

24th January 2025

Company Announcements
Australian Securities Exchange

Clime Investment Management Limited (ASX:CIW)

December Quarter Update from the Managing Director.

Highlights

- **Company Returns to Profit**
- **Dividend Proposed for Half**
- **Key Appointments Lift Capability**

Dear Shareholders,

I am pleased to write to you briefly to summarise the preceding quarter and the year to date.

In previously updates we outlined cost out initiatives and potential savings. These activities, combined with an unrelenting focus on delivering value for both you our shareholders, and importantly our valued clients, has resulted in a rapid return to a solid financial position and delivered a small profit in the December half year.

Notably, after an absence of near 3 years, I will recommend to the board that an interim dividend, of at least 0.2 cents per share is paid based on both our unaudited half year performance and the trends I see flowing into the second half and into FY26. Clime retains over 1 cent per share in franking credits.

Initially, we expected to see the benefits of these efforts in the June Half of FY25. However, I am delighted to report that the company has successfully covered the cost of abnormal expenses, will declare a profit, and finish the half with \$1million of cash and \$3.5million of liquid assets and income yielding notes.

During the quarter, our team accomplished several key initiatives:

- We completed a comprehensive review of our insurance arrangements and potential liabilities related to claims from the now sold Madison Financial Services License.
- We worked closely with the team at Infocus Securities Australia Pty Ltd, who deserve commendation for their exceptional support and pragmatic approach to addressing legacy matters.

- We have finalised our IT systems review having noted savings in previous announcements, more than \$250,000 of IT services cost savings were realised.
- We have reinvested 100% of these savings in improving our middle office and advice technology including process automation, hardware replacements.
- We have reviewed our funds management software solutions with the aim of improving reporting and transaction capability in the near future.
- Importantly we have commenced project scoping for a renewed “Clime Direct” offer designed for self-directed investors and utilizing AI.

A renewed focus on what built Clime

We are formalising a revised distribution strategy that returns to many of the activities that successfully and originally built the company. This includes more direct interactions with our clients, public events, strategic sponsorships, and content for financial advisers seeking a closer relationship with our team. As part of this plan, we will be relocating our Sydney and Melbourne offices to properties that align with the expectations of our valued clients and facilitate regular in-person meetings and events.

Our digital communication strategy has yielded exceptional results, with our reach increasing from a previous all-time high of fewer than 1,000 unique accounts to more than 21,000, without any additional marketing spend. A recent post by Clime attracted more than 357,000 views on Instagram.

Chairman John Abernethy’s well-informed and engaging economic commentary resonates with online communities on platforms such as TikTok and Instagram. We are evaluating ways to deepen engagement with prospective clients, while recognising that effective marketing also strengthens relationships with our existing clients. I would like to thank the Ehrenberg-Bass Institute for Marketing Science at the University of South Australia and commend the exceptional work of our newly recruited marketing staff in Adelaide.

Reviewing FUM, FUA and balance sheet

The small decrease in Funds Under Management (FUM) and Funds Under Administration (FUA), as at 31 December is primarily due to market movements at the December close and pensions paid to retired clients. Funds under management and advice remain at over \$1.6 billion.

The core business streams can be summarised as:

- Funds under direct management through SMAs, discrete portfolio services (IMAs), managed funds and listed investment company (\$1.6 billion). We continue to migrate clients who are better serviced from IMA to SMA solutions (see table below).

- CPW funds under direction and advice with CPW/MTIS undertaking a full integration, with CPW QLD being fully consolidated, circa \$0.95 billion.
- Balance sheet investments (\$3.5 million) – Clime Capital Limited and Infocus Wealth Management (convertible notes). Net cash approximately \$1.0 million.

