

Clime International Fund

Monthly Investment Report - March 2014

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

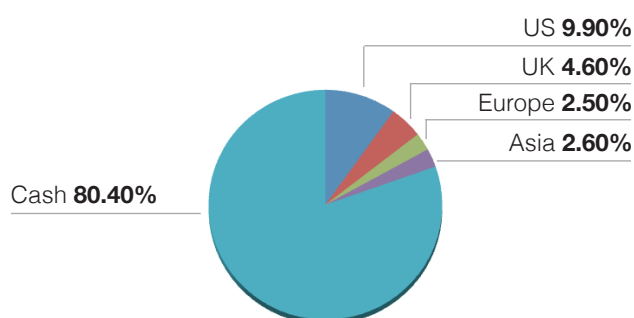
Investment Manager	Clime Asset Management Pty Limited
Sub Investment Manager	Sanlam Private Investments (UK) Ltd
Fund Size - Wholesale	A\$26.53 million
Inception Date	4 March 2014
Distributions	Annual
Management Fee	1.54% p.a. Wholesale Units calculated and paid monthly in arrears on the last business 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 March 2014

	AUD Portfolio Return	Hurdle
1 month	-2.11%	0.80%

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 to unit price for the given period.

Asset Allocation



Portfolio Attribution to 31 March 2014

	Undelying Portfolio Return	Currency Effect	AUD Portfolio Return
1 month	+0.88%	-2.99%	-2.11%

Top Holdings

Stock		Ticker
Mastercard	US	MA US
Burberry Group	UK	BRBY LN
Samsung Electronics	South Korea (GDR)	SMSN LI
Anheuser-Busch InBev	Belgium	ABI BB
McDonald's	US	MCD US
Microsoft	US	MSFT US
Accenture	US	ACN US
Diageo	UK	DGE LN
Coca-Cola	US	KO US
Proctor & Gamble	US	PG US
IBM	US	IBM US

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%*	-	-	-	-2.11%	0.80%

#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

Global equity markets navigated several obstacles in March without major disruption. Weakness emanating from China continues to be felt through weak performance of Asian markets and significant falls in world commodity prices. The US was more up-beat, finishing the month 0.8% and 0.7% up on the Dow and the S&P respectively. While major bond market yields slowly crept up over the month, 2 basis points in the case of the UK, most fixed income returns were unremarkable.

March kicked off with geopolitical tensions on the rise as Ukraine's change of government, and the subsequent Russian annexation of the Crimea region caused sleepless nights for some of the world's most powerful leaders. While political talks are still ongoing between the US and Russia, the situation has the potential to escalate.

Central banks again generated a raft of headlines in March. The Federal Reserve (Fed) tapered its Quantitative Easing (QE) programme to \$55bn per month, as expected, but then Janet Yellen set the newsreels alight in the following press conference where she clarified that the previous Fed statement of leaving interest rates unchanged for an 'extended period of time' after QE ends means 'about 6 months or so' in contrast to the 9-12 months the market was assuming.

As things stand, the Fund's high weighting to cash is a function of cash inflows towards the end of the period, and taking a disciplined approach to initiating positions in our core stocks. We firmly believe that entering at an attractive starting price is crucial for performance in the long term. Since the Fund's inception, the Fund achieved a net return of -2.11% against the benchmark's return of 0.80%. The fund's negative performance was driven primarily by the AUD strengthening by more than 3% against the USD in March.

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.

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