



Net Tangible Assets Report

September 2018



Portfolio Update

Geopolitical concerns, particularly relating to trade tensions, remain a central cause for investor uncertainty. Despite this uncertainty, the investing landscape continues to be one of broader optimism across developed markets, pushing these markets higher. Company earnings across major market regions remain constructive and economic data releases solid. While we don't see valuations at extreme levels, generally they continue to be elevated.

The unconventional policy actions of the Trump Administration and President Trump himself continue unabated. At the time of writing, President Trump announced the successful re-negotiation of the US-Mexico-Canada-Agreement (USMCA) replacing the much criticised North American Free Trade Agreement (NAFTA). However, concluding an agreement with China is likely to prove far more difficult. Mexico, with 28% of its GDP represented by exports to the US, and Canada with 19%, are highly dependent upon American trade. China is qualitatively different: its exports to the US represent just 4.1% of its GDP. China is less likely to bow down to strong-arm tactics. Rhetoric on tariffs and trade restrictions in 2018 to date continue to be a key driver of global investment markets, amplifying global market uncertainty and hence volatility.

The leadership of the US Federal Reserve and its Chair Jerome Powell in maintaining their resolve to gradually increase interest rates sets a tone for greater stability in global financial markets. Ultimately, this will support more efficient capital allocation decisions. The European Central Bank has embarked on a gradual ending of its bond buying stimulus program, and ECB President Draghi seems intent on achieving a nominal rate rise before his eight-year term ends in October 2019.

We believe longer-term bond yields will gradually move higher (and bond prices lower), notwithstanding some oscillation driven by increased volatility and investor uncertainty, amplified by reduced central bank bond buying activity.

The USD's superior interest rate differentials right across the yield curve, and the resolve of the US Federal Reserve to continue its rate rising program, remain a key driver across global currency markets. The AUD/USD fell from 0.7389 to 0.7236 over the quarter, representing a move of -2.1%, which brought the calendar year to date fall to 7.5% (source: FactSet).

Domestically, investors digested the wave of new information released during the August reporting season. Major themes across the ASX universe were the general absence of top-line growth in domestic-focused large-cap industrials, elevated valuations for those 'growing, global and/or disruptive' businesses and the 'binary' reaction of some market participants to either handsomely reward strong results (prices rapidly bid higher) or punish those falling short of expectations with prices significantly lower. The Clime Australian equity growth-focused strategies navigated the August reporting season well.

Our view is that the market environment remains supportive of steady but not spectacular growth. We've used opportunities created by market volatility over 2018 to date to selectively build out exposures across high-quality large, mid and small cap Australian equities and will continue to do so. We believe the prerequisites for effective deployment of capital includes a clear valuation framework, resolve and discipline in implementation, an awareness of the prevailing market / macro environment, and an appropriate time horizon to allow an investment thesis to play out.

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.

We segment the Company into four sub-portfolios with each component portfolio purposefully designed to deliver stated investment objectives.

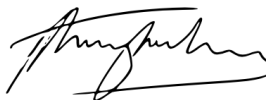
The following changes were made to the portfolio for the month of September:

- **Australian Equity Large Cap Sub-Portfolio:** : Added to existing positions in Amcor (AMC) & Rio Tinto (RIO), introduced a new position in BHP (BHP), exited positions in National Australia Bank (NAB) & Ramsay Health Care (RHC).
- **Australian Equity Mid Cap Sub-Portfolio:** Added to existing position in Speedcast (SDA), introduced a new position in Reliance Worldwide (RWC).
- **Australian Equity Small Cap Sub-Portfolio:** Introduced a new position in HUB24 (HUB), exited position in Convenience Retail REIT (CRR).
- **International Equity Sub-Portfolio:** International Equity Sub-Portfolio: Exited position in Alphabet Inc. (GOOGL).

Key contributors and detractors to the CAM return for the month were:

- **Australian Equity Large Cap Sub-Portfolio:** Positive contributor Rio Tinto (+8.3%), detractors CSL (-11.0%), ANZ Banking Group (-4.5%) & National Australia Bank (-3.2%).
- **Australian Equity Mid Cap Sub-Portfolio:** Detractors Webjet (-8.5%), Seek (-6.4%) & Speedcast (-4.9%).
- **Australian Equity Small Cap Sub-Portfolio:** Positive contributors Jumbo Interactive (+16.2%), RPM Global (+13.3%), Collins Foods (+9.4%) & Citadel Group (+6.7%), detractors LiveTiles (-8.2%), Navigator Global Investments (-7.6%) & Veris (-4.6%).
- **International Equity Sub-Portfolio:** Positive contributor Reckitt Benckiser Group (+7.3%), detractors Facebook (-6.5%) & Alphabet Inc. (-3.1%).

