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# Individually Managed Account Guide

A guide to the administration service

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INTEGRITY  
TRANSPARENCY  
CONVICTION

## What is the Clime Individually Managed Account Service?

Clime's Individually Managed Account (IMA) service is an individually managed account for high net worth individuals who are classified as Sophisticated or Wholesale Investors.

Rather than being managed as part of a large amalgam of monies and/or investment pool like a managed fund, your Portfolio is owned by you and managed entirely for you, and you alone. As a specialist Australian Equities and Fixed Income fund manager, the construction of the Portfolio will follow Clime's principles of investing with a quality focus and a strong valuation discipline to meet your investment requirements. Your Portfolio will be managed in a coordinated and consistent manner and be overseen by a team with nearly 150 years of investment management experience.

With an Individually Managed Account, not only will you be the owner of the Portfolio (and shares), you will enjoy the owner benefits (such as franking credits) and will have the ability to see the exact make up and value of the Portfolio at any time via our online service.

## About Clime

Clime Asset Management Pty Limited (Clime) an Australian Financial Services Licence holder (AFSL: 221146) is a wholly-owned subsidiary of ASX-listed Clime Investment Management Limited (ASX: CIW).

Clime is an Australian-based fund manager specialising in Australian Equities and Fixed Income investing. Clime manages in excess of \$900 million through discretionary mandates for families, individuals, charities, managed funds, and the listed investment company Clime Capital Limited.

## Who should use the Individually Managed Account Service?

Clime's IMA service is ideally suited to high net worth individuals (wholesale or sophisticated investors) or institutional investors seeking an investment solution tailored to meeting individual investment goals and objectives. Clime's IMA Service removes the time burden of investment management from investors, outsourcing this to Clime's experienced Australian Equities and Fixed Income specialist team.

Applying a consistent, disciplined investment approach, Clime has provided strong investment returns for our clients in both good and bad economic climates over the years.

## Why use the Individually Managed Account Service?

At Clime, we know how important it is to invest with someone you trust. Equally we know that you need to have knowledge of what it is happening in your Portfolio.

At the core of Clime's funds management process is a dedication to transparency. Our service has been developed so that you will know exactly what is happening with your investment. As a boutique fund manager, you also have direct access to your portfolio manager and a Private Wealth Adviser to help in decision making about your portfolio. Further information about Clime's investment philosophy is available on our website [www.clime.com.au](http://www.clime.com.au).

## Individually Managed Account Service – Investment options

At Clime, we understand that your investment decisions may vary depending on your stage of life. If you are younger, you may be looking for a growth option with a measured degree of risk, while mature investors may be looking for a reliable income stream with minimal risk.

If you are seeking advice as to which investment option is right for you, you are welcome to speak with one of Clime's Private Wealth Advisers located around the country.

## **Discretionary Share Portfolio – Growth**

Our Discretionary Share Portfolio - Growth service is designed to deliver solid capital growth, investing in shares and securities of quality ASX listed companies.

## **Discretionary Share Portfolio - Global**

Our Discretionary Share Portfolio - Global service is designed to deliver solid capital growth, investing in shares in quality global listed companies.

## **Discretionary Share Portfolio – Income**

Our Discretionary Share Portfolio – Income service is a portfolio of solid ASX listed securities designed to deliver an income stream above that otherwise attainable in term deposits or other cash investments.

The minimum investment in Clime's IMA service is \$750,000.

# **How does the Individually Managed Account investing process work?**

## **Setting up your Individually Managed Account**

When setting up your Individually Managed Account, Clime can receive funds payable by cheque or electronic funds transfer (we do not accept cash) or ASX listed shares if you choose to transfer "in specie" currently held shares.

Our goal is that in time your Portfolio will be fully invested: however, we ensure that this takes place over a time period of up to 6-9 months to maximise opportunities to acquire shares at the right prices. Protection of capital is a principal tenet of Clime's philosophy: therefore, the price has to be right for the right investments.

Cash usually represents a minimum of 5% of the Portfolio, although cash holdings depend on investment opportunities which we consider appropriate being available.

If you are transferring an existing share portfolio to the service (possibly in combination with cash) then where appropriate we will over time sell those investments with the goal of optimising the proceeds and aligning your Portfolio to the Clime model portfolio.

## **A focused holding**

Within each of our Portfolios we hold an appropriately diversified range of shares. The target Portfolio size is usually 20-30 securities. We do not believe that holding an over-diversified portfolio makes investing sense.

