



Clime Capital Limited (CAM)

Portfolio Update and Performance

Outperform

\$1.15

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Summary

Market capitalisation (CAM)	\$58.0M
Market capitalisation (CAMPA)	\$15.9M
CAM Share price	\$1.155
CAMPA Share price	\$2.080
CAM yield (fully franked)	3.5%
CAMPA yield (fully franked)	9.1%
NTA pre- tax on 31/01/13	\$1.18
NTA post-tax on 31/01/13	\$1.12
52 week low	\$0.84
52 week high	\$1.18
Ave Monthly Vol (year rolling)	505.3k

Principal Investments

Company	31/01/13
BHP Billiton	8.2%
ANZ Banking Group	6.4%
Telstra Corporation	6.2%
Westpac Banking Corporation	6.1%
McMillan Shakespeare	5.6%
Multiplex SITES Trust	5.3%
Woolworths	5.1%
Brickworks	5.0%
Commonwealth Bank of Australia	4.9%
The Reject Shop	4.4%
Other Listed Investments	29.3%
Net Cash	13.5%

Share Price Graph (A\$)

CAM.ASX@AUX: 1.155



Key Points

- CAM is a listed investment company that listed early 2004 and is managed by Clime Asset Management Pty Limited which is a fully owned subsidiary of Clime Investment Management Limited (ASX:CIW). The manager as at 31 December 2012 was managing approximately \$365 million in Australian listed security portfolios.
- Chairman of CAM and the Managing Director of CIW is John Abernathy, who has been in the saddle at Clime since 1994, and was previously General Manager-Investments for the NRMA Group. George Whitehouse is the CAM portfolio manager, and has been with Clime for three years. He has been managing investment portfolios on a deep value basis for 12 years.
- CAM invests only in ASX listed securities, and has remained "true to label" over time. CAM's portfolio aim is to be invested in 20 to 25 listed securities. The portfolio includes securities (including debt notes and hybrids) which offer a high recurrent yield from strong balance sheets or business cash flows. CAM is a long-only fund.
- CAM has a relatively concentrated, high conviction portfolio. The top 10 stock holdings comprise in excess of 50% of the portfolio. The manager primarily invests in large cap stocks with over 80% of the portfolio invested in these stocks.
- CAM has generated annualised returns to 30 June 2012 of 5.07% p.a over 2 years, 11.5%p.a. over 3 years and 9.0% p.a. over 4 years and has performed strongly in the period since 30 June 2012 due mainly to a marked appreciation in share prices of large cap stocks.
- At \$1.155, CAM is yielding 3.46% fully franked, providing a consistent yield (dividends are paid quarterly) as well as scope for capital growth. The CAM dividend franking account balance at 30 June 2012 was \$913,329, which will ensure dividends will be fully franked.
- Clime Capital's listed Converting Preference Shares (CAMPA) are yielding a fully franked dividend yield of 9.13%. CAMPA are non-redeemable and will convert to CAM in 2017 on a 1.28 for 1 basis, which will be adjusted for any future bonus issues.
- CAM's share price continues to trade at a modest discount to the Company's pre-tax NTA. Based on our internal research, CAM was trading at an 8.6% discount as at 31 December 2012. Argo and AFIC are trading at premiums, Milton at a 2.5% discount and the higher-yielding Whitefield at a 6.5% discount to NTA.
- CAM has generated a positive return of 2.2% p.a over 5 years (which includes dividends). While this appears modest, over the same period larger peers such as Argo, AFIC, Milton, and Whitefield have generated negative returns. We recognise the Manager's investment methodology and approach allied with a strong and recognisable investment portfolio.

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