

**CHAIMANS ADDRESS AT ANNUAL GENERAL MEETING OF  
CLIME INVESTMENT MANAGEMENT LIMITED  
HELD AT 1 MARKET STREET , SYDNEY  
AT 2PM EST 13 NOVEMBER 2014**

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2013-14 was a good year for Clime and our shareholders. It was also an exciting year in a number of ways. It was a year in which:

- Funds under management grew strongly, reflecting new client inflows as well as our investment performance
- The Clime International Fund was successfully launched, with Sanlam Private Investments as our sub manager, and it now manages in excess of \$40 million of our clients' money
- There were solid returns from our balance sheet investments, especially in our investment in the unlisted stationery business, Jasco Holdings Ltd.
- Stocks in Value, our Joint Venture with Eureka Report, upgraded its service offering and our client numbers grew substantially
- To better accommodate our team, serve our clients and free up our capital, we sold our former Sydney premises and relocated our Sydney offices to 1 Market Street
- We returned \$4.0 million in unneeded capital to our shareholders (8 cents per share) as well as paying fully franked dividends of \$1.2 million (1.5 cents per share).

In the year, group revenue improved by 14% to \$8.7 million, of which \$7.0 million came from funds management fees. And unrealized gains on our available-for-sale interests

(mostly Jasco) contributed \$2.7 million to the 2013-14 total result.

Costs grew by around 7.5% and overall profit after tax more than doubled, generating a healthy increase in our Return on Equity to over 13%.

At the end of the year our liquidity position remained more than adequate, our Equity per Share stood at 51 cents and Net Tangible Assets per Share at 36 cents.

Since 30 June our gross funds under management has grown to over \$600 million, with more than \$400 million of that in Clime Discretionary Portfolios, and almost \$100 million in our listed investment company, Clime Capital Limited.

## **2014-15**

In the opening months of 2014-15 our operating revenues are 15% up on last year, while operating costs have grown by 11% due to additional headcount and property costs.

This year we are expecting to receive significant dividends from our investment in Jasco, representing some of the proceeds of the sale last year of a major part of Jasco's business. In that we are of course dependent on decisions to be taken this year by the board of Jasco.

Our Stocks in Value service continues to attract new clients, and further product upgrades are scheduled for the coming

months including the introduction of international stock valuations.

### **Mission and Values**

Let me now move away from the numbers and talk about who we really are. The mission of Clime Investment Management is to deliver real value to all our clients. We know that we will only achieve this if we meet our clients' expectations in terms of service delivery, the quality of our investment research, and in managing our clients' money to protect their capital and to generate absolute returns using our disciplined approach to value investing. We know and appreciate that the only reason we exist is to meet the needs of our clients and in doing so we create value for our shareholders. We know that we can never afford to be complacent.

In striving to deliver on that commitment, we hold dear our values of integrity, transparency, and having the courage to back our convictions. We often make mistakes, and we mostly learn valuable lessons when we do. We appreciate it when you, our shareholders and our clients, tell us about our mistakes and suggest ways that we can improve. We think that means that you care just as much about the company as we do. We want you to continue to do so.

We believe that good corporate governance is essential, not just because your directors don't want to go to jail, but because we believe that it ultimately creates the best outcomes for the owners of our company. Just like Warren Buffett and his sidekick Charlie Munger, we believe that

there's a significant difference between everything you should do, and everything you can do without getting into legal trouble.

The Group is intent on increasing shareholder value by attracting new clients and retaining existing ones, growing funds under management, investing well, and by managing your capital prudently. The effective management of the risks we face every day is critical.

Finally I'd like to commend the performance of the Clime executive leadership and our wonderful management team for what has been another year of significant growth for the business. At the same time I'd like to thank each of my fellow directors for their contribution during the year.

I'd also like to pay particular tribute to Mark Osborn, who retired from the Board in August, for the professionalism and commitment he demonstrated during his eight years on the board including two as our Chairman. He has made a significant and enduring contribution to Clime and our shareholders.

**Neil Schafer**

**13/11/2014**