For personal use only

Clime Investment Management Limited (ASX: CIW)
FY21 September Quarter Update

Funds Under Management and Advice (FUMA) up $343M to $4.94Bn

20 October 2020

Dear Shareholder

I am pleased to advise total group funds under management and advice during the quarter has grown strongly, rising 7.5% to $4.94Bn.

Post the acquisition of Madison Financial Group (MFG) on 26 June 2020, I can advise shareholders that a successful integration has occurred. Importantly, management forecasts for the contribution of MFG to Clime group financial performance in FY21 are on track.

The group also had a strong quarter in terms of investment performance, with the majority of investment strategies outperforming their benchmarks. Growth and income portfolios returned between 2.7% and 3.7% and 2.3% and 2.7% respectively, compared to a -0.4% return for the S&P/ASX200 Accumulation Index.

Funds Under Management and Advice (FUMA)

As at 30 September

- Funds Under Management was $1,011 million, up $29 million or 3.0% from June 30;
- Funds Under Advice was $3,932 million, up $314 million or 8.7% from June 30; and
- Total group FUMA as at 30 September 2020 were $4,943 million, up $343 million or 7.5% from June 30.

FUNDS UNDER MANAGEMENT AND ADVICE	30 Sep 2020	30 Jun 2020	Change	% change
FUNDS UNDER MANAGEMENT				
Individually Managed Accounts (IMAs)	**$484 million**	$471 million	$13 million	*2.8%*
Clime Capital (Listed Investment Company)	**$121 million**	$120 million	$1 million	*0.8%*
Managed Funds and mandates	**$315 million**	$308 million	$7 million	*2.3%*
Separately Managed Accounts (SMAs)	**$91 million**	$83 million	$8 million	9.6%
SUB- TOTAL, FUNDS UNDER MANAGEMENT	***$1,011 million***	***$982 million***	***$29 million***	***3.0%***
FUNDS UNDER ADVICE				
Funds Under Advice – Wealth Portal*	**$778 million**	$749 million	$29 million	3.9%
Funds Under Advice – Other investment platforms	**$3,081 million**	$2,796 million	$285 million	10.2%
Insurance Premiums Under Advice	**$73 million**	$74 million	($1 million)	*(1.4%)*
SUB-TOTAL, FUNDS UNDER ADVICE	***$3,932 million***	***$3,618 million***	***$314 million***	***8.7%***
TOTAL FUMA	**$4,943 million**	**$4,600 million**	**$343 million**	**7.5%**

**Wealth Portal is a 'white-label' of OneVue's investment platform providing asset management and reporting solutions for clients of financial advisers licensed by various AFSL holders including Madison Financial Group Pty Ltd*

For personal use only

Investment Performance

Clime's investment portfolios are managed reflecting our style of investing in quality stocks using a strong valuation discipline. Our primary objective is to achieve strong returns for clients in excess of the relevant benchmark for lower levels of risk. This grows and protects capital in the accumulation phase and generates meaningful income in the retirement phase.

Clime's investment portfolios that are outperforming their relevant indices for the financial year ended June 30 2020 are shown below:

Strategy	Investment type	1-year performance to benchmark
Australian Equities		
Clime Australian Growth	Individually Managed Account (IMA) Wholesale investors only	Outperforming
Clime "High Conviction"	Individually Managed Account (IMA) Wholesale investors only	Outperforming
Clime All Cap Australian Equity Fund	Managed Fund Wholesale and Retail investors	Outperforming
Clime Australian Value Fund	Managed Fund Wholesale and Retail investors	Outperforming
Clime Smaller Companies Fund	Managed Fund Wholesale and Retail investors	Outperforming
Australian Income		
Clime Balanced Ethical Income	Individually Managed Account (IMA) Wholesale investors only	Outperforming

Strategic Initiatives

Integration of Madison Financial Group has been completed during the quarter, rounding out the strategy for Clime's Wealth Management division which includes providing retail and wholesale financial advice for clients. Management implemented a number of initiatives to deliver successful onboarding of staff and welcoming financial advisers to the group, including increasing efficiency for adviser businesses. Forecasts for contribution of the MFG business to group financial results are on track YTD.

On 8 October Clime announced it had selected Mercer as portfolio asset consultants for its separately managed accounts (SMA) business. Mercer operates in more than 130 countries and has over USD 300 billion* of assets under management and advises USD 15 trillion** in assets globally.

Clime's multi asset class SMAs use a blend of direct equities, exchange traded and managed funds. Clime's equities team will undertake management of the equities component of portfolios and Mercer will provide support in the form of advice of strategic and dynamic asset allocation and manager selection for the exchange traded and managed fund components of the group's SMA portfolios.

SMA's is the fastest growing segment of the market in terms of new inflows, as financial advisers seek lower cost, more transparent investment solutions for their clients. Leveraging Mercer's expertise, Clime's SMAs will be available on a range of investment platforms for use by advisers within and outside of the Clime group. This is expected to provide significant scalability for Clime's SMA business over time.

**As at June 2019*
***As at June 2020*

Balance Sheet remains strong

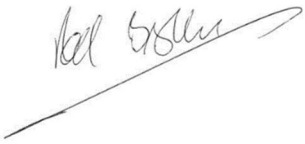
At 30 September 2020, CIW had approximately $10.8 million of liquid capital and, at the close-of-quarter share price of $0.58 per share, CIW was capitalised at $38 million.

Looking ahead

Diversification via acquisition of Madison Financial Group is confirmation Clime's strategy of building out its Wealth Management division with retail as well as Private Wealth advice will benefit shareholders over time. Work completed on the integration of MFG to deliver quality financial advice for Clime's wealth management clients; coupled with announcement of the strategic initiative with Mercer to support the group's SMA business; will leverage strong growth already being experienced and lead to scale and greater operating leverage in the business in the coming periods.

I look forward to discussing our plans with shareholders at the CIW AGM on 26 November.

Thank you for your ongoing support.



Rod Bristow
Chief Executive Officer

20 October 2020

This document is approved by the Board of Directors of Clime Investment Management Limited for release to the ASX. For enquiries, please contact Rod Bristow 1300 788 568 or by email to info@clime.com.au

For personal use only