

Clime International Fund

Monthly Investment Report - January 2015

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 an absolute return fund which seeks attractive capital growth over the long term from a portfolio of International listed securities, with a view to capital preservation.

Sanlam Private Investments (SPI), the Fund's sub-investment manager, believes investment markets continually offer opportunities for it to exploit. Markets are inefficient, driven by human emotion as well as logic. In the end, logic wins. However, in the periods where emotion rules, assets can become incorrectly priced. This provides the opportunity to invest.

SPI is an active investment manager and monitors markets constantly. SPI invests with conviction, backed up by rigorous and disciplined research and a sensible approach to risk control. In this way 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\$57.23 million
Inception Date	4 March 2014
Distributions	Annual
Management Fee	1.54% p.a. Wholesale 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
Benchmark / Hurdle	10%
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 to 31 January 2015

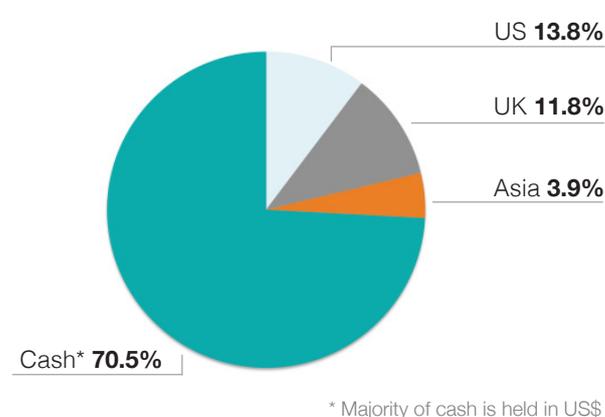
	AUD Portfolio Return	Hurdle
1 month	3.68%	0.81%
3 month	10.71%	2.43%
6 month	16.32%	4.92%
Inception	13.32%	9.08%

Inception: Wholesale Units: 4 March 2014 .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.

Top Holdings

Stock	Market	Ticker
Samsung Electronics	South Korea (GDR)	SMSN LI
Diageo PLC	UK	DGE LN
BP PLC	UK	BP LN
Oracle Corporation	US	ORCL US
Yum! Brands Inc	US	YUM US
McDonald's Corporation	US	MCD US
British American Tobacco	UK	BATS LN
Rolls Royce	UK	RR LN
Exxon Mobil	US	XOM US
Microsoft Corporation	US	MSFT US

Asset Allocation



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%						16.88%	5.77%

#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.

* Inception date as at 4 March 2014, at which point the wholesale unit's NAV was struck at an inception price of AUD 1.00.

Summary

After initially suffering from New Year blues the equity markets have bounced back to start 2015 well. All of the global flagship equity indices are in positive territory with emerging markets performing particularly well. There has been a similar story in the fixed income market which has started the year in much the same fashion as it finished 2014.

Equity markets waited in anticipation for the European Central Bank (ECB) to announce on 22 January the time and size of its quantitative easing (QE) programme. Mario Draghi surprised the market on the upside by promising the purchase of €1.1 trillion worth of eurozone sovereign bonds and other safe financial assets from March 2015 to September 2016.

Furthermore Draghi linked the objectives of QE to inflation, stating that purchases are “intended to be carried out until end-September 2016 and will in any case be conducted until we see a sustained adjustment in the path of inflation which is consistent with our aim of achieving inflation rates below, but close to, 2% over the medium term”. The unconditional nature of this statement was definitely seen as a positive.

As such the markets continued to remain robust despite anti-austerity party, Syriza, winning the Greek parliamentary election and forming a coalition with the right-wing party ANEL.

Much like the equity markets, the fixed income markets reacted positively on the ECB QE announcement.

Bond yields dropped to new lows in many areas with peripheral Europeans continuing to fall further relative to German bunds. The market was initially disappointed that only 20% of the program was subject to risk sharing, with the remainder of the risk falling on national central banks. However this slight negativity in sentiment was offset by the news that the proportion of bonds purchased will be subject to the ‘capital key’.

This means the eurozone’s largest economies, such as Germany, will see a larger amount of buying of their bonds than smaller economies.

This month we took advantage of the stock price strength in Samsung by trimming our position. We also bought Johnson and Johnson, Intertek, Microsoft and American Express.

Over the course of January, the Fund achieved a net return of 3.68%. 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.

The information contained in this document is published by the Clime Group. 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) 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. The Fund is only for wholesale or sophisticated investors.