PITT STREET RESEARCH

Clime Capital
ASX:CAM

INITIATION

A standout ASX LIC

ASX: CAM · Sector: Financials · 5 November 2026 Share Price **A$0.62**

Clime Capital (ASX:CAM) is an ASX-listed Listed Investment Company (LIC). Clime Capital invests in Australian equities and income securities, combining active management with a focus on sustainable dividends.

Managed by a leading Australian fund manager

Clime Capital is managed by Clime Investment Management (ASX:CIW), whose recent strategic simplification has strengthened its investment capability and reduced operational complexity. Clime Investment Management earns management and performance fees from Clime Capital, but Clime Capital remains a standalone LIC whose valuation is driven by NTA progression, dividend capacity and market discount rather than Clime Investment Management's corporate performance. Its convertible notes (CAMG) are a further structural differentiation enabling funding of its credit and income portfolio and Clime Capital earning a yield above the fixed interest cost of the notes. We have written a separate note about Clime Investment Management and this note should be read in conjunction with it.

A unique member of a unique ecosystem.

Australia's LIC sector is anchored by well-established vehicles such as AFIC, Argo and the Wilson Asset Management suite. Clime Capital sits within this ecosystem as a yield-focused LIC with a long performance record and a materially higher dividend yield than most non-Wilson peers. Recent improvements including a strong FY26 excess return, a large profit reserve, competitive yield and more disciplined portfolio activity, support the case for discount compression.

We see upside to $0.80-0.89

Clime Capital currently trades at a ~25% discount to its after-tax NTA, a level shaped by historical underperformance, modest liquidity and limited broker coverage. We see upside to $0.80-0.89 per share based on a 10% discount to a projected FY27 NTA of $0.89-0.98. **Please see page 14 for the key risks.**

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Key Metrics

Market cap. (A$m)	**84.5**
Shares outstanding (m)	**137.4**
Shares fully diluted (m)	**175.8**
Market cap ful. dil. (A$m)	**108.1**
Free float	**100%**
52-week high / low (A$)	**0.73 / 0.61**
Avg. 12M daily volume ('000)	**156.1**

Share Price (A$, l.h.s.) & Volume (k, r.h.s.)



Source: Refinitiv Eikon, Pitt Street Research

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Table of Contents

Overview of Clime Capital (ASX:CAM) 3
Who is Clime Investment Management? 3
What is a Listed Investment Company? 3
What is special about Clime? 4
CAM's convertible notes (CAMG) represent a second return engine that investors underappreciate 5
CAM's performance 8
A strong gross annual return over time 8
So why then has CAM traded at a significant discount? 9
How then can the discount narrow and CAM re-rate? 9
A peer comparison 9
How BKI is comparable to CAM 11
Conclusion: upside to $0.80-0.89 per share 12
Trading Approach 14
Risks 14
Appendix I – Analyst Qualifications 15

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Overview of Clime Capital (ASX:CAM)

Clime Capital is a LIC managed by Clime Investment Management (ASX:CIW). Investors therefore cannot understand Clime Capital without knowing what LICs are nor about CIW.

Clime Capital is a LIC managed by Clime Investment Management (ASX:CIW).

Who is Clime Investment Management?

We have published a separate note about Clime Investment Management that delves into more comprehensive detail that we will here. For present purposes, where we are focusing on CAM, it sufficient to observe that Clime is a mandate-led investment manager. It is at a pivotal time with the company restructuring and simplifying itself, and beginning to reap the dividends.

The company has moved away from the vertically integrated advice model that dominated the pre-Royal Commission era and toward a mandate-led investment management business built around recurring revenue, permanent capital and disciplined portfolio construction. This shift has reduced regulatory drag, lowered fixed costs and improved operating leverage. Clime now earns fees from capital owners rather than from distributing products through advice networks, and this change has made its revenue base more stable and less exposed to external gatekeepers.

CIW earns management and performance fees from CAM, aligning incentives with portfolio outcomes. While CAM is valued independently on NTA, discount and dividend capacity, CIW's strategic repositioning has improved the quality of CAM's investment process.

What is a Listed Investment Company?

