



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.

Net Tangible Assets (NTA)

	October	September	August
NTA before tax	\$0.91 ¹	\$0.89 ¹	\$0.88 ¹
NTA after tax	\$0.90	\$0.89	\$0.88
CAM Share Price	\$0.870	\$0.870	\$0.865
Trailing 12 months dividends	4.9 cents	4.9 cents	4.9 cents
Yield Excl. Franking	5.6%	5.6%	5.7%
Yield Incl. Franking	8.0%	8.0%	8.1%

¹ On 18 August 2017, the Board declared a fully franked dividend of 1.25 cents per share in respect of the Company's ordinary shares for the period 1 July 2017 to 30 September 2017. This dividend was paid on 27 October 2017. NTA before and after tax disclosed above for August and September 2017 is before the effect of this dividend payment and for October is after the effect of this dividend payment.

Company Overview (\$m)

Australian Securities	\$69.83
International Securities	\$9.56
AUD Cash & Equivalents	\$2.38
USD Cash & Equivalents	\$0.49
Total Portfolio including Cash	\$82.26

Portfolio Update

The Clime Capital (CAM) portfolio performed well during October, delivering a return (net of fees) of 4.2% for the month. For the financial year to date, the Clime Capital portfolio has provided a total return (net of fees) of 5.6%.

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 October:

- Australian Equity Large Cap Sub-Portfolio: Marginally reduced exposure in CSL.
- Australian Equity Mid Cap Sub-Portfolio: Added to existing positions in MTR & ORA, decreased exposure to IPH, JHG, QUB, SEK & AHG, and exited position in GTY.
- Australian Equity Small Cap Sub-Portfolio: Added to existing positions in BVS, HSN, MUA & SHM, marginally decreased exposure to CKF & RFF and introduced new position in ONT.
- International Equity Sub-Portfolio: Introduced a new position in WFC.

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: Positive contributors RHC (+7.4%), NAB (+3.7%), CSL (+3.7%), no material detractors.
- Australian Equity Mid Cap Sub-Portfolio: Positive contributors IPH (+28.9%), MTR (+22.3%), SEK (+10.6%), ORA (+9.7%), no material detractors.
- Australian Equity Small Cap Sub-Portfolio: Positive contributors IMF (+14.8%), HFA (+13.8%), RUL (+13.1%), SHM (+10.9%), APD (+8.6%), detractors MUA (-14.0%), CKF (-5.3%).
- International Equity Sub-Portfolio: Positive contributors NTES (+9.4%), FB (+7.8%), GOOGL (+8.6%), PCLN (+6.9%), no meaningful detractors.

Investor optimism surged during the month of October, underpinned by a growing belief in a synchronised global economic recovery. We are of the view that overly stimulatory monetary policy settings remain in place.

This is supported by the apparent disconnect where equities and long-term bonds are again both going up in price (decreasing long-term bond yields).

More broadly, we believe central bank manipulation, via low / no cost money, has encouraged speculation and what seems to be capitulation for many investors to 'just keep buying' more risky assets and market index tracking funds. We believe valuation – the price paid for future growth, future earnings and future distributions – matters and must be considered in the current market environment, the cheap cost of capital notwithstanding.

The Clime Capital portfolio is performing well. Its positioning aligns with our view of an investing landscape where genuine growth is difficult to find amongst the ASX large caps. We remain constructive on seeking out growth opportunities in selective mid and small cap Australian equities and high quality international businesses.

The portfolio continues to be well positioned to access select opportunities as they become apparent.

Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.87
Rolling 12 Month Dividend	4.90cps
Historical Dividend Yield	5.6%
Percentage Franked	100%
Grossed Up Yield	8.0%
Dividend Reinvestment Plan ("DRP")	Yes ²

Quarterly Fully Franked Dividend

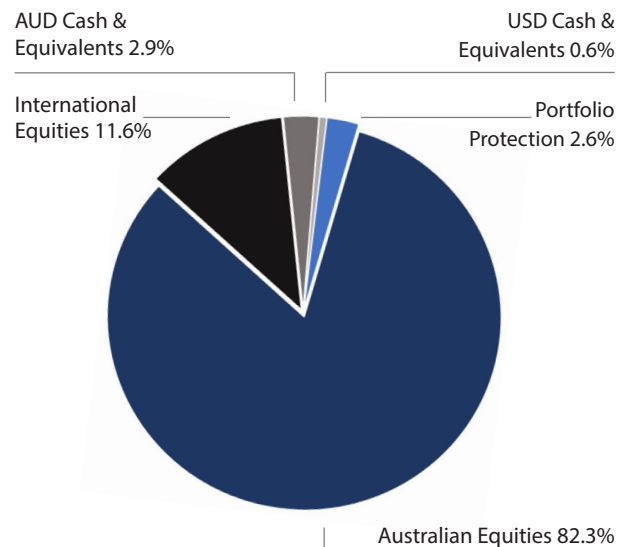
The company announced a fully franked quarterly dividend of 1.25c per share.

Key dates for Sept 2017 Quarterly Dividend	
Dividend ex-date	03/10/2017
Record date	04/10/2017
Last election date for DRP	05/10/2017
Payment date	27/10/2017

² DPR operates at 1% discount to weighted average price of shares sold on the record date and the three preceding dates.

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Asset Allocation



Top Holdings (Weightings %)

Australian Equities - Large Cap	
National Australia Bank	4.72
Australia & New Zealand Banking Group	4.60
Ramsay Healthcare Limited	3.67
Australian Equities - Mid Cap	
APN Outdoor Group	3.77
Janus Henderson Group Plc	3.47
Qube Holdings Limited	3.37
Speedcast International Limited	2.68
Australian Equities - Small Cap	
HFA Holdings Limited	3.54
Citadel Group Limited	2.67
Collins Foods Limited	2.58
International Equities	
Priceline.com Inc	2.12
Netease.com Inc	1.47
Alphabet Inc	1.35
AUD Cash	
	2.90
USD Cash	
	0.60