

Clime International Fund

Monthly Investment Report - November 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 Inception Date | A\$48.35 million 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 30 November 2014

| | AUD Portfolio Return | Hurdle |
|-----------|----------------------|--------|
| 1 month | 3.17% | 0.79% |
| 3 months | 8.80% | 2.40% |
| 6 months | 7.07% | 4.89% |
| Inception | 5.61% | 7.33% |

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.

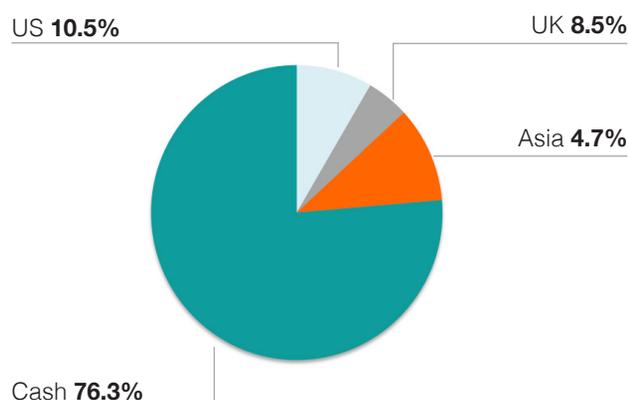
Portfolio Attribution to 30 November 2014

| | Underlying Portfolio Return | Currency Effect | AUD Portfolio Return |
|-----------|-----------------------------|-----------------|----------------------|
| 1 month | 0.46% | 2.71% | 3.17% |
| 3 months | 0.07% | 8.73% | 8.80% |
| 6 months | -0.81% | 7.88% | 7.07% |
| Inception | 1.22% | 4.39% | 5.61% |

Top Holdings

| Stock | Market | Ticker |
|--------------------------|-------------------|---------|
| Samsung Electronics | South Korea (GDR) | SMSN LI |
| Diageo PLC | UK | DGE LN |
| Oracle Corporation | US | ORCL US |
| Yum! Brands Inc | US | YUM US |
| McDonald's Corporation | US | MCD US |
| BP PLC | UK | BP LN |
| Rolls Royce Holdings PLC | UK | RR LN |
| Exxon Mobil Corporation | US | XOM US |

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% | | | | | | | | 8.92% | 4.07% |

#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 continued to trend upwards with the MSCI World TR up 4.4% on the month. Positive economic data releases in the U.S paved the way for higher gains, and the MSCI world index rebounded to levels seen back in September.

The minutes of the Fed 29 October meeting were also released, highlighting near term deflationary pressures. The housing and labour markets in the U.S showed strength with existing home sales up by 1.5% in October, beating estimates.

The big story of the month has been the fall in oil prices, down 17% since the start of the month, to end November at \$70.15 (Brent Crude Oil). During the Organisation of the Petroleum Exporting Countries (OPEC) meeting, OPEC announced that the current production quotas would not be cut, and price would be left to market supply and demand dynamics. Some commentators have highlighted that oil could fall further to \$40 to compete with the shale gas producers in the US.

A falling oil price was positive for the consumer sectors of the market, notably so in the US where the oil price translates almost 1:1 into lower fuel costs for the consumer. Shares in energy stocks were predictably poor.

European equities rose 6.6% largely due to the potential for further support from the European Central Bank (ECB).

The German IFO index of business confidence was also up to 104.7 in November from 103.2 in October.

Over the course of November, buoyant equity markets pushed a number of our positions above their intrinsic value price targets. We sold AIG, Microsoft, LVMH, Burberry and Accenture on this basis, and reduced the Fund's holdings in Diageo.

Over the course of November, the Fund achieved a net return of 3.17% against the Fund's monthly target return of +0.8% (AUD). 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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