LICs are closed-end vehicles listed on the ASX, giving investors exposure to a professionally managed investment portfolio through the purchase of company shares rather than units in a trust. Because LICs do not issue or redeem units daily, their capital base is permanent. Investors trade shares on market, and the manager is not required to liquidate assets to meet redemptions. This structure allows LICs to take a longer-term approach to portfolio construction, maintain stable investment mandates and build profit reserves that support franked dividends. LICs typically publish monthly Net Tangible Assets (NTA), and their share prices trade at discounts or premiums to those NTAs. It depends on several factors including performance, liquidity, market sentiment and the perceived quality of the manager.

LICs are closed-end vehicles listed on the ASX giving investors exposure to a professionally managed investment portfolio.

Are LICs any different to ETFs and, if so, how? At first glance, LICs may appear similar to ETFs just because they can be bought and sold like any other ASX security. But, a LIC is a company, and an ETF is a trust – that fact drives all other ways in which these asset classes behave. As a company, an LIC has permanent capital, can pay franked dividends, build profit reserves and a manager does not need to redeem assets when investors sell[1]. Of course, an LIC's share price can diverge from the

[1] As a company, LICs like CAM do not issue or redeem shares daily. But an ETF is a trust with a creation/redemption mechanism. When investors sell units, authorised participants redeem them with the ETF and the ETF needs to deliver underlying assets or cash. This liquidity is engineered into the ETF's structure and is another reason why the unit price deviates little from the NTA – any gap gets arbitraged.

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NTA whilst an ETF's discount or premium is tiny – if at all existent, ETFs tend to trade at or close to their NTA.

Although the list of benefits for LICs are longer than ETFs, the two advantages ETFs share have led to their popularity and these are that they scale better given the creation/redemption mechanisms that enable billions to flow in and out without disrupting portfolio, and that they are generally simpler and easier to market given they tend to specialise in particular sectors or specific indices.

While LICs haven't been able to market themselves as well as ETFs, their structure enables them to operate without liquidity pressure and take a long-term approach.

Nonetheless, the bottom line is that CAM's structure as a LIC allows the manager to operate without the liquidity pressures faced by open-ended funds, giving CAM a stable capital base and the ability to take a long-term approach to portfolio construction.

What is special about Clime?

Having established what LICs are, the question now is what makes CAM stand out amongst LICs. And the key is Clime itself and its investment philosophy. It operates a bottom-up strategy, looking at individual companies with strong balance sheets, robust cash flows, and clear value creation strategies - avoiding those that over-promise, are highly leveraged, or rely too heavily on external factors. The company aims to buy companies at a reasonable price, at a discount to their intrinsic value (Figure 1).

Each holding must serve a defined role within the portfolio. Large-cap equities provide stability and liquidity, income securities support CAM's dividend profile, selective small-cap positions offer higher-conviction opportunities, and cash acts as both a defensive buffer and a source of optionality.

Income remains central to CAM's identity. The LIC pays dividends annually paying 5.4 cents on an annualised basis, 50% franked, supported by a substantial profit reserve of 24.4 cents per share. Clime's experience in income securities, hybrids and credit instruments strengthens CAM's ability to maintain this dividend profile.

Clime's experience in income securities, hybrids and credit instruments strengthens CAM's ability to maintain its dividend profile.

Figure 1: Clime's Investing Strategy



Source: Pitt Street Research, Company

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Flexibility is a deliberate feature of CAM's approach. Clime is willing to rotate between sectors, trim positions when valuations become stretched and add selectively to holdings when market volatility creates opportunity. CAM's trading activity is detailed in each monthly update, and it consistently exits from positions that no longer met the portfolio's risk-return criteria, reduces in large-cap exposures where valuations were full, and tops up its position in companies offering improved value or stronger income characteristics.

Clime is willing to rotate between sectors, trim positions with stretched valuations and add to positions where volatility creates opportunity.

