

Clime International Fund

Monthly Investment Report - October 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\$45.64 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 October 2014

	AUD Portfolio Return	Hurdle
1 month	0.45%	0.81%
3 month	5.07%	2.43%
6 month	4.10%	4.92%
Inception	2.36%	6.49%

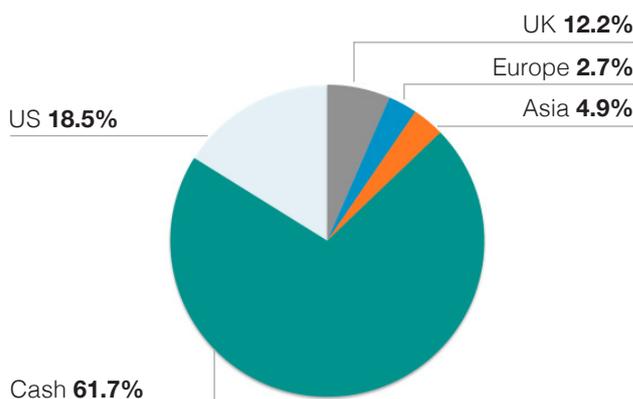
Inception: Wholesale Units: 4 March 2014 .Performance figures for more than 1 year are annualised, calculated after all applicable fees and taxes. Performance figures compare unit price to unit price for the given period.

Portfolio Attribution to 31 October 2014

	Underlying Portfolio Return	Currency Effect	AUD Portfolio Return
1 month	1.07%	-0.62%	0.45%
3 month	0.11%	4.96%	5.07%
6 month	-0.40%	4.50%	4.10%
Inception	0.82%	1.54%	2.36%

Top Holdings

Stock	Market	Ticker
Samsung Electronics	South Korea (GDR)	SMSN LI
Diageo PLC	UK	DGE LN
Accenture PLC	US	ACN US
Burberry Group	UK	BRBY LN
Oracle Corporation	US	ORCL US
Microsoft Corporation	US	MSFT US
Yum! Brands Inc	US	YUM US
BP PLC	UK	BP LN
LVMH Moet Hennessy Louis Vuitton	EU	MC FP
McDonald's Corporation	US	MCD 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%*	0.45%	0.30%	-1.70%	-3.04%	3.13%
2014 - 15	0.48%	-0.36%	4.97%	0.45%									5.57%	3.26%

#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

During the month global equity markets experienced volatility as the Ebola outbreak worsened and global growth stuttered. Later on, markets snapped back aggressively from their nadirs, with the MSCI World Index ending the month up 0.7% and the MSCI Emerging Markets gaining 1.2%.

After several weeks of deteriorating short term economic data and disinflation, particularly in Europe, there have been some indications more recently that fundamentals may be improving. UK third quarter GDP growth of 0.7% remains above trend, albeit at a slower rate than the second quarter. US employment remains robust and the falling oil price, theoretically, reduces the American tax on consumption. The US dollar continued its trend of strength against the other major currencies. Corporate earnings in aggregate continue to grow, even if currency headwinds and weakness in Europe and Asia have been persistent themes of earnings releases.

Japan ended October with a flourish, announcing an additional 10 trillion yen of stimulus per annum. At the same time, the Japanese Government Investment Pension Fund (GPIF) decided to more than double its target allocation of foreign stocks to 25 percent.

Understandably in the wake of this news flow, risk assets rallied strongly. The US, which is suspected to be the biggest beneficiary of the GPIF move, closed October at an all-time record high after rising 3.4% over the month. In Europe equity indices regained half the ground lost from

their peaks in July to their troughs in October. The FTSE All Share fell 0.7% and the MSCI Europe ex UK declined 1.4%. Japan also pared its losses to end the month flat, although the yen plummeted on the news of the BoJ's stimulus.

We reinforced a number of existing holdings in October, and initiated positions in Exxon Mobil and AIG. Having topped up at an opportune moment, we sold out of MasterCard at the end of the period following a strong reaction to its full year results.

Over the course of October, the Fund achieved a net return of 0.45%.

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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