



Monthly Report February 2020

The Clime Smaller Companies Fund is a concentrated portfolio of high-quality businesses that are outside the ASX200 at the time of initial investment. The Fund invests in niche leaders that have superior business economics, strong balance sheets and significant growth prospects, provided they are attractively priced relative to assessed value. The Fund is designed to take advantage of the structurally inefficient and under-researched market segment of small capitalisation stocks.

1 Month Net Return (Wholesale)*	1 - Year Net Return (Wholesale)*	Inception p.a. Net Return (Wholesale)*	Total Fund Size
-9.9%	30.5%	19.1%	\$46.7m



	1 month	3 months	6 months	1 year	Inception p.a.	Inception Total
Fund Net Return (Wholesale)*	-9.9%	-1.5%	5.2%	30.5%	19.1%	64.7%
Benchmark[^]	-11.4%	-9.4%	-5.7%	1.0%	6.7%	20.3%

*Net returns are after all fees, taxes, and costs

[^] CPI Trimmed Mean + 8% p.a. from 24th April 2017 and then 50% of the ASX Small Ordinaries Accumulation Index (XSOAI) and 50% of the ASX Emerging Companies Accumulation Index (XECAI) from the 30th June 2019

Fund Facts

Portfolio Managers	Jonathan Wilson & Adrian Ezquerro
Fund Inception	April 2017
Fund Size	\$46.7m
Number of Stocks	15-40
Cash Distributions	Annually
Eligibility	Wholesale & Retail

Top 5 Holdings (Alphabetical)

Company	ASX Code
Afterpay	APT
Audinate Group	AD8
Electro Optic Systems	EOS
Macquarie Telecom	MAQ
RPMGlobal	RUL



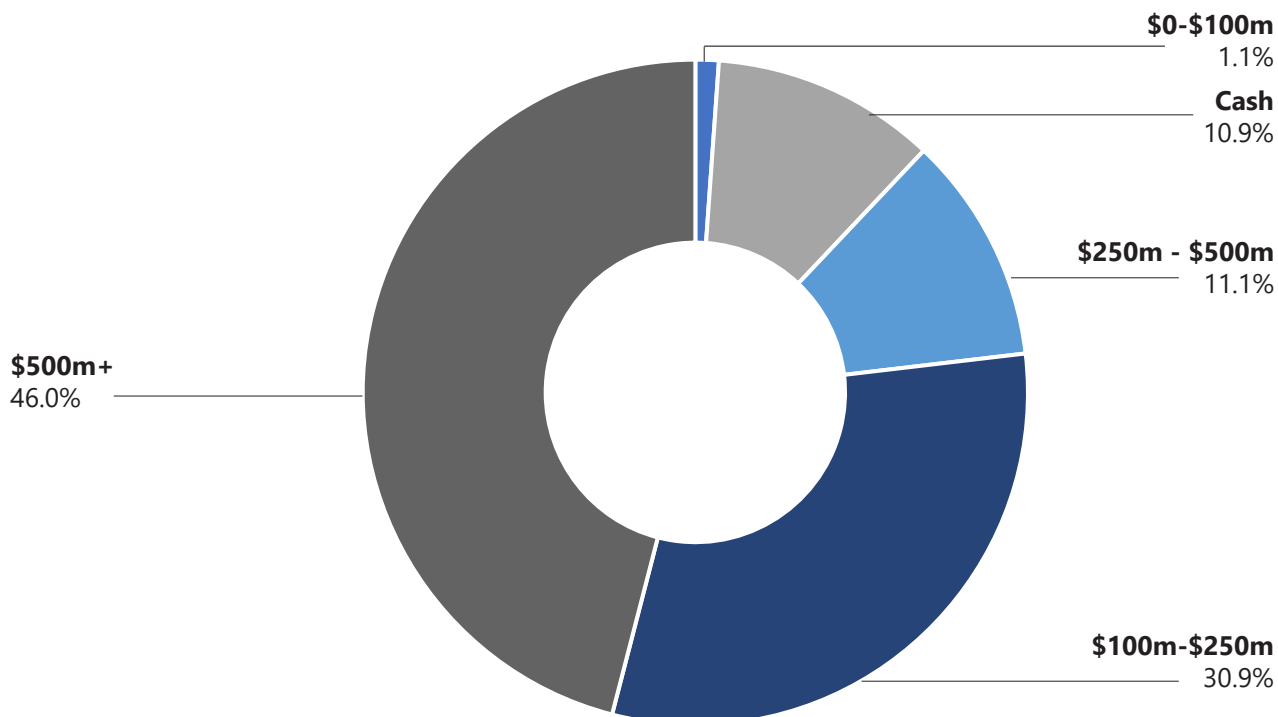
Unit Price

Date	Wholesale Unit (exit)
29 February 2020	1.4920

Distributions

Period Ended	Wholesale Units (cents)
30 June 2019	8.2837

Asset Allocation by Market Capitalisation



Asset Allocation by Sector

Industry	Weighting
Software & Services	26.5%
Diversified Financials	12.8%
Healthcare Equipment & Services	10.7%
Capital Goods	9.7%
Communication Services	6.4%
Retailing	6.3%
Consumer Services	6.3%
Technology Hardware & Equipment	5.8%
Semiconductors & Semiconductor Equipment	2.0%
Real Estate	1.5%
Media & Entertainment	1.1%
Cash	10.9%



