



Investment Approach

Clime's investment approach seeks to deliver strong risk adjusted total returns to investors over the long term. Clime focuses on delivering consistent strong results by identifying undervalued companies and, via the macroeconomic overlay, enhancing return and managing risk. We strive to ensure that risks taken in the portfolio are appropriately compensated and employ a decision framework of:

- Capital deployed;
- At what risk;
- For what likely outcome.

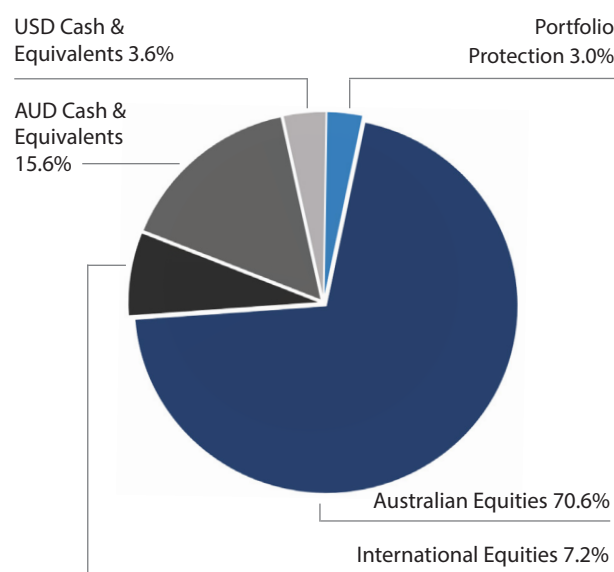
Top Holdings (Weightings %)

Australian Equities - Large Cap	
National Australia Bank	4.55
Australia & New Zealand Banking Group	4.51
Ramsay Healthcare Limited	3.82
Australian Equities - Mid Cap	
Henderson Group	4.63
Gateway Lifestyle Group	4.00
APN Outdoor Group	3.81
Qube Holdings Limited	3.55
Australian Equities - Small Cap	
Collins Foods Limited	3.42
Nick Scali Limited	3.14
Speedcast International Limited	2.60
International Equities	
Medtronic Plc	1.21
Cognizant Tech Solutions	1.14
China Mobile	1.04
AUD Cash	15.58
USD Cash	3.55

Net Tangible Assets (NTA)

	May	April	March
NTA before tax	\$0.88 ^{1,3}	\$0.90 ^{1,2,3}	\$0.91 ^{1,2}
NTA after tax	\$0.89	\$0.91	\$0.92
CAM Share Price	\$0.860	\$0.880	\$0.895
Yield Excl. Franking	5.6% ⁴	5.5%	5.4%

Asset Allocation



¹ Fully diluted NTA per share incorporates the fully paid ordinary shares, converting preference shares on issue and bonus entitlements due to be paid on conversion of the preference shares. Converting Preference shares were mandatorily converted into ordinary shares on 30 April 2017 at a conversion ratio of 1.387118 ordinary shares for each Converting Preference Shares. Accordingly 9,919,524 ordinary shares were issued on conversion of Converting Preference Shares.

² On 21 February 2017, the Board declared a fully franked dividend of 4.5 cents per share in respect of the Company's converting preference shares and a fully franked ordinary dividend of 1.20 cents per share for ordinary shareholders for the quarter ending 31 March 2017. These dividends were payable on 27 and 28 April 2017. NTA before and after tax disclosed above for April is after the effect of this dividend payment and for March is before the effect of this dividend payment.

³ On 21 April 2017, the Board declared a final fully franked dividend of 1.5 cents per share in respect of the Company's converting preference shares for the period 1 April 2017 to 30 April 2017 being the date of conversion of Convertible Preference shares. This dividend was paid on 12 May 2017. NTA before and after tax disclosed above for April is before the effect of this dividend payment and for May is before the effect of this dividend payment.

⁴ On 7 June 2017, the Board declared an increased fully franked dividend of 1.25 cents per share in respect of the Company's ordinary shares for the period 1 April 2017 to 30 June 2017. This dividend is payable on 27 July 2017.

