

## Clime Australian Income Fund

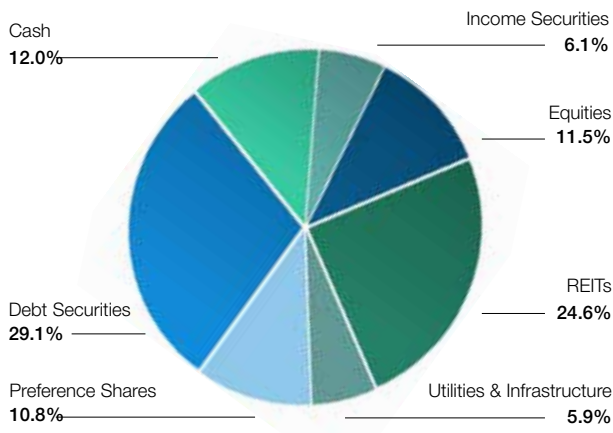
The Fund seeks to deliver strong risk-adjusted total returns and has the dual objective of generating a level of income of 2% to 3% beyond the RBA cash rate p.a. and over time keeping pace with inflation. It aims to achieve these objectives with strong capital stability.

The Fund participated in Series II of the Centuria senior secured 4.5 year bond, with a mixture of fixed and floaters to optimise income for future distributions. The Fund also took up the Centuria Metro REITs (CMA) share entitlements. Australian Unity Office Trust (AOF), which the Fund holds, received a takeover offer by Starwood Capital Asia as all cash bid of \$2.95. This is currently under due diligence.

The US 10 year Treasury yield finished higher at 3.16% while the Australian 10y bond yield tightened 2bp to 2.65%. In these uncertain times where the US 10 year Treasury is most likely to consolidate over 3% with 3.25% to 3.50% in short term, the Fund's strategy is to focus on gradual accumulation of the best yield assets across the entire capital structure (debt and equity) in a negative interest environment to balance income with price stability.

Consistent with the Fund's objective of providing capital stability while generating regular quarterly income, the Fund's actual 1-year volatility of 2.63% p.a. remains markedly below that of the headline ASX200 (equity) Index (8.40% p.a.).

## Asset Allocation



## Snapshot

Portfolio Return (FYTD)	Recent Distribution	Income (Annual)	Fund Size
0.3%	0.8045 (cents per unit)	3.8%	\$19.3m

## Performance and Volatility of Return (31/10/18)

	1 month	3 months	6 months	1 year	2 years	3 years	Inception
Portfolio Return <sup>^</sup>	-1.44%	-0.42%	1.38%	1.79%	5.98%	6.24%	6.31%
Income	0.00%	0.73%	2.41%	3.81%	3.96%	3.76%	3.55%
Capital Growth	-1.44%	-1.14%	-1.01%	-1.94%	1.94%	2.39%	2.67%
Volatility	-	-	-	2.63%	2.65%	3.30%	3.35%

Note: Compound (geometric) returns are used in the above table's segmentation of Income and Capital Growth. This may result in small differences when compared with a simple addition of Income and Capital Growth components.

<sup>^</sup>Portfolio return is based on the change of the unit price including distributions but excluding franking credits. Franking credits will enhance this portfolio return, and historically this has added about 0.30% pa to the return of the Fund.

\*Inception: Wholesale Units: 1 July 2015. Performance figures for more than 1 year are annualised, calculated after all applicable fees and taxes. Performance figures compare unit price to unit price for the given period. The returns do not include the benefit of franking credits.

\*\* Volatility is based on the annualised standard deviation of weekly price movements.

## Distributions

Period Ending	Wholesale Units (cents per unit)
30 September 2018	0.8045
30 June 2018	1.8352 (+0.2025 franking credits)
31 March 2018	0.7455
31 December 2017	0.7602

## Top 5 Holdings

Security	Weight%
National Bank NABHA FRN 08/49	3.1%
MBLHB Perp Notes	3.1%
Elanor 7.1% 171022 FRN	3.0%
Multiplex Convertible Note 31/12/2049	2.9%
CBA Convertible Note VII	2.3%