



Financial Services Guide

Clime Asset Management Pty Limited | ACN 098 420 770 | AFSL Number 221146

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Our Financial Services Guide has been approved to answer questions such as:

- who we are and how we can be contacted;
- the services and products we are authorised to provide;
- how we are remunerated;
- our associations and relationships;
- our internal and external dispute resolution procedures and how you can access them.

About Clime

Clime Asset Management is a wholly-owned subsidiary of Clime Investment Management Limited. Clime Investment Management Limited (ASX Code:CIW) is a publicly listed, boutique financial services group. The Clime Group complements its core funds management offering by providing synergistic services such as wealth management and investment education for its clients. The Clime Group also manages and distributes the web-based equity valuation tool, MyClime.

Clime Asset Management is an Australian-based fund manager specialising in Australian equities investing. Clime Asset Management manages in excess of \$[200] million through discrete mandates for families, individuals and charities, retail and wholesale unit trusts, and the listed investment company Clime Capital Limited. Clime Asset Management's investment methodology is implemented with the aim of achieving absolute returns for investors.

About this Document

The Australian Securities and Investments Commission is a Commonwealth Government body that regulates financial services.

The Corporation Act 2001 (the Corporations Act) requires all Investment Advisers give their clients a Financial Services Guide (FSG) before giving them any investment advice.

This FSG is issued by Clime Asset Management Pty Limited (Clime Asset Management, we, us, our) an Australian Financial Services License (AFSL) holder No.221146 under which it is licensed to provide financial product advice about, and deal in, certain financial products on behalf of retail and wholesale clients.

Section 1. Before you receive our advice

What is the purpose of providing this Financial Services Guide?

This FSG is designed to provide you with important information prior to purchasing our financial products and services. If you need any more information than is contained in this document please contact us. You have the right to ask us about our charges, the type of advice we will provide you, and what you can do if you have a complaint about our services.

The FSG contains information about remuneration that may be paid to Clime Asset Management and other relevant persons in relation to the services offered, see pages 3 and 4 specifically.

If you decide to use our services, you may also receive from us a prospectus issued by a third party (Prospectus) or a Product Disclosure Statement (PDS) relating to some financial products when they are recommended, offered or issued to you and/or a Statement of Advice (SOA), which records personal advice given to you and will include details of information provided by you to Clime Asset Management. Personal financial product advice is advice that takes into account your personal objectives, financial situation and needs.

To invest in some of our products, you may have to complete the application form attached to the relevant Prospectus or PDS. The PDS contains information about the particular product and will assist you to make an informed decision about that product.

The FSG on page 8 contains information on how complaints against Clime Asset Management are dealt with.

What services does Clime Asset Management offer?

Under Clime Asset Management's AFSL it can provide to both retail and wholesale clients advice about, deal in and apply on behalf of another person for:

- Deposit and payment products
- Derivatives
- Government debentures, stock and bonds whether issued or proposed to be issued
- Managed investment schemes excluding investor directed portfolio services
- Securities
- Custodial or depository services - other than IDPS

We currently provide this general advice by way of the Discrete Share Portfolio (DSP) and the Clime Australian Value Fund offerings. We also provide advice on the establishment and operation of self managed super funds in conjunction with the Discrete Share Portfolio service through the Clime Super service.

Please note that all advice provided is general advice only. This is an important consideration and means that the advice has not been prepared by taking into account the particular investment objectives, financial situation and particular needs of any individual investors. You should assess whether it is appropriate in light of your own individual investment objectives, financial situation and particular needs. We recommend that you consult with a licensed investment adviser or dealer in securities such as a stockbroker before making an investment decision.

Discrete Share Portfolio Service (DSP)

We provide an independent portfolio management (Discretionary Managed Account) service, as well as advisory services in relation to the management and monitoring of share portfolios in the Australian share market for sophisticated, wholesale and professional investors only. We manage your share portfolios on a full discretionary basis.

You are required to invest a minimum of \$500,000. This investment must generally be in the form of cash. We may accept investments below the stated minimum in our absolute discretion.

We manage all portfolios individually in accordance with our long term value criteria.

All investments are made and registered beneficially in your name and are held by an investor directed portfolio service operator. You will receive quarterly and annual portfolio valuation and transaction reports prepared by the IDPS Operator and will have continuous internet access to details of your portfolio.

Issue Management Services

Clime Asset Management makes offers to people to arrange for the issue, variation or disposal of securities and other financial products on behalf of third party product providers. These offers are made on the basis that the relevant products will be issued, varied or disposed of in accordance with those offers if accepted by the relevant product providers. This includes the offer of shares under a Prospectus by a product provider which itself doesn't hold an AFSL.

In these instances Clime Asset Management provides the service by arrangement with the relevant product issuer. The terms of the offer to you are set out in the relevant Prospectus or PDS.

Who will manage my investment portfolio?

Your investment manager will be John Abernethy, Chief Investment Officer of Clime Asset Management.

