

24 April 2023

Company Announcements  
Australian Securities Exchange

## Clime (ASX: CIW) March Quarter Update

- **Group Funds under Management and Administration \$5.6 billion +2.5% for the quarter**
- **Increased demand for bespoke managed account and investment consulting**
- **Using data intelligence to better meet the needs of investors and advisers**
- **Restructuring and cost out initiatives undertaken**

The Board of Clime Investment Management Limited ('Clime' or 'the Company' or 'the Group') is pleased to provide an update to shareholders of the Company's performance during the March 2023 quarter.

### Strategic initiatives and activities

As reported in the December 2022 quarter update (released to ASX on 27 January 2023), the Group continues to drive commercial and client opportunities from its strategic alliances via collaborative client engagement activity and joint investment solutions. We expect to see revenue growth from these initiatives unfold in coming months and particularly during the first half of FY24.

We have seen increased demand for the Group's managed account consulting service in line with the industry move towards greater transparency and efficiency of investment management solutions. Several negotiations are underway which aim to provide long term revenue and FUM growth and support solid returns in FY24.

Importantly, during the March quarter our Private Wealth business secured its first family office consulting mandate with a \$50 million advisory contract.

### Funds Under Management and Advice (FUM&A) as at 31 March exceeds \$5.6 billion.

Over the March quarter, funds under management (FUM) and advice (FUA) grew to \$5.6 billion.

FUM/FUA comprises of:

- \$1.3 billion Direct funds under management via Independently Managed accounts (IMA), Separately Managed accounts (SMA), and managed funds; including Clime Capital
- \$3.8 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 December 2022 quarter:

<b>FUNDS AND INSURANCE PREMIUMS UNDER MANAGEMENT &amp; ADVICE (Unaudited)</b>	<b>31-Mar-23 \$mill</b>	<b>31-Dec-22 \$mill</b>	<b>Change \$mill</b>	<b>Change \$</b>
<b>FUNDS UNDER MANAGEMENT (FUM)</b>				
Individually Managed Accounts (IMAs)	<b>\$514</b>	\$526	(\$12)	(2.3%)
Clime Capital Limited (Listed Investment Co.)	<b>\$160</b>	\$159	\$1	0.6%
Managed Funds and mandates	<b>\$256</b>	\$260	(\$4)	(1.5%)
Separately Managed Accounts (SMAs)	<b>\$379</b>	\$360	\$19	5.3%
<b>TOTAL FUM</b>	<b>\$1,309</b>	<b>\$1,305</b>	<b>\$4</b>	<b>0.3%</b>
<b>FUNDS &amp; INSURANCE PREMIUMS UNDER ADVICE (FUA)</b>				
Funds under administration – WealthPortal <sup>1</sup>	<b>\$521</b>	\$521	-	-
Funds under Advice	<b>\$3,763</b>	\$3,631	\$132	3.6%
Insurance Premiums Under Advice	<b>\$50</b>	\$50	-	-
<b>TOTAL FUA</b>	<b>\$4,334</b>	<b>\$4,202</b>	<b>\$132</b>	<b>3.1%</b>
<b>TOTAL FUM&amp;A</b>	<b>\$5,643</b>	<b>\$5,507</b>	<b>\$136</b>	<b>2.5%</b>

## Investment Performance

The March quarter produced some confronting issues for capital markets. Whilst cash interest rate moves were as expected, stresses appeared in credit markets as a result of US banking issues and data suggesting a slowing world economy. The volatility seen in the quarter was indicative of a turning point as we near the end of the rate hike cycle. To counter this and protect client investment and returns, we have begun to shift portfolios with the resulting efficacy of changes to be made clear in CY23 as market conditions evolve.

During FY23, double digit returns have been delivered by the investment team across our core equity strategies available to clients through our IMA and SMA solutions. Clime Capital Limited (CAM.ASX) continues to deliver attractive returns for shareholders with the portfolio increasing 18.5%\* in the financial year to date, strongly outperforming its benchmark (ASX All Ordinaries). The recently acquired suite of Ralton portfolios all remain ahead of their respective benchmarks, supporting the group's strategy to build a strong suite of IMA and SMA solutions across direct equity and multi asset markets.

With solid performance across the group's suite of equity and multi asset managed account portfolios, we are encouraged by the growth in SMA FUM shown in the preceding table. A key focus for Clime is to continue to invest in our managed accounts capability. Key initiatives underway include increasing availability of our SMA's across leading platforms. We look forward to working with and supporting advice groups as they transition to SMAs as a means to embedding efficiencies for their business operations.

<sup>1</sup> 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).

<sup>2</sup> \*Performance is gross of fees and taxes

**Outlook for remainder of FY23**

In line with our strategy to provide wealth solutions for self-directed investors and advisers, a dedicated data analytics program has been underway during the second half of FY23 to gain competitive intelligence on future market conditions, better understand our clients and provide wealth solutions in a way which is most convenient to investors and advisers. This program includes a newly created role of Chief Client Officer to centralise the way we provide these solutions to our clients and advisers.

Clime has also undertaken a cost out review and consolidated functions across the group and continues to look for synergies from its recent acquisitions to reduce costs. Steady growth in revenue and prudent cost management will support future operating profits.

In line with the increased risk surrounding global cyber security issues, we continue to strengthen our risk management processes and cyber security protocols through regular continuous monitoring, ongoing system reviews and educating our employees and business partners.

The acquisition of MTIS (July 2022) and Ralton Asset Management (March 2022) with the licensing of Marcus Today (July 2022) plus the strategic alliance with Torica Asset Management, has provided the Group with the components to deliver long term competitive advantage across the advice and investment value chain.

As these opportunities evolve during the second half of FY23, cross collaboration between business units has identified new opportunities to accelerate growth and extracting revenue and cost synergies. We believe this will translate into revenue growth in FY24. Leveraging the core capabilities and expertise has led to additional advice and investment solutions available to investors and advisers.

We thank shareholders, investors and advisers for their ongoing support of Clime.

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

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**Forward Looking Statements**

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