

Clime International Fund

Monthly Investment Report - May 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 Inception Date	A\$81.02 million 4 March 2014
Fund Size - Retail Inception Date	A\$1.64 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
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 May 2015

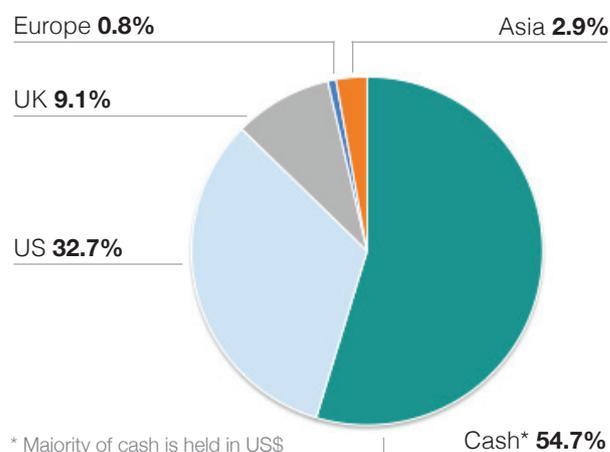
	AUD Portfolio Return		Hurdle
	Wholesale	Retail	
1 month	1.86%	2.00%	0.81%
3 months	1.92%	-	2.43%
6 months	10.70%	-	4.86%
1 year	18.53%	-	10.00%
Inception	13.42%	0.10%	

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.

Top Holdings

Stock	Market	Ticker
Diageo PLC	UK	DGE LN
American Express Company	US	AXP US
Johnson & Johnson	US	JNJ US
Google Inc	US	GOOGL US
Microsoft Corporation	US	MSFT US
The Coca-Cola Company	US	KO US
Samsung Electronics	South Korea (GDR)	SMSN LI
Proctor & Gamble Co	US	PG US
Amgen Inc	US	AMGN US
Rolls Royce Holdings PLC	LN	RR LN

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%	1.23%	0.95%	-0.88%	1.86%		20.58%	9.14%

Retail 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%		0.10%	2.43%

#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 (Wholesale), 11 March 2015 (Retail), at which point the Fund's units NAV was struck at an inception price of AUD 1.00.

Summary

Over the course of May, we have continued to see the UK equity markets tick up, with the MSCI UK All Cap, the MSCI UK Daily Total Return and the MSCI UK Mid Cap all ending the month on a high, and it proved to be a stronger month than the last. The MSCI World ended the month up 0.8%. The MSCI USA rebounded this month posting a return of 1.3%. In the fixed income market we also saw a rebound in returns, with the BofA Merrill Lynch Gilt index up 0.4% over the month. In currencies, sterling weakened against the dollar from the beginning of the month. However, it strengthened against yen and euro.

In the UK markets we finally got the results of the General Election, with a small majority Conservative government that removed the uncertainty of any coalition government. We may still have some uncertainty with an EU referendum as early as 2016. In Europe, we had some volatility in the core bond markets, and we continue to await the verdict on Greece. At the end of May, the Greek 10 year debt was trading at around 11% which is 2% lower than the three month high of 13%.

We continue to see M&A activity this month, and with borrowing costs so low it's very cheap for companies to do so before we see the first rate hike. This month we have seen the second

largest M&A deal with the acquisition of Time Warner Cable by Charter Communications. This M&A activity will likely continue for next few months before borrowing costs start to rise.

This month we bought Amgen and Citigroup, as well as topping up positions in Diageo, Samsung, Coca-Cola, Procter & Gamble, American Express, Google and Rolls-Royce.

Year to date the fund (wholesale units) is up 7%.

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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