Portfolio Commentary

The Clime Smaller Companies Fund (CSCF) returned -9.9% in February, ahead of the Benchmark return of -11.4%. The Fund has delivered 19.1% per annum after fees since inception, above the Benchmark return of 6.7% per annum.

The Fund finished the month of February with 10.9% held in cash. In preparation for the likely significant negative economic consequences of COVID-19, we swiftly tilted the portfolio away from earlier-stage and economically sensitive positions towards more established businesses. We sought to tilt towards businesses whose secular growth is less tethered to the external environment, and especially those with net cash balance sheets. As of 10 March, the Fund held 20.5% in cash and cash equivalents.

During February, the strongest contributors were:

- APN Property Group (APD). Perhaps unsurprisingly, APD avoided the correction in February owing to its various defensive qualities. The specialist commercial property manager grew earnings in 1H20 by 33% on the back of solid 5% growth in Funds Under Management. The business is net cash and trades on a yield of over 5%.

During February, the largest detractors were:

- Electro Optic Systems (EOS), Audinate (AD8), Afterpay (APT), Bravura Solutions (BVS), RPMGlobal (RUL). On the whole, these businesses announced solid 1H20 results and are on track to achieve their respective strategic goals, but were nevertheless sold off during the correction. Positively, they have structural growth drivers and are therefore (relatively) insulated from the broader environment.

AD8's 1H20 slightly underwhelmed with 20% gross profit growth versus previous expectations of 26-31% growth for FY20. This resulted from dual disruptions caused by the US/China trade war and COVID-19. Despite difficult conditions in the near term, we believe AD8 remains strategically very well positioned.

Jonathan Wilson
Portfolio Manager

Adrian Ezquerro
Head of Investments



Fund Information

Investment Objective

The Clime Smaller Companies Fund is a concentrated portfolio of high-quality businesses that are outside the ASX200 at the time of initial investment.

The Fund invests in niche leaders that have superior business economics, strong balance sheets, and significant growth prospects, provided they are attractively priced relative to assessed value. The Fund is designed to take advantage of the structurally inefficient and under-researched market segment of small capitalisation stocks.

Its objective is to outperform a blended benchmark comprising 50% of the Small Ordinaries Accumulation Index and 50% of the Emerging Companies Accumulation Index.

Investment Methodology

The Clime Smaller Companies Fund has a quality focus with a valuation discipline. Fund holdings are characterised by:

- A competitive advantage, niche leadership
- High levels of profitability and margin
- Low financial leverage
- Capital-efficient growth and cash generation
- Capable management aligned with shareholders
- Sustainable long-term growth
- Attractive share prices relative to assessed value

Position sizing reflects not only our assessment of valuation and quality, but also the degree of strategy execution.

Portfolio Managers

Jonathan Wilson

Jonathan has 6 years of investment experience, specialising in growth strategies. He was the founding Co-Portfolio Manager of the Clime Smaller Companies Fund. Jonathan holds a Bachelor of Engineering, Bachelor of Commerce from the Australian National University and is a CFA Charterholder.



Adrian Ezquerro

Adrian, Clime's Head of Investments, has 13 years of investment experience. Adrian was the founding Portfolio Manager of the Clime Smaller Companies Fund. Adrian holds a Bachelor of Science from the University of Wollongong, and a Graduate Diploma of Applied Finance from Kaplan Professional.



Fund Information

Name	Clime Smaller Companies Fund	Investor Eligibility	Retail & Wholesale
Structure	Managed Investment Scheme	Minimum Investment	Retail: \$10,000 Wholesale: \$100,000
Investment Universe	Ex-ASX 200 at initial investment	Liquidity	Weekly Unit Pricing Applications and Redemptions
Benchmark	50% of the ASX Small Ordinaries Accumulation Index & 50% of the ASX Emerging Companies Accumulation Index	Fees	Retail: 1.23% management and 20% performance Wholesale: 1.03% management and 20% performance
Stock Holdings	15-40	Admin	Mainstream Fund Services Pty Ltd
Stock Limit	15% at cost	APIR Code	Retail: SLT5667AU Wholesale: CLA1557AU
Fund Size	\$46.7m	Platform Availability	Netwealth, HUB24

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