Clime Asset Management commenced business in 11 July 2002, providing independent share portfolio management services to private investors, companies and superannuation funds.

Who will be responsible for the services provided to me?

Clime Asset Management is responsible for the advice its authorised representatives provides you.

John Abernethy is an authorised representative and, as such, is authorised to provide you with investment advice and portfolio management services.

Clime Asset Management holds AFSL number 221146 under the Corporations Act 2001 and is regulated by the Australian Securities & Investment Commission (ASIC).

How do you charge for your services?

Clime Advisors

Our employees who give you advice do not receive specific payments or commissions in relation to the underlying financial products. They are remunerated by way of salaries, bonuses, and other benefits. The amount of bonuses and other benefits depend on various factors including the performance of the employee during the year, and in some cases meeting certain sales, compliance and other targets, as well as the overall financial performance of the Clime Group. Your adviser will set out the remuneration and commissions they receive in the SOA when providing you with personal advice.

Other Advisors

You may receive advice about our products from other financial advisers who are not employed by us. These advisers may receive remuneration from us if you buy our product. Your adviser is required to provide you with an SOA setting out any fees and commissions they receive applicable to our products.

Discrete Share Portfolio (DSP) Service

Our fee structure for the Discrete Share Portfolio Service comprises a base management fee and a performance fee. We do not charge any establishment fees in our Discrete Share Portfolio Service. An exit fee on a sliding scale may be charged, however, if the service is exited in under 5 years.

Our scale of fees is generally not expected to change. From time to time however, the scale of fees we have agreed to may change. Therefore, our scale of fees is subject to change. Changes to an agreed scale of fees however, cannot occur without your consent. You will be given 30 days notice of any proposed changes to the rate.

In respect of our Discrete Share Portfolio Service, in addition to our fees you will pay the fees charged by the Investor Directed Portfolio Service (IDPS) Operator. Fees charged by the IDPS Operator will be deducted from your portfolio on a monthly basis.

Where investments are purchased or sold on your behalf through stockbroking firms, brokerage is charged at institutional rates by the broking firm. We do not receive any brokerage on share purchases and sales.

Under the Corporations Act we are required to disclose that we may receive complimentary research information and access to computer systems from these stockbroking firms.

Our Discrete Share Portfolio Service may be terminated by you with 10 days written notice.

The basis on which Clime Asset Management charges for issue management services are set out in the relevant Prospectus or PDS. Generally, we are entitled to charge the relevant product provider for our services rather than you. If this is not the case, Clime Asset Management will inform you of that when the relevant offer is made to you.

Are fees and commissions payable to any third parties?

A proportion of our fees may be paid to third parties for referring our services to you. If however you approached Clime Asset Management independently, fees may not be paid to a third party.

Your investment Agreement will inform you if any such fees and commissions are payable. Third parties who receive them are independently required by law to disclose the fees and/or commissions to you.

How are your fees calculated and deducted?

Our performance fees are calculated in accordance with the agreed scale in your Investment Agreement.

The fees are calculated on the closing market value of your investment portfolio at the end of each year in respect of the Investment Agreement.

The base management fee is calculated daily on the closing value of your investment portfolio and charged monthly in arrears in respect of the Investment Agreement.

The agreed fees will be debited from your investment portfolio cash management account held with the IDPS operator in respect of the Investment Agreement.

You will be provided with a tax invoice that clearly shows the amount of any fees paid.

Where Clime Asset Management provides issue management services, the basis on which its fees and charges are calculated and deducted are set out in the Prospectus or PDS provided at the time the offer of the financial product is made to you.

What advisory services are available to me?

Clime Asset Management offers a service tailored to your needs. As a specialist provider of financial services we will make investment recommendations relating only to equity securities contracts.

In addition, Clime Asset Management is authorised under its AFSL to provide advice about listed and unlisted equity securities, derivatives, deposit products and managed investment schemes excluding IDPS.

Should you require more comprehensive investment advice, such as superannuation, rollover investments, retirement and estate planning, social security advice or the protection of assets and lifestyle via risk insurance, we recommend that you contact a financial planner.

Section 2. When we provide your portfolio management service

Do I receive detailed information about commissions and other benefits the investment managers may receive from making any recommendations?

Yes. You have the right to know about details of commissions and other benefits that Clime Asset Management or its investment managers receive for recommending investments.

John Abernethy is a director of Clime Asset Management. John Abernethy does not receive commissions or other benefits from making specific recommendations.

Will you give me advice that is suitable to my investment needs and financial circumstances?

Yes. In order to do so we need to understand your individual investment objectives, financial situation and needs before we can recommend any investment to you. We however retain absolute discretion in determining who our specific services are suited to.

Should your investment needs or financial circumstances change after you have engaged us please notify our investment managers. This will ensure we continue to provide you with appropriate investment advice that meets your needs.

You have the right not to divulge any personal or financial information to us if you do not wish to do so. In that case, we are limited in the advice that meets your needs.

