

## 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)

	April	March	February
NTA before tax	\$0.91 <sup>1</sup>	\$0.92 <sup>1</sup>	\$0.94 <sup>1</sup>
NTA after tax	\$0.91	\$0.92	\$0.93
CAM Share Price	\$0.85	\$0.860	\$0.875
Trailing 12 months dividends	5.00 cents	5.00 cents	5.00 cents
Yield Excl. Franking	5.9%	5.8%	5.7%
Yield Incl. Franking	8.4%	8.3%	8.2%

<sup>1</sup> 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 was paid on 27th April 2018. NTA before and after tax disclosed above for February and March 2018 was before the effect of this dividend payment. NTA before and after tax disclosed above for April 2018 is after the effect of this dividend payment.

## Company Overview

	(\$m)
Australian Securities	\$87.82
International Securities	\$7.91
AUD Cash & Equivalents	\$4.93
USD Cash & Equivalents	\$2.61
Gross Portfolio including Cash	\$103.27*
Notes Payable at face value of \$0.96	(\$21.39)
Net Tangible Assets	\$81.88

\* In accordance with the on-market buyback scheme, during the month, the Company bought back 63,390 ordinary shares at an average price of \$0.85 per share.

## Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.85
Rolling 12 Month Dividend	5.0cps
Historical Dividend Yield	5.9%
Percentage Franked	100%
Grossed Up Yield	8.4%
Dividend Reinvestment Plan ("DRP")	Yes <sup>2</sup>

<sup>2</sup> 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. This dividend was paid on 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 interest payment of 1.512 cents per note will be paid on 12 June 2018 for the period 1 March 2018 to 31 May 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 0.7% for the month. For the financial year to date, the Clime Capital portfolio has provided a total return (net of fees) of 8.0%.

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 April:

- Australian Equity Large Cap Sub-Portfolio: Added to existing positions in ANZ & NAB, reduced exposure to CBA & RIO.
- Australian Equity Mid Cap Sub-Portfolio: No material changes.
- Australian Equity Small Cap Sub-Portfolio: Added to existing position in APT, marginally reduced exposure to NGI & SHM, introduced new position in AXL.
- International Equity Sub-Portfolio: Reduced exposure to BKNG

(Booking Holdings) & SMSN (Samsung), introduced a new position in NTES (Netease) & exited position in 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 contributors RIO (+9.9%), CSL (+9.6%) & RHC (+3.8%), detractor AMC (-3.1%).
- Australian Equity Mid Cap Sub-Portfolio: Positive contributors SDA (+15.2%), IPH (+8.0%) & QUB (+5.5%), detractors ECX (-9.2%), BLD (-7.5%) & CCP (-6.9%).
- Australian Equity Small Cap Sub-Portfolio: Positive contributors BVS (+8.2%), JIN (+6.6%) & RUL (+6.3%), detractors CGL (-9.5%) & APT (-7.0%).
- International Equity Sub-Portfolio: Positive contributors BKNG (+6.4%), YUM (+3.5%) & CTSH (+3.3%), detractors RBGLY (-4.3%) & TCEHY (-3.0%).

Global investment markets steadied in April, following an important shift in investor sentiment and the accompanying 'return of volatility' during the first quarter of the new calendar year. The level of global uncertainty and concerns of an escalation of trade tensions also eased during the month, which coupled with a constructive US quarterly earnings season, saw broader equity markets move higher. The increase in the US 10-year Treasury yield (resulting in an associated price decline) saw the US 10-year yield eclipse the 3% threshold in late April. Unlike the first part of the calendar year, global investment markets more willingly accepted this subsequent increase in the US long bond yield.

The USD strengthened markedly during the month, where superior interest rate differentials right across the yield curve, seem to have finally caught up with the currency. The AUDUSD fell from 0.7670 to 0.7549 representing a fall of 1.6% over April and a move of -6.8% over the past three months (source: Factset).

Locally, the Financial Services Royal Commission continued to shine the spotlight on questionable business practices of major Australian financial services companies. AMP (position not held) bore the brunt of the commission's questioning, resulting in considerable fall-out at the Board and Executive level and, at the time of writing, strong shareholder backlash and a 'first strike' against the company's remuneration report.

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 International and large, mid and small cap Australian equities. We will continue to do so.

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>	
Australia & New Zealand Banking Group Limited	3.19
National Australia Bank	3.09
Ramsay Healthcare Limited	2.82
<i>Australian Equities - Mid Cap</i>	
Janus Henderson Group Plc	3.10
Webjet Limited	3.06
Boral Limited	2.98
Credit Corp Group	2.56
<i>Australian Equities - Small Cap</i>	
Navigator Global Investments Limited	3.35
Hansen Technologies Limited	3.15
Collins Foods Limited	2.97
<i>International Equities</i>	
Booking Holdings Inc	1.12
Alphabet Inc	1.08
Cognizant Tech Solutions	0.90
<i>AUD Cash</i>	
	4.78
<i>USD Cash</i>	
	2.52

## Gross Asset Allocation

