Clime Capital Limited

12 July 2024

Company Announcements
Australian Securities Exchange

Net Tangible Asset Backing

Please find attached Net Tangible Assets report of Clime Capital Limited (ASX: CAM) as at the close of business on 30th June 2024.

For further information contact:

John Abernethy

Chairman
Clime Capital Limited

Phone : 1300 788 568
Email : info@clime.com.au

About *Clime Capital Limited*

Dividend yield growth

The last 12 month rolling dividend per share is growing. The last 4 dividends are Jun-23: 1.34 cents; Sep-23: 1.35 cents, Dec-23: 1.35 cents and Mar-24: 1.35 cents which represents a 4.05% rise over the year.

Fully franked dividends

CAM is paying fully franked dividends on a quarterly basis.

CAM yield vs Market yield (ASX200)

CAM is achieving a dividend yield on NTA in excess of the ASX market yield. Currently, the market yield is approximately 4.16% (approximately 70% franked) whereas CAM is trading at a dividend yield of approximately 6.6% (100% franked).

Net Tangible Assets (NTA)

2024	June [2]	May [2]	April [1]
NTA before tax (CUM Dividend)	$0.810	$0.810	$0.810
NTA after tax (CUM Dividend)	$0.815	$0.815	$0.815

[1] On 28 February 2024, the Board declared a fully franked dividend of 1.35 cents per share in respect of the Company's ordinary shares for the period 1 January 2024 to 31 March 2024, and was paid on 24 April 2024. NTA before and after tax disclosed above for April 2024 was after the effect of this dividend payment.

[2] On 23 May 2024, the Board declared a fully franked dividend of 1.35 cents per share in respect of the Company's ordinary shares for the period 1 April 2024 to 30 June 2024, payable on 26 July 2024. NTA before and after tax disclosed above for May and June 2024 is before the effect of this dividend payment.

Snapshot numbers

NTA before tax (CUM Dividend)	NTA after tax (CUM Dividend)
$0.810 as at 30 June 2024	**$0.815** as at 30 June 2024
Cash Dividend**	**Running Yield**
5.39 cents fully franked	**6.6%** fully franked
Total Portfolio Including Cash	**Grossed up Running Yield - Pre Tax**
$152.5	**9.4%**

**CAMG are unsecured, convertible notes in CAM which, if redeemed, would need to be paid out at face value of $1.*
*** Cash dividend includes: Jun-23: 1.34 cents; Sept-23: 1.35 cents; Dec-23: 1.35 cents and Mar-24 1.35 cents.*

Your Portfolio Manager

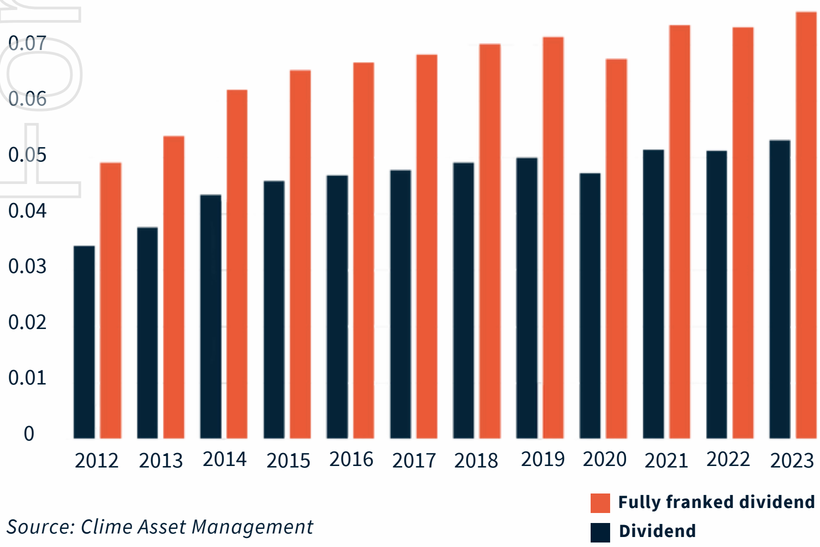
Will Riggall
Chief Investment Officer

Performance*

	1 month	3 months	6 months	1 year	2 years p.a.	5 years p.a.	10 years p.a.	ITD p.a.
Gross Return	0.17%	-3.02%	1.2%	5.7%	11.7%	4.9%	6.2%	10.3%
Benchmark Return	0.70%	1.22%	4.2%	12.5%	13.6%	7.6%	8.3%	10.4%
Active Return (Gross)	-0.53%	-4.24%	-3.1%	-6.8%	-1.9%	-2.7%	-2.1%	-0.1%

*All performance figures are based off NTA.