When constructing and managing the Portfolios, usually:

- The maximum weight we allow for any one investment is 10%; and
- The minimum market capitalisation we seek for any investment is \$50 million.

We look for opportunities we consider the best and don't set any particular minimum or maximum exposures to any particular sectors.

## Active Management

We actively manage your Portfolio. This includes monitoring stock exposures and the liquidity of various positions. Portfolio management includes utilising short-term price movements which present buying or selling opportunities. When trading we are mindful of the realisation of capital gains tax and aim to keep costs low.

## Fees and Expenses

### Management Fee

The management fee for the Discretionary Share Portfolio - Growth is 1.65% per annum (inclusive of GST), plus a performance fee. Clients may alternatively pay a management fee for the Discretionary Share Portfolio - Growth of 2.20% per annum (inclusive of GST), with no performance fee.

The management fee for the Discretionary Share Portfolio - Income is 1.65% per annum (inclusive of GST). No performance fee is applicable for the DSP - Income.

Fees are charged monthly, in arrears, calculated on your Portfolio's daily balance and covers Clime's overhead expenses as well as all brokerage.

### Administration Fee

We charge a portfolio administration fee, which covers matters such as statements, transaction settlements, funds clearance, custodial services and online portfolio access. This fee is charged monthly in arrears based on your Portfolio's daily balance. The rates are as follows:

Account Balance	Administration Fee
0 - \$10 million	0.22% inclusive of GST
Over \$10 million	0.11% inclusive of GST

### Performance Fee

Only charged on the Discretionary Share Portfolio - Growth, not Income.

Clime's share of outperformance is equal to 20% (plus GST) of the gains in the value of the Portfolio above

- The S&P ASX 200 Accumulation Index for the DSP – Growth; and
- The MSCI World Index for the DSP – Global.

We only charge a performance fee where there are both:

- outperformance of the target; and
- a positive gain in the Portfolio since the last time the fee was calculated.

We calculate the fee on the anniversary of your initial investment and then on exit, adjusted for additions to the Portfolio and part withdrawals.

The following example assumes the following Growth Portfolio performance (after management and administration fees) over the period, where the starting balance was \$1,000,000, rising to \$1,100,000 and there were no additions to or withdrawals from the Portfolio:

S&P ASX 200 Accumulation Index Performance	DSP Performance	Outperformance	Performance Fee Charged
10%	+12%	2%	20% of the 2% positive outperformance (plus GST)
\$50,000	+\$60,000	\$10,000	\$2,000 being 20% of the \$10,000 positive outperformance (plus GST)

## Exit Fees

If you decide to leave the service within 12 months of joining, then we will charge a fee of 1% (plus GST) of your closing balance.

If you choose to leave the service after 12 months of joining, we will dispose of your Portfolio and transfer the funds to a nominated account. No exit fees will be levied.

If at any time you decide to close your account and request to take your Portfolio with you, we will charge a fee of 1% (plus GST) of the value of stock transferred.

## Expenses

All fees relating to your Portfolio are deducted from your Portfolio. We pay all brokerage expenses and usually no other expenses are applicable. If individual clients request tailored services further costs may apply.

## How does the service operate?

### What assets comprise my portfolio?

Our focus is on listed securities. We don't borrow or use derivatives.

### Investment Management

You appoint us to act in relation to investments in your Portfolio. We make the investment decisions for you. It's a discretionary service, so you do not need to instruct us regarding which investments to buy or sell.

So that you earn the best interest rates, cash in your account is held in a single cash management account where we keep an accurate record of your balance. It is from this cash hub that fees and expenses relating to your account are paid, and to which income and proceeds from realising investments are credited. We may allocate part or all of this cash to a Fixed Interest investment to improve returns for your portfolio.

### Custody

Clime are also the custodian of the assets in your Portfolio.

We have appointed Mainstream Fund Services Pty Limited (Mainstream), as our sub-custodian. Mainstream will provide all day-to-day safekeeping of assets & securities, arrange settlement of any purchases, sales and income and administer corporate actions. Clients cannot instruct or deal with Mainstream themselves.

You remain the beneficial owner of the assets and have absolute indefeasible entitlement to the assets and to the income they provide.

## Administration

We act as administrator of your Portfolio.

We have appointed Mainstream, one of Australia's leading administration providers, to assist us. Mainstream records and reconciles the transactions in your Portfolio as well as your cash holding, it processes payments, receives income and maintains the reporting process and online access, as well as quarterly reports, annual reports and tax reporting.

