

Clime International Fund

Monthly Investment Report - January 2018

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 Inception Date	A\$92.27 million 4 March 2014
Fund Size - Retail Inception Date	A\$5.17 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

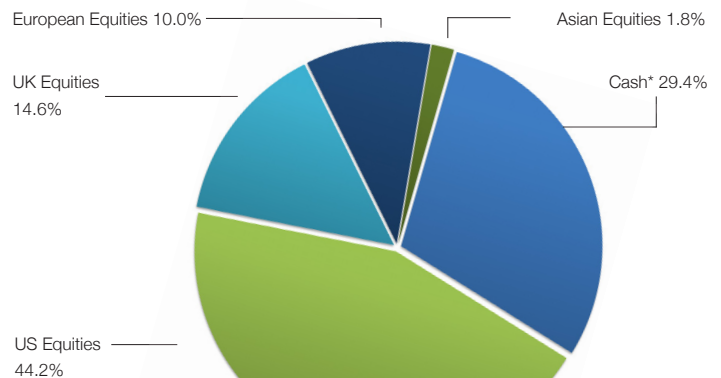
Fund Performance (31/01/18)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	-0.18%	-0.20%	0.81%
3 months	0.14%	0.08%	2.45%
6 months	5.91%	5.82%	4.96%
1 year	12.63%	12.45%	10.00%
2 years*	5.86%	5.70%	10.00%
3 years*	6.60%	-	10.00%
Inception*	8.43%	5.37%	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%	-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%	1.25%	3.88%	2.07%	-1.71%	-0.18%						4.35%	5.77%

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%	10.0%
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%	1.24%	3.86%	2.06%	-1.74%	-0.20%						4.23%	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. 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
Cognizant Tech Solutions	US	CTSH US
Alphabet Inc	US	GOOG US
American Express Company	US	AXP US
Roche Holding AG-Genusschein	EU	ROG VX
Yum! Brands Inc	US	YUM US
Medtronic Plc	US	MDT US
Fresenius Medical Care AG	EU	FME GY

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.

The global economy started this year as it ended the last – neither hot enough to force interest rates higher, nor cold enough to adversely affect companies looking to grow their bottom line. With many arguing that conditions are “just right”, the fall in the US stock market over the past few days – and its impact on other global markets – demonstrates that we’re still a long way from a Goldilocks economy.

The fall in the US stock market and subsequent 3% dip in the FTSE reflects a more uncertain global economic picture than many commentators had expected. While asset prices continue to be supported by strong global growth and positive forward-looking sentiment – all under-pinned by low interest rates – market jitters have arisen on the prospect of higher US inflation, brought about by a strong labour market and higher oil prices. But none of this alters the fundamentals: the US and Europe continue to gather economic momentum, and the outlook for emerging markets and China is good. Even the UK is reaping some of the rewards of a buoyant global economy, despite its own domestic issues. All in all, the immediate outlook continues to be encouraging, and we expect the impact of stock market falls to be short lived, allowing positive tailwinds to continue for some months to come. If we look beyond the near-term – possibly as much as 18 months from now – there are signs of a changing dynamic. As central banks bought bonds (through their quantitative easing programmes), they artificially suppressed volatility and yields while driving up asset prices. Over the course of the past few months, this process has slowly begun to reverse, and as this gains momentum the opposite could be true – higher volatility and lower asset prices. The real puzzle for the market to solve is: at what point will higher interest rates will affect equity prices? We think that there is a strong argument for higher interest rates, but even a after a moderate rise they would still be considered low by historical standards - supporting the economy and risky investments. So the question is one of timing and Goldilocks would be wise not to sleep too soundly.

During the month we initiated a position in Pandora, and reinitiated a position in Samsung.

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