

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)

	May	April	March
NTA before tax	\$0.94 ¹	\$0.91	\$0.92
NTA after tax	\$0.93	\$0.91	\$0.92
CAM Share Price	\$0.845	\$0.85	\$0.86
Trailing 12 months dividends	5.00 cents	5.00 cents	5.00 cents
Yield Excl. Franking	5.9%	5.9%	5.8%
Yield Incl. Franking	8.5%	8.4%	8.3%

¹ On 5 June 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 April 2018 to 30 June 2018. This dividend will be paid on 27th July 2018. NTA before and after tax disclosed above for May 2018 is before the effect of this dividend payment.

Company Overview - Cum dividend (\$m)

Australian Securities	\$90.59
International Securities	\$3.82
AUD Cash & Equivalents	\$9.92
USD Cash & Equivalents	\$1.69
Gross Portfolio including Cash	\$106.02*
Notes Payable at face value of \$0.96	(\$21.39)
Net Tangible Assets	\$84.63

* In accordance with the on-market buyback scheme, during the month, the Company bought back 254,158 ordinary shares at an average price of \$0.85 per share.

Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.845
Rolling 12 Month Dividend	5.0cps
Historical Dividend Yield	5.9%
Percentage Franked	100%
Grossed Up Yield	8.5%
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 5 June 2018, the Board declared a fully franked dividend of 1.25cps for the period 1 April 2018 to 30 June 2018. This dividend will be paid on 27 July 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 second interest payment of 1.512 cents per note was made 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 portfolio delivered a return (net of fees) of 2.9% for the month. For the financial year to date, the Clime Capital portfolio has provided a total return net of fees of 11.1%.

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: Added to existing positions in Amcor (AMC) & Commonwealth Bank (CBA), reduced exposure to Rio Tinto (RIO) & Stockland (SGP).
- Australian Equity Mid Cap Sub-Portfolio: Added to existing positions in Eclix Group (ECX) & Janus Henderson (JHG), introduced a new position in Bingo Industries (BIN) and exited Mantra (MTR) (finalised takeover).
- Australian Equity Small Cap Sub-Portfolio: Added to existing position in Axses today (AXL), marginally reduced exposure to Shriro (SHM).

- International Equity Sub-Portfolio: Reduced exposure to Alphabet Inc (GOOGL) & NetEase (NTES), exited positions in Booking Holdings (BKNG), Cognizant (CTSH), Medtronic (MDT) & Samsung SMSN.

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 CSL (+9.1%), ANZ Bank (+4.3%) & Rio Tinto (+3.9%), detractors Ramsay Health (-5.2%), National Aust Bank (-4.1%) & Commonwealth Bank (-3.5%).

- Australian Equity Mid Cap Sub-Portfolio: Positive contributors IPH (+23.0%), Webjet (+13.8%), Eclix (+5.9%) & Credit Corp (+5.6%), detractor Boral (-8.9%).

- Australian Equity Small Cap Sub-Portfolio: Positive contributors AfterpayTouch(+30.6%), NavigatorGlobalInvestments(+19.8%), Veris (+12.5%), Axesstoday (+10.7%) & Citadel (+8.2%), detractors Shiro (-16.4%), Kangaroo Island Plantation (-5.8%) & RPMGlobal (-4.4%).

- International Equity Sub-Portfolio: Positive contributors Medtronic (+8.3%) & Alphabet Class A (+7.7%), detractors NetEase (-11.3%) & Booking Holdings (-4.3%).

Geopolitical concerns remain an influential driver of global investment markets. Despite these concerns, underlying data releases across major economic regions remain supportive of what we see as steady, if not spectacular, growth. As we've previously described, the leadership position of the US Federal Reserve in gradually raising interest rates is something we believe over time will ultimately be beneficial to all investors by providing greater stability in global financial markets, and thus supporting more efficient capital allocation decisions.

At the time of writing the European Central Bank's Chief Economist, Peter Praet, made a small but significant step in signaling the 'imminent' commencement of formal talks on the cessation of their bond buying program. While we view this as encouraging, we await more concrete ECB actions in this area in shaping our opinion.

Consistent with the above viewpoints, we see longer-term bonds continuing to gradually move higher, albeit with some oscillation based on the more volatile market conditions we've seen since the start of the new calendar year.

Locally, the key tenet of Clime's Australian equity sub-portfolio approach - finding meaningful growth outside of tradition large caps (ASX50 universe) - was clearly illuminated over the month of May. This is one of the major themes we've seen emerge over financial year 2018 and is consistent with our Australian Equity growth-focused portfolio positioning.

We continue to utilise opportunities created by market volatility to selectively build out exposures across high-quality International and large, mid and small cap Australian equities.

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	3.15
National Australia Bank	2.79
Commonwealth Bank of Australia	2.48
<i>Australian Equities - Mid Cap</i>	
Janus Henderson Group Plc	3.55
Webjet Limited	3.39
Boral Limited	2.65
Credit Corp Group	2.63
<i>Australian Equities - Small Cap</i>	
Navigator Global Investments Limited	3.54
Collins Foods Limited	3.01
Hansen Technologies Limited	2.87
<i>International Equities</i>	
Alphabet Inc	0.96
Fresenius Medical Care AG & Co KGaA	0.83
Reckitt Benckiser-Spon ADR	0.73
<i>AUD Cash</i>	
	9.36
<i>USD Cash</i>	
	1.59

Gross Asset Allocation