We take care of corporate actions like rights issues as we think best things for you to do for each investment.

All fees, charges, taxes and other liabilities relating to your Portfolio are deducted from your Portfolio.

## Reporting and online access

### Keeping you informed

You will receive:

- quarterly portfolio valuation and transaction reports;
- annual tax reports, portfolio valuation and transaction reports; and
- internet access to your account.

Because we make investment decisions on your behalf, you will not receive any offer documents for investments represented in your Portfolio.

Tax information in the annual tax report is only as accurate as the information supplied to us when you transfer any existing assets into our control.

### Online access

Online access will be by username and a password we will issue to you. Please ensure you keep these secrets. If you forget them, contact us.

Online you will find details of your account. Note that all asset values are historical figures based on our most recent valuations. Asset values shown may not be current.

### Further information

For further information, speak to our Customer Service Team on 1300 788 568, visit [www.clime.com.au](http://www.clime.com.au) or contact us via [associatesupport@clime.com.au](mailto:associatesupport@clime.com.au). Our financial services guide is available at our website as well as our privacy policy. We protect your personal information under our Privacy Policy, available at [www.clime.com.au](http://www.clime.com.au).

## Risks

Many factors may impact on returns and capital value. As with any investment, you can lose as well as make money. Neither capital nor performance is guaranteed. Be patient and look to invest for at least 3 years.

The main risks associated with investing in listed equity securities are set out below.

## **Market Risk**

The risk of gain or loss by reason of movements in the share market generally. This may be caused by a range of factors, including general market and economic conditions, interest rates, investor sentiment, currency movements, global events and changes to social, technological, taxation and regulatory environments.

## **Global Risk**

The vulnerability of an investment to international events or international market factors (for example, exchange-rate fluctuations, changes in international stock, credit or bond markets).

## **Sector Risk**

The Portfolios are sector unaware and as a result the portfolios may have a concentrated or no exposure to a specific sector.

## **Specific Asset Risk**

Risks associated with the specific investment (for example, quality of the company's directors; the strength of management and key personnel; profitability and asset base; debt level and fixed-cost structure; litigation; competition levels; liquidity of the investment).

## **Research Limitations**

The research that we use in managing your Portfolio is based on the opinions of Clime's analysts and portfolio managers. It can never be guaranteed, is only valid for a limited time and is often subject to market movements.

## **Liquidity Risk**

Clime may be unable to sell shares in a timely manner or at a reasonable price due to a lack of buyers in the market.

## **Service Risk**

Risks associated with the service itself include that we may make an error of judgment in selecting securities, the investment portfolios may not perform as hoped, the service could change or terminate, your Clime Adviser, the investment team and fees & expenses may change and our systems or those on whom we or you rely could fail.

## **Interest Rate Risk**

This is the risk that changes in interest rate can have a negative impact on investment values or returns.

## **Who can invest?**

You need to be a wholesale and / or sophisticated investor client to invest who has had a gross annual income of \$250,000 or more in each of the previous two financial years or has net assets of at least \$2.5 million or have been provided with a certificate provided by a qualified accountant certifying that states you have met the prescribed net asset or gross income level test as prescribed by the Corporations Act 2001. The minimum investment in the IMA service is \$750,000.

Acceptance of applications is at our discretion, and clients need to be at least 18 years of age.

Sophisticated Investor, an investor who has had a gross annual income of \$250,000 or more in each of the previous two years or has net assets of at least \$2.5 million, as prescribed by the Corporations Act 2001.

## How do I start?

1. Read this guide and speak to a Clime Private Wealth Adviser. Go to <https://www.clime.com.au/clime-private-wealth/meet-the-adviser-team/> for your nearest Clime Adviser;
2. Complete the Application Form;
3. If you are a new Clime client, identify yourself to us by giving certified copies of the required documents; and
4. Deposit an initial sum to invest and/or transition your existing share portfolio.

We will open an account for you and send you details so that you can access your account online.

You can pay by cheque or electronic funds transfer. Details are in the application form. If you are transferring assets into your account, additional forms will need to be completed and your Clime Private Client Director will be able to help you.

There is no cooling off period for wholesale and sophisticated investors.

## How do I withdraw money?

Speak to your Clime Private Wealth Adviser. There isn't a minimum withdrawal amount but keep in mind that usually we require a minimum account balance of \$750,000.

We will need confirmation of your instructions in writing.

We usually pay withdrawals (net of any fees, charges and taxes) to your nominated account within 5 days of receiving your instructions. Note you will need to provide your bank account details as part of the application process.

