

1st September 2024

Dear Unitholder,

**Important Changes to the Clime Smaller Companies Fund
(the “Fund”)**

ARSN 633 254 654

Retail APIR Code: SLT5667AU

Wholesale APIR Code: CLA1557AU

Equity Trustees Limited ABN 46 004 031 298 AFSL 240975 (“Equity Trustees” or “We”) as responsible entity for the Clime Smaller Companies Fund wishes to advise of important changes to the Fund.

About Clime Asset Management (“Clime”)

Clime Asset Management Pty Ltd is a wholly owned subsidiary of Clime Investment Management Limited, a company listed on the Australian Securities Exchange (ASX: CIW). Clime is the investment manager of the Fund. Clime is an Australian diversified asset manager specialising in investing with a quality focus and a strong valuation discipline. Clime’s corporate values of integrity, transparency, conviction and progress are reflected in the company’s investment solutions, which are developed to help investors grow their wealth and achieve security in retirement. Clime currently manages in excess of \$1 billion on behalf of investors in the company’s Australian Equities, Fixed Income and International Investment products and services.

Performance Benchmark Change:

- The performance benchmark has been reviewed and will change from a blended benchmark that was 50% ASX Small Ordinaries Accumulation Index & 50% ASX Emerging Companies Accumulation Index to the ASX Small Ordinaries Accumulation Index only.

Portfolio Constraints Change:

- In line with changing the performance benchmark, the portfolio constraints will also change from investing in securities that are outside the S&P/ASX200 Index to outside the S&P/ASX100 Index at the time of initial investment.

Performance Fee:

- In line with changing the performance benchmark, the performance fee for the period 1st July 2024 until 30th June 2025 will be blended. Whereby, the existing benchmark will be used for the period 1st July – 30th September 2024 and then the performance fee calculation would be updated for the new benchmark for the period 1st October 2024 – 30th June 2025.

The rationale for these changes provided by Clime is as follows:

1. Over the last 5 years the ASX Emerging Companies Accumulation Index has become increasingly concentrated and has exhibited significant volatility. Clime’s investment philosophy is to invest in companies exhibiting a combination of quality and value. Given the large concentration of early stage and unprofitable companies in the ASX Emerging Companies Accumulation Index, Clime believe the larger and more stable ASX Small Ordinaries Accumulation Index better aligns with its investment process and philosophy.
2. The use of the ASX Small Ordinaries Accumulation Index as the Fund’s benchmark better aligns the Fund with the industry standard and its peers.

New Product Disclosure Statement

A new – Product Disclosure Statement for the Fund will be issued shortly and will be available on the Clime Asset Management website www.clime.com.au and also the Equity Trustees website www.egt.com.au. Should you require a hard copy of the new PDS, please contact the Clime Client Services Team on 1300 788 568 or at info@clime.com.au.

What Do You Need to Do?

If you are happy with the changes outlined above, no further action is required. However, if you are not comfortable with the changes outlined above and you would like to redeem your investment in the Fund, please contact Clime or refer to the former Product Disclosure Statement for the Fund for instructions on how to redeem. The former Product Disclosure Statement is available on request from Clime.

We thank you for your continued business and consideration of the above information.

Should you have any questions, please contact the Clime Client Services Team on 1300 788 568 or at info@clime.com.au.

The information outlined above does not constitute investment advice and is not a recommendation to acquire, hold or sell units in the Fund. An investor should consult with their own investment, accounting, legal and tax advisers to evaluate independently the risks, consequences and suitability of their investment and the impact of the changes above to their own personal circumstances.

Yours sincerely,



Johnny Francis

General Manager, Fund Services

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