

21 January 2022

Company Announcements  
Australian Securities Exchange

## **December Quarter Update (Financial Year 2022) – Group FUMA \$5.4 billion**

The Board of Clime Investment Management Limited (“CIW or the Company”) is pleased to report that the Company continues to identify and execute collaborative opportunities to support our strategic growth and client service objectives. These opportunities extend across both the Clime and Madison Financial Group networks.

As previously announced, CIW intends to transfer management of its circa \$270 million of Funds Under Management (FUM) in the SMA/MDA space to Ralton Asset Management Pty Ltd (Ralton) in exchange for an initial shareholding of 75% of Ralton. The Ralton Managed Account portfolios are rated by Zenith and available across leading platforms. This initiative strategically positions CIW in a growth market with an offer that is rated and highly sought. The Managed Account sector has grown more than 35% in the 12 months to June 2021 and over the past 5 years, Managed Accounts has increased by \$80bn<sup>1</sup>. This transaction enables the Group to expand its suite of Managed Account to support advisers and investors with high quality, professionally managed solutions.

Pursuant to the transaction, Will Riggall, the Chief Investment Officer (CIO) of Ralton has been appointed CIO of CIW. Will’s appointment brings an additional level of managed account and corporate expertise across retail and institutional markets. In addition, Will’s circa 20-year investment experience enhances the strength and depth of experience within the Clime investment team.

### **Funds Under Management and Advice (FUM&A) as at 31 December exceeds \$5.4 billion.**

This comprises of:

- Direct funds under management via IMAs, SMAs and managed funds of \$1.4 billion;
- Funds under advice within the Madison network of \$4.0 billion; and
- Funds under administration on the WealthPortal platform.

<sup>1</sup> IMAP Milliman Managed Account FUM census June 2021.

The table below provides specific detail of FUM&A across the CIW Group and changes since September 2021 quarter.

| FUNDS AND INSURANCE PREMIUMS UNDER MANAGEMENT AND ADVICE (Unaudited) | 31 Dec 2021            | 30 Sep 2021            | Change              | % Change    |
|--|------------------------|------------------------|---------------------|-------------|
| <b>FUNDS UNDER MANAGEMENT</b>  |                        |                        |                     |             |
| Individually Managed Accounts (IMAs)                                 | <b>\$588 million</b>   | \$581 million          | \$7 million         | 1.2%        |
| Clime Capital Limited (Listed Investment Company)                    | <b>\$170 million</b>   | \$158 million          | \$12 million        | 7.6%        |
| Managed Funds and mandates   | <b>\$365 million</b>   | \$372 million          | (\$7 million)       | (1.9%)      |
| Separately Managed Accounts (SMAs)*                                  | <b>\$291 million</b>   | \$277 million          | \$14 million        | 5.1%        |
| <b>TOTAL FUNDS UNDER MANAGEMENT</b>                                  | <b>\$1,414 million</b> | <b>\$1,388 million</b> | <b>\$26 million</b> | <b>1.9%</b> |
| <b>FUNDS AND INSURANCE PREMIUMS UNDER ADVICE</b>                     |                        |                        |                     |             |
| Funds under administration – WealthPortal <sup>2</sup>               | <b>\$597 million</b>   | \$641 million          | (\$44 million)      | (6.9%)      |
| Funds under Advice   | <b>\$3,358 million</b> | \$3,288 million        | \$70 million        | 2.1%        |
| Insurance Premiums Under Advice                                      | <b>\$48 million</b>    | \$46 million           | \$2 million         | 4.3%        |
| <b>TOTAL FUNDS AND INSURANCE PREMIUMS UNDER ADVICE</b>               | <b>\$4,003 million</b> | <b>\$3,975 million</b> | <b>\$28 million</b> | <b>0.7%</b> |
| <b>TOTAL FUM&amp;A</b>   | <b>\$5,417 million</b> | <b>\$5,363 million</b> | <b>\$54 million</b> | <b>1.0%</b> |

\*During the quarter \$190 million (September: \$178 million) reclassified from Funds under Administration – WealthPortal to Separately Managed Accounts (SMAs).

