August 2025

Share markets posted a fifth straight month of gains, with both the US and Australian markets posting a series of record highs.

Your Multi-Asset Growth

Separately Managed Account

clime
Clever investing made *easy*

About *your* Multi-Asset Growth
Separately Managed Account

Strategy Facts

The objective of the portfolio is to match or outperform the benchmark over rolling 6-year periods by providing a medium to high level of capital growth and medium to low level of income through exposure to a diversified portfolio of growth and defensive investments.

Strategy Benefits

The portfolio is expected to have short-term fluctuations in value given its allocation to more growth-based investments.

The managed account structure ensures faster portfolio implementation and rebalancing, avoiding delays in timing – an advantage during volatile market conditions

Will Riggall
Chief Investment Officer

Strategy Features

- The long-term average exposure to growth assets (including shares, property and alternatives) is expected to be approximately 70% growth and 30% in defensive assets (including cash and fixed interest).
- This is a growth-oriented portfolio with a smaller allocation to defensive assets which should slightly reduce the shorter-term fluctuations of the portfolio's value
- Suited to investors who can accept a significant risk of a negative return in any one year in return for higher returns over the longer term.

Risk Management

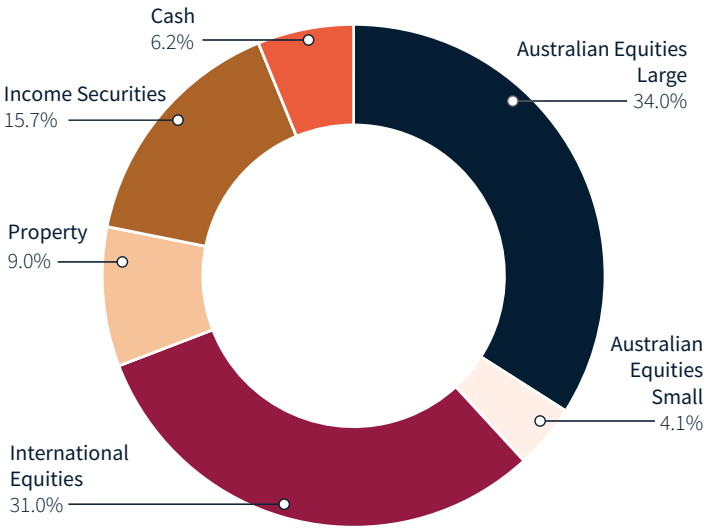
The portfolio is intended to be a high risk investment. Growth and defensive asset allocations are actively managed according to market conditions and in line with the portfolio's investor risk profile.

Clime's investment process seeks to mitigate risk by undertaking ongoing portfolio alignment reviews to ensure investments and asset allocation continue to match return objectives and the portfolio's investor risk profile.

Top 5 Holdings

Investment	Weight
Vanguard MSCI Index International Shares ETF	11.4%
Vanguard MSCI Index International Shares (Hedged) ETF	8.4%
VanEck MSCI International Quality ETF	5.9%
Global X US Treasury Bond (Currency Hedged) ETF	4.9%
Magellan Infrastructure Fund Currency Hedged Units	4.8%

Active Allocation



Note: the sum here may not add up to 100% due to rounding

Performance

	1 Month	3 Months	6 Months	1 Year	Since Inception#
Net Portfolio Return*	1.4%	5.5%	7.0%	9.9%	6.8%
Benchmark^	1.9%	5.4%	7.1%	12.1%	7.6%

* Portfolio net return is based on the change of the unit price including distributions and franking.

^ Benchmark refers to Morningstar Australia Balanced Target Allocation NR AUD.

\# Portfolio inception date March 2022, benchmark inception date June 2021.

Portfolio Commentary

The Clime Multi-Asset Growth portfolio returned 1.4% for the month of August, underperforming its benchmark which returned 1.9%. The key drivers of portfolio performance and major portfolio changes are outlined in the tables below.

