

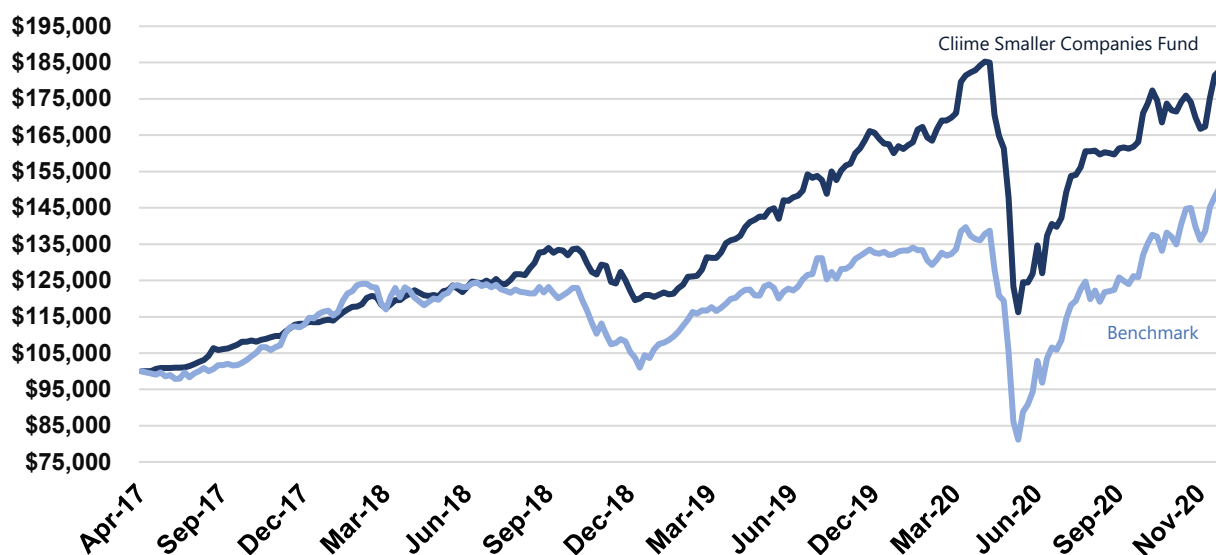
Clime Smaller Companies Fund



Monthly Report November 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)*	Inception p.a. Net Return (Wholesale)	Inception Total Return	Total Fund Size
11.1%	18.6%	84.9%	\$53.1m



	1 month	3 months	6 months	1 year	2 years	3 years	Inception p.a.	Inception Total
Fund Net Return (Wholesale)*	11.1%	4.3%	20.0%	10.6%	20.5%	17.4%	18.6%	84.9%
Benchmark^	11.6%	10.5%	27.2%	13.9%	14.0%	12.6%	12.1%	51.2%

*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	\$53.1m
Number of Stocks	15-40
Cash Distributions	Annually
Eligibility	Wholesale & Retail

Top 5 Holdings (Alphabetical)