For instance, in the most recent monthly update, Clime exited positions in Smartgroup (ASX:SIQ) and Life360 (ASX:360), both of which had reached valuation levels or risk profiles that no longer justified their place in the portfolio. Reductions across holdings including Endeavour (ASX:EDV), Nick Scali (ASX:NCK), Treasury Wine Estates (ASX:TWE) and Woolworths (ASX:WOW) indicate a deliberate trimming of large-cap exposures where valuations were full or where near-term catalysts were limited. The increase in CBA and QBE reflects confidence in financials under current macro conditions, while additions to Newmont (ASX:NEM) and Rio Tinto (ASX:RIO) indicate selective positioning in resources where earnings visibility remains strong. Finally, new positions in AGL Energy (ASX:AGL), Fleetpartners (ASX:FPR), Regal Partners (ASX:RPL) and Zip (ASX:ZIP) demonstrate CAM's willingness to introduce fresh ideas when valuation, income characteristics or turnaround potential align with its multi-style framework

This behaviour reflects Clime's belief that capital should be built rather than bet, and that disciplined trading can enhance returns without compromising long-term positioning. CAM's ability to generate trading profits, including July's 1.8% gross return that covered the quarterly dividend, is a practical expression of this philosophy. Figure 2 depicts the group's top 20 holdings as of 31 July 2026 while Figure 3 depicts the group's asset allocation.

CAM's convertible notes (CAMG) represent a second return engine that investors underappreciate

CAM's capital structure includes unsecured convertible notes (CAMG). These are often viewed solely as a liability or redemption risk. This interpretation is technically correct under accounting standards but strategically incomplete. CAMG exists to fund a separate credit and income portfolio designed to earn a contractual yield above the fixed interest cost of the notes. The result is a net interest margin (NIM) that acts as a second return engine for ordinary shareholders.

Clime's convertible notes help CAM fund a separate credit and income portfolio designed to earn a contractual yield above the fixed interest cost of the notes.

CAM's equity portfolio remains unlevered, allowing the manager to hold cash, rotate opportunistically and avoid the negative carry that would arise if the equity book was truly geared. Meanwhile, CAMG capital is deployed into higher-yielding credit assets where returns are more predictable and better matched to the funding cost.

This structure differentiates CAM from conventional LIC, allowing CAM to generate returns beyond equity-market beta, improves risk-adjusted outcomes, and supports

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dividend stability. CAMG holders are creditors of CAM itself rather than of individual underlying loans, meaning their security is the entire CAM balance sheet. The combination of permanent equity capital and CAMG-funded credit capital is a deliberate capital-allocation strategy that enhances CAM's long-term return profile.

Figure 2: Clime's top 20 holdings (in alphabetical order)

Company	ASX Code
APA Group	APA
Aristocrat Leisure Limited	ALL
Aurizon Holdings Limited	AZJ
Australia & New Zealand Banking Group Limited	ANZ
BHP Group Limited	BHP
Coles Group Ltd	COL
Commonwealth Bank of Australia	CBA
Computershare Limited	CPU
CSL Limited	CSL
Endeavour Group Ltd	EDV
JB Hi-Fi Limited	JBH
Jumbo Interactive Ltd	JIN
National Australia Bank Limited	NAB
Newmont Corporatio Cdi	NEM
Nick Scali Ltd	NCK
Premier Investments Limited	PMV
Rio Tinto Limited	RIO
Wesfarmers Limited	WES
Westpac Banking Corporation	WBC
Woolworths Group Limited	WOW

Source: Pitt Street Research

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Figure 3: Clime's portfolio allocation

Assets	$M
Australian Equities	74.6
Income Securities	63.5
AUD Cash & Equivalents	18.2
Gross Portfolio Valuation	156.3
Convertible Notes (CAMG)*	-39.1
Provision for expenses – mgt/perf fee	-2.4
Net Tangible Assets Before Tax	114.9

Source: Pitt Street Research

What is going on with Clime's audits? Is it true that the auditor could not verify the valuations in its most recent report? The short answer is that in relation to $36.2m of Clime's gross portfolio value, which constitutes 23% of its $154.2m portfolio value; KPMG issued a qualified audit opinion on Clime Capital's FY26 accounts after stating it was unable to obtain sufficient appropriate audit evidence to verify the fair value of approximately $36.2m of unlisted unit trusts and associated income and fee calculations.

KPMG did not conclude that the assets were overstated or impaired, nor did it determine impairments or adjustments were necessary. If KPMG had made that conclusion, Clime would have no choice but to have make the impairments. Rather, KPMG concluded that it could not independently verify the carrying values using the information available during the audit process. Clime does believe it has a reasonable evidentiary basis for signing the accounts and the ASX reinstated it to trading once these were lodged.

