

Analyst

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Authorisation

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Listed Investment Company

Share Price and iNav

As at 30 April 2013

Share Price	1.07
Pre-Tax iNav	1.17
Post-Tax iNav	1.12

Dividend (prior 12 mths)

Dividend	\$0.04
Franking	100%
Net Yield	3.6%
Gross Yield	5.2%

Capital Structure

Shares on Issue	67.0m
Options	0.0m
Preference Share (CAMPA)	10.0m
Shares on Issue (Fully Diluted)	77.0m
Assets Under Management	\$90.6m
Market Cap (Fully Diluted)	\$82.4m

Clime Capital (CAM)

Mandate:	Australian listed equities	Benchmark:	All Ordinaries Accumulation
Manager:	Clime Asset Management	Indirect cost ratio with perf. Fee	2.34%
Listed:	April 2004	Indirect cost ratio w/out perf. Fee	1.73%

Investment Strategy

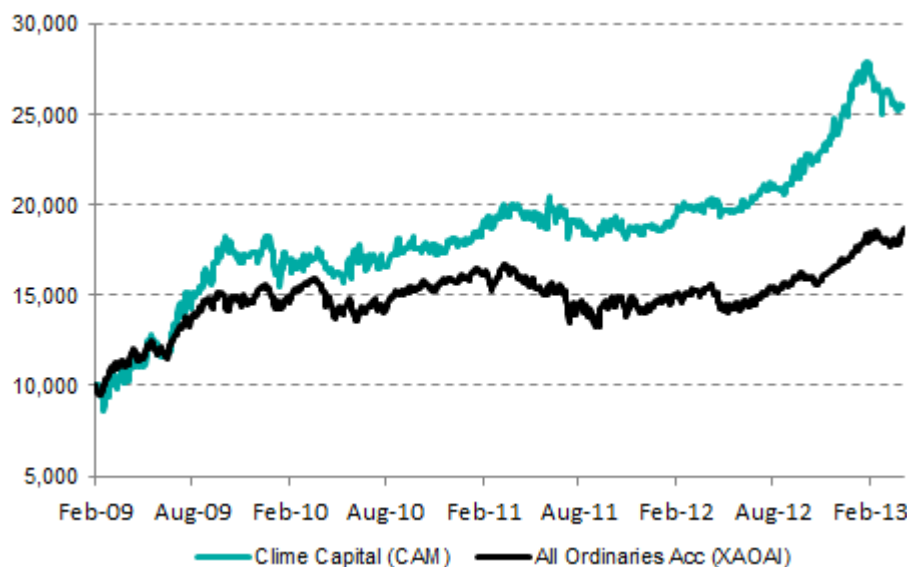
CAM is a long-only fund with a value focussed mandate investing in the large-to-medium capitalisation space. The vehicle applies a four tier investment strategy: acquire securities in attractive companies when the market price trades at a discount to their assessed value; reduce or close positions when the market price is well above the assessed value; ensure appropriate risk adjusted returns; and seek investments with an enhanced yield. The group overlays this methodology with a dynamic approach to asset allocation and maintains a high cash and debt (interest bearing securities and hybrids) position when equities are expensive and value is not readily available in the market.

Key Information

- Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**
- Style:**Large/Medium**/Small Cap, **Balanced/Value**/Growth, **Passive/Active**, **Long/Short**
- Derivatives: The manager has the ability to use derivatives to manage excessive risk concentrations.
- Cash (Fixed Income)/Debt: Cash \$23.7m, Debt \$0.0m (30 April 2013)

Share Price versus Index

30 April 2013



The above graph reflects the investment performance following the management transition.

Additional Disclosure: Bell Potter Securities is providing corporate services for the Clime Capital renounceable rights issue and will receive a fee for this service.