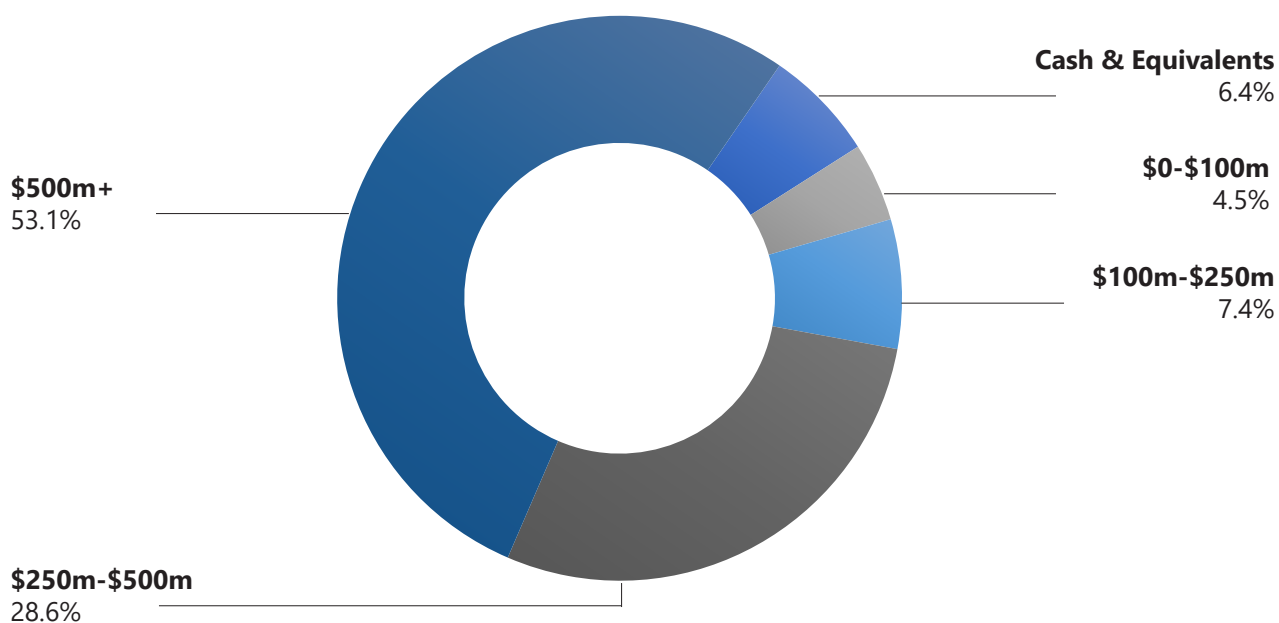
Company	ASX Code
Electro Optic Systems	EOS
Hansen Technologies	HSN
Jumbo Interactive	JIN
Mach7 Technologies	M7T
RPM Global Holdings	RUL



Unit Price

Date	Wholesale Unit (exit)
30/11/2020	\$ 1.6741

Asset Allocation by Market Capitalisation



Asset Allocation by Sector

Industry	Weighting
Software & Services	24.4%
Healthcare Equipment & Services	12.3%
Retailing	10.9%
Technology Hardware & Equipment	9.7%
Diversified Financials	10.2%
Capital Goods	9.1%
Consumer Services	7.6%
Communication Services	4.5%
Media & Entertainment	3.4%
Semiconductors & Semiconductor Equipment	1.5%
Cash & Equivalents	6.4%



Portfolio Commentary

The Clime Smaller Companies Fund (CSCF) returned 11.1% in November versus the Benchmark return of 11.6%. The Fund has delivered 18.6% per annum after fees since inception, above the Benchmark return of 12.2% per annum. The extraordinary performance for the month reflects increasing appetite for risk assets globally due to positive news on COVID-19 vaccine efficacy, along with highly accommodative monetary and fiscal policy settings.

The Fund finished the month with 6.4% held in cash.

The key contributors were:

Mach7 Technologies (M7T), Jumbo Interactive (JIN), Electro Optic Systems (EOS), RPMGlobal (RUL), Omni Bridgeway (OBL), Straker Translations (STG).

Mach7 Technologies (M7T) returned 36% for the month. On 13 November, M7T announced a \$5.3m 7-year contract with Trinity Health to provide its eUnity Enterprise Viewer software at multiple facilities within Trinity's 92 hospitals across the US. We understand the contract is based on a certain percentage of full requirements, with opportunities to expand in the future. The Enterprise Viewer is one of four component of Trinity's Unified Clinical Imaging Platform strategy, with contracts for the Diagnostic Viewer, Universal Worklist and Vendor Neutral Archive components likely to be awarded in the new year. We believe M7T is well positioned to provide the full suite to Trinity. In the event M7T wins the remaining tenders, it will be of significant financial and strategic value. Trinity is the fifth largest hospital system in the US and would represent M7T's first major reference site for its end-to-end medical imaging software solution.

