



Clime Capital Limited

14 August 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 31<sup>st</sup> July 2024.

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**Clime Capital Limited**

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# About *Clime Capital Limited*

## Dividend yield growth

The last 12 month rolling dividend per share is growing. The last 4 dividends are Sep-23: 1.35 cents, Dec-23: 1.35 cents; Mar-24: 1.35 cents and Jun-24: 1.35 cents which represents a 3.05% 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	July <sup>1</sup>	June <sup>1</sup>	May <sup>1</sup>
<b>NTA before tax</b>		\$0.835	\$0.810	\$0.810
<b>NTA after tax</b>		\$0.840	\$0.815	\$0.815

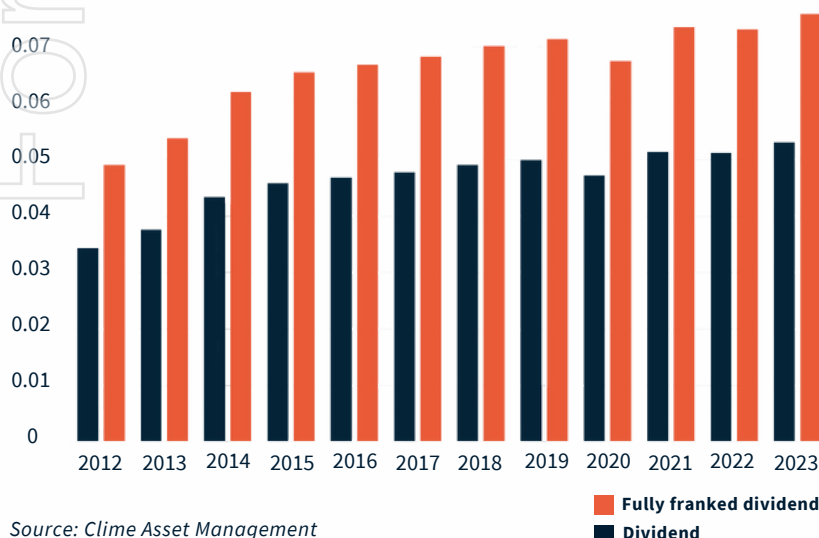
<sup>1</sup> On 23 May 2024, the Board declared a fully franked dividend of 1.35 cents per share in respect of the Company's ordinary shares for the period 1 April 2024 to 30 June 2024 and was paid on 26 July 2024. NTA before and after tax disclosed above for May and June 2024 is before the effect of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

## Performance\*

	1 month	3 months	6 months	1 year	2 years p.a.	5 years p.a.	10 years p.a.	ITD p.a.
<b>Gross Return</b>	4.85%	4.98%	5.57%	6.82%	10.28%	5.58%	6.30%	10.53%
<b>Benchmark Return</b>	3.84%	5.48%	7.08%	13.44%	12.28%	7.81%	8.25%	10.61%
<b>Active Return (Gross)</b>	1.01%	-0.50%	-1.51%	-6.62%	-2.00%	-2.23%	-1.96%	-0.08%

\*All performance figures are based off NTA.

## History of fully franked dividends



Source: Clime Asset Management

## Snapshot numbers

<b>NTA before tax (CUM Dividend)</b>	<b>NTA after tax (CUM Dividend)</b>
<b>\$0.835</b>	<b>\$0.840</b>
as at	as at
31 July 2024	31 July 2024
<b>Cash Dividend**</b>	<b>Running Yield</b>
<b>5.40 cents</b>	<b>6.6%</b>
fully franked	fully franked
<b>Total Portfolio Including Cash</b>	<b>Grossed up Running Yield - Pre Tax</b>
<b>\$156.4</b>	<b>9.4%</b>

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

## Your Portfolio Manager



**Will Riggall**  
Chief Investment Officer

## Top 10 Holdings

(in alphabetical order)

