

24 April 2025

Company Announcements  
Australian Securities Exchange

## **Clime Investment Management Limited (ASX: CIW)**

### **March Quarter Update from the Managing Director.**

#### **Highlights**

##### **Financial**

- **Dividend of 0.25 cents fully franked**
- **Third quarter profit**

##### **Operational**

- **Product and Platform System Review Complete**
- **Vertium Joins Clime**
- **(New) Key Appointments Lift Capability**

Dear Shareholders,

I am pleased to provide you with an update of both the March quarter and the year to date.

In previous updates, we outlined cost-saving initiatives that quickly reoriented the company and resulted in a modest profit for the December half-year. The company continued to record an operating profit in the March Quarter allowing the directors to declare an interim dividend of 0.25 cents per share fully franked.

The company welcomes Mr Tony Kynaston to the Board of CIW.

Operational changes have led to savings (and profits) that have been reinvested into enhancing our operations, IT services, and front-line staff. This has enabled us to connect more frequently with our valued clients and deliver superior products.

Last quarter, we committed to reviewing our product offerings, and I am pleased to report that these activities are now complete. In the coming quarter, our focus will shift to communication, marketing, and expanding our distribution footprint.

Importantly, we were able to maintain growth in Funds Under Management (FUM) and revenue, whilst implementing significant changes. While none of the key initiatives were material in isolation, collectively they represent a meaningful projected improvement in cash flow over the medium term and a marked enhancement in Clime's offerings.

### Key operational initiatives

Our team has successfully accomplished several key initiatives:

- We completed a comprehensive review of our fund management systems, platform partners, and product offerings. As a result, we have decided to retain and enhance our working relationships with APEX and IRESS, while expanding our offerings through engagements with Titanium Digital and OpenInvest.
- We have commenced the operation of a Managed Discretionary Account (MDA) service in partnership with Philo Capital Advisers and Netwealth. This initiative aims to improve both the service and flexibility of our offerings for clients managed by our Clime Private Wealth team, which represents \$1.047 billion.
- We welcomed Jason Teh, founder of Vertium Asset Management, and will now be supporting the operations of the \$85 million Vertium Equity Income Fund.
- We have appointed Acorn Asset Management to enhance the quality of our \$30 million Clime Smaller Companies Fund and to grow our distribution capabilities in partnership with Acorn.
- We have executed a heads of agreement with Arcus Capital Advisory to manage a bespoke wholesale investment offering for their clients, which is expected to initially manage \$50 million.
- We have internalized the management of our \$75 million Clime International Fund with the appointment of International and Multi-Asset Portfolio Manager Adam Sferruzzi from Adelaide.
- We have appointed Mr. Tim Jones, Mr. Mitch Tolhurst, and Mr. Leo Economides to create an unlisted asset management team, expand our product design capability, and capture more than \$240 million of investor capital currently placed with other managers.
- We are negotiating an Investment Management Agreement with Clime Private Limited to invigorate this private equity investment vehicle, commencing with the \$11 million of assets currently held by this entity.
- We have completed the development of a customised AI/Hybrid file note system for all client interactions with significant productivity gains for our Clime Private Wealth division.

These initiatives collectively strengthen our market position and enhance our ability to deliver value to our clients and shareholders.

## Reviewing FUM, FUA and balance sheet

Total funds under management and advice increased by 3% over the March quarter. Key factors impacting this result included a \$137m funds mandate obtained during the quarter, partially offset by the loss of a \$38m SMA mandate and adverse investment market returns and pension payments.

The core business streams can be summarised as:

- Funds under direct management through SMAs, discrete portfolio services (IMAs), managed funds and listed investment company (\$1.68 billion).
- CPW funds under direction and advice with CPW/MTIS undertaking a full integration, with CPW QLD being fully consolidated, circa \$1.05 billion.
- Balance sheet investments (\$3.3 million) – Clime Capital Limited and Infocus Wealth Management (convertible notes). Net cash approximately \$1.0 million.

## Funds Under Management and Mandates (FUM) at \$1.68 billion

The following table provides specific detail of FUM across the CIW Group and changes over the December quarter:

FUNDS UNDER MANAGEMENT & ADVICE (Unaudited)	31-Mar-25 \$mill	31-Dec-24 \$mill	Change \$mill	Change %
Individually Managed Accounts (IMAs)	\$407	\$428	(\$21)	(4.9%)
Clime Capital Limited (Listed Investment Co.)	\$148	\$151	(\$4)	(2.5%)
Managed Funds	\$245	\$263	(\$18)	(6.9%)
Separately Managed Accounts (SMAs)	\$319	\$361	(\$42)	(11.7%)
Mandates and directed FUM&A <sup>#</sup>	\$564	\$430	\$134	31.1%
<b>TOTAL FUM&amp;A</b>	<b>\$1,682</b>	<b>\$1,634</b>	<b>\$49</b>	<b>3.0%</b>

<sup>#</sup> Includes FUM&A for the MTIS business.

