

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)

	March	February	January
NTA before tax	\$0.92 ¹	\$0.94 ¹	\$0.94
NTA after tax	\$0.92	\$0.93	\$0.93
CAM Share Price	\$0.860	\$0.875	\$0.885
Trailing 12 months dividends	5.00 cents	5.00 cents	4.95 cents
Yield Excl. Franking	5.8%	5.7%	5.6%
Yield Incl. Franking	8.3%	8.2%	8.0%

¹ On 19 February 2018, 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 January 2018 to 31 March 2018. This dividend will be paid on 27th April 2018. NTA before and after tax disclosed above for March and February 2018 is before the effect of this dividend payment.

Company Overview - Cum dividend (\$m)

Australian Securities	\$85.94
International Securities	\$8.59
AUD Cash & Equivalents	\$5.77
USD Cash & Equivalents	\$3.35
Gross Portfolio including Cash	\$103.65*
Notes Payable at face value of \$0.96	(\$21.39)
Net Tangible Assets	\$82.26

* In accordance with the on-market buyback scheme, during the month, the Company bought back 192,888 ordinary shares at an average price of \$0.87 per share.

Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.86
Rolling 12 Month Dividend	5.0cps
Historical Dividend Yield	5.8%
Percentage Franked	100%
Grossed Up Yield	8.3%
Dividend Reinvestment Plan ("DRP")	Yes ²

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

Quarterly Dividends - CAM

CAM currently pays quarterly dividends. On 19 February 2018, the Board declared a fully franked dividend of 1.25cps for the period 1 January 2018 to 31 March 2018 to be paid 27 April 2018. CAM quarterly dividends are generally paid in the months of January, April, July and October.

Quarterly Interest - CAMG

CAM pays quarterly interest to CAM Convertible Note Holders at a coupon rate of 6.25% per annum. The first interest payment of 1.266 cents per note was made on 12 March 2017 for the period 14 December 2017 to 28 February 2018. CAMG quarterly interests are scheduled to be paid in arrears on the 10th Business day following the quarterly periods ending 28 February, 31 May, 31 August and 30 November each year during the term of the Notes.

Portfolio Update

The Clime Capital (CAM) portfolio delivered a return (net of fees) of -2.2% for the month. For the financial year to date, the Clime Capital portfolio has provided a total return (net of fees) of 7.1%.

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 March:

- Australian Equity Large Cap Sub-Portfolio: Added to existing positions in ANZ, AMC & RIO.
- Australian Equity Mid Cap Sub-Portfolio: Added to existing position in WEB, exited positions in APO & OML.
- Australian Equity Small Cap Sub-Portfolio: Added to existing positions in EOS & HSN.
- International Equity Sub-Portfolio: Added to existing positions in RBGLY (Reckitt Benckiser) & SMSN (Samsung Electronics), reduced exposure to CTSH (Cognizant) & YUM (YUM! Brands).

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 contributor AMC (+1.9%), detractors RIO (-7.8%), ANZ (-7.5%) & NAB (-5.6%).
- Australian Equity Mid Cap Sub-Portfolio: Positive contributors APO (+3.7%), OML (+2.0%) & MTR (+1.8%), detractors QUB (-11.1%), CCP (-7.3%) & JHG (-6.9%).
- Australian Equity Small Cap Sub-Portfolio: Positive contributors BVS (+26.3%), VRS (+24.2%), JIN (+10.0%) & EOS (+9.3%), detractors APT (-10.9%), SHM (-6.6%), HSN (-5.9%) & CGL (-5.3%).
- International Equity Sub-Portfolio: Positive contributors RGBLY (+8.1%), YUM (+6.3%) & BKNG [Booking Holdings] (+3.9%), detractors GOOGL [Alphabet Class A] (-4.6%), TCEHY [Tencent] (-4.0%) & FMS (-1.8%).

After a notable absence over recent years, calendar 2018 has seen the return of volatility within the broader investing landscape. Geopolitical events globally - Trump tariffs, tweets and trade - along with potential legislative and regulatory changes locally - Shorten on franking refunds and the Financial Services Royal Commission - have been key drivers of this increase in the level of market uncertainty and have more generally weighed on both equity and interest-rate sensitive securities.

Consistent with Clime's investment approach, we believe this volatility can also provide the opportunity to selectively deploy capital. We believe prerequisites for the effective deployment of capital include a clear valuation framework, resolve and discipline in implementation, an awareness of the prevailing market / macro environment, as well as an appropriate horizon to allow an investment thesis the time to play out.

Our view is that the broader market environment remains supportive of steady, if not spectacular growth. We've used opportunities created by market volatility over recent months to selectively build out exposure across high-quality large, mid and small cap Australian equities.

We are encouraged by incoming US Federal Reserve Chairman Powell's resolve to maintain the gradual interest rate rising program, despite more volatile market conditions. We view this both as demonstrating leadership amongst his central banking brethren, and a welcome change from a number of his predecessors. We see the paring back of overly stimulatory policy measures as being conducive to more efficient capital allocation decisions, providing greater stability in global financial markets, which over time will ultimately be beneficial for all investors.

From a valuation perspective, the broader equity market sell-off over recent months has incrementally improved the opportunity set we see across our investment universe. In addition to pursuing selective growth opportunities, we remain aware of global investment market uncertainties and focused on guarding invested capital through the judicious application of our investment approach.

Top Holdings (% of Gross Assets)

<i>Australian Equities - Large Cap</i>	
Commonwealth Bank of Australia	3.82
National Australia Bank	2.73
Ramsay Healthcare Limited	2.71
<i>Australian Equities - Mid Cap</i>	
Boral Limited	3.21
Janus Henderson Group Plc	3.06
Webjet Limited	2.96
Credit Corp Group	2.53
<i>Australian Equities - Small Cap</i>	
Navigator Global Investments Limited	3.72
Collins Foods Limited	3.07
Hansen Technologies Limited	3.07
<i>International Equities</i>	
Booking Holdings Inc	1.31
Alphabet Inc	1.08
Samsung Electronics Co Ltd	1.06
<i>AUD Cash</i>	
	5.57
<i>USD Cash</i>	
	3.23

Gross Asset Allocation