Positive Attributors	Comment
BHP Group Ltd (BHP.ASX)	BHP rallied 10% over August, outperforming the market and peer miners, Rio and Fortescue. The rally for BHP followed a solid FY25 financial result that reiterated the company's compelling strategy to invest to grow its copper business, a commodity whose price will be supported in the years ahead thanks to the combination of positive demand growth and constrained supply.
Newmont Corporation Registered Shs Chess Depositary Interests Repr 1 Sh (NEM.ASX)	Newmont was a positive contributor to performance in August thanks to a strong quarterly result reported late in the prior month and continued strength in gold prices thanks to the backdrop of lower policy interest rates, rising government debt, and concerns over the independence of the world's largest central bank, the US Federal Reserve.

Negative Attributors	Comment
CSL Limited (CSL.ASX)	CSL was a detractor to performance in August, falling over 20% following a poorly received FY25 financial result and outlook. The issue with the result was a slowing in growth from their core plasma business, Behring, while the issue with the outlook was guidance of a 5% increase in EPS in FY26 versus expectations of 10%. Despite it being positive that CSL is responding to a moderated revenue growth outlook via right-sizing costs, the market has voted that CSL's best years are in the past. Much as we agree with this assessment, a share price fall of 20% to result in CSL now being valued at a discount to the market seems excessive given CSL is still a strong business with strong value creation features. We continue to see CSL as a core holding in an Australian shares portfolio.
Ramsay Health Care Ltd Fully Paid Ord. Shrs (RHC.ASX)	Ramsay Health Care (RHC.ASX) detracted from performance over August, falling 13% over the month and now flat over calendar year 2025. The weakness in Ramsay followed its FY25 financial result which fell short of expectations in its core Australian and UK private hospital businesses. Also unhelpful was commentary on the outlook where on-going demand is being met with on-going cost inflation, blunting the path of earnings improvement. We continue to regard RHC as a leading private hospital operator that is making positive, albeit gradual, progress to improve operational delivery whilst also addressing past poor capital allocation decisions.

Portfolio Activity

Buy	Rationale
Telix Pharmaceuticals Limited (TLX.ASX)	We have recenty built a small position in Telix Pharmaceuticals (TLX), a leading radiopharmaceutical company with a proven track record and a strong outlook for shareholder value creation. The nuclear medicine industry is growing, with radiopharmaceuticals and precision medicine gaining share from traditional cancer diagnostics and treatments. TLX has established itself as a lead player in prostate cancer imaging via its product, Illuccix, and is funding ongoing investment in R&D to help access the larger radioligand therapy market. CEO Chris Behrenbruch, a co-founder and 7% shareholder, has led the team to consistently outperform. Overall, TLX is well placed to scale and drive long-term value in a rapidly evolving field.

Seek Limited (SEK.ASX)	We have decided to buy Seek (SEK.ASX). SEEK has a strong track record of value creation in Australia, supported by its market-leading position and continual investment in technology to enhance the user experience. Offshore ventures, once mixed, are now more disciplined with a clear focus on Southeast Asia. After a period of earnings pressure from softer job listings and heavy investment to unify its ANZ and Asian platforms, we believe SEK is now positioned to grow earnings ahead of consensus for the first time in years. Revenues remain more cyclical than REA and Carsales, but job volumes are off cycle highs. Importantly, SEK trades at a notable discount to peers after adjusting for its equity-accounted investments.

