



Clime Investment Management Limited

2022 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

Welcome to Clime's 2022 Annual General Meeting.

In this address, I will briefly review FY22 and update you on the year-to-date trading of Clime Investment Management Limited (the Company) and its controlled entities (Clime) this financial year.

I will also update you on our development of strategic initiatives that will move Clime forward in coming years.

I will then introduce Annick Donat (Clime Group CEO) to update you on the year to date and to outline some of our plans for remainder of FY23.

Shareholders have received our audited results for FY22. The year concluded with a sharp downturn in Australian equity markets that dragged down our reported profit with marked to market losses on our holding Clime Capital shares and a lack of performance fee generation.

On an underlying cash profit basis, which I define as profit before "non-cash amortization" and "mark to market" affects, the result was \$2.2 million down some 18% on the \$2.7 million comparative result of FY21.

Shareholders should note the substantial (\$1.1 million) in non-cash amortization charges expensed in the Clime results. This amortization charge is an accounting standard which has the unfortunate effect of both reducing declared profits and therefore profit reserves. The amortization is not tax deductible and so it does not affect franking but it does produce an outcome that is arguably misleading.

Update on current trading

Total Gross Assets under Management and Advice (a key performance indicator) stood at \$5 billion as at 30 September 2022. Subject to market moves and completion of some initiatives, it is expected that this figure will reach a new high during the December quarter.

Of significance is the performance of our funds management team that has produced above market returns across our growth and income portfolios (including Clime Capital Limited). At this point there is good potential for us to generate performance fees and this will enhance profits that will grow following the merger with MTIS and the growth in the Madison advisor network.



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It is pleasing to report that Madison licensee growth has occurred so far in calendar 2022 even as the overall market for Advisers has declined across Australia.

I am pleased to advise that Clime has negotiated the full acquisition of Ralton Asset Management taking us firmly into the growing SMA and MDA marketplace with a recognized brand and rated products.

Further, the strategic alliances with Torica Capital (fixed income managers) and Marcus Today (online financial views) are working well and have helped Clime expand its range of wealth solutions across asset classes.

As stated earlier, our Group CEO will report to you shortly on developments in the company and in particular the utilisation of capital in acquiring and merging with MTIS.

I can report that the liquidity in the Company's balance sheet today approximates \$8.5 million with cash and Clime Capital shares representing the bulk of net assets.

The Clime Group now offers investor education, advice, and investment opportunities to a substantially growing number of retail and wholesale clients. We are committed to delivering excellent service and providing great outcomes for all our clients in the belief that our success is absolutely linked to theirs.

Current economic outlook

There is no doubt that current economic circumstances create a challenging outlook for many businesses. Further, the observations of inflation outbreaks, fiscal and budget repair, clean energy transformation, superannuation caps and franking restrictions, all and to some extent, affect the business of Clime. However, we are not alone, and our job is to think through these issues, to develop business plans or outcomes and access opportunities to enhance our business.

Indeed, the well reported disruptions in advice markets, in local international funds management businesses and the uncertainty created by possible government intervention in superannuation, allows a small nimble company like Clime to pivot quickly to access opportunity.

Further, we intend to be a voice of reason in many of the wealth and savings policy debates. We have and will continue to call out the role of conflicted or vested interests that slant debate towards their benefit.

We intend to maintain our focus on self-directed retirees and the provision of quality advice to this market. We note the desire of large funds to upset the management and confidence in the management of SMSFs in Australia. We will help pushback against the excessive overreach of these large entities who are and will suffer diseconomies of scale with regards to service or advice levels.



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In conclusion

Before introducing our CEO, I would like to thank our executive team and staff for their dedication and commitment over the course of FY22 and since. Over the last year and particularly under the leadership of our CEO Annick Donat, the teams, Clime, Madison and now MTIS, have come together as one.

I would also like to thank our shareholders for their continued support and in particular their confidence in Clime Group.

To my fellow board members, I acknowledge their support and good counsel over the last year. I now invite shareholders to ask questions.

John Abernethy
Chairman



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CEO Address

Thank you, John, and good afternoon, everyone. Thank you for taking the time to attend our Annual General Meeting.

When I spoke to you last year, I had recently taken on the role as Clime's CEO spending time immersing myself in the operations and structure of our company. FY22 was a year of rebuild and transformation for Clime Investment Management Limited (CIW). As our chairman stated in his report, it became a difficult one as the year transpired. Our FY22 financial results do not accurately reflect the activity undertaken by the team, preparing our company for future growth.

Despite the unprecedented and overlapping disruptions globally and locally, we identified and took advantage of opportunities which aligned with our core values, capabilities, and expertise. The intersection of which positions us well for the coming years as we continue to see disruption and uncertainty in global and local markets.

FY22 in review

In the Annual Report, I outlined the core initiatives we undertook in FY22 to set the platform for our future growth. The initiatives fall into four categories which have become the driving strategic pillars to align opportunities, set the foundations for operating leverage to drive sustainable growth and future maintainable earnings. In short, deliver a strategy which provides value to our shareholders, clients, and people.

1. Protect our heritage and reputation

We have a long history serving and educating investors and advisers. In challenging times, our heritage and reputation are the reasons why clients have stayed with us, and we don't take this for granted. Our core values of integrity, transparency, conviction, and progress are embedded into the way we do business and assess our performance. In FY23, we will increase our brand presence across the markets we serve. This includes celebrating milestones such as Madison's 40-year license, unique events and education experiences for our Private Wealth and Advice community delivered both in person and digitally.

