



# Clime Investment Management Limited

FY22 Results summary & FY23 outlook

Presentation September 13, 2022



Integrity



Transparency



Conviction



Progress



# We exist to create value for our clients

1. Providing financial guidance to Australians so they do not outlive their money
2. Investing in an Australian sustainable future
3. Supporting small business owners, innovators and founders

## Our values



Integrity



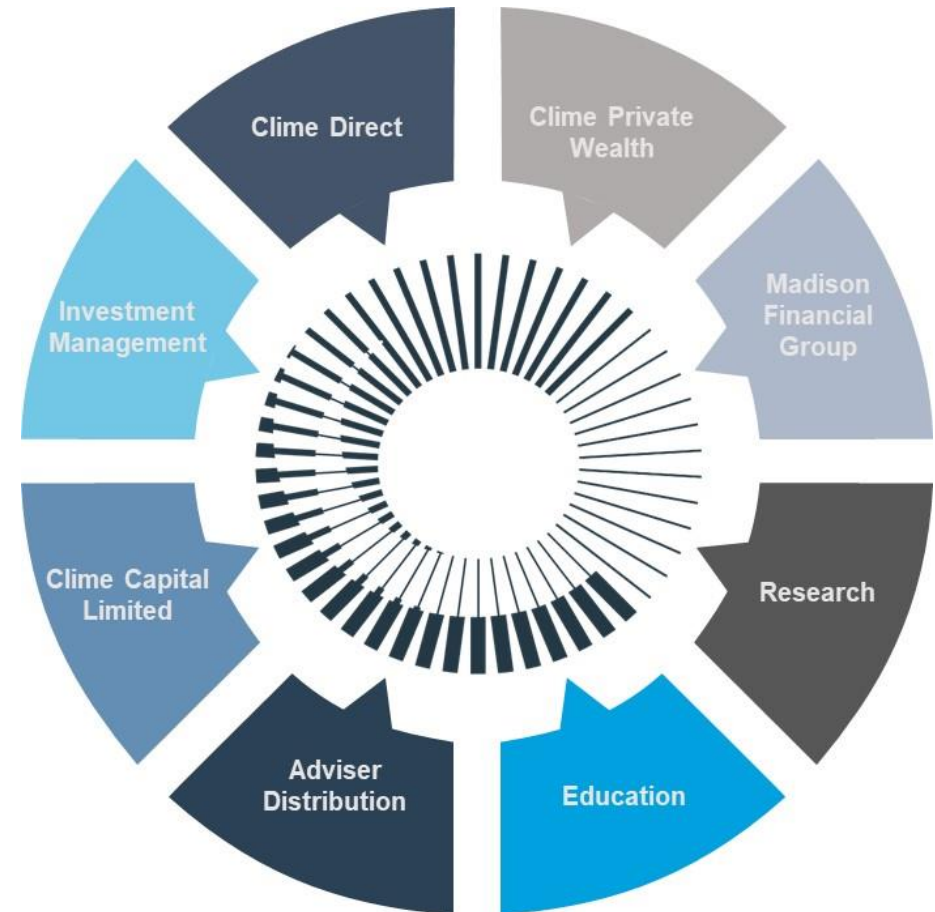
Transparency



Conviction



Progress



# 2022 – 2025 Strategy Map

**Strategy 1** – IMA as the centrepiece

**Strategy 2** - SMA with bespoke Investment Consulting

**Strategy 3** – Support Clime’s managed funds that feed into the IMA/SMA investment solutions

**Strategy 4** – Advice as a service

**Financial**

## Productivity strategy

### Improve cost structure

Fixed & variable  
Revenue linked  
Increase operating leverage

### Increase asset utilisation

Increase ratio to 2.5 +  
Remove non-core assets  
Improve core assets

## Revenue growth strategy

### Increase market penetration

Retail distribution - B2B & B2C  
Wholesale - Private Wealth (ext)  
Managed Accounts – bespoke

### Joint Ventures

Integrated wealth businesses  
Investment strategies & products  
AFSL services

**Client perspective**

Competitive

Performance

Configurable

Accessible

Exceptional service

Risk Mgt

DIY | DIWM | DI4M

## Product & Service attributes

### Operations Management

Maximise profitability (ROE, Margin)  
Aligned to strategic goals  
Measurable

### Client Management

Hyper-personalisation  
Integrated ecosystem  
'Right next move'