There can sometimes be delays for example, there may not be buyers for your investments or trading may be suspended. If required, we will sell investments as necessary to fund your withdrawal.

If you prefer investments to be transferred in place of cash, speak to your Clime Private Wealth Adviser.

## What about tax?

Buying and selling investments has tax consequences whether you invest yourself or use this service. We are mindful of tax when managing your Portfolio, but we don't take your circumstances into account. We recommend you seek professional tax advice before using or changing your use of the service. We work to a first in first out rule for asset transactions for tax reporting.

## Responsibilities

### Our obligations

We will always act honestly and with reasonable care and diligence in managing and supervising the Portfolio. Clime will not deal with or transfer any part of the Portfolio other than for a purpose contemplated under this agreement.

In the absence of gross negligence, fraud or dishonesty, Clime will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience that may result from the exercise or failure to exercise its powers, authorities and discretions.

Clime is not liable to clients for indirect and consequential losses by clients or anything beyond its reasonable control.

Neither Clime nor Mainstream have any duty or liability to any client, and neither is in any way responsible for this service (this includes having no responsibility for indirect or consequential loss incurred by clients).

## Your obligations

You must act honestly with us and in compliance with all laws, reasonably co-operate with us, and act with appropriate authority. If you are a trustee, you must be comfortable that your investment is consistent with the investment strategy for your fund, and promptly provide us with such information as we reasonably require for example for us to comply with anti-money laundering laws.

You indemnify us for any loss we suffer because you have breached any of your obligations, and for all fees, charges, taxes and other liabilities relating to your Portfolio, except to the extent the loss may have been our fault. We are entitled to deduct these from your account or any money we are paying to you.

## Other Investment Options

If you are seeking to invest less than \$750,000, Clime also offer investments in our Managed Funds:

### Australian Equities

- Clime Smaller Companies Fund

### Fixed Income

- Clime Australian Income Fund
- Clime Fixed Interest Fund

### International Equities

- Clime International Fund.

Further information on Clime's investment products can be found at <https://www.clime.com.au/invest-with-clime/>

# Legal

## Changes

We can change our agreement with you about the Clime Individually Managed Account Service by reasonable notice to you – generally at least 30 days. We can arrange for someone else to take over the service from us and need not ask you first, but we would of course keep you informed. You cannot deal with your rights under this agreement without our agreement.

## Closing your Account

Either you or Clime may terminate this agreement at any time by giving the other at least 10 business days written notice. A party may terminate immediately for material breach by, or insolvency event of, the other party.

On termination we will arrange for your investments to be realised and pay the proceeds to your nominated bank account (net of all fees and expenses) as soon as is practicable. See the **Withdrawals** section above which discusses timing matters.

The usual fees and relevant expenses are payable through this period. We may be able to transfer some assets to you or a new service provider - speak to your Clime Private Wealth Adviser about this and remember there could be costs including tax payable.

## Disputes

If you have a dispute regarding your Individually Managed Account or the services, we have provided to you, you should take the following steps:

Contact Clime Asset Management on 1300 788 568 or email [compliance@clime.com.au](mailto:compliance@clime.com.au) and tell us about your dispute. We will attempt to resolve your concerns immediately, however if the dispute cannot be resolved to your satisfaction within 45 days of receipt, you have the right to lodge your dispute to the Australian Financial Complaints Authority (AFCA).

You can contact AFCA on 1800 931 678 or write to

Australian Financial Complaints Authority Limited  
GPO Box 3  
Melbourne VIC 3001  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Web: [afca.org.au](http://afca.org.au)

## GST

Unless otherwise stated, all figures are in Australian dollars and are inclusive of the impact of GST.

## Regulation

Although this service is regulated mainly under the Corporations Act, it is not regulated as an investor directed portfolio platform (**IDPS**) or IDPS-like platform nor a retail managed discretionary account as the Australian

Securities and Investments Commission (**ASIC**) defines this. It is a wholesale financial product. ASIC takes no responsibility for this guide or the service. This agreement is governed by the laws of NSW and you and we submit to the non-exclusive jurisdiction of the courts there.

## About this guide

Clime is the issuer and is responsible for this guide.

This guide for the service governs your investment. If we issue a new guide or supplement it, a copy will be made available to you, and we recommend that you read it carefully. Copies are available free by contacting us.

This guide is available only to persons receiving it in Australia (electronically or otherwise). If you received this guide electronically, we will provide a paper copy free of charge upon request.

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