History of fully franked dividends



Source: Clime Asset Management

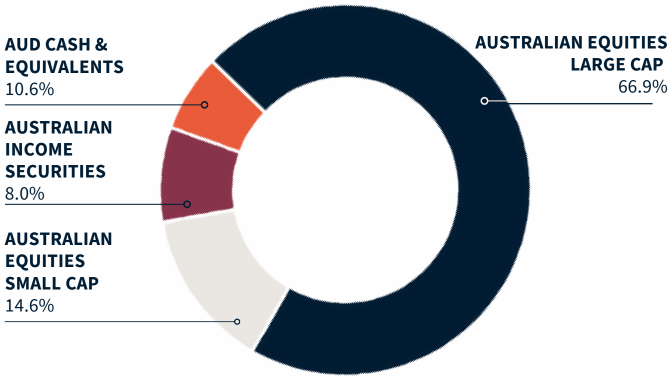
Top 10 Holdings
(in alphabetical order)

Company	ASX Code
Australia & New Zealand Banking Group Li	ANZ
BHP Billiton Limited	BHP
Commonwealth Bank of Australia	CBA
Incitec Pivot Limited	IPL
Light and Wonder Inc	LNW
Newmont Corporation - Cdi	NEM
QBE Insurance Group Limited	QBE
Telstra Group Ltd	TLS
Westpac Banking Corporation	WBC
Woodside Energy Group Ltd	WDS

Portfolio Asset Allocation

Assets	$M
Australian Equities	129.0
Australian Income Securities	11.9
AUD Cash & Equivalents	11.6
Gross Portfolio Valuation	152.5
Convertible Notes (CAMG)*	-34.4
Provision for expenses - mgt/perf fee	-0.1
Net Tangible Assets Before Tax	117.9

Gross Asset Allocation



Portfolio Commentary

The Australian equity market finished FY24 with the ASX200 in June reporting a 0.70% gain, rounding out a strong year for Australian equites and risk assets as sentiment turned positive given economic resilience and central banks moving from rate hikes to rate cuts. In June, Clime Capital delivered +0.17%, lagging the broader market as strong stock selection and strategic underweight to resources was offset by negative mark to market valuation in the portfolio's income sleeve and a sharp move lower in Cettire (CTT.ASX). During the month we made a number of changes to the portfolio, taking advantage of year end volatility, and positioning the portfolio to deliver both capital and income returns to unitholders.

The key drivers of the markets performance in June were the strong performance in Technology sectors +4.5%, and more material for the broader market given its significant weight in the index was the +3.6% move in the banking sector. The PE of the market expanded as the higher index move was not matched by stronger earnings expectations. Weakening consumer and business confidence was reflected by Australian corporates with a number of companies including James Hardie (-13.7%), Sonic Healthcare (-9.1%), Bapcor (-26.5%) and portfolio holding Cettire (-49.79%) moving sharpy lower post downgrading earnings. Focusing on CTT, while we remain positive of the underlying growth outlook for Cettire, we have been disappointed by the level of management transparency which has ultimately resulted in a sharp valuation de-rate. We believe the company remains undervalued however we currently reviewing our position and will update post engagement with the company and a detailed review.

The strong performance in the Australian banking sector appears to be more driven by continued resilience in the Australian consumer and institutional buying from a generally underheld sector. Given the strong gains we exited our NAB position and moved back into Westpac driven by a material valuation differential and our belief that Westpac is finally showing signs of improved capital discipline and operational momentum. In the financial sector, GQG again delivered a strong return increasing 8% in June and increasing over 30% since it's addition to the portfolio.

During the month we took advantage of strong absolute and sector relative performance in COL, rotating the proceeds and adding to our position in Woolworths (WOW). The trade was well timed with the net reduction in exposure to the Staples Sector, mitigating any impact from the sectors -1% decline over the month. Comparatively, consumer discretionary sector was a strong contributor to the portfolio with key holding Light & Wonder (LNW.ASX) returning +11.72%. The team's preference for exposure to the US consumer rather than a weakening Australian consumer remains in place.

The broader Healthcare sector returned +4.2% during the month with key holding CSL increasing +5.39%. We have long been attracted to the long-term growth and strong competitive position held by global device leader Resmed (RMD.AX). During the month the company declined -7.32% as investors were spooked by new medical studies indicating weight loss drugs may reduce the likelihood of sleep apnea. However, our research indicates that CPAP will continue to be used in combination with weight loss drugs and will not replace the use of CPAP devices. We took advantage of the share weakness and built a strong position which we expect to contribute strongly to FY25 returns.

Expectations of future interest rates remain a key driver for market sentiment and markets. The market continues to focus on the persistence of inflation, as domestic economists continue to weigh on the prospect of a hike by the RBA, Clime remains of the view that a hike is unlikely, however is possible but with global central banks looking to cut it would be a bold move.

Despite expected bumps in the road, we remain optimistic that inflation will continue to decline, that a soft landing for the global economy is the most probable scenario, and that the second half of 2024 is likely to see positive share market returns helped by falling rates later in the year or early in 2025.
Clime remains optimistic on the outlook for the ASX and will continue to construct diversified portfolios with a focus on quality companies with the ability to deliver a combination of capital and franked income. We have taken advantage of strong markets to rotate the portfolio away from pockets of valuation risk into companies that will drive strong absolute and relative performance in the second half of 2024. We are already starting to see signs of rotation away from the pockets of extreme valuation where the team has remained cautious towards companies favoured by the Clime investment process, namely companies that exhibit both quality and value. With over 150 years of collective investment experience, we look forward realising the embedded value in the portfolio supporting Clime Capital's ongoing delivery of both sustainable capital growth and a growing stream of fully franked dividends.