What information do you maintain in my file and can I examine my file?

We maintain a record of your personal information provided to us. If you wish to examine your file, please let us know and we will make arrangements for you to do so.

Can I instruct you to buy and sell investments on my account?

We normally manage your portfolio on a full discretionary basis without you having to give us instructions.

Can I give you specific instruction on my investment preferences or how I want my portfolio managed?

Yes. You can give us written instructions about your investment preferences (for example, a preference for ethical investments) or any specific instructions regarding the management of the portfolio prior to the commencement of our service to you. We will manage your investment portfolio within these guidelines.

If you choose not to give us any instructions, we will provide you with investment advice and portfolio management services on a full discretionary basis.

What should I know about any risk of the investments or strategies you implement on my behalf or recommend to me?

First, you need to know that listed equity securities (also called 'shares' or 'stocks') can decline in value as well as increase in value. The measure of this change in value is often referred to as volatility. The more the value varies over time, the more volatile an assets' value, and therefore the greater the risk associated with the investment. On the other hand, the less volatile the value of an asset, the less likelihood there is for any significant capital gain or loss from investing in that asset.

Second, you need to know that listed equity securities are generally more volatile than other asset classes (such as property investments). However, markets for other asset classes are not as efficient as the stock market in terms of the information available to investors and the process for continuously determining and making public the real market value of the particular asset. For this reason, the real volatility of other asset classes is often not fully appreciated.

What are the main risks associated with investing in listed equity securities?

The main risks associated with investing in listed equity securities are set out below.

1. **Market Risk** - the risk of gain or loss by reason of movements in the share market generally. This may be caused by a range of factors, including economic, taxation or legislative factors (for example, changes in interest rates; political changes; changes in taxation or superannuation laws; international events or natural disasters).
2. **Global Risk** - the vulnerability of an investment to international events or international market factors (for example, exchange-rate fluctuations; changes in international stock or bond markets).
3. **Sector Risk** - risk associated with an industry's specific products or services (for example, demand for the product or service; commodity prices; the economic and industry cycles; changes in consumption patterns; lifestyle and technology changes).
4. **Specific Asset Risk** - risks associated with the specific investment (for example, quality of the company's directors; the strength of management and key personnel; profitability and asset base; debt level and fixed-cost structure; litigation; competition levels; liquidity of the investment).
5. **Research Limitations** - the research that we use in managing your portfolio is based on the opinions of external analysts and your investment managers. It can never be guaranteed, is only valid for a limited time and is often subject to market movements.

Will you explain to me the main risks of the portfolio management service?

Yes. We will explain to you the main risks of investments and strategies associated with our portfolio management service. If you are concerned about the risks of an investment or strategy, you should ask us to explain those risks to you.

Section 3. Code of Professional Conduct, Ethics and Privacy

Do you as a professional organisation have a Code of Conduct and a Privacy Policy?

Yes. Authorised representatives of Clime Asset Management are required to comply with our compliance manual. The compliance manual states that each representative shall:

- maintain a high standard of personal ethical behaviour;
- comply with all ASIC and Corporations Act requirements to maintain a high standard of knowledge and training that is relevant to his or her vocation;
- offer clients an ongoing management service based upon their specific needs;
- endeavour to provide each client with a quality and professional service that exceeds his or her expectations.

The privacy of your personal information is important to us. We must ensure privacy and security of your personal information in accordance with Our Privacy Policy. You can obtain a copy of the policy on request or it is available on our website (www.clime.com.au).

We keep name, phone and e-mail details for the purpose of fulfilling requested products and services. If you register online to receive our products you may indicate whether they wish to receive additional information and marketing on other Clime Asset Management products. At any time you may change, remove or alter the records held by Clime Asset Management or elect not to receive any materials from Clime Asset Management or affiliated companies. Personal details held may include name, contact details (address, phone/fax, email) and payment information (credit card and/or bank details). Clime Asset Management Customer Service can assist with any questions concerning your records.

Section 4. If you have any complaints

What can I do if I have a complaint about your service?

If you have any complaint regarding the service we have provided, you should take the following steps:

1. Contact Clime Asset Management on 1300 788 568 and tell us about your complaint. We will attempt to resolve your complaint immediately.
2. If the complaint cannot be resolved to your satisfaction within 45 business days of receipt, you have the right to complain to the Financial Ombudsman Service (FOS). FOS is the dispute resolution scheme authorised to deal with complaints in relation to investment advice. You can contact FOS on 1300 780 808 or write to:

Financial Ombudsman Service Limited

GPO BOX 3

Melbourne VIC 3001

Detailed information is available through the FOS website at www.fos.org.au

Is there anything else I can do?

At any time you may also contact the ASIC to make a complaint and obtain information about your rights. You can phone your regional ASIC office on 1300 300 630. You may also contact ASIC to obtain any of its publications and services through the ASIC website at www.asic.gov.au.