill	Change %
FUNDS UNDER MANAGEMENT (FUM)				
Individually Managed Accounts (IMAs)	\$471	\$496	(\$24)	(5.1%)
Clime Capital Limited (Listed Investment Co.)	\$152	\$157	(\$5)	(3.2%)
Managed Funds and mandates	\$235	\$249	(\$14)	(5.8%)
Separately Managed Accounts (SMAs)	\$394	\$373	\$20	5.2%
TOTAL FUM	\$1,252	\$1,274	(\$22)	(1.8%)

FUNDS & INSURANCE PREMIUMS UNDER ADVICE (FUA)				
Funds under administration – WealthPortal ¹	\$512	\$516	(\$4)	(0.8%)
Funds under Advice	\$3,738	\$3,821	(\$83)	(2.2%)
Insurance Premiums Under Advice	\$54	\$51	\$3	5.6%
TOTAL FUA *	\$4,304	\$4,389	(\$84)	(2.0%)

TOTAL FUM&A	\$5,556	\$5,663	(\$107)	(1.9%)
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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 * Total FUMA declined in line with market indices.

September Quarter highlights

The Clime investment team has its heritage in the management of Australian equities and today manages a range of products across Australian equity large and small cap as well as income strategies. We are increasingly leveraging our strong equity capability into the managed accounts channel. We envisage that a large part of our future growth will come from the multi asset solutions we construct for clients. In constructing a multi-asset solution, we have established strong relationships with highly regarded managers across credit, property and international equities.

The managed account solutions that we provide are presented through our wholly owned Ralton (equity) and ProActive solutions (multi asset).

We are pleased to advise of the strong performance ProActive suite of multi asset portfolios, available across a range of platforms. However, in FY24 (to date) the large cap Ralton Australian equity managed account portfolio solution has slightly lagged the index. Importantly, given our long-term investment horizon, consistent outperformance of the core Ralton Concentrated Equity portfolios is noted over 1 and 2 years and since inception.

In a period of significant investment market headwinds (bond yields rising and equity PERs contracting), we are also pleased to report a return to strong performance within the Clime Smaller Companies Fund, which materially outperformed its benchmark by +6.9%. This is great recognition of the work done to reposition the portfolio over the last 18 months.

It is also worth noting the continued performance of Clime Capital Ltd (CAM.ASX) which again outperformed its benchmark by 0.70%, following on from a very strong 2023 financial year where CAM delivered growth in net tangible assets (NTA) as well as a fully franked yield of over 9%. CAM undertook a successful SPP in October that resulted in \$4.5 million of new capital.

Conclusion

In 2024 we look forward to working with an expanding range of product and platform providers, and in particular we look forward to engaging with our investment community at a range of events that Clime has planned for the end of the 2023 calendar year.

The company is also moving through the adoption of cutting-edge AI technologies to assist with engaging with the company's target markets. This will be a benefit to both Clime directly and to our licensed advisors.

CIW remains on a strategic trajectory to become a full-service private wealth business. The continued rationalisation of non-core services, integration of AI, and a dedication to addressing client needs and past issues underpin the company's commitment to long-term success and sustainable growth.

Clime is actively working towards a future characterised by innovation, efficiency, and client-centric solutions.

Our commitment to existing clients and advisers remains steadfast, as we look to implement our FY24 strategy which we firmly 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 FY24 strategic outlook update at the Annual General Meeting on 24 November 2023.

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

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