



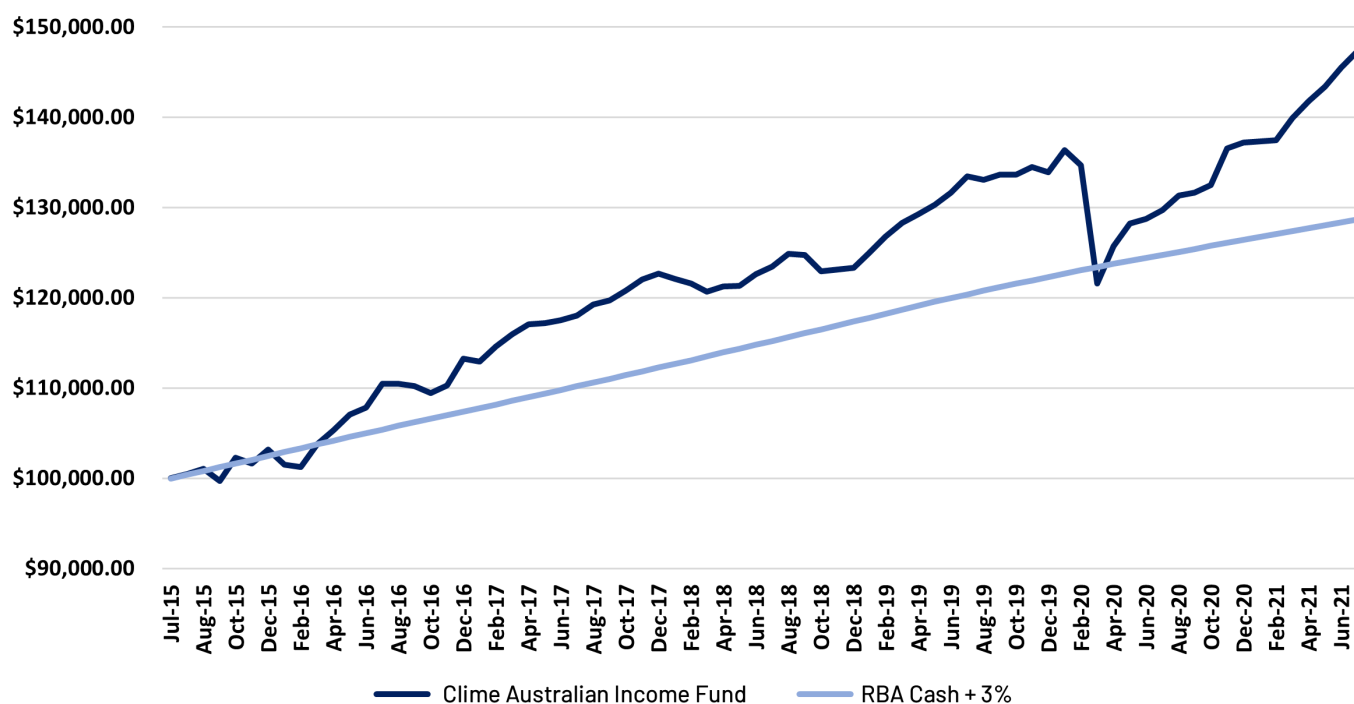
## Fund Performance | July 2021

The Clime Australian Income Fund is a multi-asset class portfolio that invests in high-quality income generating assets. The Fund provides exposure to higher yielding securities in both listed and over the counter (OTC) markets. The Fund aims to achieve a total return of RBA cash rate + 3% p.a. whilst maintaining price stability.

Risk and return are considered to be equally important. As such, we construct the portfolio such that the risk, as defined by the annualised volatility of the change in the unit price, is in the 3% to 5% range (or 4.0% ± 1.0%). The Fund pays regular quarterly income distributions in September, December, March and June.

The three interim distributions (September, December and March) are consistent and the final distribution for the financial year (June) includes capital gains and franking credits (if any).

