

Clime Australian Income Fund

Monthly Investment Report - July 2018

Investment Objective

The Fund's objective is to provide a level of income of 3% p.a. above the RBA cash rate and to grow capital in line with CPI. It seeks to deliver a strong risk-adjusted total return and is expected to have a level of total volatility of returns of less than half traditional equity indices.

Investment Strategy

The Clime Australian Income Fund seeks to provide an income stream above the RBA cash rate from a portfolio of Australian listed and unlisted securities, with a strong view towards capital preservation.

The portfolio will invest in select high quality individual investments which in aggregate create a best ideas portfolio for income generation. Portfolio yield is likely to be incrementally enhanced via franking credits.

Fund Profile

Investment Manager	Clime Asset Management Pty Limited
Investments	The Fund's goal is to select high quality individual investments that allow the creation of a best ideas portfolio for income generation.
Fund Size - Wholesale Inception Date	A\$17.5 million 1 July 2015
Income Distributions	Quarterly. Unless otherwise requested, distributions are automatically re-invested.
Management Fee	1.03% p.a.
Contribution Fee	Nil
Minimum initial investment	\$200,000
Minimum additional investment	\$10,000
Expenses	0.21% p.a.
Withdrawal Fee	Nil
Benchmark	Achieve a return of 3% p.a. above the RBA cash rate and to grow capital in line with CPI with volatility of returns significantly less than the S&P/ASX200 Index.
Investment Horizon	Minimum 3 years

Performance and Volatility of Return (31/07/18)

	Portfolio Return [^]	Income	Capital Growth	Volatility ^{**}
1 month	0.68%	0.00%	0.68%	-
3 months	1.81%	1.67%	0.13%	-
6 months	1.11%	2.36%	-1.23%	-
1 year	4.60%	3.62%	0.95%	2.52%
2 years*	5.70%	3.84%	1.80%	2.63%
Inception*	6.99%	3.60%	3.27%	3.41%

Note: Compound (geometric) returns are used in the above table's segmentation of Income and Capital Growth. This may result in small differences when compared with a simple addition of Income and Capital Growth components.

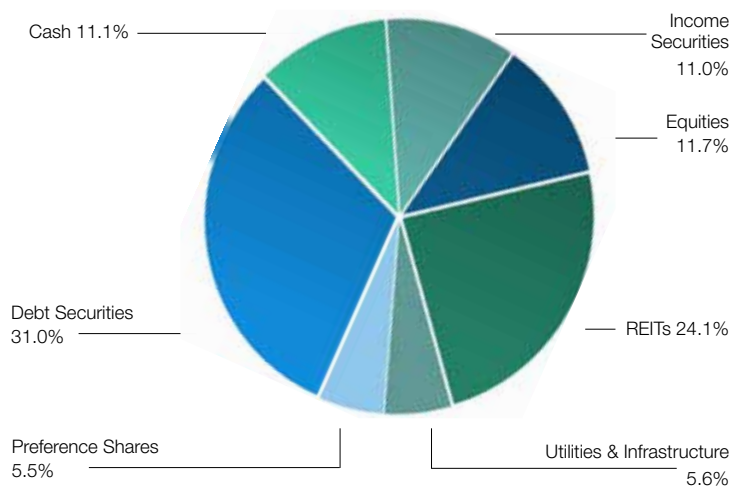
[^]Portfolio return is based on the change of the unit price including distributions but excluding franking credits. Franking credits will enhance this portfolio return, and historically this has added about 0.30% pa to the return of the Fund.

*Inception: Wholesale Units: 1 July 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. The returns do not include the benefit of franking credits.

** Volatility is based on the annualised standard deviation of weekly price movements.

The 1 year volatility of the S&P/ASX200 is 9.1% over the same weekly measurement period; placing the Clime Australian Income Fund volatility significantly below that of the Australian traditional equity index. This is consistent with the Fund objective of providing capital stability while generating regular quarterly income.

Asset Allocation



Wholesale Units - Monthly Returns (since inception*)

Financial Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	CAIF FYTD
2015 - 16	0.5%	0.6%	-1.3%	2.5%	-0.6%	1.5%	-1.6%	-0.3%	2.5%	1.3%	1.7%	0.7%	7.6%
2016 - 17	2.5%	-0.0%	-0.3%	-0.7%	0.8%	2.7%	-0.3%	1.5%	1.2%	0.9%	0.1%	0.3%	9.0%
2017 - 18	0.4%	1.1%	0.4%	0.9%	1.06%	0.5%	-0.5%	-0.4%	-0.8%	0.5%	0.02%	1.1%	4.3%
2018 - 19	0.7%												0.7%

*Inception date as at 1 July 2015 (Wholesale) at which point the Fund's units NAV was struck at an inception price of AUD 1.00.

Note: 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.

Distributions

Quarter Ending	Wholesale Units (cents per unit)
30 June 2018	1.8352 (+0.2025 franking credits)
31 March 2018	0.7455
31 December 2017	0.7602
30 September 2017	0.6015
30 June 2017	1.8451 (+0.3189 franking credits)
31 March 2017	1.0082
31 December 2016	0.9706
30 September 2016	0.5123
30 June 2016	2.1483 (+0.3153 franking credits)
31 March 2016	0.8246
31 December 2015	0.2390
30 September 2015	0.5383

Top 5 Holdings

Security	Weight%
MBLHB Perp Notes	3.0%
Elanor 7.1% 171022 FRN	2.9%
National Bank NABHA FRN 08/49	2.8%
Multiplex Convertible Note 31/12/2049	2.6%
WBCPE FRN 311249	2.6%