## Relationship

### Innovation Processes

Clear framework supporting the implementation of new products, services and business

## Education

### Distribution

Direct and indirect  
Cost-efficient  
Multi-channel delivery

**Internal**

**Learning & growth**

### Human Capital

Transferable & agile skills  
Succession and talent coaching  
Fit for purpose education



### Information Capital

Client & adviser data and insights  
Investment research data  
Education and knowledge sharing



### Organisational Capital

Values driven (culture)  
CRM platforms  
Unified communication platform (i.e. Office 365)

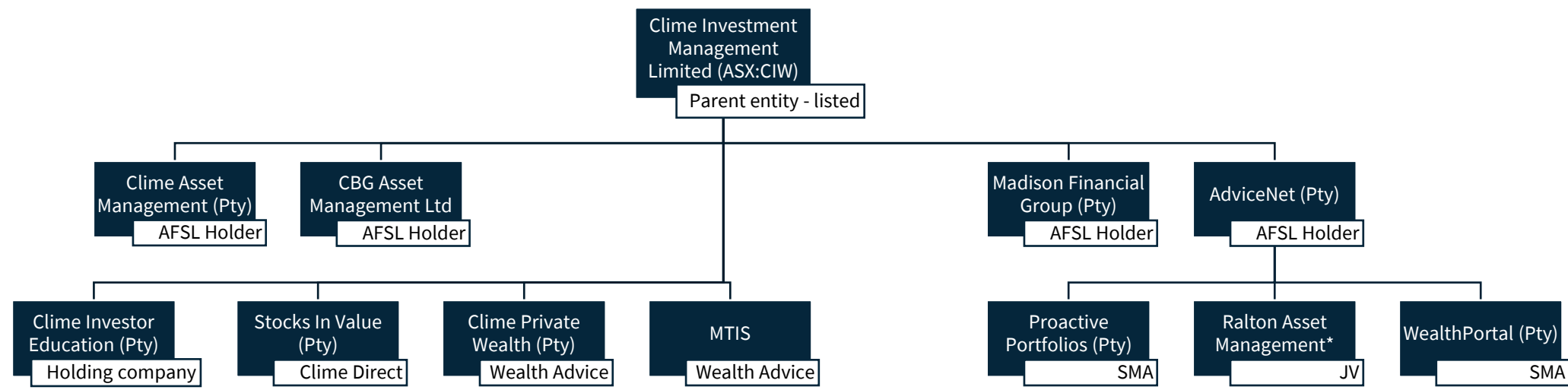
**Our values**

INTEGRITY | TRANSPARENCY | CONVICTION | PROGRESS



# Clime Group Entities

CIW owns 100% of all Entities

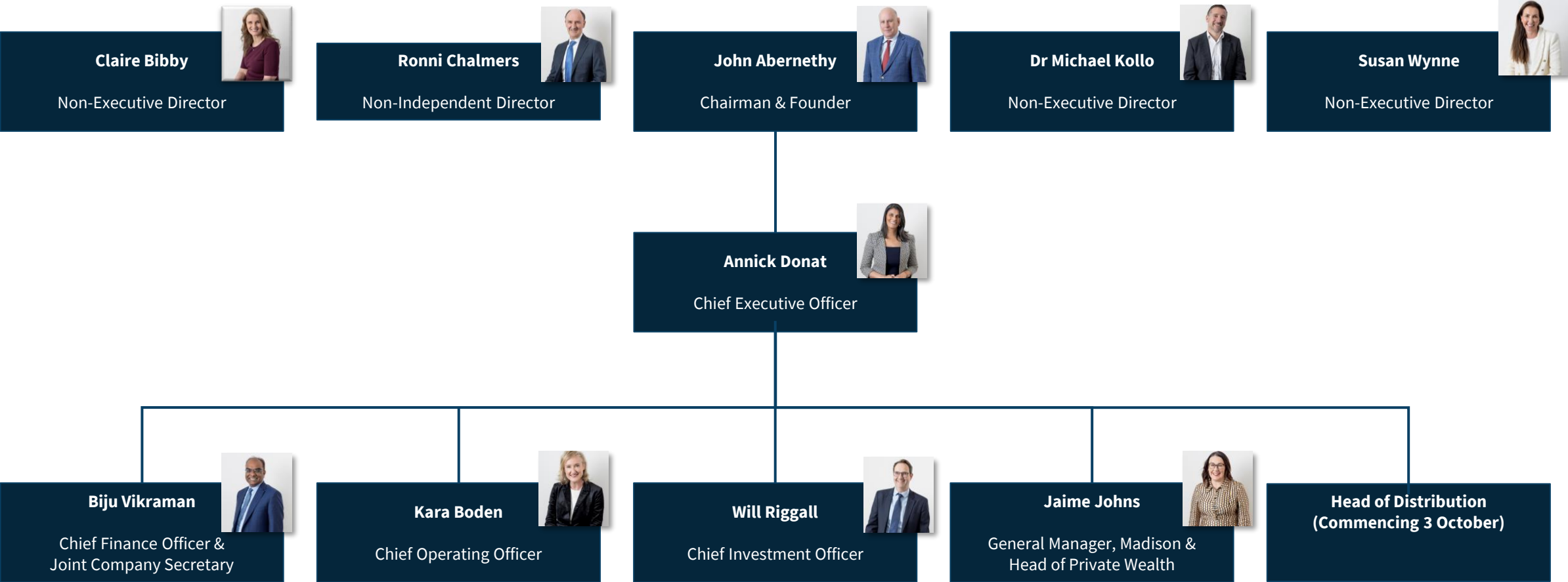