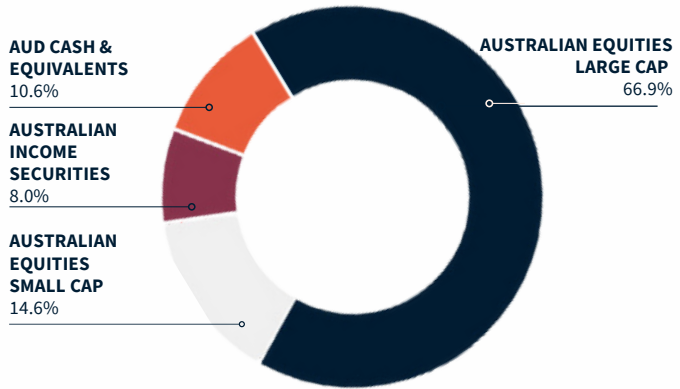
Company	ASX Code
Ampol	ALD
Australia & New Zealand Banking Group Limited	ANZ
BHP Billiton Limited	BHP
Commonwealth Bank of Australia	CBA
Light and Wonder Inc	LNW
QBE Insurance Group Limited	QBE
Telstra Group Ltd	TLS
Westpac Banking Corporation	WBC
Woodside Energy Group Ltd	WDS
Worley	WOR



## Portfolio Asset Allocation

Assets	\$M
Australian Equities	136.2
Australian Income Securities	11.7
AUD Cash & Equivalents	8.5
Gross Portfolio Valuation	156.4
Convertible Notes (CAMG)*	-34.6
Provision for expenses - mgt/perf fee	-0.3
Net Tangible Assets Before Tax	121.4

## Gross Asset Allocation



## Portfolio Commentary

Clime Capital had a strong month with a gross return of +4.85%, strongly ahead of the ASX All Ordinaries Index return of +3.84%.

The rally in global markets in July was driven by investors cheering softer US CPI and employment data, paving the way for US interest rate cuts to kick off in September. Treasury yield continued their downward trend since April, with the US 10-year falling 32bps to below 4%. The AUD moved lower during the month to just below US\$0.65, largely driven by further evidence of a slowing Chinese economy with an absence of meaningful stimulus measures causing weakness in commodity markets.

For the Australian market, weaker than expected Q2 CPI growth rate boosted sentiment towards consumer stocks with Retail and Banking sectors leading gains, while conversely the Materials and Energy sectors lagged as global growth continued to show signs of slowing. Counter to the weaker resources performance, gold continued to shine with the metal reaching an all-time high of \$2,486/oz. Clime Capital benefited from these themes with Newmont (NEM) a top contributor to performance after rising +16% on the back of the strong gold price and a solid June quarter production report that included the announcement of a US\$1billion share buyback.

Another strong contributor to performance for Clime was Resmed (RMD) which was recently added to the portfolio. During the month Resmed reported a strong June quarter result that demonstrated solid on-going growth in revenue alongside further improvement in profit margin. The on-going growth of RMD's obstructive sleep apnea franchise is making clear that the perceived threat from the rise of the latest generation of weight-loss drugs has been overstated by the market.

During the month we took advantage of the on-going strength in the Banks sector to reduce our weight in Westpac, while in resources we took some profits in Newmont after its stellar run. The proceeds from these sales were reinvested into a new position in Next DC (NXT), an Asia Pacific data centre company whose assets and prospects are attached to structural demand for cloud computing and AI. We also took advantage of copper price weakness to top up our Capstone Copper (CSC) holding.

The coming August profit reporting season will be a test for the Australian sharemarket given valuations look to be the high side of history, particularly when measured relative to bonds. Our view is that the Australian economy remains well supported by continued migration and a resilient consumer buoyed by tax cuts. We look forward to updating you on our key thoughts following the August results season and will seek to reallocate capital to our highest conviction ideas. Insights gained from numerous company meetings and hours of conference calls will support our objective to deliver ongoing growth unitholder capital as well as providing a strong and growing franked income stream to investors.

Positive Attributors	Portfolio Return	Comment
<b>Newmont Corporation (NEM.ASX)</b>	16.0%	NEM was a top performer during the month, aided by continued strength in the price of gold which rose to an all time high of US\$2,468/oz. NEM reported good operational performance in its June quarterly and surprised the market with a US\$1billion buyback, while guiding its asset divestment plans to deliver a combined value in excess of US\$2billion. We retain confidence in NEM's asset optimisation strategy and consider the high quality gold miner as an attractive investment benefitting from earnings upgrades.
<b>Intelligent Monitoring Group Limited (IMB.ASX)</b>	50.0%	Intelligent Monitoring Solutions delivered strong performance in July, contributing positively to the portfolio. The company reported pleasing financial results for Q4 FY24, with net operating cash flow of \$3.7 million, highlighting its cash-generating capabilities despite ongoing acquisition and transition costs. Key drivers included the successful acquisition of Adeva Home Solutions, now rebranded as Signature Security, and significant growth in its ADT Australian Commercial business. The company's refinancing efforts and contract wins position it well for continued growth, with an attractive valuation and improving cash flow outlook for FY25.
<b>Resmed (RMD.ASX)</b>	11.6%	ResMed (RMD) significantly contributed to portfolio performance in July, returning 11.65%. This was due to several factors, including investor anticipation of positive impacts on margins from the launch of the new AirSense 11, the absence of immediate competition from Philips in the US, and increased awareness of sleep apnea. Early August results confirmed these trends, further reinforcing the stock's upward momentum.