Thank you for your continued support of Clime.



Anthony Golowenko
Chief Investment Officer

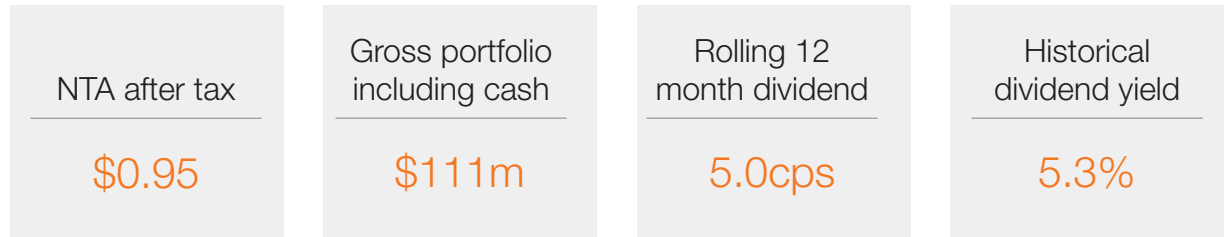
Net Tangible Assets (NTA)

	September	August	July
NTA before tax	\$0.98 ^{1,2}	\$1.02 ¹	\$0.97
NTA after tax	\$0.95	\$0.98	\$0.95
CAM Share Price	\$0.95	\$0.935	\$0.890
Yield Excl. Franking	5.3%	5.3%	5.6%
Yield Incl. Franking	7.5%	7.6%	8.0%

¹ On 5 September 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 July 2018 to 30 September 2018. This dividend will be paid on 26 October 2018. NTA before and after tax disclosed above for August and September 2018 is before the effect of this dividend payment.

² On 17 July 2018, the company declared a bonus issue of ordinary shares on a 1 for 40 basis. These shares were issued on 24th September 2018 and were entitled to the September quarter dividend. CAMG Notes accrued the bonus issue and upon conversion will receive 1.025 Ordinary shares for every Convertible Note.

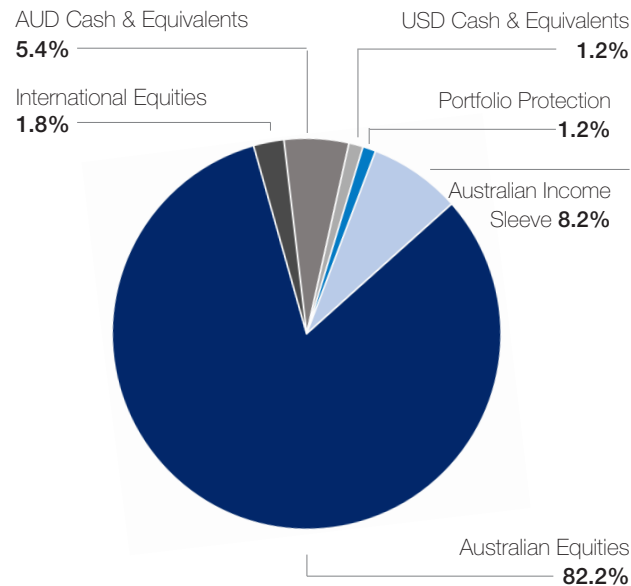
“Armed with a medium-term investment horizon, an absolute value-based approach, and the discipline to judiciously build (or reduce) positions, we were able to selectively adjust portfolio positionings to deliver strong risk-adjusted total returns for our shareholders.”



Company Overview (\$m)

Australian Equities	\$92.01
Australian Income Sleeve	\$9.05
International Securities	\$2.45
AUD Cash & Equivalents	\$6.00
USD Cash & Equivalents	\$1.37
Gross Portfolio including Cash	\$110.88
Notes Payable at face value of \$0.96	(\$21.39)
Net Tangible Assets	\$89.49

Gross Asset Allocation



Top Holdings (% of Gross Assets)

Australian Equities - Large Cap

Rio Tinto Limited	3.43
Amcor Limited	2.55
Commonwealth Bank	2.44

Australian Equities - Mid Cap

Afterpay Touch Group	4.48
Bingo Industries Limited	4.06
Webjet Limited	4.04
Janus Henderson Group	3.37

Australian Equities - Small Cap

Jumbo Interactive Limited	3.58
Collins Foods Limited	3.28
Hansen Technologies Limited	3.14

International Equities

Reckitt Benckiser	0.86
Facebook Inc-A	0.60
Baidu	0.34

AUD Cash	5.41
USD Cash	1.24