

Clime International Fund

Monthly Investment Report - August 2017

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 perceives 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	A\$92.88 million
Inception Date	4 March 2014
Fund Size - Retail	A\$4.74 million
Inception Date	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

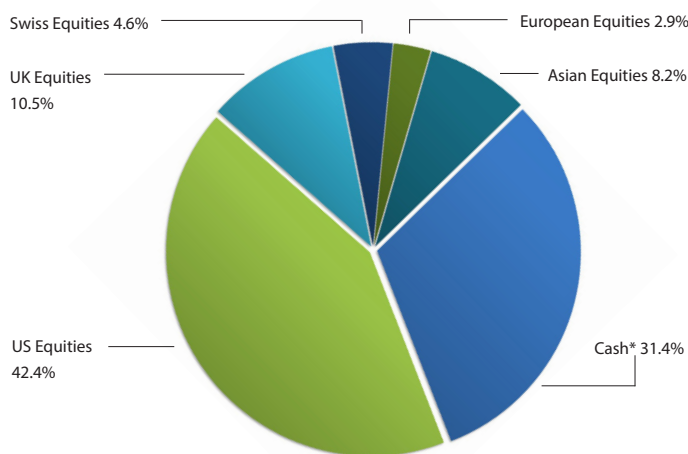
Fund Performance (31/08/17)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	0.57%	0.56%	0.81%
3 months	-2.68%	-2.71%	2.43%
6 months	5.53%	5.46%	4.92%
1 year	7.01%	6.85%	10.00%
2 years*	3.72%	3.47%	10.00%
3 years*	10.32%	-	10.00%
Inception*	7.88%	4.17%	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 for the given period.

Asset Allocation



Distributions

Period Ending	Wholesale Units (cents per unit)	Retail Units (cents per unit)
30 June 2017	3.9597	3.3798
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%	4.53%	2.30%	-1.77%	9.87%	10.00%
2017 - 18	-1.49%	0.57%											-0.92%	1.63%

Retail 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%	10.0%
2016 - 17	0.51%	1.20%	-1.80%	-0.91%	2.61%	2.27%	-2.09%	1.33%	1.38%	4.55%	2.28%	-1.78%	9.72%	10.0%
2017 - 18	-1.50%	0.56%											-0.95%	1.63%

#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
Microsoft Corporation	US	MSFT US
Oracle Corp	US	ORCL US
Diageo Plc	UK	DGE LN
Roche Holding AG-Genusschein	EU	ROGVX
Cognizant Tech Solutions	US	CTSH US
Proshares Short S&P 500	US	SH US
American Express Company	US	AXP US
Alphabet Inc	US	GOOG US
Yum! Brands Inc	US	YUM US
Medtronic Plc	US	MDT US

Summary

For our International Fund, 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.

Global growth appears broad-based, and set to remain strong in the third quarter of this year. We are still concerned about the fact that asset prices are being driven even higher. This is increasing the level of risk for investors, as a negative economic surprise would lead to a larger fall in asset prices. The markets have generally lost interest in President Donald Trump and have returned their attention to central

bank policy. We expect the US Federal Reserve to begin letting its balance sheet unwind in the background while it continues to raise interest rates in a steady and predictable fashion. The European Central Bank is moving towards a less accommodative monetary stance, and we expect it to taper its quantitative easing when the current programme ends, eventually moving interest rates higher in about 12 months' time. Global headline inflation rates are likely to remain stable around the 2% mark, as oil prices have traded in a fairly narrow range over the last 12 months.

The UK has enjoyed over 20 years of strong economic growth, with smaller UK-centric firms performing well, and generally better than the mega-cap multinationals. Consequently it's not surprising that the FTSE 100 fell out of favour since it holds a high proportion of these global earners. Investors struggle to remember a time when large and established UK companies outperformed their smaller, faster-growing counterparts, hence the reason the FTSE 250 became the UK index of choice. But could that be about to change?

It's clear that the UK economy is facing several challenges in the medium to long term, and typically the FTSE 100 comes into its

own when the UK's economy is underperforming the rest of the world. Why? Because many of the companies within the index are global, and have operations in overseas markets.

So what are the challenges facing the UK? July's report from The Office for National Statistics (ONS) saw the UK's first budget surplus since 2002, meaning the country spent less than it received for the first time in 15 years. And this trend looks set to continue. UK borrowing is at its lowest level since 2009, and is projected to decrease further over the next five years. Clearly, the Government is hoping that economic growth will come from elsewhere. In addition to the Government tightening its belt, there are signs that private sector investment has also fallen. If this pattern continues, we're unlikely to see any meaningful economic growth in the corporate sector – unless there's an influx of foreign investment, which is unlikely given that Brexit is casting a shadow of uncertainty over all but the most obvious investments.

During the month we added to positions in Netease and Priceline, and trimmed our position in Baidu.

The information contained in this document is published by the Clime Asset Management Pty Limited. The information contained herein is not intended to be advice and does not take into account your personal circumstances, financial situation and objectives. The information provided herein may not be appropriate to your particular financial circumstances and we encourage you to obtain your own independent advice from your financial advisor before making any investment decision. Please be aware that investing involves the risk of capital loss and past results are not a reliable indicator of future performance and returns. Clime Asset Management Pty Limited (Clime), its Group companies, Sanlam Private Investments UK Ltd, OneVue RE Securities Limited and its directors, employees and agents make no representation and give no accuracy, reliability, completeness or suitability of the information contained in this document and do not accept responsibility for any errors, or inaccuracies in, or omissions from this document; and shall not be liable for any loss or damage howsoever arising (including by reason of negligence or otherwise) as a result of any person acting or refraining from acting in reliance on any information contained herein. No reader should rely on this document, as it does not purport to be comprehensive or to render personal advice. Please consider the Product Disclosure Statement, Additional Information Booklet and our Financial Services Guide before investing in the product.
