



## 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.

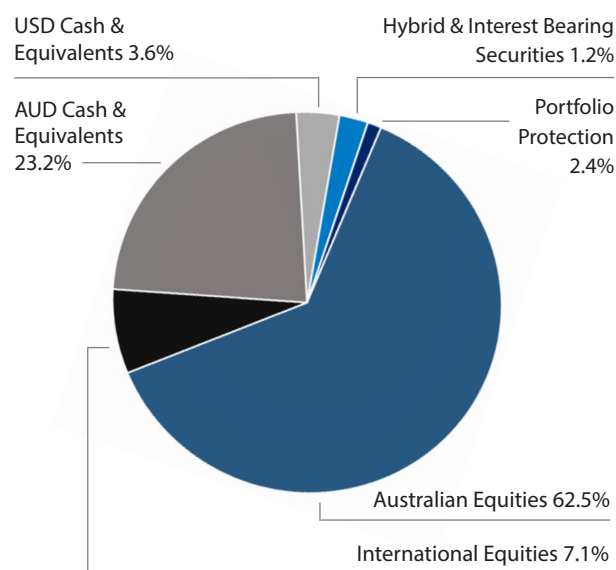
## Top Holdings (Weightings %)

Australian Equities - Large Cap	
Australia & New Zealand Banking Group	3.35
SEEK Limited	2.96
National Australia Bank	1.66
Australian Equities - Mid Cap	
APN Outdoor Group	4.32
Crown Resorts Limited	4.17
Qube Holdings	3.64
Henderson Group	3.60
Australian Equities - Small Cap	
Collins Foods Limited	3.24
Nick Scali	3.06
Speedcast International Limited	2.93
International Equities	
Amgen Inc	0.96
Oracle Corp	0.95
China Mobile	0.95
AUD Cash	23.23
USD Cash	3.57
<b>Total</b>	<b>62.59</b>

## Net Tangible Assets (NTA)

	December	November	October
NTA before tax	\$0.94 <sup>1,2</sup>	\$0.90 <sup>1</sup>	\$0.88 <sup>1</sup>
NTA after tax	\$0.94	\$0.91	\$0.89
CAM Share Price	\$0.88	\$0.81	\$0.83
Yield Excl. Franking	5.5%	5.9%	5.8%

## Asset Allocation



## Company Overview (\$m)

Australian Securities	\$55.45
International Securities	\$6.00
AUD Cash & Equivalents	\$19.50
USD Cash & Equivalents	\$3.00
<b>Total Portfolio including cash</b>	<b>\$83.95</b>

<sup>1</sup> Fully diluted NTA per share incorporates the fully paid ordinary shares converting preference shares on issue and bonus entitlements due to be paid on conversion of the preference shares. Converting Preference shareholders will accrue the bonus issue and upon conversion will receive 1.387 Ordinary Shares for every Converting Preference Share. Converting Preference shareholders will mandatorily convert into ordinary shares in April 2017.

<sup>2</sup> On 5 December 2016, the Board declared a fully franked dividend of 4.5 cents per share in respect of the Company's converting preference shares and a fully franked ordinary dividend of 1.20 cents per share for ordinary shareholders for the quarter ending 31 December 2016. These dividends will be paid on 24 and 25 January 2017. NTA before and after tax disclosed above for December is before the effect of this dividend payment.

### Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.88
Rolling 12 Month Dividend	4.8cps
Historical Dividend Yield	5.5%
Percentage Franked	100%
Grossed Up Yield	7.8%
Dividend Reinvestment Plan	Yes

### Preference Shares Overview (ASX:CAMPA)\*\*

Share Price (at month end)	\$1.29
Rolling 12 Month Dividend	18.0cps
Historical Dividend Yield	14.0%
Percentage Franked	100%
Grossed Up Yield	20.0%
Dividend Reinvestment Plan	No

\*\* CAMPA will mandatorily convert into ordinary shares in April 2017.

### Total Shareholder Returns, January 2009 to December 2016: \$10,000



Clime Capital Limited (ASX:CAM)

Data Source: Thomson Reuters

## Summary

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 Clime Capital (CAM) portfolio delivered a net of fees return of 4.3% for the month. On a financial year to date basis, the Clime Capital portfolio has delivered a net of fees return of 9.9%.

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

- Australian Equity Large Cap Sub-Portfolio: Decreased weighting of ANZ, CBA & NAB, exited position in QBE
- Australian Equity Mid Cap Sub-Portfolio: Added to existing positions in AHG & IPH, decreased weighting in APO, HGG and OFX, exited position in CVO
- Australian Equity Small Cap Sub-Portfolio: Added to existing positions in HFA, RCG and VRS, marginally decreased weighting in APD & CKF, exited position in ELD
- International Equity Sub-Portfolio: Added to existing positions in AMGN, CHL, MDT & SH (S&P500 portfolio protection ETF), decreased weighting in BAC, introduced a new position in IWM (Russell 2000 ETF) and exited BIDU, CTRP & WFC

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 QBE (11.8%), ANZ (7.1%), NAB (6.0%) & CBA (+4.8%), no meaningful detractors
- Australian Equity Mid Cap Sub-Portfolio: Positive contributors CVO (46.6%), APO (10.7%), AAD (10.3%), AHG (+7.6%) & HGG (+4.2%), detractors GTY (-4.2%)
- Australian Equity Small Cap Sub-Portfolio: Positive contributors CKF (13.2%), SDA (12.5%), ENN (10.1%), HFA (+9.6%) & RCG (+9.2%), detractors CGL (-5.8%)
- International Equity Sub-Portfolio: Positive contributors BAC (6.8%) & WFC (+8.9%), detractors CTRP (-9.0%)

Following Donald Trump's US presidential election victory, there has been a wave of optimism buoying global equities. It remains to be seen the extent to which this optimism is justified; a significant factor in doing so would be the emergence of sharply improved company earnings in the US. We remain sceptical that this will occur locally. It is difficult to rationalise how Trump-inspired optimism will translate meaningfully to improved Australian company earnings. Therefore, we have exercised prudence and used recent equity market strength, particularly in the large cap sub-portfolio, to realise some profits.

Recent solid results have been generated from holdings in quality businesses that we understand, where we believe risks taken within the portfolio are appropriately compensated. Consistent with Clime's process, The Manager has maintained discipline through recent investor optimism and lightened positions as they approach (or exceed) our valuation targets. As a result, we have consciously built up the level of cash within the portfolio over the quarter, particularly in December.

We believe the portfolio is appropriately positioned in anticipation of deploying capital when asset price volatility provides the opportunity for more attractive entry prices.

Copyright © 2017 Clime Capital Limited (ASX:CAM). All rights reserved. The information provided in this document and [climecapital.com.au](http://climecapital.com.au) is intended for general use only. The information presented does not take into account the investment objectives, financial situation and advisory needs of any particular person nor does the information provided constitute investment advice. Under no circumstances should investments be based solely on the information herein. [Climecapital.com.au](http://Climecapital.com.au) is intended to provide educational information only. Please be aware that investing involves the risk of capital loss. Data for graphs, chart and quoted indices contained in this report has been sourced by IRESS Market Technology, Thomson Reuters, Clime Asset Management and StocksInValue unless otherwise stated. Past performance is no guarantee of future returns.