It comes amidst general guidance from ASIC earlier this year concerning private credit valuations and whether or not they were lagging economic reality as borrower conditions weakened and default risks increased. ASIC called on funds, boards and auditors to take greater scrutiny on their valuations. As a consequence, KPMG requested significant additional information, including updated valuations and supporting evidence, and not all of that information could be assembled before the audit deadline. So, it is simply a case of KPMG would've verified the values had it had a few more weeks? It is plausible but we cannot conclude that with certainty given how quickly that market is moving. But the takeaway for investors is that it is not a case that KPMG found the assets were overstated and demanded a write-down. It is that it cannot prove what the assets (which are 23% of Clime's total portfolio) are correct.

So what does this mean and what could it mean? The valuation of the portfolio will inevitably affect management fees and performance fees such as the % fee of outperformance on the portfolio. We have applied a 30% discount to those assets which is an $11.95m cut, leading to a valuation of $24.3m for those assets and a Gross Portfolio Value of $142.3m (8% down from $154.2m) and this influences the

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management and performance fees which we've outlined in our valuation section. We considered not valuing those assets at all but thought that'd be too extreme in absence of evidence that it is a 'disaster case' (i.e. if KPMG concluded they were worthless which it didn't).

CAM's performance

A strong gross annual return over time

Since its inception in February 2009, CAM has delivered a gross annual return of 10.38%.

CAM's long-term performance profile is central to understanding both its investment capability and the valuation case for discount compression. Since inception on 28 February 2009, CAM has delivered a gross annual return of 10.38%, a result that compares favourably with the broader Australian equity market over the same period. The consistency of this return profile demonstrates that CAM has been able to compound capital through multiple market cycles, including periods of heightened volatility, low interest rates, and more recently, a higher-rate environment.

Clime's performance in the last several years has been more variable, shaped by market conditions and the manager's tactical positioning. FY24 and FY25 were characterised by challenging equity markets although the company maintained its dividend profile. Yet the more recent period has been materially stronger. In FY26, CAM delivered a gross return of 17.7%, significantly outperforming the benchmark return of 5.7%, marking excess return of approximately 12%. This was driven by a combination of trading profits, selective sector rotation and disciplined risk alignment, not to mention the CAMG Convertible notes which enabled the credit portfolio to earn materially higher contractual yields.

CAM's performance has continued into FY27. In July 2026, CAM generated a gross return of 1.8%, which was sufficient to cover the June quarter dividend and allow NTA to rise despite the ex-dividend adjustment. The July result was supported by targeted trading in high-liquidity names, opportunistic additions to companies offering improved value, and reductions in positions where valuations had become stretched.

Income remains a defining feature of CAM's performance profile. The LIC paid 5.4 cents per share during FY26, 50% franked, supported by a substantial profit reserve of 24.4 cents per share. This reserve provides a buffer that allows CAM to maintain dividend stability even in periods where NTA growth is modest. Over time, CAM's ability to generate both capital returns and income has been central to its appeal for yield-focused investors. The combination of long-term capital growth, consistent dividends and disciplined risk management underpins CAM's performance identity.

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So why then has CAM traded at a significant discount?

CAM's trades at a ~25% discount to after-tax NTA. We would note at the outset that this is not unusual in the LIC sector, and some of it can be put down to structural traits engulfing the sector. The sector is dominated by larger LICs run by Wilson Asset Management and then a series of smaller LICs run by a variety of companies which lack the brand recognition and marketing budget of Wilson. CAM's brand is improving, but it is not yet at the level where sentiment alone compresses the discount.

LICs below ~$300–400m (of which CAM is one given FUM is at $156m) often trade at wider discounts because liquidity is lower, broker coverage is limited and institutional investors tend to favour larger vehicles. Size alone can anchor a discount even when performance is strong.

We believe CAM can narrow the discount to 10%.

It also ought to be noted that the LIC sector has experienced structural fatigue since 2020. Many LICs have wound up, merged or bought back shares. Investors have shifted toward ETFs, which do not trade at discounts. This macro trend affects all LICs, not just CAM.