Portfolio Month Net Return (Wholesale)	Portfolio 1 Year Net Return (Wholesale)	Portfolio Inception p.a. Return (Wholesale)	Total Fund Size
<b>1.0%</b>	<b>13.5%</b>	<b>6.6%</b>	<b>\$46.1m</b>



Fund Facts	
Portfolio Manager	Dr Vincent Chin
Fund Inception	1 July 2015
Fund Size	\$46.1m
Cash Distributions	Quarterly
Number of Positions	60-80

### Top 5 Holdings

Security	Weight
Telstra Corporation Limited (TLS)	2.3%
Spark Infrastructure (SKI)	2.3%
Growth Point Property Group	1.9%
Rural Farm Group (RFF)	1.9%
Charter Hall Social Infrastructure	1.8%



## Distributions

Period Ending	Wholesale Units (cents per units)
30 June 2021	1.5544 +0.1700 franking credits
31 March 2021	0.6265
31 December 2020	0.3008
30 September 2020	0.4011

\*The distributions and franking credits shown above are reflective of the returns for the Wholesale class only. Returns for the Retail class will be lower due to the higher fees associated with this investor class.

## Performance

	1 month	3 months	6 months	1 year	3 years (pa)*	5 years (pa)*	Since Inception (pa)*
<b>Net Portfolio Return (Wholesale)**</b>	1.00%	3.90%	7.30%	13.5%	6.1%	5.9%	6.6%
<b>Income</b>	-	-	-	2.6%	3.3%	3.5%	3.5%
<b>Capital Growth</b>	-	-	-	10.7%	2.7%	2.3%	3.0%
<b>Volatility</b>	-	-	-	3.5%	5.5%	4.5%	4.5%

Note: Compound (geometric) returns are used in the above table's segmentation of Income and Capital Growth. This may result in small differences when compared with a simple addition of Income and Capital Growth components. Performance figures for more than 1 year are annualised, calculated after all applicable fees and taxes. Compound (geometric) returns are used in the above table's segmentation of Income and Capital Growth. This may result in small differences when compared with a simple addition of Income and Capital Growth components.

\*Annualised. Inception: 1 July 2015.

\*\*Portfolio return is based on the change of the unit price including distributions but excluding franking credits. Franking credits will enhance portfolio returns and historically, have added about 0.2% pa to Fund returns.

## Asset Allocation

**Cash**  
6.6%

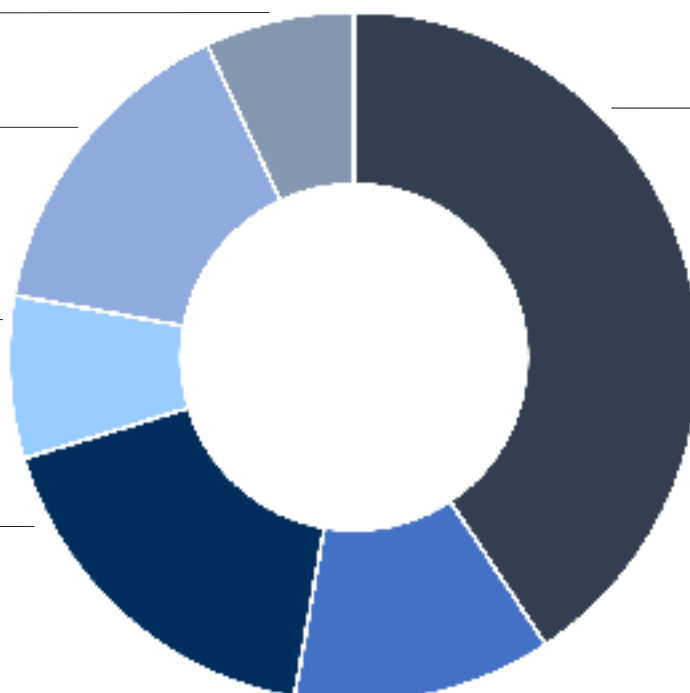
**Other Equities**  
15.2%

**Infrastructure & Utilities - Equity**  
7.4%

**REITs- Equity**  
17.5%

**Preference Shares & T-1 Capital Notes**  
12.6%

**Bonds & FRNs**  
40.7%





## Portfolio Commentary

The global economy has come a long way since the shock of the pandemic recession in March 2020, and yet the recovery of 2021 has so far been volatile and difficult to navigate. The remainder of the year could be even more difficult with the added stresses of increasing numbers of Delta-variant covid cases and potential central bank actions, which themselves are dependent on changing economic data signals. That said, by month end, the ASX200 Accumulation index clocked up another positive return of 1.1% albeit with volatile sessions throughout.