## Portfolio Commentary Continued

Negative Attributors	Portfolio Return	Comment
<b>Capstone Copper Corp. (CSC.ASX)</b>	-7.7%	CSC continued to move lower in July following weakness in the copper price, reflecting concerns over global growth and weak economic data from China. CSC's recently released updated Santo Domingo feasibility study was well received by the market, highlighting stronger copper production, lower operating costs and sustaining capex relative to expectations. We remain positive on the outlook for the price of copper over the medium to long term given its critical importance in the electrification process. CSC continued to move lower in July following weakness in the copper price, reflecting concerns over global growth and weak economic data from China. CSC's recently released updated Santo Domingo feasibility study was well received by the market, highlighting stronger copper production, lower operating costs and sustaining capex relative to expectations. We remain positive on the outlook for the price of copper over the medium to long term given its critical importance in the electrification process.
<b>Straker Ltd (STG.ASX)</b>	-11.3%	Straker Translations (STG.ASX) detracted from performance this month, reflecting market concerns over its legacy translations business as the industry evolves towards AI-driven solutions. While the transition has created uncertainty, we remain optimistic about Straker's future prospects, particularly with its 'Verify' product, which has shown early promise in discussions with major partners like IBM and Microsoft. Despite the near-term pressure on the share price due to a stale shareholder register, we believe Straker is well-positioned to capitalize on emerging opportunities as the market solidifies its direction.
<b>Pilbara Minerals Ltd (PLS.ASX)</b>	-4.6%	Pilbara Minerals moved lower over July in sympathy with the broader commodity index as a lack of stimulus out of China and general weakening in global growth indicators. We continue to be attracted to the strength and diversity of the 4 operating assets held in the Capstone portfolio and see material upside from current levels

## Portfolio Activity

Buy	Comment
<b>National Australia Bank Limited (NAB.ASX)</b>	NAB's share price has rallied strongly since its last result and announcement of \$1.5bn buy-back. Looking ahead, we see headwinds to its valuation driven by increased pressure on NIMs as their TFF matures, deposit competition remains high and weaker APRA data suggests NAB's growth is lagging its peers. Trading well above all key historical valuation metrics, we reduced the position and utilised the capital to take advantage of opportunities offering greater upside.
<b>Nextdc Limited (NXT.ASX)</b>	NXT is Australia's largest independent data centre operator that is leveraged to structural demand megatrends in Cloud Computing and Generative Artificial Intelligence. It operates in an attractive industry structure with high barriers to entry, enabling pricing power via its scale and location of its strategic assets. We have initiated a position in NXT with our view underpinned by its ability to capture demand in APAC markets, a significant forward contract order book and development pipeline providing medium-term earnings visibility and an improving return and risk profile.
<b>Capstone Copper Corp (CSC.ASX)</b>	Capstone Copper share price has softened given weaker Copper commodity prices, influenced by recent market volatility. We believe Copper remains in an undersupplied position and its strategic value is only increasing. Capstone Copper remains our preferred exposure and as such we take advantage of short term weakness to increase our exposure.
Sell	Comment
<b>Westpac Banking Corporation (WBC.ASX)</b>	Post a strong run we continue to decrease our weight in banks given limited upside based on full valuations and ongoing pressure on NIM's. Relative to other banks, Westpac offers the most attractive combination of growth and yield, as such it remains our preferred exposure within the sector.
<b>Newmont Corporation Registered Shs Chess Depository Interests Repr 1 Sh (NEM.ASX)</b>	NEM has been a very strong performer for the portfolio as such we take some profit and reduce weight to target. 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.



**Invest in people, who invest in you.**

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