How then can the discount narrow and CAM re-rate?

Our valuation of CAM is centred around the discount narrowing to 10% and the NTA improving based on projected FY27 results. How could CAM achieve this? We think if it can maintain its outperformance into FY27 this will be the biggest catalyst. Sustained outperformance is the single most powerful driver of discount narrowing in the LIC sector. We would remind investors that FY26 delivered 17.7% gross returns (representing a 12% outperformance) and July's 1.8% gain covering the quarterly dividend.

We would note five further points. First, CAM has a large profit reserve (25.4c) and a high dividend yield (8.6% cash, 10.5% gross). Yield-focused LICs with strong reserves tend to trade at narrower discounts because income investors anchor demand. BKI is the clearest comparator: similar style, similar long-term return profile, and a ~5% discount.

Second, CAM's portfolio activity is disciplined and opportunistic, demonstrating a repeatable investment process rather than ad-hoc trading. This strengthens investor confidence in the manager's capability. Third, CIW's strategic simplification has improved governance, reduced operational complexity and sharpened investment focus. A stronger manager increases the likelihood of sustained performance, which in turn supports discount compression. Finally, CAM's liquidity profile is improving, and higher turnover typically narrows discounts over time.

A peer comparison

Non-Wilson LICs Vehicles such as AFIC, Argo and Whitefield are large and well-established, but they face challenges including lower liquidity, modest broker coverage and smaller scale contribute to wider discounts, even when performance is

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strong. Investors often prefer larger LICs because they are easier to trade, better known and more widely researched. Historical performance also matters. LIC discounts tend to reflect long memories, and periods of underperformance can anchor a discount long after conditions improve.

But we think CAM stands out within this landscape as a yield-focused LIC with a strong long-term return profile, a substantial profit reserve and improving performance momentum. Its discount reflects structural factors rather than deficiencies in the investment process. As performance strengthens, liquidity improves and communication becomes more visible, CAM has a credible pathway toward a narrower discount, consistent with premium non-Wilson comparators – one of which is BKI (Figure 4).

CAM stands out as a yield-focused LIC with a strong long-term return profile.

Figure 4: ASX Listed Investment companies

LICS	NTA (pre-tax)	Share price	discount/premium to NTA	Yield
Aust. Foundation Investment (ASX:AFI)	$7.87	$6.77	-13.98%	4.50%
Argo (ASX:ARG)	$10.95	$9.22	-15.80%	4.30%
Whitefield Industrials (ASX:WHF)	$5.98	$4.66	-22.07%	6.20%
Whitefield Income (ASX:WHI)	$1.18	$1.24	5.08%	5.45%
BKI Investment Company (ASX:BKI)	$2.07	$1.78	-14.01%	4.40%
WAM Capital (ASX:WAM)	$1.21	$0.99	-18.18%	9.80%
WAM Leaders (ASX:WLE)	$1.31	$1.28	-2.29%	6.90%
WAM Research (ASX:WAX)	$0.77	$0.80	3.90%	9.30%
WAM Microcap (ASX:WMI)	$1.18	$1.19	0.85%	7.30%
WAM Alternative Assets (ASX:WMA)	$1.20	$0.96	-19.88%	6%
Average all	*$3.37*	*$2.89*	*-10%*	*6%*
Average Wilson only	*$1.13*	*$1.04*	*-7%*	*8%*
Clime Capital	$0.81	$0.61	-25%	7.90%

Source: Pitt Street Research

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How BKI is comparable to CAM

We think BKI is an appropriate peer to compare CAM to.

BKI occupies a distinctive position within the LIC sector because it combines conservative portfolio construction, long-term performance, stable dividends and strong liquidity within a simple, transparent mandate. It is one of the few non-Wilson LICs that consistently trades at a single-digit discount to NTA. This makes it a useful benchmark for assessing how CAM could behave as its fundamentals continue to improve.

BKI's standout characteristics begin with its long-term return profile. Over extended periods, BKI has delivered competitive returns relative to the Australian equity market, supported by disciplined stock selection and a focus on quality industrial companies. Investors perceive this performance as repeatable, which reduces the behavioural discount that affects many LICs with more variable track records.

