



Clime Capital Limited offers investors the opportunity to invest in a value focused Listed Investment Company (LIC) managed by a recognised Australian Value Equity Manager - Clime Asset Management.

Clime has a disciplined investment approach focused on the distinction between price and value. The allocation of capital is tempered by the Clime's continual macroeconomic overlay.

The company has the ability to hold elevated cash levels when market risks are considered to be elevated or value is not apparent. Clime also has the ability to look across listed asset classes to seek returns.

Returns to shareholders are produced by purchasing securities that are understandable, that have honest and capable managers and are highly likely to generate superior returns over time. Securities will only be purchased when the price on offer is below the appraised value.

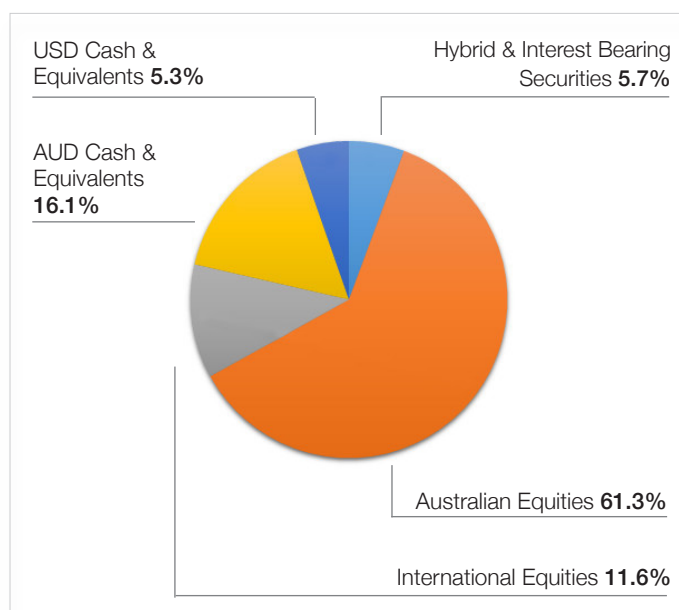
Top Holdings (Weightings %)

Australian Equities - Large Cap	
Australia & New Zealand Banking Group	4.03
Commonwealth Bank of Australia	3.89
National Australia Bank	3.14
Australian Equities - Mid Cap	
APN Outdoor Group	4.17
Qube Holdings	3.31
Henderson Group PLC - CDI	3.22
Credit Corp Group	3.02
Australian Equities - Small Cap	
Nick Scali	3.00
APN Property Group	2.33
Folkestone Ltd	2.19
International Equities	
Wells Fargo	1.41
Cognizent Tech Solutions	1.40
Oracle Corporation	1.34
AUD Cash	
	16.08
USD Cash	
	5.35
Total	
	57.88

Net Tangible Assets (NTA)

	August	July	June
NTA before tax	\$0.92 ^{1,2,3}	\$0.90 ¹	\$0.88 ¹
NTA after tax	\$0.93	\$0.91	\$0.89
CAM Share Price	\$0.80	\$0.79	\$0.78
Yield Excl. Franking	6.0%	6.1%	6.2%

Asset Allocation



Company Overview (\$m)

Australian Securities	\$54.76
International Securities	\$9.49
AUD Cash & Equivalents	\$13.15
USD Cash & Equivalents	\$4.37
Total Portfolio including cash	\$81.77

¹ 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.

² On 23rd August 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 30 September 2016. These dividends will be paid on 20th and 21st October 2016. NTA before and after tax disclosed above for August is before the effect of this dividend payment.

³ In accordance with the on-market buy-back scheme, the company bought back 214,053 ordinary shares at an average price of \$0.793 and 62,159 preference shares at an average price of \$1.234 during the month.

Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.80
Rolling 12 Month Dividend	4.8cps
Historical Dividend Yield	6.0%
Percentage Franked	100%
Grossed Up Yield	8.6%
Dividend Reinvestment Plan	Yes

Preference Shares Overview (ASX:CAMPA)**

Share Price (at month end)	\$1.24
Rolling 12 Month Dividend	18.0cps
Historical Dividend Yield	14.5%
Percentage Franked	100%
Grossed Up Yield	20.7%
Dividend Reinvestment Plan	No

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

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



Summary

Locally, the month of August was largely driven by reporting season, and the Clime Capital portfolio navigated this period well. The monthly return for CAM was +1.9% (net of fees). The portfolio withstood the broader equity market's sell off in the last week of August which resulted in the S&P/ASX 300 Index falling 1.6% for the month.

Chairman Yellen's speech from Jackson Hole guided the market to interest rates going higher albeit at a slow pace and resulted in the odds of a December rate hike firming. This also sparked some jitters in global equity markets and the AUDUSD.

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

- Within the Australian equity large caps – reduced and in some cases exited CPU, TLS and WOW. Added to our favoured bank exposure ANZ.
- Within the Australian equity mid-caps – added to APO, GTY and started building a position in CVO. Reduced FLT, IPH and JHC.
- Within the Australian equity small-caps – added to and built positions in CKF, ENN, FLK, HFA and SDA.
- Within the International equity sub-portfolio – reduced exposure in AIG and DEO.

We segment the Company into four sub-portfolios with each respective portfolio purposefully designed to deliver stated investment objectives. Key contributors to the CAM return for the month were:

- Aussie Large Cap – ANZ (+4%) and NAB (+3%) added to return, while TLS (-5%) and CBA (-4%) and QBE (-8%) detracted.
- Aussie Mid Cap – CCP (+25%), AAD (+19%) and FLT (+13%) significantly added to return, while APO (-35%), IPH (-17%) and GTY (-18%) detracted. We used the selloff in APO and GTY to meaningfully increase the portfolio weighting.
- Aussie Small Cap Securities – NCK (+23%), SVWPA (15%), APD (+10%), IMF (+11%), FLK (+11%) and ENN (+8%) significantly added to return and there were no meaningful detractors.
- International Securities – BAC (+13%), WFC (8%) and AIG (+8%) added to return and there were no meaningful detractors.

While the equity markets did sell off towards the end of the month, more broadly we still see equity prices being on the expensive side of fair value. The outlook for the remainder of the year rests on shifts in monetary and fiscal policy both domestically and internationally. We believe the portfolio remains appropriately positioned with a cash weighting of ~20% in anticipation of deploying capital when asset price volatility provides the opportunity for more attractive entry prices.

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