Positive Attributors	Portfolio Return	Comment
Light & Wonder, Inc. Shs Chess Depository Interests Repr 1 Sh (LNW.ASX)	11.7%	LNW delivered strong outperformance through June, with industry survey data revealing positive momentum continued in its gaming performances, representing 8 out of the top 25 premium leased & WAP games, a key driver to earnings growth. LNWs success to date and future is underpinned by its studio talent and ongoing investment in R&D, which we view as a clear second to ALL. We retain a positive outlook with further market share gains coming at the expense of its competitors who remain distracted by consolidation and strong organic growth driven by the premiumisation of its North American install base, continued momentum in SciPlay and market share gains within iGaming.
Electro Optic Systems (EOS.ASX)	21.9%	Electro Optic Systems rebounded as a contributor in June following a sell-off post-March capital raise. The company's roadshow to institutional investors in Australia and the UK highlighted its significant opportunities across multiple business lines. With a business refocused under new management, EOS reported strong Q1 revenue growth of 127% year-on-year and expects solid performance in 1H24. Key contract wins, including a German government deal and ongoing testing with US Abrams tanks, reinforce confidence in the counter-drone thematic. EOS's diversified revenue base and strategic entry into North America position it well for continued growth.

Portfolio Commentary Continued

Positive Attributors	Portfolio Return	Comment
National Australia Bank Limited (NAB.ASX)	6.8%	NAB outperformed the market and share price rose strongly with the rest of the banking sector. NAB is still on-going with their annouced buy-back earlier this calendar year, which helped with the momentum in June and shows NAB's confidence to achieve their desired ROE and improve EPS over the coming half-year.

Negative Attributors	Portfolio Return	Comment
Cettire Ltd. (CTT.ASX)	-49.8%	Cettire's share price dropped sharply in June following a late-month trading update. Despite strong revenue growth, the market was surprised by a significant drop in EBITDA margin. Management attributed this to aggressive inventory clearance by two competitors, one bankrupt and the other under new ownership. Cettire chose to maintain market share at the expense of short-term profitability, meeting revenue but missing profitability expectations. While this issue is temporary, the market seeks more confidence in management and the company's earnings. We have maintained our position, recognizing the large growth opportunity ahead.
Pilbara Minerals Ltd (PLS.ASX)	-19.0%	The PLS share price has struggled in line with the broader lithium mining sector, as a surplus of supply is putting downward pressure on the price of lithium. We continue to view PLS as the highest quality miner for pure play exposure to lithium and retain a small exposure.
Ampol Ltd (ALD.ASX)	-6.9%	Ampol Limited saw share price weakness in June, reflecting weaker refining margins and concerns over a potential acquisition of EG Group's Australian service stations. Valero's output reduction and Midwest refinery utilization rates dropping to 92% highlight industry-wide margin pressures. However, we remain positive on Ampol due to its strong fundamentals and strategic position. Despite recent consensus downgrades, refining margins are expected to recover, and ALD's long-term prospects remain solid. Trading at a P/E of around 13x for FY25 and down 20% from April highs, ALD presents an attractive investment opportunity.

Portfolio Activity

Buy	Comment
Newmont Corporation Registered Shs Chess Depositary Interests Repr 1 Sh (NEM.ASX)	The outlook for gold miners continues to be positive, and the portfolio weight in NEM has increased. We retain confidence in NEM's asset optimisation strategy and consider the high quality gold miner as an attractive investment benefitting from earnings upgrades. Additionally, the miner provides regular quarterly dividends.
Audinate Group Ltd. (AD8.ASX)	We continued to build our position in Audinate (AD8) despite recent market caution following CFO Rob Goss's resignation. Our confidence in AD8's long-term potential was reinforced during the company's recent technology day, which showcased significant advancements in their Dante platform and software suite. These developments reinforce AD8's strength as a market leader in audio networking, now expanding into video.

Sell	Comment
BHP Ltd (BHP.ASX)	Given strong recent iron ore prices we have taken profits in BHP with the a near term preference to reinvest capital into companies exposed to the strong outlook for mining capital expenditure more so than direct commodity exposures. We were please to see BHP retain its capital discipline, walking away from its bid for Anglo American, however we believe the acquisition has a robust raationale with copper looking an attractive long term option for mining companies. We remain invested in BHP and reiterate our belief that in its strong competitive position.
QUB Holdings (QUB.ASX)	QUB has been a strong performer for the portfolio increasing over 30% since the positioned was initiated. The company is a strong example the Clime process whereby an inflection point was identified in profitability, driving increased returns post a period of investment. Given the strong price rise we crystallised gains with the valuation reflecting the improved outlook. We continue to be attracted to the QUB growth story and expect the stock to remain a core part of the portfolio going forward.
ANZ Bank Limited (ANZ.ASX)	The Australian banking sector has risen strongly on the back of better than expected loan repayments and an easing in competition, supporting net interest margins. With the sector trading closer to our view of through the cycle value, we have reduced our exposure with ANZ having delivered very strong capital and income returns to shareholders.