Directors

John Abernethy (Chairman)
 Geoff Wilson
 Julian Gosse
 Brett Spork

Investment Personnel

John Abernethy (Chief Investment Officer)
 George Whitehouse (Portfolio Manager)
 Paul Zwi (Chairman Investment Committee)
 Vincent Chan (Senior Analyst)

Investment Performance

30 April 2013

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	7 yr p.a.
Share price*						
Performance	-4.5%	11.9%	26.4%	14.6%	11.6%	8.7%
Benchmark	6.7%	16.3%	21.0%	6.8%	2.6%	4.2%
Active return	-11.2%	-4.4%	5.4%	7.8%	9.0%	4.5%
NTA+						
Performance	1.8%	8.2%	12.6%	6.5%	9.1%	7.5%
Benchmark	6.7%	16.3%	21.0%	6.8%	2.6%	4.2%
Active return	-4.9%	-8.1%	-8.4%	-0.3%	6.5%	3.3%

Holdings

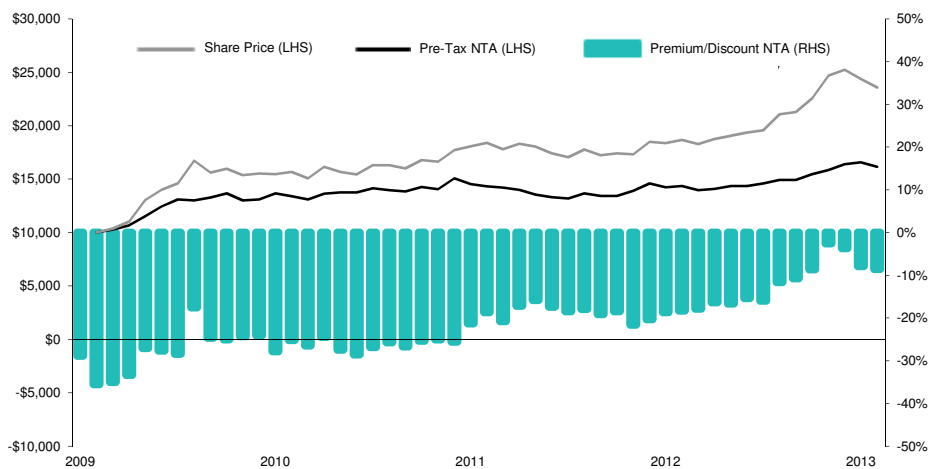
30 April 2013

as at 30-Apr-13

BHP Billiton Limited	8.2
ANZ Banking Group	5.6
Westpac Banking	5.5
Telstra Corporation	5.2
Multiplex Convertible	4.4
Commonwealth Bank	4.3
McMillan Shakespeare	4.3
National Australia	4.0
Brickworks	3.9
Woolworths	3.8
Mineral Resources	2.9
The Reject Shop	2.3
Australand	1.8
Thorn Group Limited	1.8
Iress Limited	1.7
Cash	26.2
% of Total	85.9

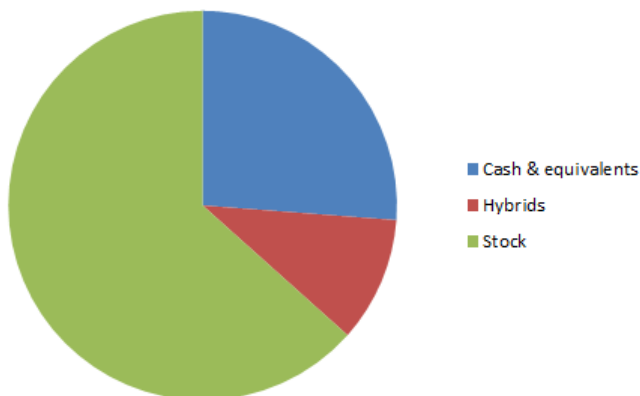
Return on \$10,000 Invested as per Share Price and Pre-Tax NTA