In July 2021, the Information Technology, Energy and Financial sectors underperformed significantly, while Materials, Industrials and Utilities outperformed. As the Fund was underweight the poorer performing sectors and overweight the stronger ones in July, the Fund achieved its return of 1.0% with significantly less volatility. Bond yields were sharply lower (bond prices up) over the month, with the 10 year bond yield reverting to levels not seen since early February. The 10 year bond yield closed at 1.18% (down from 1.54% at the beginning of the month). This factor also assisted the Fund's return.

In July 2021, we took profits in a maturing Newcastle Permanent senior bond and switched proceeds to Macquarie Bank FRN. We saw ANZ Capital Notes 6 (ANZPI) list strongly above par in early July 2021. In line with our strategy, we also took profits in CBAPD (PERL VII) and switched proceeds to CBAPJ (PERL XIII).

As we are fully invested in the equities asset class, we restricted activities largely to rebalancing. We took some profits in SKI as it was extremely strong prior to a trading halt (when news broke that it is subject to a takeover offer at \$2.80, a 20% premium to the share price). This takeover price has since been revised higher to \$2.95 cash. We think this is very attractive and await further news. In addition, IRE has received a non-binding, indicative offer by EQT (via a scheme of arrangement) at a price range of \$15.30 to \$15.50. These corporate activities have assisted in a strong return for the Fund in July 2021.

In their July meeting, the RBA left interest rates unchanged at a record low of 0.10%. There were no changes to its bond buying programmes (quantitative easing) of \$5B per week until September 2021, at which point they will commence to taper to \$4B per week.

We remain vigilant of market volatility while focusing on certainty of income from quality securities. We anticipate that until the economic picture becomes clearer, volatility will be the norm in financial markets as investors switch their views between inflation and disinflation. We remain confident of the Fund's ability to provide regular quarterly distributions



## Fund Information

### Investment Objective

The Fund's objective is to provide regular income in the form of quarterly cash distributions, and it aims to achieve a return of the RBA cash rate + 3.0% pa. It seeks to deliver strong risk-adjusted total returns and is expected to have a level of volatility of returns significantly less than equity indices, with unit price stability along the way. The Fund's risk objective (as defined by the annualised standard deviation of its unit price) is 4.0% ± 1.0%, a relative risk measure of less than 40% of the S&P/ASX 200 Index. In order to maximize the chances of achieving these objectives, the recommended investment time frame is at least 3 to 5 years.

### Investment Methodology

The Clime Australian Income Fund seeks to provide an income stream above the RBA cash rate from a portfolio of Australian listed and over the counter (OTC) securities, with a view to price stability. The portfolio will invest in selected high-quality individual securities with consistent income generation. Portfolio yield is likely to be the bulk of the portfolio return and will likely be enhanced by franking credits.

## Portfolio Managers

### Dr Vincent Chin

Vincent has been with Clime for more than 12 years of his 22-year in financial services spanning both Fixed Income and Equities. Due to client demand, he established a goals-based investment style using quantitative analysis with qualitative top-down process which is utilised in the Clime Income strategies. Vincent is passionate about sustainable ethical investing which forms part of his investment philosophy. Prior to working in financial services, Vincent worked as a scientist specialising in infrared and photovoltaic solar cells. In this time Vincent produced about 50 internationally peer reviewed scientific and technical papers. Vincent holds a PhD in Physics from the University of New South Wales.



<b>Name</b>	Clime Australian Income Fund	<b>Investor Eligibility</b>	Retail & Wholesale
<b>Structure</b>	Managed Investment Scheme	<b>Minimum Investment</b>	Retail: \$10,000 Wholesale: \$100,000
<b>Investment Universe</b>	Listed and OTC Markets	<b>Liquidity</b>	Daily Unit Pricing Applications and Redemptions
<b>Benchmark</b>	3% p.a. above RBA cash rate	<b>Fees</b>	Retail: 1.13% p.a. management fee Wholesale: 1.03% p.a. management fee
<b>Number of Positions</b>	60-80	<b>Admin</b>	Mainstream Fund Services Pty Ltd
<b>Platform Availability</b>	Netwealth, HUB24, OneVue, Praemium & Wealth Portal	<b>APIR Code</b>	Retail: SLT1239AU Wholesale: CLAO002AU

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