Sell	Rationale
ResMed Inc. CHESS Depositary Interests on a ratio of 10 CDIs per ord.sh (RMD.ASX)	Following very strong share price performance in recent months, we have decided to moderate our position in Resmed (RMD.ASX) to realign its position size within our Australian shares portfolios.
Goodman Group (GMG.ASX)	We have decided to moderate our position in GMG after strong performance since adding to the position in April, and following analysis of the company's FY25 financial result. GMG remains a core holding in our portfolios given its above-average long-term value creation prospects and strong founder-led management culture.
Telstra Group Limited (TLS.ASX)	Following a period of out-performance versus the broader sharemarket alongside a slighlty softer-than-expected FY25 financial result and outlook, we have decided to moderate our holding in Telstra (TLS.ASX). Telstra remains a core holding in our equity portfolios with a reliable and growing fully-franked dividend stream underpinned by the company's market leading mobile network business and on-going strong cost discipline.
Newmont Corporation Registered Shs Chess Depositary Interests Repr 1 Sh (NEM.ASX)	Following a period of very strong price performance in Newmont Mining (NEM) from both an absolute and relative perspective, we have decided to moderate our holding for portfolio and risk management purposes. We continue to view NEM as an attractive investment for our equity portfolios given our house view that gold is a structurally supported commodity, and given NEM has above-average value-creation attributes across the key drivers of reserve life, gold grade, diversification, and balance sheet.

Market Commentary

Share markets posted a fifth straight month of gains, with both the US and Australian markets posting a series of record highs. A key driver was Fed Chair Powell's Jackson Hole speech, which cleared the way for more US rate cuts this month. To date, we have seen limited impact from US tariffs on trade, inflation, corporate profits, or the labour market, but those impacts may still be ahead.

The US had a strong corporate reporting season, with around 77% of S&P500 companies beating consensus forecasts, and aggregate earnings per share up +14% over the 12 months to June. Investors appeared prepared to shrug off President Trump's tariffs, a weak USD, question marks over the Federal Reserve's independence, and ongoing wars in the Middle East and Ukraine.

The key US index, the S&P 500, was up 1.9% in August, which puts it up 9.8% year to date, and +14.4% over the last 12 months. The Dow Jones was up 2.4% for the month, 7.1% year to date, and 9.6% for the last 12 months. For Nasdaq, the figures are just slightly positive for the month, but +11.4% YTD and +19.6% for the year.

Other notable performances over August included Japan (+5.1%) and China (+6.7%). European markets were broadly unchanged or slightly weaker.

The Australian share market was up with the US and Asia in August. The ASX200 rose 2.5% over the month, and is up +10% YTD and +11% for the year.

Australian Reporting Season

Australian corporate results were patchy, reflecting an economic backdrop that is soft, albeit with pockets of strength. The consumer backdrop was weak with retailers generally facing soft demand, although there were exceptions which showed the importance of excellent management and superior strategic positioning. The same can be said across the property sector where office remains weak but retail and residential continued to perform well.

Across financials the banks generally produced solid results often impressing on lending growth and net interest margin tailwinds while insurers received upgrades. Price action following reports was unusually volatile, with movements of up or down 10% or more following announcements not unusual.

Within the banking sector, a rotation out of CBA and into the other three majors was clear, with CBA falling 4% while Westpac was up +14%, NAB +10%, and ANZ +10%. The Big 4 Banks are over-priced relative to their underlying earnings and dividends growth (which have gone backwards after inflation over the last decade) and relative to their average long term multiples.

ASX miners got a boost in August, with the iron ore price back above $100/tonne, and gold up 5%.

A developing theme is the possible emergence of the next big global commodities cycle, which should see a rotation out of over-priced banks and into miners. The pro-cyclical rotation was evident in the outperformance of the ASX 200 Resources sector, which gained +10.1%, while the ASX200 Industrials gained only +1.4%. The ASX Small Ordinaries Index also outperformed by gaining +8.4%, with the ASX Small Resources +13.7% and ASX Small Industrials +6.4%.

What Could Go Wrong in September?

September has a history of being a difficult month for the stock market. This has been particularly true over the past decade, and especially so when valuations are stretched as they are at present.

