Integrity Transparency Conviction

Clime International Fund

Quarterly Investment Report - March 2017

Clime Asset Management Pty Limited
Level 7, 1 Market Street Sydney NSW 2000

PO Box Q1286, QVB,
Sydney NSW 1230

Phone 1300 788 568
www.clime.com.au

Investment Objective

The Clime International Fund (the Fund) aims to achieve a 10% annualised return in Australian dollars after all fees and expenses measured over a rolling 5 year period.

The Fund seeks attractive returns, through investing in a portfolio of International listed securities. The Fund's goal is to select high quality individual investments that allow the creation of a best ideas global portfolio. The Fund follows a value based methodology and will only invest in equities when an appropriate margin of safety against value is perceived.

Investment Strategy

The Fund is based on absolute return seeking attractive capital growth and good capital preservation over the long term, from a portfolio of International listed securities.

Sanlam Private Investments (SPI), the Fund's sub-investment manager, believes that by constantly monitoring investment markets, SPI will eventually find assets that it percieves to be incorrectly priced. For SPI, this is the best opportunity to invest. Through rigorous and disciplined research, a sensible approach to risk control and conviction, the Fund seeks to add real value to its investors in a world of low returns punctuated by periods of volatility.

Fund Profile

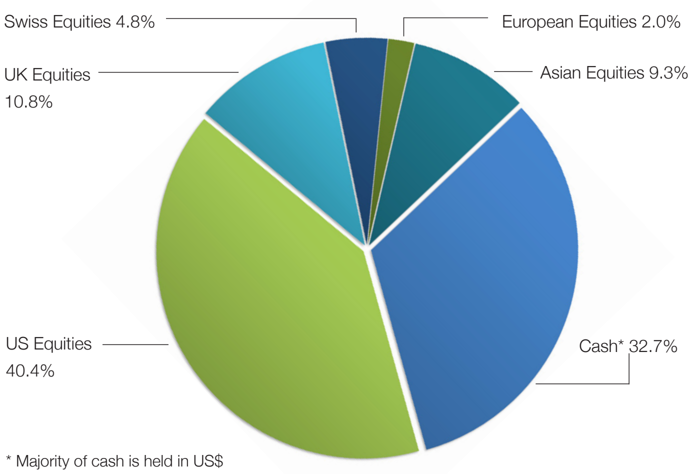
Investment Manager	Clime Asset Management Pty Limited
Sub Investment Manager	Sanlam Private Investments (UK) Ltd
Fund Size - Wholesale Inception Date	A$93.94 million 4 March 2014
Fund Size - Retail Inception Date	A$4.98 million 11 March 2015
Distributions	Annual
Management Fee	1.54% p.a. for Wholesale Units 1.69% p.a. for Retail Units Calculated and paid monthly in arrears on the last business day of the month
Entry Fee	Nil
Contribution Fee	Nil
Expenses	0.21% p.a.
Withdrawal Fee	Nil
Performance Fee	20% of any amount by which the Fund outperforms the rate of 10% per annum
Buy / Sell Spread	0.25% / 0.25%
Investment Horizon	5 years

Fund Performance (31/03/17)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	1.41%	1.38%	0.73%
3 months	0.64%	0.58%	2.38%
6 months	4.70%	4.59%	4.84%
1 year	7.53%	7.35%	10.00%
2 years*	4.00%	3.40%	10.00%
3 years*	8.56%	-	10.00%
Inception*	7.60%	3.04%	10.00%

Inception: Wholesale Units: 4 March 2014. Retail Units: 11 March 2015.
*Performance figures for more than 1 year are annualised, calculated after all applicable fees and taxes. Performance figures compare unit price to unit price forthe given period.

Asset Allocation



* Majority of cash is held in US$

Distributions

Period Ending	Wholesale Units (cents per unit)	Retail Units (cents per unit)
30 June 2016	9.0831	7.5602
30 June 2015	4.9010	5.9905

Wholesale Units - Monthly Returns (since inception)

Financial Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	CIF FYTD	Hurdle# FYTD
2013 - 14	-	-	-	-	-	-	-	-	-2.11%*	0.45%	0.30%	-1.70%	**-3.04%**	3.13%
2014 - 15	0.48%	-0.36%	4.97%	0.45%	3.17%	3.50%	3.68%	1.23%	0.95%	-0.88%	1.86%	-0.83%	**19.58%**	10.00%
2015 - 16	4.05%	0.43%	0.18%	2.78%	-1.19%	-1.35%	0.71%	-0.74%	-4.18%	0.89%	6.01%	-3.89%	**3.28%**	10.00%
2016 - 17	0.51%	1.20%	-1.77%	-0.90%	2.63%	2.29%	-2.07%	1.34%	1.41%				**4.61%**	7.41%

Retails Units - Monthly Returns (since inception)

Financial Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	CIF FYTD	Hurdle# FYTD
2014 - 15	-	-	-	-	-	-	-	-	-0.52%	-1.35%	2.0%	-1.21%	**-1.11%**	2.43%
2015 - 16	4.05%	0.43%	0.18%	2.77%	-1.19%	-1.57%	0.69%	-0.75%	-4.19%	0.88%	6.00%	-3.90%	**2.95%**	10.00%
2016 - 17	0.51%	1.20%	-1.80%	-0.91%	2.61%	2.27%	-2.09%	1.33%	1.38%				**4.47%**	7.41%

#Hurdle represents the 10% per annum benchmark returns. FYTD represents net return for the given financial year, calculated after all applicable fees and taxes. Performance figures compare unit price to unit price for the given period. Performance figures for more than 1 year are annualised.
* Inception date as at 4 March 2014 (Wholesale), 11 March 2015 (Retail), at which point the Fund's units NAV was struck at an inception price of AUD 1.00.

