



## CLIME CAPITAL LIMITED (“CAM”)

### Half Year Results 2015/16 March Quarter Dividend declaration

The Board of Clime Capital Limited (“CAM”) present the half years result to 31 December 2015.

CAM reported a net profit after tax of **\$0.6 million** for the period. This was a substantial improvement on the previous corresponding period (a loss of \$ 1.6 million). During the period CAM increased its quarterly dividend rate paid to ordinary shareholders.

The March Quarter dividends **of 1.2 cents per ordinary share and 4.5 cents per converting preference share, both fully franked**, have been declared.

#### Half Year Highlights

- Net profit after tax of \$0.6 million.
- \$2.25 million of fully franked dividends paid net of DRP;
- \$0.80 million of shares bought back and cancelled;
- \$1.55 million income received from dividends and interest;
- \$2.03 million net realised profits on disposal of financial assets;

#### Portfolio Review

As at 31 December the portfolio was allocated as follows (all in AUD at exchange rate 31 December 2015):

- . Australian listed securities: \$55 million
- . Australian cash: \$5.6 million
- . US securities: \$15 million
- . US dollars: \$10.3 million

The portfolio produced a positive return over the six months (pre fees and expenses) of 2.3%. This positive return resulted from the increased weighting of the portfolio to USD securities and cash. The return from the Australian portfolio was only slightly positive.

The International portfolio produced a positive return with the tailwind of a weakening AUD. At this point the USD portfolio remains un-hedged. As at 31 December 2015 the portfolio had approximately 30% of its gross assets represented by US equities or USD. The remaining balance is primarily invested listed Australian securities.

Looking forward the manager perceives that Australia's economic growth will remain below trend for the next year. However, it is clear that the effects of a weakening AUD (through inbound tourism), lower petrol prices and historic low interest rates will support consumption growth.

Whilst the risk of an Australian economic downturn has been tempered somewhat by these developments there remain significant economic headwinds in Europe and Japan to suggest that markets will continue to be confronted by problems on a regular basis. Further, the strengthening USD is affecting growth in the US and company earnings forecasts continue to be lowered.

Whilst the manager perceives that the \$A remains in a structural downtrend it is likely that economic management settings in the US and Japan may restrict the course of devaluation in coming months. Therefore the international portion of the portfolio remains under invested with high quality value opportunities not compellingly apparent at this point.

Given the difficult outlook and continuing low interest rates the manager intends to adjust the portfolio as follows over the next six months:

1. Increase the invested portfolio in Australia as opportunity presents but with a continuing focus upon quality companies and yield; and
2. Reduce the exposure of the US portfolio from around 30% to approximately 20%. The level of the invested portfolio to USD will be monitored based on market movements and perception of value.

The above should be considered a guide to the structure of the portfolio in coming months. Sharp market moves may cause a change of portfolio construction and shareholders should monitor the portfolio performance and allocation through the NTA statements released to the ASX each month.

### **Franking Credits**

As at the 31 December CAM retained \$2.4 million in franking credits and had \$10.7 million in profit reserves from which to declare dividends.

### **Buyback**

The company intends to continue with its buyback program where the ordinary and preference shares trade at a significant discount to underlying NTA per share.

## Net Asset movement

Over the 6 months from 30 June 2015 the net asset value of the company declined from \$87.6 million to \$85.1 million.

The decline is explained by the following components:

- . Net investment returns \$1.3 million
- . Net cash dividends paid (\$2.2 million)
- . Buy backs (\$0.8 million)
- . Operating costs (\$0.8 million)

## Portfolio Holdings 31 January 2016

### Major Australian holdings

### Listed US holdings

#### Listed shares (% of total portfolio)

National Australia Bank	5.1%	AIG	2.0%
Commonwealth Bank	4.5%	Oracle	1.9%
Telstra Limited	3.7%	Diageo	1.9%
Computershare Limited	3.2%	Proctor & Gamble	1.8%
Retail Food Group	3.1%	Yum Brands	1.8%
Woolworths Limited	3.0%	Mastercard	1.6%
Flight Centre Limited	2.9%	Wells Fargo	1.5%
Credit Corp Limited	2.6%	Bank of America	1.2%
Crown Limited	2.4%	Monsanto	1.1%
Ardent Leisure Limited	2.2%	ChinaMobile	1.0%
Seek Limited	2.1%	Bidu Inc.	0.9%
Qube Logistics	2.0%	Paypal Inc.	0.8%
Japara Healthcare Limited	1.9%		
APN Property Group	1.7%		
ANZ Bank Limited	1.6%		
Caltex Australia Limited	1.4%		

#### Listed Hybrids

Macquarie Income	2.7%
Multiplex Sites	2.6%
National Bank Income	2.5%
Seven Group	2.3%



**Dividend for Converting Preference Shares & Ordinary Shares for the Quarter ending 31 March 2016**

The Directors are pleased to declare a **fully franked quarterly dividend of 4.5 cents per share** for its converting preference shares (ASX Code: CAMPA).

The Board is also pleased to declare a **fully franked ordinary dividend of 1.2 cent per share** for its ordinary shares (ASX Code: CAM) for the quarter ending 31 March 2016.

Please refer to separate ASX announcement on March quarter dividend for specific details of dates and related information.

CAM reports its NTA monthly to shareholders and we refer shareholders and interested parties to these regular announcements.

On behalf of the Board,  
For further information

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