16 November 2026
ASX: CAM

Chairman's Address
2026 Annual General Meeting

As reported previously to shareholders, in FY26, CAM generated superior portfolio returns to both markets and its peers.

To recap the performance reflected in the accounts and the annual report:

1. NPAT was $10.3 million;
2. Gross portfolio returns of 17.7%;
3. Dividends declared of $7.8 million (50% franked);
4. Bonus dividend declared of 0.5 cents per share (50% franked);
5. Profit Reserve increased to $35.8 million; and
6. Pretax NTA lifted to 82 cents from 77 cents at end of FY25.

A feature of the result was the realised gains of $3 million (FY25 $5.4 million)

Further, the net unrealised gains moved to $11.0 million from a net unrealised loss of $4.6 million in FY25.

Importantly, the positive returns and outperformance has continued in FY27, I will cover this below, and the Board is pleased to declare ***a December quarter dividend of 1.35 cents per share, 50% franked.***

The record date is 11 January 2027, and the dividend is payable on 22 January 2027.

FY26 Audit opinion

As you know, the accounts were issued with a qualified audit opinion. The Board regards this as disappointing. The qualification related, in particular, to the auditor being unable to obtain sufficient appropriate evidence to verify the unit prices or values of certain unlisted investments. The Board takes this matter seriously and has been working with the Manager to address the matters identified.

Both the Board and the Manager have and are undertaking various initiatives in response to the audit opinion.

Specifically, the manager is seeking through third party qualified valuers, up to date valuations that comply with the ASIC guidelines that were announced in mid-June.

This work is substantially complete and at this stage the values of the unlisted credit, property, and equity assets remain at values attributed as at 30 June.

Further, the Board has commissioned an additional independent review. The engagement is intended to assess the value, security, and recoverability, of CAM's private debt portfolio.

One relevant development already reported to ASX last week concerns SBS 4&5. That investment was refinanced for $8.5 million against a 30 June carrying value of $6.5 million, plus accrued interest of $0.6 million. The resulting proceeds and profit recognition will be reflected in the FY27 result.

With that background I wish to address current portfolio performance

I plan to briefly comment on the following:

1. An update on portfolio performance in the year to date;
2. Some background on the Company's profit reserves and franking account;
3. Reiteration of the CAM offer that is focussed on income generation and payment.

Portfolio Update

Turning to the portfolio, as at 13 November the gross portfolio value was approximately $154 million, including the $8.5 million of proceeds referred to above, with net cash in the portfolio of approximately $20 million.

The gross portfolio has moved from about $157 million as of 30 June 2026 with the company undertaking the following:

1. Dividend and interest income received from the investment portfolio of approximately $2.5 million.
2. Payments of 2 quarterly dividends totalling $3.3 million (approximately $1.65 million each quarter).
3. Payments of note interest of $0.85 million.
4. Share and note buybacks of $3.5 million.

CAM October profit (year to date) and franking position

Over the four months to 31 October the company produced an unaudited ***pre-tax profit of $1.7 million.*** This is prior to recognition of the profit associated with the refinancing of the of the investment/loan noted above.

Further, as at 31 October, CAM has over ***$35 million in profit reserves,*** representing over 5 years of dividend capacity at current rates of dividend payment.

Of course, the Company will add to the profit reserves each year when it trades profitably and therefore, the Board regards the level of profit reserves as comfortable.

The Company's franking account – estimated at 31 December 2026 will be approximately $500k**.** The franking account will be bolstered by further dividend receipts throughout the remainder of FY27. Continued net realisation of trading gains should mean that CAM pays tax and potentially increases its franking account. Future dividends and franking levels will, however, remain matters for the Board to determine having regard to CAM's financial position, investment performance, available profits, franking credits, and other relevant circumstances at the time.

Listed portfolio

The CAM equity portfolio performance has been solid, with the recent returns (over 3 and 6 months) above the Australian equity market index. Notably, "value stocks" have outperformed against overpriced thematic stocks, based on superior actual earnings and cashflow yields.

Our equity portfolio is index unaware and is dynamically managed, given the emerging economic issues confronting Australia.

Our value-based investment and a focus on yield have led to a weighting to ANZ and less so to WBC and NAB. Ex its dividend we currently have no holding in CBA (against 12% in the ASX index) which our manager believes is appropriate.

The largest equity positions held by CAM – over 4% portfolio weightings are:

- BHP
- ANZ
- ALL
- CSL
- JBH
- RIO

Thus, shareholders should note that our listed portfolio is broadly spread.

As at 13th November the assets of CAM ($154 million) can be summarised as:

- Listed securities $74million
- Corporate issued bonds $2 million
- Unlisted property trusts $6 million
- Unlisted agricultural trust $1.3 million
- Unlisted real property credit and equity $51 million
- Cash and cash equivalents: 13% or $20 million

CAM's dividend yield compared to the market

CAM's primary focus is on generating income for shareholders without exposing the portfolio to excessive capital risk. Since the 30 June this has been well achieved, but it is clearly not acknowledged by the market with CAM shares trading up to 25% below NTA per share.