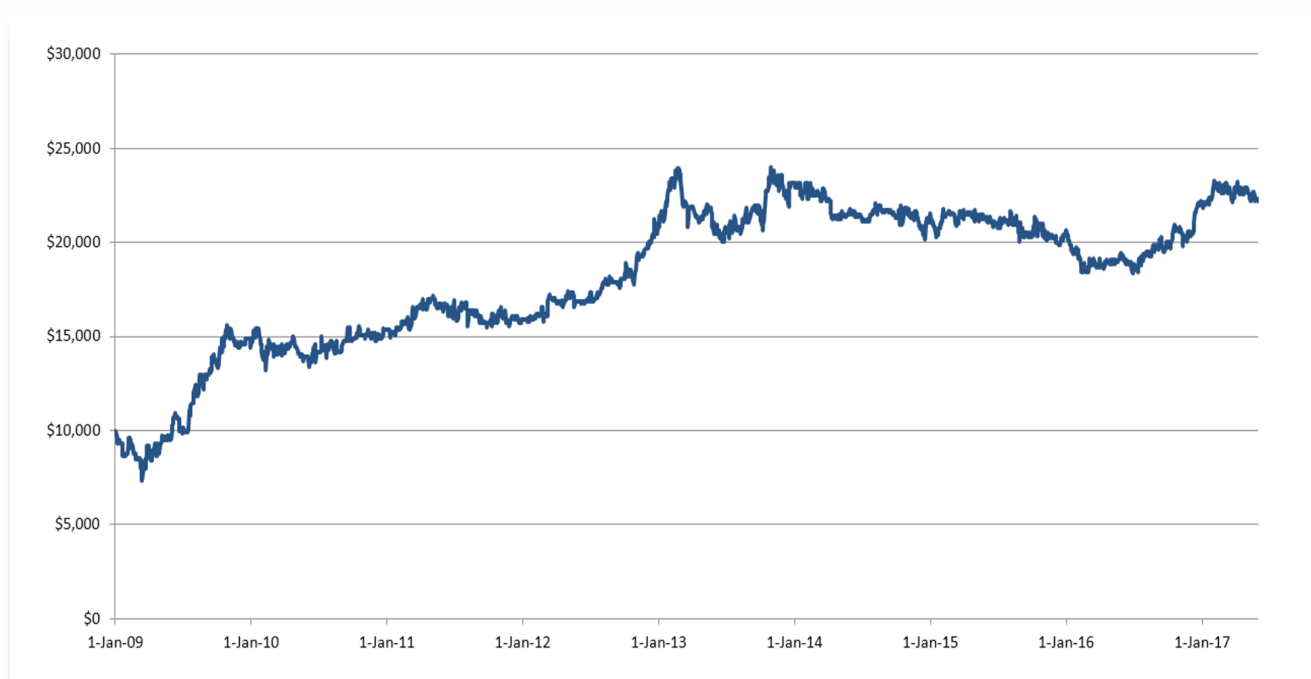
Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.860
Rolling 12 Month Dividend	4.8cps
Historical Dividend Yield	5.6%
Percentage Franked	100%
Grossed Up Yield	8.0%
Dividend Reinvestment Plan	Yes

Company Overview (\$m)

Australian Securities	\$57.94
International Securities	\$5.62
AUD Cash & Equivalents	\$12.24
USD Cash & Equivalents	\$2.79
Total Portfolio including Cash	\$78.59

Total Shareholder Returns, January 2009 to May 2017: \$10,000



Clime Capital Limited (ASX:CAM)

Data Source: Thomson Reuters

Summary

The Clime Capital (CAM) portfolio delivered a return (net of fees) of -2.5% for the month. On a financial year to date basis, the Clime Capital portfolio has delivered a total return (net of fees) of 6.1%.

Within the portfolio, capital allocation decisions are made across a number of asset classes. These are Australian Equities, International Equities, Hybrids and Interest Bearing Securities and both AUD and USD Cash and Equivalents. The Australian Equity asset class exposure encompasses three sub-portfolios: Large Cap, Mid Cap and Small Cap.

The following changes were made to the portfolio for the month of May:

- Australian Equity Large Cap Sub-Portfolio: No changes made.
- Australian Equity Mid Cap Sub-Portfolio: Added to existing positions in APO & IPH, reduced exposure to AHG, CWN, HGG & ISD.
- Australian Equity Small Cap Sub-Portfolio: Added to existing positions in APD, CGL & VRS, marginally decreased weightings in IMF & SDA, reduced MRG and RCG and introduced new position in TCH.
- International Equity Sub-Portfolio: Decreased exposure to IWM, introduced new position in NTES and exited position in IBM.

We segment the Company into four sub-portfolios with each component portfolio purposefully designed to deliver stated investment objectives. Key contributors and detractors to the CAM return for the month were:

- Australian Equity Large Cap Sub-Portfolio: Notable detractors ANZ (-12.2%), NAB (-8.6%) and RHC (-3.9%).
- Australian Equity Mid Cap Sub-Portfolio: Positive contributors ISD (21.4%), HGG (6.9%) & CWN (3.6%), detractors AHG (-21.2%) & APO (-14.9%).
- Australian Equity Small Cap Sub-Portfolio: Positive contributors JIN (12.7%), CGL (10.3%) & TCH (9.8%), detractors MRG (-65.0%), RCG (-27.7%) & NCK (-10.4%).
- International Equity Sub-Portfolio: Positive contributors CTSH (11.9%), YUM (11.0%) & GOOGL (7.3%), no meaningful detractors.

In terms of the current portfolio positioning, valuations in the Australian large caps and particularly in Global equities remain elevated. Despite the headline index volatility (VIX) being subdued, at the individual security level there is considerable variation in results. Locally, the 'boiling frog syndrome' – continued increase in the real cost of living, combined with low / no wages growth – now seems to be coming through in faltering discretionary spending. Investment opportunities will become apparent, and consistent with our investment approach we're being selective in deploying capital and focusing on businesses we believe are high quality and are more immune to potential broader domestic economic headwinds. We're seeing greatest opportunity in the small and mid-caps, and expect it to be a bumpy few months ahead.

We continue to see the Clime Capital portfolio as being appropriately positioned with the ability to access select opportunities as they become apparent.

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