



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)

	September	August	July
NTA before tax	\$0.89 ¹	\$0.88 ¹	\$0.87
NTA after tax	\$0.89	\$0.88	\$0.87
CAM Share Price	\$0.870	\$0.865	\$0.880
Trailing 12 months dividends	4.9 cents	4.9 cents	4.85 cents
Yield Excl. Franking	5.6%	5.7%	5.5%
Yield Incl. Franking	8.0%	8.1%	7.9%

¹ On 18 August 2017, 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 2017 to 30 September 2017. This dividend is payable on 27 October 2017. NTA before and after tax disclosed above for August and September 2017 is before the effect of this dividend payment.

Company Overview (\$m)

Australian Securities	\$65.86
International Securities	\$8.78
AUD Cash & Equivalents	\$3.72
USD Cash & Equivalents	\$1.49
Total Portfolio including Cash	\$79.85

Portfolio Update

The Clime Capital (CAM) portfolio continued to make steady progress in September, delivering a return (net of fees) of 1.0% for the month. For the September quarter, the Clime Capital portfolio has delivered a total return (net of fees) of 1.4%.

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 September:

- Australian Equity Large Cap Sub-Portfolio: Added to existing position in RHC.
- Australian Equity Mid Cap Sub-Portfolio: Added to existing position in ORA, reduced exposure to AHG & GTY.
- Australian Equity Small Cap Sub-Portfolio: Added to existing positions in BVS, HSN & SHM, and marginally reduced exposure to RFF.
- International Equity Sub-Portfolio: Introduced a new position in RBGLY.

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 (+5.0%) & NAB (+4.3%), detractor RHC (-7.7%).
- Australian Equity Mid Cap Sub-Portfolio: Positive contributors SDA (+10.1%), MTR (+8.9%), CCP (+7.1%), APO (+6.7%) & AHG (+6.6%), detractor GTY (-6.2%).
- Australian Equity Small Cap Sub-Portfolio: Positive contributors IMF (+7.3%), HSN (+5.7%) & HFA (+2.7%), detractors JIN (-4.8%) & CKF (-2.5%).
- International Equity Sub-Portfolio: Positive contributors FMS (+5.1%), CTSH (3.6%) & GOOG (+3.0%), detractors NTES (-3.3%).

Globally, economic conditions remain supportive of a continuing recovery in the US and improving outlook in Europe. From a US perspective, we are seeing a firmer commitment from Fed Reserve Chair Janet Yellen to remove overly stimulatory policy settings. Specifically, the commencement of the much-anticipated Quantitative Tightening program along with a continuation of the gradual process of raising interest rates. In a departure from recent market dynamics of both bonds and equities going up, long-term bond yields have increased and, as a result, long-term bonds have

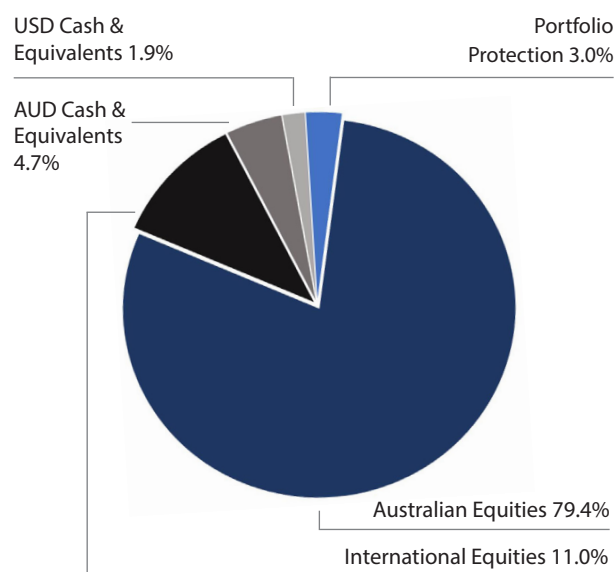
sold off. US federal government balance sheet stress aside, President Trump reignited his calls for tremendous tax cuts. This further amplified investor optimism buoying US equities.

Geopolitical tensions between the US and North Korea continue to edge higher. While an escalation to full-blown conflict still seems an unlikely outcome, investor appetite for risk assets continues unabated. We retain our belief that valuations are full, opportunities may be fleeting, future returns are more subdued and (despite investor complacency) embedded financial risks are elevated. Recent USD strength has unwound part of the AUDUSD's surge beyond 80c. We see the AUDUSD easing lower over the coming months.

Locally, we are starting to see a reversal of market dynamics from late 2016 which saw investors switching exposure out of ASX mid and small caps into large caps. For the month of September and over the September quarter, this is evident in the constructive mid and small cap sub-portfolio's results, which have delivered the bulk of the Clime Capital portfolio's return over these periods. Generally speaking, we continue to see an investing landscape where genuine growth will be difficult to find amongst the ASX large caps and remain constructive on seeking out growth opportunities in selective mid and small cap Australian equities and high quality international businesses.

We believe the Clime Capital portfolio is well positioned with the ability to access select opportunities as they become apparent.

Asset Allocation



Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.87
Rolling 12 Month Dividend	4.90cps
Historical Dividend Yield	5.6%
Percentage Franked	100%
Grossed Up Yield	8.0%
Dividend Reinvestment Plan ("DRP")	Yes ²

Quarterly Fully Franked Dividend

The company announced a fully franked quarterly dividend of 1.25c per share.

Key dates for Sept 2017 Quarterly Dividend	
Dividend ex-date	03/10/2017
Record date	04/10/2017
Last election date for DRP	05/10/2017
Payment date	27/10/2017

Top Holdings (Weightings %)

Australian Equities - Large Cap	
Australia & New Zealand Banking Group	4.69
National Australia Bank	4.69
Ramsay Healthcare Limited	3.52
Australian Equities - Mid Cap	
Janus Henderson Group Plc	4.04
APN Outdoor Group	3.91
Qube Holdings Limited	3.59
SEEK Limited	3.02
Australian Equities - Small Cap	
HFA Holdings Limited	3.14
Collins Foods Limited	3.12
Citadel Group Limited	2.66
International Equities	
Priceline.com Inc	2.05
Netease.com Inc	1.39
Alphabet Inc	1.28
AUD Cash	
	4.66
USD Cash	
	1.86

² DPR operates at 1% discount to weighted average price of shares sold on the record date and the three preceding dates.

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