



Chairman's Address 2022 Annual General Meeting

The accounts and financial report of Clime Capital Limited (CAM or the Company) for Financial Year 2022 have been distributed to shareholders before this meeting.

The announcements in relation to annual results, the quarterly dividends and the NTA updates have been previously made on the ASX.

Therefore, in this Chairman's address, I plan to briefly comment on the following:

1. An update on portfolio performance in the year to date;
2. Some comments on the Super and franking debate;
3. Some background on the Company's profit reserves and franking account; and
4. Declaration of quarter dividend.

Portfolio Performance FY23

Regarding the portfolio, I can inform shareholders that as at 17 November 2022, the pre-tax portfolio size of CAM is approximately \$159 million.

The gross portfolio has increased from about \$152.9 million as at 30 June, as the Australian equity market recovered and our portfolio outperformed. The increase in the value of the portfolio is after payment of two quarterly dividends, one quarterly interest payment and tax payments in the financial year to date.

A feature of the performance has been the low volatility of the portfolios when measured against the market.

Since 30 June, CAM has paid cash dividends of \$3.1 million, convertible note interest of \$0.5million, bought back shares and Notes to the value of \$0.6 million and paid tax of \$0.1 million.

After a downturn in the Australian equity market in the June half, markets have recovered somewhat in the last four months. The Investment Manager is monitoring these positions and appropriately adjusting the portfolio.

I reiterate that in the financial year to date the portfolio has comfortably outperformed market indices.

Importantly for shareholders, the net equity of the Company has increased from approximately \$115.2 million at 30 June to approximately \$117.5 million as at 31 October.



Super and franking

Shareholders will have observed the growing noise generated around super balance caps and propositions to limit franking credits.

CAM is a purposeful Listed Investment Company (LIC) that attempts to generate a solid level of franking income for our shareholders and predictable interest income for our noteholders. Our shareholder and note holders base is substantially represented by Self-Managed Super Funds (SMSFs). These investors are managing their own affairs after many years of purposeful saving in the context of the stated law regarding superannuation.

I observe that the debate around franking and super caps is constantly dominated by groups with undisclosed vested interests and with the majority average SMSFs having no voice. Clearly there is no way that vested interests will or should be silenced in our democratic system, however it is important that they are always properly disclosed.

Therefore, we (on your behalf) will enter this debate at appropriate times with commentary that is grounded in context and noting the legitimate needs and concerns of our investors. We will call out vested interests when they are not properly disclosed.

I welcome discussion with any CAM investor who has a view that they believe advances our case and that we should highlight in the public debate.

CAM profit reserves and franking

The Board is pleased to announce that the CAM made a pre-tax profit of \$12.4 million as at 31 October 2022.

As at 31 October, your Company has over \$35 million in profit reserves, representing over 5 years of dividend capacity at current rates of dividend payment. Of course, the Company can add to the profit reserves each year when it trades profitably and therefore, the Board regards the level of profit reserves as very comfortable.

The Company's franking account as at 31 October was around \$2.5 million. The franking account is expected to be bolstered by tax payments to be made over the realised gains taken by the Company during the year. Also, the Company receives franked income from many companies it is invested in.



December Quarter dividend declaration

The Board is pleased to declare an **increased December quarter dividend, payable in late January of 1.30 cents per share fully franked. This represents the equal highest quarterly dividend.**

Marketing, NTA information and Year to date performance

I trust that shareholders continue to monitor the Company's performance through our monthly Net Tangible Assets (NTA) announcements.

Further, the Investment Manager produces a weekly NTA estimate on the ASX and distributes this information to shareholders and investors. The CAM monthly ASX NTA announcement includes the top twenty holdings.

Also, on a weekly basis the Investment Manager shares insights with shareholders, including video interviews with CIO of Clime Group (Will Riggall) who is responsible for overseeing the portfolio.

All these initiatives have been undertaken to ensure that CAM shares and Notes trade in a market that has an abundance of up-to-date information. In particular, the Board is keen to see that the CAM share price trades close to NTA.

The CAM investment proposition

Given the hybrid nature of the company's general meeting, there will be no formal investment update following this meeting.

However, I am pleased to advise that a range of Clime Investor Updates will be held across Australia from 23 November (Brisbane) through to mid-December with the opportunity to ask questions to the investment management team. Please watch out for our email notifications regarding these presentations and register as soon as possible to attend.

Before closing, I would like to reiterate the benefits to CAM shareholders that we have presented in previous years when reflecting on the last decade. These benefits are:

1. A dividend payment yield that has been consistently higher than that achieved by the ASX index;
2. A dividend franking rate that is consistently higher than the ASX index; and
3. Portfolio growth returns that are consistent with the ASX capital growth index without exposing the portfolio fully to market risk.



Clime Capital Limited

I believe this analysis is important for shareholders to note, because the outperformance of market dividend yield is as important as the outperformance of the market indices.

CAM's focus has always been on capital maintenance, a steady growth in dividends and the capturing of capital growth without exposing the portfolio to excessive risk.

In conclusion I wish to thank all shareholders for your ongoing support of Clime Capital.

I also wish to thank the portfolio management team and staff at Clime Investment Management Limited for their hard work and marketing support.

Looking forward, I maintain that the company is well placed to purposefully deploy shareholders capital to produce an attractive dividend flow to shareholders and a predictable interest income flow to note holders.

John Abernethy
Chairman