30 April 2013



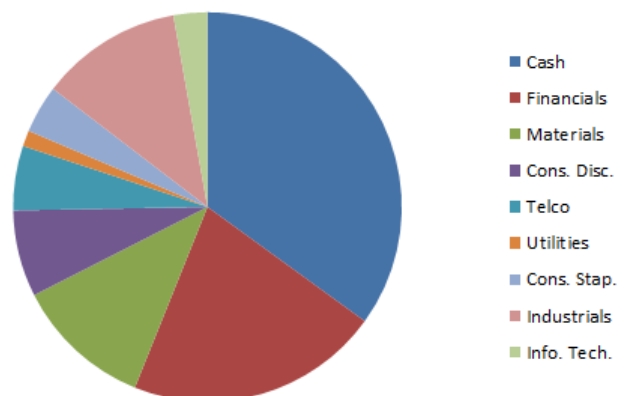
Asset Allocation

30 April 2013



Sector Allocation

31 Mar 2013



Capital Structure

CAM has a convertible preference share trading under the ASX code CAMPA. CAM issued 7.7m convertible preference shares in May 2007. At an issue price of \$2.40, it offered a non cumulative fixed dividend of 7.5% p.a. paid quarterly (4.5 cents per quarter) for ten years with an expectation of it being fully franked. On 30 April 2017 the preference share will automatically convert into 1.31 ordinary shares or 10m ordinary shares.

The number of ordinary shares into which the preference shares will convert has been adjusted for bonus issues and rights issues as outlined in the prospectus. This is to compensate the preference shareholders who are not entitled to participate in these issues. Accordingly, post the five 1 for 20 bonus issues and recent rights issue each holder of CAMPA is entitled to 1.31 ordinary shares on expiry. The monthly published pre-tax and post-tax NTA reflects the conversion of the preference shares.

Further, owing to a shortfall of retained earnings in 2008 and 2009, five distributions were withheld during this period. In June 2010 management resolved to address this shortfall to recover at least in part the 22.5 cents of dividends not paid in those quarters, which they are able to do under the terms of the prospectus. As such, it has been the intention of the board to increase the distribution on CAMPA from 4.5 cps to 4.75 from this date forward.

Conversion Rights Adjustments CAMPA

Bonus Issue, 1 for 20 (factor 1.05), 5 July 2010 = 1.05 ordinary shares

Bonus Issue, 1 for 20 (factor 1.05), 9 March 2011 = 1.1025 ordinary shares

Bonus Issue, 1 for 20 (factor 1.05), 11 July 2011 = 1.1576 ordinary shares

Bonus Issue, 1 for 20 (factor 1.05), 7 March 2012 = 1.2155 ordinary shares

Bonus Issue, 1 for 20 (factor 1.05), 24 October 2012 = 1.2763 ordinary shares

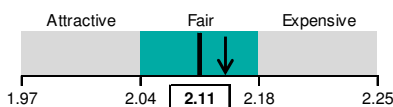
Rights Issue @ \$1.00, 1 for 4 (factor 1.0268), 8 April 2013 = 1.30967 ordinary shares

Clime Capital Converting Preference Share (CAMPA)

Price:
\$2.15

Recommendation:
Hold

Risk Rating:
Medium



Investment Data

Securities on issue	7.66m
Market capitalisation	\$16.5m
Issue price	\$2.40
Issue terms	7.5% fully franked
52 week low/high	\$1.77/\$2.18
Gross running yield	12.62%
Swap rate (5 Year)	3.26%
Gross margin to swap	9.36%
Gross yield to maturity	4.74%
Trading margin	1.48%
Fair valuation margin	4.55%

Issuer Details

Issuer	Clime Capital
ASX code	CAM
Franking balance (June 2012)	\$0.9m
Gearing (ND+Pref/E) (Dec 2012)	15%

Dividend Details

Cum/ex dividend	Cum div
Ex dividend date	8 Jul 13
Dividend payable	25 Jul 13
Dividend amount (net)	\$0.0475
Franking	100%
Dividend frequency	Quarterly
Cumulative/non cumulative	Non
Accrued income	\$0.0118