Funds Under Management and Mandates (FUM) as at 31 December 2024 at \$1.6 billion

The following table provides specific detail of FUM across the CIW Group and changes over the December quarter:

FUNDS UNDER MANAGEMENT & ADVICE (Unaudited)	31-Dec-24 \$mill	30-Sep-24 \$mill	Change \$mill	Change %
Individually Managed Accounts (IMAs)	\$428	\$455	(\$27)	(6.0%)
Clime Capital Limited (Listed Investment Co.)	\$151	\$157	(\$6)	(3.5%)
Managed Funds	\$263	\$265	(\$2)	(0.6%)
Separately Managed Accounts (SMAs)	\$361	\$337	\$24	7.2%
Mandates and directed FUM&A [#]	\$430	\$449	(\$19)	(4.2%)
TOTAL FUM	\$1,634	\$1,663	(\$29)	(1.8%)

[#] Includes FUM&A for the MTIS business.

CLIME PRIVATE WEALTH - FUNDS UNDER ADVICE (FUA) & DIRECTION				
Private Wealth – FUA & direction	\$953	\$967	(\$14)	(1.5%)
TOTAL FUA	\$953	\$967	(\$14)	(1.5%)

Investment Management

The 2024 calendar year delivered strong returns across a range of asset classes, supported by robust economic growth and the onset of the global rate-cutting cycle.

Clients invested in our multi-asset portfolios benefited from double-digit returns, driven by strong international equities performance and a declining dollar.

Across our range of Balanced, Growth, and High Growth SMA strategies, we were pleased to deliver returns of 8.84%, 11.89%, and 13.86%, respectively (pre-tax and fees).

Clime’s investment team, led by Chief Investment Officer Will Riggall, will continue to seek value in the equities market by investing in companies expected to deliver stable, compounding earnings growth over the long term.

As we look ahead to 2025, the valuation extremes now evident in certain market segments present us with a strong set of opportunities where active management can deliver outsized value to clients.

Will and his team have been reviewing the positions within our offerings and our product mix.

We remain committed to reducing the cost of our fund offerings to investors, creating new products where we see opportunities to add value, and attracting talent to bolster our capabilities.

Key Appointments and Operations

In the close of 2024 we completed recruitment of an operations manager to manage the inherent complexity of our diverse range of products and services. Owing to the high quality of the applicants and my previous statements about investing in front-line capability we recruited two exceptional new staff – Matthew Deane has been appointed to manage our listed assets and offerings while Anshul Thapar will manage our off-market and wholesale investment offerings. Both are experienced operators and an excellent cultural fit for our Sydney office.

We expect to continue to grow the team this coming quarter.

Outlook and positioning for FY25

In our previous quarterly letter, I wrote:

“Our aim is clear. Return the company to both profitable growth and to the payment of dividends.”

While it is a pleasure to be able to deliver on this statement there are no laurels to rest on. The business still requires careful husbandry, further improvements and a little bit of luck to successfully navigate its way back to sustainable compound income growth.

The outlook for Clime is positive, we have a broad capability for a business our size and numerous opportunities to increase revenue, improve profitability and lower the overall cost for our existing clients. This is a fortunate position to be in.

While cost management will remain an ongoing focus, savings will become harder to find as we progress. The next quarter will centre on improving our products and our distribution framework.

Clime offers a broad range of products and services across multiple sectors. While this presents a challenge, it also provides an opportunity to deliver consistent performance, advisory and transaction fees throughout the business cycle, setting us apart from competitors.

Looking to the year ahead, we are committed to positioning Clime for substantial profit growth by crafting a distinctive market offering that sets us apart from competitors. Our goal is to innovate and deliver value in ways that are challenging for others to replicate.



Clime Investment Management Limited

I believe our complexity as a business with private client advice, sector specific and multi-asset product offerings is a strength we can leverage to the benefit of both our shareholders and our highly valued clients.

Clime's half year profit and dividend announcement will be made in late February.

This announcement is approved by the Board of Directors of Clime Investment Management Limited for release to the ASX.

For enquiries, please contact Michael Baragwanath (MD) on 1300 788 568 or via email at info@clime.com.au.

A handwritten signature in black ink, appearing to read "M Baragwanath".

Michael Baragwanath
Managing Director