



## 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)

	December	November	October
NTA before tax	\$0.95 <sup>1</sup>	\$0.94 <sup>1</sup>	\$0.91
NTA after tax	\$0.93	\$0.92	\$0.90
CAM Share Price	\$0.905	\$0.870	\$0.870
Trailing 12 months dividends	4.95 cents	4.95 cents	4.9 cents
Yield Excl. Franking	5.5%	5.7%	5.6%
Yield Incl. Franking	7.8%	8.1%	8.0%

<sup>1</sup> On 29th November 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 October 2017 to 31 December 2017. This dividend will be paid on 25th January 2018. NTA before and after tax disclosed above for November and December 2017 is before the effect of this dividend payment.

## Company Overview - Cum Dividend (\$m)

Australian Securities	\$82.68
International Securities	\$8.55
AUD Cash & Equivalents	\$14.02
USD Cash & Equivalents	\$1.49
<b>Gross Portfolio including Cash</b>	<b>\$106.73</b>
Notes Payable at face value of \$0.96	(\$21.39)
<b>Net Tangible Assets</b>	<b>\$85.34</b>

## Portfolio Update

The Clime Capital (CAM) portfolio performed solidly during December, delivering a return (net of fees) of 1.3% for the month. For the financial year to date, the Clime Capital portfolio has provided a total return (net of fees) of 9.7%.

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 December:

- **Australian Equity Large Cap Sub-Portfolio:** Added to existing position in CBA.
- **Australian Equity Mid Cap Sub-Portfolio:** Decreased exposure to APO, CCP & SDA, introduced new positions in BLD, ECX & WEB.
- **Australian Equity Small Cap Sub-Portfolio:** Incrementally added to existing positions in ONT, APT, BVS, CKF & ENN, reduced weighting in IMF & introduced a new position in KPT.
- **International Equity Sub-Portfolio:** Added to existing position in TCEHY & exited position in NTES.

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 CBA (+1.2%) & ANZ (+1.0%), detractor CSL (-1.4%).
- **Australian Equity Mid Cap Sub-Portfolio:** Positive contributors WEB (+5.3%), OML (+3.9%) & SDA (+3.5%), detractors QUB (-1.9%) & CCP (-1.3%).
- **Australian Equity Small Cap Sub-Portfolio:** Positive contributors IMF (+23.8%), APT (+19.4%), SHM (+9.6%), KPT (+9.6%) & HSN (+9.1%), detractors CKF (-8.7%), RUL (-5.8%) & CGL (-1.9%).
- **International Equity Sub-Portfolio:** International Equity Sub-Portfolio: Positive contributors WFC (+4.3%), RBGLY (+3.5), FMS (+2.3), detractors YUM (-5.1%), CTSH (-4.6%) & MDT (-4.0%).

The Clime Capital portfolio continued its steady progress in December, with the sound results achieved during the December quarter particularly reflecting contributions from a wide range of portfolio constituents.

With the 'synchronised global growth' story gathering pace in recent weeks and months, investor optimism appears to have strengthened further. When coupled with the US tax cut agenda and the ongoing supportive monetary policy settings globally, we believe conditions remain supportive for equity markets in the near term. However, such conditions are also encouraging increasingly speculative activity, with pockets of froth becoming evident across many global equity markets. We continue to believe that valuations remain relatively full and reiterate our view that the price paid for future growth, earnings and distributions remains critically important.

The AUD strengthened against a number of currencies including the USD (+3.2%), GBP (+3.3%) and JPY (+3.4%) during December. Despite the release of solid US economic data during the month, the AUD/USD continued its recent grind higher largely as a result of stronger commodity pricing.

Following receipt of capital raised via the issuance of the Clime Capital Convertible Notes, we believe the portfolio is especially well positioned with the ability access select opportunities as and when they become apparent. As we have noted in previous reports, the portfolio positioning reflects our belief that sensibly priced, genuine growth is difficult to find amongst the ASX large caps. We therefore remain constructive on seeking out growth opportunities in selective mid and small cap Australian equities and high quality international businesses.

## Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.905
Rolling 12 Month Dividend	4.95cps
Historical Dividend Yield	5.5%
Percentage Franked	100%
Grossed Up Yield	7.8%
Dividend Reinvestment Plan ("DRP")	Yes <sup>2</sup>

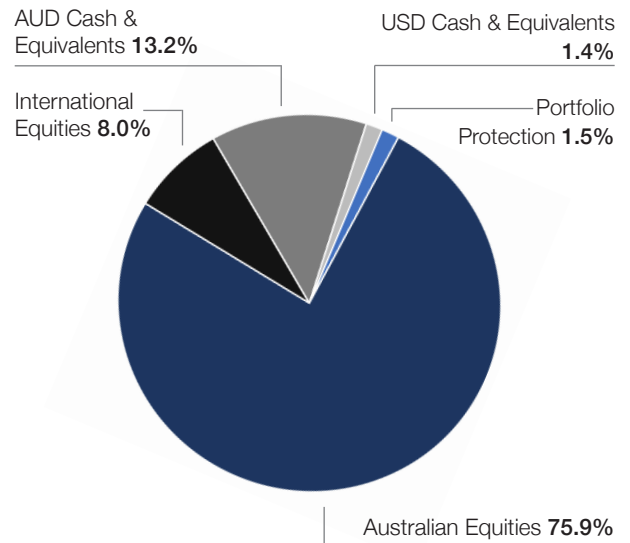
## Quarterly Fully Franked Dividend

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

### Key dates for Dec 2017 Quarter Dividend

Dividend ex-date	03/01/2018
Record date	04/01/2018
Last election date for DRP	05/01/2018
Payment date	25/01/2018

## Gross Asset Allocation



## Top Holdings (% of Gross Assets)

### Australian Equities - Large Cap

National Australia Bank	3.29
Australia & New Zealand Banking Group	2.98
Ramsay Healthcare Limited	2.96

### Australian Equities - Mid Cap

Janus Henderson Group Plc	2.92
APN Outdoor Group	2.61
Qube Holdings Limited	2.44
Boral Limited	2.23

### Australian Equities - Small Cap

Navigator Global Investments Limited	3.08
Collins Foods Limited	2.43
Citadel Group Limited	2.25

### International Equities

Priceline.com Inc	1.46
Alphabet Inc	1.04
Cognizant Tech Solutions	0.85

**AUD Cash** 13.19

**USD Cash** 1.39

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

Copyright © 2018 Clime Capital Limited (ASX:CAM). All rights reserved. The information provided in this document and climecapital.com.au is intended for general use only. The information presented does not take into account the investment objectives, financial situation and advisory needs of any particular person nor does the information provided constitute investment advice. Under no circumstances should investments be based solely on the information herein. Climecapital.com.au is intended to provide educational information only. Please be aware that investing involves the risk of capital loss. Data for graphs, chart and quoted indices contained in this report has been sourced by FactSet, IRESS Market Technology, Thomson Reuters, Clime Asset Management and StocksInValue unless otherwise stated. Past performance is no guarantee of future returns.