Conversion

Conversion	30 Apr 2017
Conversion discount	0%
Conversion ratio	1.31x
Parent share price	\$1.070
Conversion shares value	\$1.40
Estimated option value	\$0.14
Step-up margin	n/a

Fixed Rate Converting Preference Share

Security view

As each CAMPA converts on 30 April 2017 into 1.31 ordinary CAM shares and not a set dollar value per security, CAMPA has higher capital price volatility than most preference shares. This structure effectively provides a call option to the market. On current pricing, each CAMPA at \$2.15 converts into 1.31 CAM shares worth \$1.07 (implied value \$1.40 per CAMPA). The potential for capital loss reduces the attractive dividend yield of 8.83% fully franked (12.62% gross). In addition, we assess the option value on conversion at \$0.14 per CAMPA security. While CAM did not pay 5 scheduled quarterly dividends between April 2008 and April 2009 on account of insufficient retained profits (22.5 cents in total), in June 2010 it announced it would lift quarterly dividend payments from 4.5 to 4.75 cents fully franked. If this dividend policy continues until the April 2017 conversion date, investors will recover 7.00 cents fully franked.

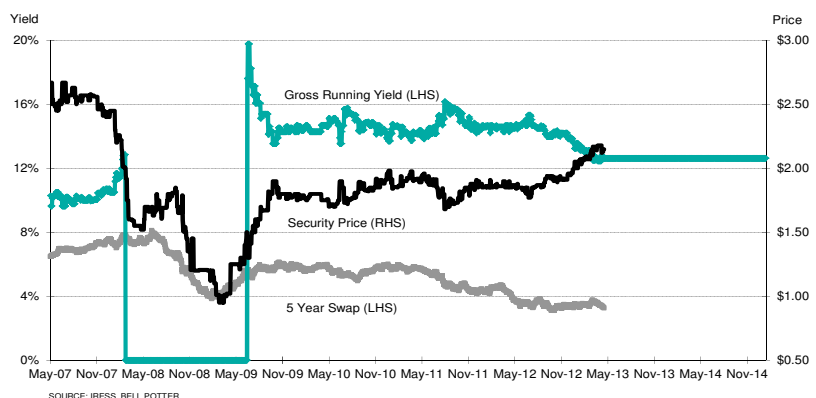
Conversion details

CAMPA will automatically convert into 1.31 ordinary CAM shares 10 years from the Allotment Date (i.e. 30 April 2017). The conversion factor has been increased from 1.00x to 1.31x to reflect the dilution of the five 1:20 bonus issues conducted between June 2010 and October 2012 and the 1:4 rights issue in March 2013.

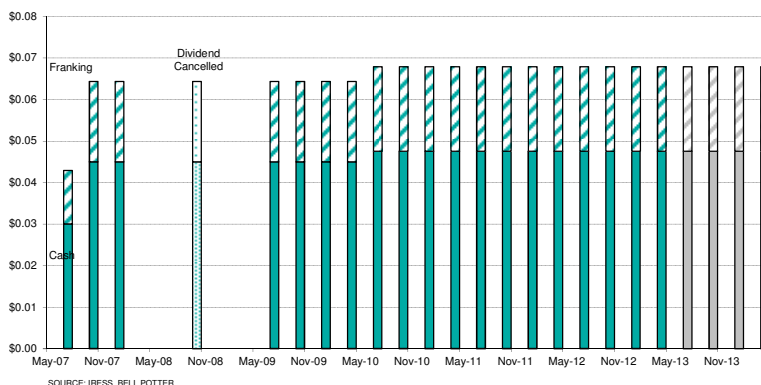
Parent view

CAM is a 'closed end' listed investment company launched in 2004. The fund has a value focused investment mandate with a particular emphasis on large and medium sized capitalised companies. At March 2013, CAM's portfolio comprised \$15m of cash and \$61m of ASX listed investments across 32 securities.

Security price and running yield



Fixed distributions



Listed Investment Company

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