### Investment Performance

Clime has a quality focus with strong valuation discipline. Clime believes that attractive long-term investment returns can be achieved through the implementation of a disciplined investment process, using bottom-up fundamental analysis and with a focus on high quality companies.

The following Clime investment portfolios outperformed their relevant benchmarks for the three-year period ending 31 December 2021:

| Strategy                             | Investment type  | 3-year performance vs benchmark<br>Since inception vs benchmark |
|--------------------------------------|--|---|
| <b>Australian Equities</b>           |  |   |
| Clime Smaller Companies Fund         | Managed Fund<br>Wholesale and Retail investors                 | Outperforming   |
| Clime All Cap Australian Equity Fund | Managed Fund<br>Wholesale investors only                       | Outperforming   |
| <b>Australian Income</b>             |  |   |
| Clime Australian Income Fund         | Managed Fund<br>Wholesale and Retail investors                 | Outperforming   |
| Clime Australian Income              | Individually Managed Account (IMA)<br>Wholesale investors only | Outperforming   |
| Clime Balanced Ethical Income        | Individually Managed Account (IMA)<br>Wholesale investors only | Outperforming   |

<sup>2</sup> WealthPortal Pty Ltd (WealthPortal) is a wholly owned subsidiary of CIW. WealthPortal is a 'white-label' of IRESS' investment platform, providing asset management and reporting solutions for clients of Financial Advisers licensed by various AFSL holders including but not limited to Madison Financial Group Pty Ltd (Madison).

Clime's suite of portfolios continues to deliver sound risk-adjusted returns for clients. The All Cap and Smaller Companies strategies have delivered outperformance since their respective inception dates, while Clime's income products remain a particular highlight. These return outcomes have been achieved while also delivering on objectives related to income reliability and lower relative volatility.

A highlight has been the performance of Clime's Australian Income Fund, which was ranked 1st out of 111 investments in its Morningstar category for the 12 months to 31 December 2021<sup>3</sup>.

### **Outlook for second half of FY22**

In addition to our recent transaction with Ralton, progress has continued with other identified strategic opportunities. There is strong demand for professionally managed investment portfolios and support within the advice community; the access to Clime's Investment consulting expertise continues to create synergies for the Company

During the June half, the Company will determine which opportunities progress based on their commercial and strategic alignment.

Madison continues to attract high quality professional practices and Advisers. We have successfully supported a small group of advisers through internal sale opportunities as they move into retirement. We have authorised 3 additional new advisers to the group. The strong depth of experience within our business across advice and investment management has seen Madison attract quality growth firms. Madison has commenced 2022 with a strong onboarding pipeline of new firms looking to join and additional advisers joining through organic growth within existing firms as they continue to grow.

Madison is focused on supporting the next generation of advisers. Through our structured Professional Year program we have closed our December quarter with two candidates completing their 4<sup>th</sup> quarter Professional Year and we will add an additional two Professional Year advisers early in 2022. Madison recently supported a start up advisory business under its licence on the Gold Coast.

Our Private Wealth business continues to attract high net worth self-directed investors seeking quality long-term investments and tailored portfolio solutions. We have enhanced our education and content strategy and team to assist clients and advisers with financial markets knowledge, progressing Clime's long-term ethos of educating Australians to make informed financial decisions.

The Clime funds business continues to grow and we are pleased to advise the formation and launch of a joint venture with Monash Funds Management for a "long short" fund to be offered to Clime private clients and broadly across the Madison network.

During the December quarter, CIW bought back 253,634 shares at an average price of \$0.60 per share.

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<sup>3</sup> <https://www.morningstar.com.au/Fund/FundReportPrint/43292>

As at 31 December 2021, CIW had approximately \$13 million of liquid capital, in addition to our retained substantial investment in Clime Capital Limited (ASX:CAM). At the price of \$0.605 per share, CIW is capitalised at \$44 million as at 20 January 2022.

The Company will release its interim result around 21 February with the declaration of an interim dividend. We thank shareholders, investors, clients, and advisers for their ongoing support of the Company.

Annick Donat  
Chief Executive Officer

This document is approved by the Board of Directors of CIW for release to the ASX. For enquiries, please contact John Abernethy on 1300 788 568 or via email at [info@clime.com.au](mailto:info@clime.com.au).