

# Clime International Fund

Monthly Investment Report - February 2018

## Investment Objective

The objective of the Clime International Fund is to generate sustainable long-term capital growth. The Fund seeks to achieve an annual total return of 10%, measured in Australian dollars, over rolling five to seven year investment periods after management fees.

## Investment Strategy

The Clime International Fund seeks to deliver strong risk-adjusted total returns by investing in a portfolio of high quality International listed companies that are attractively priced. The Fund's sub-investment manager Sanlam Private Wealth, is a value-based active fund manager who seeks out compelling investment opportunities where risk taken is appropriately compensated.

## Fund Profile

Investment Manager	Clime Asset Management Pty Limited
Sub Investment Manager	Sanlam Private Investments (UK) Ltd
Fund Size - Wholesale	A\$91.83 million
Inception Date	4 March 2014
Fund Size - Retail	A\$5.18 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

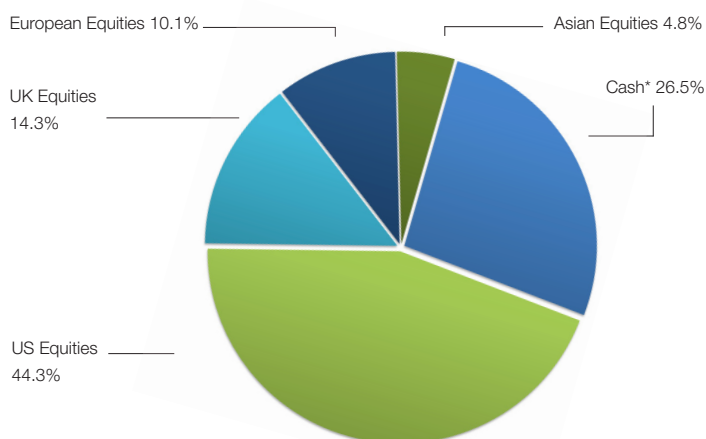
## Fund Performance (28/02/18)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	0.64%	0.63%	0.81%
3 months	-1.26%	-1.32%	2.45%
6 months	5.99%	5.89%	4.96%
1 year	11.85%	11.67%	10.00%
2 years*	6.61%	6.44%	10.00%
3 years*	6.39%	-	10.00%
Inception*	8.43%	5.45%	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



\* Majority of cash is held in US\$

## 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%	<b>-3.04%</b>	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%	<b>19.58%</b>	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%	<b>3.28%</b>	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%	<b>9.87%</b>	10.00%
2017 - 18	-1.49%	0.57%	1.25%	3.88%	2.07%	-1.71%	-0.18%	0.64%					<b>5.02%</b>	6.67%

## 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%	<b>-1.11%</b>	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%	<b>2.95%</b>	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%	<b>9.72%</b>	10.0%
2017 - 18	-1.50%	0.56%	1.24%	3.86%	2.06%	-1.74%	-0.20%	0.63%					<b>4.88%</b>	6.67%

#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
Oracle Corp	US	ORCL US
Microsoft Corporation	US	MSFT US
Diageo Plc	UK	DGE LN
Alphabet Inc Class C	US	GOOG US
Cognizant Tech Solutions	US	CTSH US
Roche Holding AG-Genusschein	EU	ROG SW
Yum! Brands Inc	US	YUM US
Booking Holdings Inc	US	BKNG US
Medtronic PLC	US	MDT US
American Express Company	US	AXP 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.

Ten years ago, when the world was in the throes of the worst financial crises we've seen since the Great Depression, today's accelerating global economy seemed like an impossible dream. So, why is it that improving economic news is giving investors and economists the jitters?

The credit crunch reminded central banks of a core economic principle – don't leave interest rates too low for too long as that allows risks to build. As economic data continues to impress, how fast and how far interest rates need to rise is sure to be keeping our central bankers awake at night – especially as they simultaneously start to remove the crutch of quantitative easing (QE). They must act decisively to prevent the economy from over-heating, whilst being careful not to stifle it completely. Last month equity markets experienced their first major correction in two years, despite business fundamentals appearing stronger than ever. Once again, this proves that it is the valuation, not the story, that ultimately matters in investing.

Now that central banks are starting to wean the economy off QE, bond yields are on the increase, and investors are showing the first sign of nerves that higher yields could derail the Goldilocks economy we've enjoyed for so long. We're not too concerned yet, as bond yields have a long way to go before they can truly threaten riskier assets, but we can expect increased market volatility as this correction works its way through the system.

The good news is that volatility brings opportunity, and we've already been taking advantage of some of the market moves we have seen, although nothing has changed sufficiently to alter our generally cautious view of the world.

During the month we added to our positions in Samsung, NetEase, Unilever and Medtronic. We trimmed our positions in American Express and Microsoft. We re-initiated a position in Procter & Gamble.

*Note: Priceline changed its name to Booking Holdings Inc in February 2018.*

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