2. Right people, right roles

Mergers are challenging in the best of times, the overlay of a (continued) pandemic presented additional challenges which needed our attention to create an organisational structure which allows our people to operate more independently and autonomously, while maintaining an appropriate degree of oversight.



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The acquisitions made in FY21 and FY22 doubled our number of employees and expanded our footprint across the Eastern seaboard.

To ensure Clime can attract and retain top talent, improve performance, and contribute to a positive company culture, (in addition to a flexible hybrid workplace environment) we implemented the following:

- A High Value Teams program across the entire company to help our people understand their strengths, manage their cognitive energy and better collaborate with their peers.
- An Employee Assistance Program to support continued healthy mental wellbeing
- Ongoing internal professional development and training programs
- Opportunities for secondments and cross collaborative projects
- An incentive program connected to business and client outcomes which rewards mutual and individual performance.

During the year, we appointed the following key executive roles:

- December 2021: Will Riggall, Chief Investment Officer
- March 2022: Kara Boden, Chief Operating Officer
- October 2022: James Trude, Head of Distribution

Each bring depth of knowledge and experience within financial services and are highly regarded by their peers and the broader financial services industry. Will, Kara and James are members of my executive team, joining Jaime Johns and Biju Vikraman. Along with these appointments, we have promoted from within and attracted the next generation of talent across all business units.

3. Operating leverage

An acquisition creates value through the efficiencies derived from economies of scale and sharing resources, in particular the experience of our people. Combining the core capabilities of Madison, Ralton and MTIS has opened access to adjacent and complementary markets, leveraging the momentum of our existing operational infrastructure. These include the recent strategic partnership with Torica Capital and management of the Marcus Today SMAs, both of which we expect to yield revenue and client acquisition opportunities in FY23.

4. Hyper-personalisation

Through the Covid-19 pandemic, we saw an exponential change in the adoption of technology within financial services. Almost overnight, companies pivoted their client engagement models to digital platforms to combat the 'lockdowns' across our nation. This has become a social norm for consumers who seek choice of how they want to engage with their service providers and professional advisers. We have used this opportunity to re-think how we connect with and serve our clients.



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During FY22 we commenced a data transformation program, moving towards a single source of truth to better understand our clients and deliver services which are more meaningful and relevant to their needs and circumstances. This program will further evolve in FY23 as we leverage the data and use the insights to identify the needs of our clients and develop tailored solutions to support them.

Helping people make better financial decisions to create an environment whereby they have certainty of their position is a guiding principle. Having access to quality data and insights will help Clime accelerate this purpose.

The outlook for FY23

We have a clear direction for FY23 and have set a decision-making standard to deliver significant growth and ROI over a 3-year period. This includes maximising our in-house execution capability (or partnering with an expert), giving Clime a clear point of difference, which delivers sustainable earnings and value to our shareholders, clients, and employees across generations.

To achieve this, FY23 has started strongly following the announcements made in the first quarter of this year.

MTIS

In July of this year, we announced the acquisition of MTIS, a highly respected and successful private wealth advice firm based in Melbourne. We welcomed principals, Pauline Hammer and Anna Garruccio, and their team into the Clime Group. We've also had the privilege of meeting their clients, who are a testament to the MTIS team. We will continue to seek ways to increase the service and solutions to support their growth in line with our Private Wealth strategy.

Managed Accounts

As John mentioned in his address, we have agreed the terms to acquire 100% of Ralton which expands our managed account reach across retail and wholesale platforms. The increased access will expediate the delivery of managed account consulting and bespoke solutions to a wider market. Alongside our heritage of providing high quality, well researched individually managed account solutions to self-directed wholesale clients, we are well positioned to capture this fast-growing market segment.

Madison and Private Wealth

It's pleasing to see that we continue to attract high quality advisers to the Madison & Clime Private Wealth community in an industry which is rapidly shrinking. Current attrition rate suggests that by 2026, adviser numbers will be circa 12,000. In contrast the demand for advice has increased, particularly since Covid, with more Australians now saying they have unmet advice needs.



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We are committed to the adviser community and will continue to support advice firms with commercial and innovative business and investment solutions, provide forums for client and adviser education and advocate for practical industry reform.

Conclusion

FY22 has been a year of transformation, rebuild and seizing quality opportunities as they have presented themselves. FY23 will continue to leverage the synergies and capabilities across our business and continue to serve the needs of our client and adviser communities. We will achieve this by expanding multi-channel access for our high quality investment solutions, ongoing and relevant education (in person and digitally) and continue to advocate for a better financial system.

In closing, I wish to acknowledge my executive team and colleagues. Their contribution to our rebuild has been invaluable, and the way in which they have embraced a new way of working is to be commended. I am really looking forward to working together to achieve our FY23 strategic objectives.

My thanks to our Chairman, John Abernethy and our Board members, Claire Bibby, Ronni Chalmers, Dr. Michael Kollo and Susan Wynne who have provided valuable counsel and guidance during the year.

To our shareholders, clients, advisers, and business partners, thank you for your support and commitment to Clime. I hope you close the year in good health and have time to relax and rejuvenate in readiness for a successful 2023.

Annick Donat

Chief Executive Officer