CLIME PRIVATE WEALTH - FUNDS UNDER ADVICE (FUA) & DIRECTION				
Private Wealth – FUA & direction	\$1,047	\$953	\$94	9.9%
<b>TOTAL FUA</b>	<b>\$1,047</b>	<b>\$953</b>	<b>\$94</b>	<b>9.9%</b>

## Streamlining our multi-asset portfolios.

We are rebranding our multi-asset strategies under the “Clever Investor” label, offering three distinct models:

- **Active Fund Portfolios:** These portfolios combine top-tier, long-term value managers to align with specific client risk profiles.
- **Active Listed Portfolios:** These portfolios utilise direct equities and market-traded securities to cater to specific client risk profiles.
- **Index Plus Portfolios:** These portfolios provide a cost-effective solution with the flexibility to actively manage one or two sectors within a defined cost framework.

Clients can access each model, either fully or partially, through three different product structures:

- **Individually Managed Accounts (IMA):** Designed for wholesale clients seeking a customised approach, these accounts blend funds, listed, and unlisted assets in collaboration with our investment specialist team.
- **Managed Discretionary Accounts (MDA):** Tailored for Clime Private Wealth advised clients, these accounts offer a flexible on-platform solution, allowing for asset inclusion or exclusion and customisation to meet specific needs, such as ESG focus or industry preferences.
- **Separately Managed Accounts (SMA):** Ideal for retail clients and strategic partners, these accounts provide access to our portfolio construction and management strategies in collaboration with leading platforms.

## New product offerings

To leverage our expanding social media presence, we are introducing three retail, direct offerings in partnership with OpenInvest. Each product is tailored to a specific target market that we believe is not adequately served by traditional risk profile-oriented multi-asset solutions or single asset class funds.

Our goal with each product is to simplify the investment decision-making process by providing offerings designed for a specific purpose. While we believe that most financial product investments are made in collaboration with a qualified Financial Adviser, we recognise that some investors either cannot afford this route or choose not to pursue it.

We see it as our responsibility to deliver Clever Investing solutions that cater to the needs of these investors.

For our traditional market—wholesale and sophisticated investors—we are launching new debt, property, and private equity investment options. These options focus on investing in unlisted assets with clever tilts to address inefficiencies and pain points found in traditional offerings. More information will be provided at launch.

**Key Appointments and Operations**

As anticipated in our previous updates, we have expanded our team this quarter with the following appointments:

- Adam Sferruzzi has joined as the Portfolio Manager for our international and multi-asset funds.
- Tim Jones has been appointed as the Portfolio Manager for unlisted income and property.
- Mitch Tolhurst has taken on the role of Unlisted Transaction Specialist.
- Leo Economides has been appointed as Senior Product Manager.

By restructuring of our employment arrangements and internalising third-party consulting services, these exceptionally talented individuals have joined our team without any net increase in forecast wages.

In collaboration with Australian AI company BizGPT, we have developed and begun implementing a new solution called “EchoNotes.” This innovative tool integrates call recording, AI transcription, script generation, human supervision, and workflow management to automatically produce accurate and meaningful file notes and process instructions. These are seamlessly sent to clients for confirmation before initiating advice or product workflows. This solution is expected to significantly reduce the time our advisers spend documenting file notes and instructions from client meetings, combining the latest advancements in AI with cost-effective quality checking and supervision.

**Outlook and positioning for FY25**

We acknowledge the global instability caused by tariff and trade disputes, may affect Clime's cash flows. As a diversified investment manager, we anticipate experiencing less revenue volatility than many of our competitors. Growth initiatives noted above give us room for optimism.

In our previous quarterly report, I mentioned, *“We are committed to positioning Clime for substantial profit growth by crafting a distinctive market offering that sets us apart from competitors. Our goal is to innovate and deliver value in ways that are challenging for others to replicate.”*

This quarter, we have established the groundwork for an efficient business operating across three capital cities, with a diverse range of products and advisory capabilities. We are poised to introduce new solutions for young, non-advised retail investors, multi-asset solutions suitable for broader distribution, and bespoke wholesale solutions that integrate our new team members' unique skills with our existing strong listed asset management capabilities.

These solutions position us as an attractive partner for other market participants.

We look forward to making further announcements as we transform our growing pipeline of opportunities into revenue and profit.

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



Clime Investment Management Limited

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