Dividend stability is another defining feature. BKI pays consistent, fully-franked dividends, supported by a conservative payout ratio and a portfolio built around companies with reliable earnings. This stability attracts income-focused investors who value predictability over higher-risk yield strategies. The result is a shareholder base that is loyal, engaged and less prone to sentiment-driven selling.

Liquidity is also crucial. BKI's larger scale and higher daily turnover make it easier for investors to enter and exit positions without materially affecting the share price. Liquidity reduces pricing friction and supports narrower discounts. Many LICs with similar mandates trade at wider discounts simply because they are smaller and less liquid. And finally, BKI's brand identity is clear and consistent. It is known as a conservative, long-term LIC with a stable dividend and a straightforward investment process. This clarity reduces uncertainty and supports tighter pricing.

CAM shares several characteristics with BKI that justify using it as a comparator for discount narrowing. Both LICs have long-term track records that demonstrate the ability to compound capital through multiple market cycles. CAM's 10.38% per annum return since inception is competitive with BKI's long-term profile and provides a foundation for investor confidence. In this sense, BKI is a practical reference point for how CAM could be priced as its fundamentals continue to strengthen.

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Conclusion: upside to $0.80-0.89 per share

If CAM can continue to execute, we believe the discount can narrow to 10% to NTA. We have projected CAM's performance for FY27, and we think it can get to an NTA of $0.89 per share in a base case and $0.98 per share in an optimistic (or bull) case. And a 10% discount is $0.80-0.89 per share (Figure 5).

We have modelled a 10% return in our base case and 15% in our bull case with a 5% benchmark, meaning 5-10% excess return respectively. We modelled CIM's management fee, performance fee and operating expenses to total $2m, for dividends to be the same as in FY26 at 5.4c per share and for its management and performance fees to be 0.83% and 0.3% of NTA respectively with the latter predicated on a fee of 5% of the excess return. We also modelled a 2% dividend return in our base case and 3% in our bull case as well as $0.9m in interest income based off a 5% interest rate from the FY26 closing cash balance. Our NIM was based off a 7.1% interest cost and a 12% yield in our bas case (15% in our bull case) with credit income being the yield multiplied by the total value of convertible notes. The result, after applying a 10% discount is $0.80-0.89 per share.

We value CAM at $0.80-0.89 per share assuming it can get to an NTA of $0.89-0.98 per share and trade at a 10% discount to that.

Figure 5: PSR's Valuation Approach for CAM

Valuation (A$m)	Base Case	Bull Case
Opening gross portfolio value[2]	142.3	142.3
Investment gains	14.2	21.3
Interest income & NIM	2.8	2.8
CAMG-funded credit assets income	4.7	5.9
Dividends received	2.9	3.6
Fund expenses	(4.8)	(4.8)
Dividends paid	(7.4)	(7.4)
Closing	**154.7**	**164.9**
Deduction for convertible bonds	(38.8)	(38.8)
Post-convertible bonds	**115.8**	**126.0**
Shares on issue (m)	140	140
NTA (A$)	**0.89**	**0.98**
Discount to NTA	10%	10%
Price per share (A$m)	**0.80**	**0.89**
Current price	0.62	0.62
Upside (%)	31%	44%

Estimates: Pitt Street Research

[2] Reflects 30% discount to the assets KPMG was unable to verify, reducing the figure by $11.9m.

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How is CAMG treated? Our valuation deducts CAMG at face value for accounting accuracy - AASB standards (specifically standards 9[3], 132[4], 7[5] and 101) require this.

However, they are assets in the sense that CAMG capital is deployed higher-yielding credit assets. In FY26, CAMG incurred $2.8m of interest expense on a $39.5m note balance (representing an effective cost 7.14%). Credit yields typically exceed this cost, and a reasonable assumption of a 10% yield implies credit income of ~$3.95m and a net interest margin of ~$1.13m. This NIM is a positive contributor to CAM's earnings and supports stronger NTA progression than would be implied by equity returns alone.