The attack by President Trump on the Federal Reserve's independence and uncertainty over tariffs could weigh on the stock market over the next few months. An unexpected spike in inflation data could of course derail the rate cutting narrative so beloved by the market. Overseas, France appears to be on the verge of a debt crisis that could topple the government, while Germany's manufacturing sector may be falling into a recession. In Japan, bond yields have soared: 10 year bonds closed the month at 1.6%, having risen by 50 bps YTD and 70 bps year on year.

Powell at Jackson Hole

Fed Chair Jerome Powell's speech at Jackson Hole confirmed a dovish outlook on rates – just as the market was hoping for. Investors have believed that a Fed rate cut is likely in September ever since the weaker-than-expected July employment report, and the markets are convinced that a rate cut is coming.

In earlier discussions of monetary policy this year, Powell repeatedly said that the Fed is in no hurry to lower interest rates. He did not repeat that line at Jackson Hole. The sentence in Powell's speech that fueled consequent optimism was the following: "… With policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance." In other words, the FOMC is likely to cut the federal funds rate at its September meeting.

General

As noted above, August saw broad gains across equities and bonds globally, fueled by rate cuts or expectations of them. The Reserve Bank of Australia and the Reserve Bank of New Zealand both cut rates by 25 bps, boosting all reported regional fixed income indices.

Australia's S&P/ASX 200 increased by 2.5%, closing just below the 9,000 mark, with the S&P/ASX Small Ordinaries and the S&P/ASX Emerging Companies Index soaring by 8% and 10%, respectively.

Volatility continued its downward trend, with the S&P/ASX 200 VIX closing at 10.2%, the lowest level since February, and the S&P 500's VIX falling below 15%.

Despite a mixed and volatile earnings season, investors remained comfortable with the ASX's expensive valuation – its highest level reached since 2021 and a tick above a prospective Price Earnings Ratio of 20x. The big miners made an outsized contribution, with BHP and Rio key positive contributors to the market's gain, buoyed by improved commodity sentiment. The Materials sector is up almost 12% year-to-date; over the last three months the sector has gone from underperformer to outperformer helped by a more than 20% turnaround in the fortunes of BHP.

Australia's Consumer Price Index (CPI) rose 2.8% in the year to July and above expectations. The July inflation data came in higher than expected largely due to a 13% hike in electricity prices. Overall, annual inflation rose from 1.9% in June to 2.8% in July, the highest rate in a year and taking inflation back the top end of the RBA's target band. Market expectations were for a 2.3% print; they got this wrong, unlike the RBA, which had warned that it expects headline inflation to rise to 3% by the end of this year as federal and state government rebates for power bills expire.

Bond Markets, Currencies and Commodity Prices

Bond yields were down in the US but generally slightly higher elsewhere. French bond yields spiked 15 bps to 3.5% on fears of a government loss in a scheduled no-confidence debate scheduled for 8 Sept. US 10 year bonds ended the month at 4.23% (-0.15%) and Australian bonds at 4.29% (+0.03).

The AUD/USD exchange rate closed the month at US$0.653, a slight rise.

Commodities markets were mixed, with oil down around 8% but gold up 5%. Iron ore was supported by Chinese stimulus measures and managed to remain above $100/tonne.

Conclusion

Another month of solid gains on global share markets across almost all industry sectors and countries, aided by central banks in the mood to cut rates and despite President Trump's unpredictable tariff deals. As markets become ever more expensive, we emphasise the importance of prudent stock selection based on fundamental metrics rather than jumping upon the long momentum trade.

All statistics referenced are sourced from the named Company's ASX announcements or share prices unless otherwise stated.

The information contained in this document is published by the Clime Asset Management Pty Limited, ABN 72 098 420 770, AFSL 221146. The information contained herein is not intended to be personal advice and does not take into account your personal circumstances, financial situation and objectives We encourage you to obtain advice from your Financial Adviser, and to consider the Information Memorandum, before making any investment decision. Please be aware that investing involves the risk of capital loss and past results are not a reliable indicator of future performance and returns.