Top 10 Holdings

Stock	Market	Ticker
Proshares Short S&P 500	US	SH US
Microsoft Corporation	US	MSFT US
Roche Holding AG	EU	ROG VX
Oracle Corp	US	ORCL US
Alphabet Inc Class C	US	GOOG US
Diageo PLC	UK	DGE LN
Baidu.com Sponsored ADRs	ASIA	BIDU US
American Express Company	US	AXP US
Cognizant Tech Solutions	US	CTSH US
Medtronic Plc	US	MDT US

Summary

Clime has an objective of holding a diversified portfolio of approximately 25 to 30 listed companies displaying characteristics including:

- High returns on equity or the potential to achieve this;
- An easily understood and sustainable business model;
- Competent and experienced management whose interests are aligned with shareholders;
- A well-funded balance sheet not overly burdened with debt; and
- Strong track record of dividend and earnings growth.

These past months have seen a dramatic shift in market sentiment. Fears of deflation and tepid economic growth have been replaced by optimism that business friendly policy will unleash a flood of investment into the global economy, extending this bull market into its ninth year. Ironically, despite a year of political change that has shaken our social and economic foundations, markets have remained resolute. In the UK, the initial shock of the Brexit vote has abated, and from under the fog, a new landscape is slowly emerging. Although key indicators such as consumer confidence have held up well, and we expect robust earnings from local stocks in the near term, the longer term picture is dependant on the outcome of the EU negotiations. In the short term, UK companies that export their goods and services are in the sweet spot, as they benefit from the weakness in sterling (making their products more globally competitive), while still operating under the existing attractive trade rules. We expect them to grow their profits, but uncertainty for their long-term prospects may cap their share-price gains.

With four months of optimism built into equity prices, markets have quickly become fixated on Trump's policies and whether he can implement his fiscal and tax-cut promises. His failure to pass the healthcare reform bill in Congress was not a good start, and led to the worst day of trading since Trump was elected. So far, markets have held firm, but we do need to be prepared for a potentially turbulent time ahead. Of course, volatility can result in opportunity, and we're well positioned to take advantage of any short-term opportunities that may arise.

During the March quarter, the following stocks brought strong returns to the portfolio:

Stock	Total % returns* in AUD
Unilever Plc**	15.7%
Oracle Corp	9.9%
Twenty-First Century Fox	9.7%

*Returns from 31 December 2016 to 31 March 2017
**Unilever position was reduced on 21 March 2017

Some noticeable weak performers during the quarter are highlighted in the table below.

Stock	Total % returns* in AUD
Yum! Brands Inc	-4.3%
Yum China Holding Inc	-1.7%

*Returns from 31 December 2016 to 31 March 2017

Positions Purchased

Fresenius Medical Care is the world's leading provider of products and services for people with chronic kidney failure. Around 2.8 million patients with this disease worldwide regularly undergo dialysis treatment. Fresenius Medical Care has a more appealing revenue trajectory and we believe better earnings visibility than Amgen, which we sold earlier in the quarter. We feel the share should deliver double digit earnings growth for the next three years and trades below our assessment of fair value.

We have added to our position with Yum China which we had first initiated in January. We feel that the recent spin-off provides attractive growth exposure to an untapped Chinese fast-food sector at decent valuations. The company has no debt and therefore cash generation can be used for growth and eventually returning cash to shareholders.

Positions Sold

After holding Amgen since 2015 we decided to exit this position in favour of opening a new position in Fresenius Medical Care. Although Amgen is a quality business we feel that the risk reward has shifted against the stock with risks in a few of their dominant drugs in the biosimilar space. We feel the share had reached our intrinsic value and the risk of two of its large drug names coming off patient were not reflected in the price so we decided to exit.

Unilever shares had a very strong run post the "Trump" sell-off in consumer staples. In addition the company received a bid from Kraft-Heinz which was made public at the end of February and has resulted in a formal response from management. We note that management has already taken significant steps to improve core metrics like working capital over the last few years. Unilever is currently executing on its growth plan (consistent, competitive, profitable, and responsible growth) to unlock value from its business and improve its core operating margins over the medium-term.

As part of this strategy, Unilever has been successfully improving its cash flow productivity, through its zero-cost budgeting initiatives and its targeted cost savings of more than €1 billion per annum through to 2017. In addition to the targeted improvements in cash productivity and core operating margins, Unilever is expecting to re-investment €1-3 billion of capital per annum into merger and acquisition related activities to drive improvements in its underlying growth profile. We have already seen this with the acquisitions of Seventh Generation (for an undisclosed amount) and Dollar Shave Club (for a reported $1 billion) to increase its exposure to the higher long-term growth opportunities in household and personal care products. The valuation anomaly versus peers has all but vanished and the sector as a whole is expensive again. As a result we trimmed down half our position.