[3] A convertible note is split into liability (debt) and equity (conversion option) components. The first of these is measured at amortised cost using the effective interest method while the latter is recognised in equity as an option premium and not measure subsequently.
[4] If the issuer has any contractual obligation to deliver cash (which CAM does unless converted even though it reinvests it an earns a positive NIM), the instrument is a liability. Only the conversion option is classified as equity and only if it meets equity criteria.
[5] These two govern specific disclosure requirements (i.e. fair value changes, interest expenses and remeasurement losses).

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Trading Approach

While the valuation range used in this report may differ from the current share price, it is the responsibility of every investor to take account of market conditions and personal circumstances in making investment decisions.

Risks

1. **Discount Persistence Risk**
   CAM trades at a ~24% discount to NTA, and although improved performance and dividend stability support the case for narrowing, discounts in LICs can persist for extended periods. Limited liquidity, modest broker coverage and investor preference for larger LICs may slow or prevent convergence toward a 10% discount, reducing the valuation uplift implied in our base-case scenario.

2. **Portfolio Concentration and Market Volatility**
   CAM's portfolio is concentrated in Australian equities and income securities, with meaningful exposure to large-cap financials, resources and yield-oriented instruments. Concentration increases sensitivity to sector-specific shocks, while broader equity-market volatility can affect NTA progression. In periods of higher rates, tighter liquidity or recession risk, trading profits may be harder to generate and dividend coverage could weaken.

3. **Management Performance and Fee Drag**

   CAM is actively managed by Clime Investment Management. Sustained outperformance is central to narrowing the discount and maintaining dividend capacity. Underperformance, reduced trading profits or misaligned portfolio positioning would directly affect NTA growth. In strong markets, performance fees payable to CIW can create a modest drag on NTA, particularly if excess returns are high but market sentiment remains cautious.

4. **Convertible notes risk**
   CAM's capital structure includes unsecured convertible notes (CAMG). Under accounting standards[6], they are a liability but are not a risk just because of that - noteholders are creditors of CAM itself rather than of individual underlying loans, and the notes are supported by CAM's diversified balance sheet. The reason the convertible notes are a risk is not their mere presence but because Clime will need to continue generating a positive spread between credit yields and the fixed interest cost to ensure they continue to remain an advantage. If this spread narrows materially, the net interest margin would decline.

5. **Key personnel risk**
   One of the key selling points of Clime is its long-term management and its track record of outperformance. There is a risk the company could lose key personnel and be unable to replace them and/or their contribution to the business.

[6] AASBs 9, 132, 7 and 101.

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Appendix I – Analyst Qualifications

Stuart Roberts, lead analyst on this report, has been an equities analyst since 2002.

- Stuart obtained a Master of Applied Finance and Investment from the Securities Institute of Australia in 2002. Previously, from the Securities Institute of Australia, he obtained a Certificate of Financial Markets (1994) and a Graduate Diploma in Finance and Investment (1999).
- Stuart joined Southern Cross Equities as an equities analyst in April 2001. From February 2002 to July 2013, his research speciality at Southern Cross Equities and its acquirer, Bell Potter Securities, was Healthcare and Biotechnology. During this time, he covered a variety of established healthcare companies, such as CSL, Cochlear and Resmed, as well as numerous emerging companies. Stuart was a Healthcare and Biotechnology analyst at Baillieu Holst from October 2013 to January 2015.
- After 15 months over 2015–2016 doing Investor Relations for two ASX-listed cancer drug developers, Stuart founded NDF Research in May 2016 to provide issuer-sponsored equity research on ASX-listed Life Sciences companies.
- In July 2016, with Marc Kennis, Stuart co-founded Pitt Street Research Pty Ltd, which provides issuer-sponsored research on ASX-listed companies across the entire market, including Life Sciences companies.
- Since 2018, Stuart has led Pitt Street Research's Resources Sector franchise, spearheading research on both mining and energy companies.

Nick Sundich is an equities research analyst at Pitt Street Research.

- Nick obtained a Bachelor of Commerce/Bachelor of Arts from the University of Sydney in 2018 and the designation of Financial Modelling & Valuation Analyst by the Corporate Finance Institute. He has also completed the CFA Investment Foundations program.
- He joined Pitt Street Research in January 2022. Previously he worked for over three years as a financial journalist at Stockhead.
- While at university, he worked for a handful of corporate advisory firms

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