Other Entities where Clime is involved (Following entities not part of the CIW Group)



\*CIW owns 75% as at 30 June 2022 and intends to acquire remaining 25% 2HCY22

# Our Board and Executive team

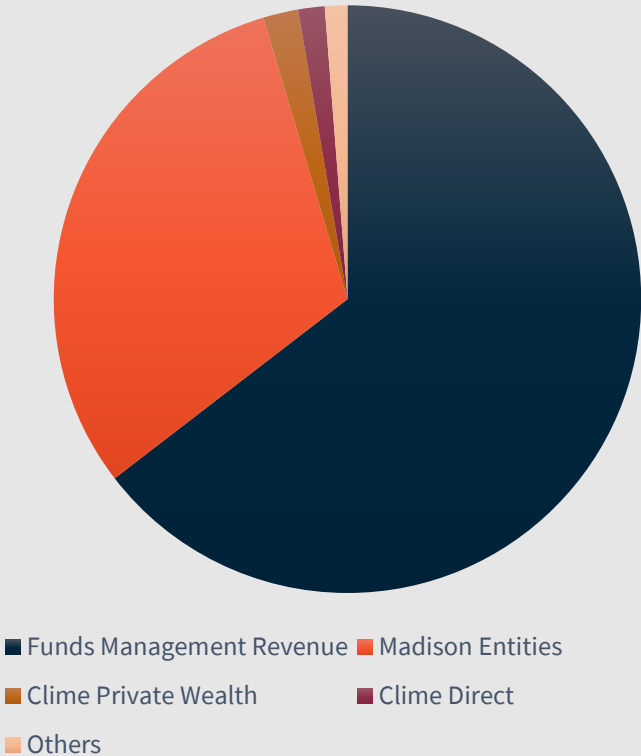




# A solid year of transformation and rebuild

## How we make money

Actual Revenue for Clime Group - FY 22  
(Unaudited)



## Our assets

**\$5.1bn FUM&A**

- Quality portfolio management and funds
- Madison FG 83 advisers, \$4.0 bn FUA, \$53mil PIF
- SMA brands on major platforms with growing demand from our clients
- CPW 5 advisers, 450 clients – IMA book
- MTIS 5 advisers, \$380mil FUA
- Clime Direct subscribers
- Respected and experienced investment and advice leaders
- Longevity of brand – Clime and Madison
- Highly regarded education programs
- Dynamic Board

