

## Clime Australian Income Fund

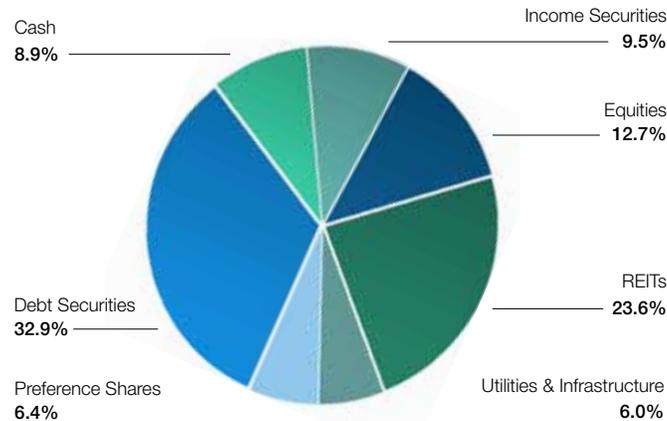
The fund seeks to deliver strong risk-adjusted total returns and has the dual objective of generating a level of income of 3% beyond the RBA cash rate p.a. and over time keeping pace with inflation. It aims to achieve these objectives with strong capital stability.

We continue to maintain and selectively increase exposure to over the counter (OTC) bonds and during August participated in a Zenith Energy (7.55% p.a. 7 year) raising. We took the opportunity of the stronger A-REIT sector to marginally reduce our exposure to Convenience Retail REIT (ASX: CRR).

The US 10y treasury yield began the month at 2.96% and tightened by 10bp to finish August at 2.86%. Similarly, the Australian 10y bond yield tightened 13bp to finish the month at 2.52% (from 2.65%). As bond prices move inversely with yield, the bond price has increased accordingly. This backdrop has provided some support to interest-rate sensitive securities in the portfolio, e.g. A-REITs (~25% of the portfolio) and income securities (~10% of the portfolio). Three of the Fund's five largest holdings, Macquarie Income securities (MBLHB), National Income Securities (NABHA) and Multiplex SITES (MXUPA) all delivered a return beyond 1.5% for the month.

Consistent with the Fund's objective of providing capital stability while generating regular quarterly income, the Fund's realised 1-year volatility of 2.56% p.a. remains markedly below that of the headline ASX200 (equity) Index (8.15% p.a. measured over the same weekly period).

## Asset Allocation



## Snapshot

Portfolio return (August)	Capital growth (annual)	Income (annual)	Fund size
1.1%	1.0%	3.6%	\$17.3m

## Performance and Volatility of Return (31/08/18)

	1 month	3 months	6 months	1 year	2 years	Inception
Portfolio Return <sup>^</sup>	1.13%	2.93%	2.67%	4.68%	6.30%	7.18%
Income	0.00%	1.67%	2.36%	3.62%	3.84%	3.50%
Capital Growth	1.13%	1.24%	0.30%	1.03%	2.37%	3.55%
Volatility	-	-	-	2.56%	2.63%	3.38%

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.

<sup>\*</sup>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.

<sup>\*\*</sup> Volatility is based on the annualised standard deviation of weekly price movements.

## Distributions

Period Ending	Wholesale Units (cents per unit)
30 June 2018	1.8352 (+0.2025 franking credits)
31 March 2018	0.7455
31 December 2017	0.7602
30 September 2017	0.6015

## Top 5 Holdings

Security	Weight%
MBLHB Perp Notes	3.2%
National Bank NABHA FRN 08/49	3.0%
Elanor 7.1% 171022 FRN	3.0%
Multiplex Convertible Note 31/12/2049	2.9%
Challenger Life Float 24/11/42 Corp	2.3%