Indeed, the higher market yield generated and paid by CAM, compared to the ASX, has increased further since 30 June as the CAM share price decreased.

The yield as of 30 October of the All-Ordinaries index was reported as just 3.2% of which 70% was franked.

By comparison, the CAM yield – at market price of 64 cents – is 8.4% of which 50% is franked.

On a pre-tax basis (i.e. with franking) CAM shares yield 7% higher than the ASX at current market prices. The trailing yield exceeds 10% pretax.

Unlisted yield portfolio

The unlisted portfolio must be considered in segments.

1. The unlisted direct property trusts portfolio ($6 million at 30 June) continues to generate modest returns. These historic direct property equity positions have been fully provisioned to assessed underlying NTAs in the 30 June accounts.
2. CAM also holds an agricultural lease – Southern Cross Poultry Fund – which generates a 10% cash return on cost. The market value for this asset approximates $1.35 million.
3. The unlisted debt portfolio ($47 million), in unlisted credit, have performed as expected. The yield on this debt portfolio continues to be managed to achieve higher risk adjusted yields; and
4. Approximately $3 million has been invested in equity sleeves where significant potential returns have been identified.

Included in the above unlisted portfolio is a diversified pool of debt and equity transactions in locations such as Bondi, Annandale, Katoomba, Kangaroo Island tourism facilities, Fairweather, Bellevue Hill and others. Each facility has a duration under two years.

The managers broader investment theme with respect to unlisted assets is to avoid apartment block style construction transactions and focus on income producing assets with security.

Economic and market outlook

In coming weeks Clime will publish our end of year "Letter to Investors" and it will be available to shareholders via our website in coming weeks.

This letter outlines our view of investment markets in 2027 and provides more background on the headwinds and tailwinds for the Australian equity market.

The investment manager views the following for the Australian economy in FY27:

1. Economic growth will be patchy in the low 1.5 % (real) range.
2. Inflation will persist at around 3% to 4% subject AUD movements and oil prices.
3. Cash rates will average 4.5% over the next 12 months;
4. Commodity prices remaining elevated (particularly copper); and
5. Continued weakness in residential property with a 15% decline.

This suggests a very mild tailwind for the Australian equity market. However, like the US market, there are elevated readings seen in the PER ratios of our largest companies – notably the banks. Those PER ratings require a significant improvement in company earnings that is not currently apparent. Indeed, company analysts are beginning to adjust earnings forecasts down and particularly for banks and discretionary retailers.

The above analysis suggests that a significant portion of Australian equity market returns in 2026/27 will come from income rather than capital gain. The CAM portfolio is thus appropriately positioned – with listed and unlisted assets – to achieve our targeted income payments.

Convertible Notes – CAMG

Shareholders and note holders will be aware that our listed convertible notes were rolled in October 2025 with highly attractive terms to the note holders.

The yield of 6.5% is now paid monthly and the notes at current levels (97 cents) offer investors an 8.5% 2-year yield to redemption. As noted earlier, CAM will repurchase notes on market when the return is attractive to do so and beneficial to CAM.

Those Shareholders and who are also Noteholders are offered a unique market proposition with fixed monthly income via CAMG and variable quarterly income through CAM.

Marketing, and regular NTA communication

We remain committed to keeping shareholders informed. CAM publishes monthly NTA announcements, including its principal portfolio holdings, together with mid-month pre-tax NTA updates.

Clear and timely disclosure is particularly important while the work concerning the unlisted portfolio continues, and the Board intends to keep shareholders appropriately informed of material developments.

Clime also produces a weekly podcast on YouTube and CAM shareholders are encouraged to follow us. Already about 6000 subscribers that follow Clime through this format.

All these initiatives have been undertaken to ensure that CAM shares and convertible notes trade in a market that has an abundance of up-to-date information.

The CAM investment proposition

I can restate the benefits to CAM shareholders that we have presented in previous years.

These benefits are:

1. A dividend "payment yield" that has been consistently higher than that achieved by the ASX All Ordinaries index;
2. A dividend "franking rate" that is consistent with the ASX All Ordinaries index; and
3. Total investor returns that are tilted towards income cash generation and are superior to alternative listed high yielding securities.

This analysis is important for shareholders to note because the outperformance of market dividend yield is our focus rather than trying to outperform a share market, which is often driven by sentiment shifts that leads to short term swings in market prices of shares which are disconnected with the underlying performance of those companies.

The fact that our manager has achieved a gross portfolio return for FY26 (17.7%) that is significantly higher than the All-Ordinaries Accumulation Index (5.7%) is noteworthy given our income focus.

Our objective is to continue applying a disciplined investment approach, maintain appropriate oversight of risk and seek sustainable income and capital outcomes for shareholders. Our intention is to grow dividends when possible or to increase the franking rate and thereby increase the pre-tax dividend return. To achieve this will require the continuance of the solid investment performance that has been achieved in the year to date.

In conclusion, I would like to acknowledge the support of our shareholders and my fellow Directors for their ongoing contribution and counsel.

John Abernethy
Chairman

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Approved for release by the Board of Clime Capital Limited