## FY22 lessons learned

### What's working well






- Collaboration between investment and advice teams increasing
- Strong managed account pipeline
- Operational infrastructure delivering momentum
- Culture improvement
- Our people are engaging with the high value program
- Attracting better talent
- People want to do business with us

### What needs to improve

- Marketing strategy
- Tightly held share register
- Unstructured distribution process
- Data infrastructure still in early stages
- More synergies identified
- Hybrid working environment, friction in operating rhythm



# FY22 results summary

| Financial Indicator                                   | FY22               | FY21               | Change  |
|---|--------------------|--------------------|---|
| Funds under management and advice(FUM&A)              | \$5.1 billion      | \$5.1 billion      |  |
| Revenue (excluding performance fees)                  | \$13.7 million     | \$13.5 million     |  |
| Operating profit before MTM, performance fees and STI | \$2.2 million      | \$2.7 million      |  |
| Cash and liquid investments, no debt                  | \$8.0 million*     | \$10.45 million    |  |
| FY22 dividend   | 1.4c fully franked | 2.5c fully franked |  |

\* Post MTIS acquisition settlement 15/8/2022



## Key performance drivers

- Madison entities contributing \$2.8 million to Group revenue
- Funds Management based revenue of \$10.3 million up from \$9.3 million in FY21
- Performance fees dropped from \$2.3 million in FY21 to nil FY22 due to challenging market conditions

The sharp decline in equity prices in the June quarter dragged down reported profits which were tracking well prior to the market decline. However, the recurrent nature of FY22 reporting earnings was superior to FY21 .



# FY22 Highlights and Performance



## Highlights

- Successful acquisition of 75% of Ralton Asset Management. The acquisition brings Clime's combined separately managed account capability to approximately \$350m in AUM.
- Acquisition of MTIS Wealth Management a Melbourne based private wealth business post 30<sup>th</sup> June. The MTIS acquisition will add \$1m to CIW's pre-tax earnings and \$380m in FUA in FY23.
- Finalisation of strategic alliance with fixed income manager Torica Capital Pty Ltd who manage \$150m in AUM.
- 10% growth of adviser numbers within the Madison community
- Investment in technology, data and analytics to improve operational efficiency.



## Key statistics

- FUM&A stable at \$5.1bn in FY22 compared to PCP
- Individually Managed Accounts FUM \$508m down from \$556m on PCP
- Managed Funds and Mandates \$285m down from \$363m on PCP
- Separately Managed accounts FUM \$269m up from \$98m on PCP
- Funds under advice stable at \$4.0bn





# Where do we generate revenue?

| Clime FUM&A \$5.1bn – FY22   |  |  |   |  |
|--|--|--|---|--|
| IMA<br>FUM: \$508M   | SMA/MDA<br>FUM: \$300M   | Funds<br>FUM: \$254M   | LIC<br>FUM: \$145M  | Advice<br>FUA:\$4B   |
| <ul style="list-style-type: none"><li>• \$4.037M revenue in FY22</li><li>• 450 clients</li><li>• Predominantly wholesale clients</li><li>• CPW cost to service IMA clients</li></ul> | <ul style="list-style-type: none"><li>• \$986K in revenue in FY22</li><li>• Clients split across retail and wholesale</li><li>• Greater retail focus</li></ul> | <ul style="list-style-type: none"><li>• \$3.548M in revenue in FY22</li><li>• Asset allocation by IMA clients into funds – revenue recognised in funds. No double dipping.</li></ul> | <ul style="list-style-type: none"><li>• Listed investment company revenue of \$1.308M in FY22</li></ul> | <ul style="list-style-type: none"><li>• \$2.294M revenue in FY22 (excluding SMA)</li><li>• Adviser led fee-based business</li><li>• Not FUM based revenue</li><li>• Wholesale, retail, family office</li></ul> |



# FY23 Looking forward



## Focus areas for growth

- Solid SMA growth pipeline across multiple platforms (\$70mil from Marcus Today, revenue accretive day 1)
- IMA service expansion for wholesale clients
- MTIS integration and synergy opportunities
- Growth focus on strategic partnerships – Torica, Marcus Today
- Solid Adviser recruitment pipeline
- Scale core capabilities
- Increased brand awareness, content marketing and client events
- Increase client and adviser education multi-channel delivery