Jumbo Interactive (JIN) returned 27% in November on the announcement of a 10-year agreement signed with Lotterywest (WA) to provide a white label version of its lottery management SaaS solution, Powered by Jumbo. Whilst the Lotterywest agreement is a welcome one in and of itself, perhaps of greater importance is its strategic value for Powered by Jumbo. Lotterywest will be JIN's first government reference site for its SaaS platform, and may assist JIN in winning contracts in the \$22 billion US state government lottery market. In late November JIN announced that the UK's Gambling Commission had issued a remote gambling software license to JIN, enabling JIN supply Powered by Jumbo to lottery operators in the UK. JIN's main source of revenues and income remains retailing Australian official lottery tickets, while Powered by Jumbo represents a potential future growth driver.

Electro Optic Systems (EOS) returned 21% on the back of positive vaccine news as well as further details about the new Space Communications division. During calendar year 2020 EOS experienced delays to contract deliveries of its Defence Systems to offshore customers. As a result, cash receipts were delayed, as final payments for Defence contracts are due on completion of testing and implementation at customer sites.

EOS is finalising a \$150m contract in the December quarter. On 24 November, EOS held a webinar providing details about its Space Communications business unit, with the update confirming management intentions to launch the new SpaceLink constellation by mid-2024.

Initially targeting Defence and Government customers, SpaceLink will initially provide a 10x increase in bandwidth versus prevailing microwave-based technologies, and 100x upon incorporation of EOS optical laser technologies in later constellations. Project economics are compelling with a project NPV of \$1 billion based on conservative assumptions for capacity utilisation. As EOS's \$1 billion market capitalisation is mostly underwritten by its Defence division, Space Communications represents a source of long term valuation upside.

RPMGlobal (RUL) returned 13% in what was a quiet month of November. RUL has experienced slower deal-flow as a result of COVID-19; however the pipeline grew due to strong underlying demand for its mining operations software. The near-term outlook has vastly improved on the positive vaccine news. In his 30 October AGM address, Managing Director Richard Matthews said his 'views are more upbeat than when we released our Annual Report in late August'. This reflects increasing awareness among mining companies about the need for software to enable remote mine operations.

Omni Bridgeway (OBL) returned 22% for the month after announcing on 17 November a new 5-year business plan, FY21-FY25 inclusive. FY20 completed OBL's previous 5-year strategy to transform from an Australia-focused litigation funder to a globally diversified litigation fund manager.

The management team led by CEO Andrew Saker executed on the strategy to great success. OBL is now the world's largest litigation funder by geographic footprint and headcount, boasts a market-leading case investment record, and generates internal rates of return exceeding 50% on case investments. OBL's new 5-year plan targets \$5 billion in Funds Under Management by FY25, up from \$2.2 billion as of 30 June. This will involve expanding OBL's offering to include claims monetisation, downside risk management, defence side funding and the establishment of an in-house law firm. However, it will require only a small investment in headcount, from 185 in FY21 to 210 in 2025, highlighting the powerful operating leverage inherent to the funds management structure.

Straker Translations (STG) returned 52% for the month after the company announced on 12 November a global translation agreement with IBM. The agreement extends STG's translation service scope to IBM from one language (Spanish) to 55 languages and links STG's Ray platform with IBM's platforms. IBM related translation services historically contributed materially to STG's revenue. STG will increase headcount by 30% to support future demand. The deal is significant financially, and provides further validation of its platform that should attract new customers to STG.

The key detractors were:

There were no notable detractors during November.

Jonathan Wilson **Adrian Ezquerro**
Portfolio Manager 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, leadership within a specific niche
- 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	\$53.1m	Platform Availability	Netwealth, HUB24

Contact Information

Investor information

Clime Asset Management
Ph: 1300 788 568
Email: info@clime.com.au

Administrator

Mainstream Fund Services
Ph: 1300 133 451
Email: registry@mainstreamgroup.com

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