

Clime International Fund

Monthly Investment Report - July 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\$93.39 million 4 March 2014
Fund Size - Retail Inception Date	A\$2.33 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

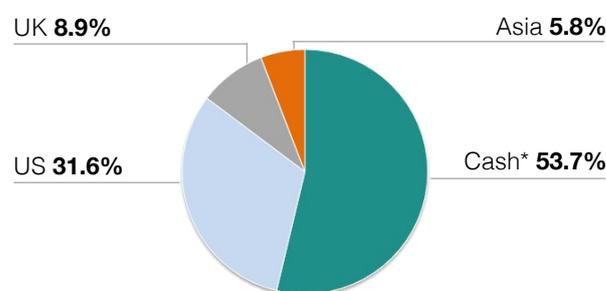
Fund Performance to 31 July 2015

	AUD Portfolio Return		Hurdle
	Wholesale	Retail	
1 month	4.05%	4.05%	0.81%
3 months	5.11%	4.84%	2.43%
6 months	6.46%	-	4.86%
1 year	23.83%	-	10.00%
Inception*	14.26%	2.89%	

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\$

Top Holdings

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

Distributions

Period Ending	Wholesale Units (cents per unit)	Retail Units (cents per unit)
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%	-	-	-	-	-	-	-	-	-	-	-	4.05%	0.83%

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%	-1.21%	-1.11%	2.43%
2015 - 16	4.05%	-	-	-	-	-	-	-	-	-	-	-	4.05%	0.83%

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

The month began with Alexis Tsipras, the Greek prime minister, calling for a referendum to decide whether the country should accept the Eurozone's austerity measures. The result returned a resounding "no" which seemed to increase the likelihood of a "Grexit". However, Tsipras went back to the negotiation table and ended up agreeing to an adjusted austerity deal, which enabled an €86 billion bailout deal to go ahead. The legislation included the transferring of various valuable Greek assets into a fund which is to be managed by the Greek authorities, but "under the supervision of the relevant European institutions". However, with upcoming payments on the horizon, the saga keeps rumbling on.

In China, July has been defined by the high levels of market volatility. In the face of plummeting prices, the government stepped in to implement a series of price limit rules, as well as a large number of individual stock trading suspensions. This caused the Shanghai Composite Index to tick up until 27 July where confidence slowed and we saw an 8.5% fall. This was seen to be a result of the Chinese authorities deciding to reduce capital inflows following their market-supportive measures, as it was not seen to be sustainable in the long run. Furthermore, investors were disillusioned by weak industrial data.

In the US, the wires were dominated by conjecture as to when a rate hike will take place. Whereas the Federal Reserve previously said it would raise rates when it had seen "further improvements" in jobs, it now only needs to see "some further Improvements".

This Fed through price-wise into a September hike being ever so slightly more likely. Towards the end of the month we also saw some weak US retail sales, with a decline of 0.3% MoM.

During the month we saw a noticeable fall in the oil price, with Brent Crude Oil dropping below \$53.

Throughout the month we bought a position in Burberry and topped up in Baidu, Microsoft, Samsung and Oracle. We sold our position in Rolls-Royce and Stryker and trimmed in Google. We also topped up our position in Diageo early on in the month, before trimming later.

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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