

# Clime International Fund

Monthly Investment Report - November 2016

## 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 based on absolute return seeking attractive capital growth and good capital preservation over the long term, from a portfolio of International listed securities.

Sanlam Private Investments (SPI), the Fund's sub-investment manager, believes that by constantly monitoring investment markets, SPI will eventually find assets that it perceives to be incorrectly priced. For SPI, this is the best opportunity to invest. Through rigorous and disciplined research, a sensible approach to risk control and conviction, the Fund seeks to add real value to its investors in a world of low returns punctuated by periods of volatility.

## Fund Profile

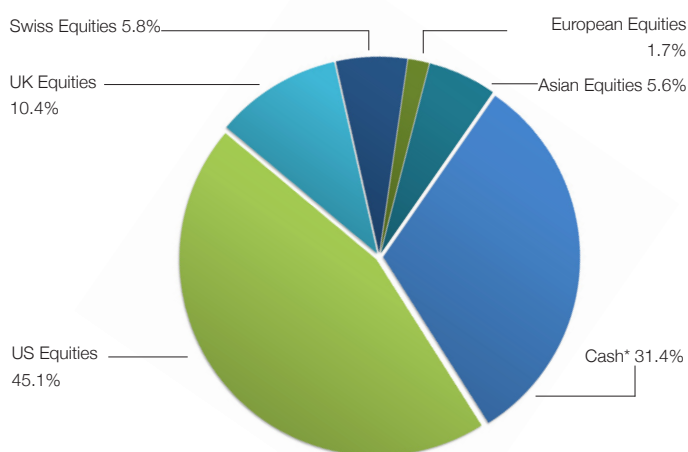
Investment Manager	Clime Asset Management Pty Limited
Sub Investment Manager	Sanlam Private Investments (UK) Ltd
Fund Size - Wholesale Inception Date	A\$105.96 million 4 March 2014
Fund Size - Retail Inception Date	A\$4.90 million 11 March 2015
Distributions	Annual
Management Fee	1.54% p.a. for Wholesale 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
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 (30/11/16)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	2.63%	2.61%	0.79%
3 months	-0.10%	-0.15%	2.40%
6 months	-2.34%	-2.41%	4.86%
1 year	-1.30%	-1.65%	10.00%
2 years*	7.34%	-	10.00%
Inception*	7.41%	1.95%	-

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\$

## Distributions

Period Ending	Wholesale Units (cents per unit)	Retail Units (cents per unit)
30 June 2016	9.0831	7.5602
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%	<b>-3.04%</b>	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%	<b>19.58%</b>	10.00%
2015 - 16	4.05%	0.43%	0.18%	2.78%	-1.19%	-1.35%	0.71%	-0.74%	-4.18%	0.89%	6.01%	-3.89%	<b>3.28%</b>	10.00%
2016 - 17	0.51%	1.20%	-1.77%	-0.90%	2.63%								<b>1.62%</b>	4.07%

## Retails 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%	<b>-1.11%</b>	2.43%
2015 - 16	4.05%	0.43%	0.18%	2.77%	-1.19%	-1.57%	0.69%	-0.75%	-4.19%	0.88%	6.00%	-3.90%	<b>2.95%</b>	10.00%
2016 - 17	0.51%	1.20%	-1.80%	-0.91%	2.61%								<b>1.56%</b>	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. Performance figures for more than 1 year are annualised.

\* 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.

## Top 10 Holdings

Stock	Market	Ticker
Microsoft Corporation	US	MSFT US
Proshares Short S&P 500	US	SH US
Oracle Corp	US	ORCL US
American Express Company	US	AXP US
Roche Holding AG	EU	ROG VX
Alphabet Inc Class C	US	GOOG US
Baidu.com Sponsored ADRs	ASIA	BIDU US
Cognizant Tech Solutions	US	CTSH US
Diageo Plc	UK	DGE LN
Amgen Inc	US	AMGN US

## Summary

The past year has been marked by political showdowns. When the unthinkable became reality, and political debate and divide pervaded living rooms throughout the world, even the Oxford English Dictionary couldn't keep up, being forced to introduce new words such as alt-right, post-truth and Brexiteer just to try and make sense of it all.

Another new term that will soon be rolling off the tongues of investors (if not already), is 'Trumponomics'. A word that will likely come to symbolise pro-growth, pro-business policy.

How 'Trumponomics' will play out for the US and global economy is yet to be seen, but markets have reacted reasonably positively in the short term. Where Donald Trump's policies align with Republican policy (such as tax cuts and deregulation within the financial services sector), it is likely they will quickly become reality. It is hoped that this in turn will boost business confidence, resulting in innovation, investment and ultimately growth.

That said, there could be issues with funding Trump's plans, and the realities of implementing some of the pre-election talk on trade could derail the "Trump Rally".

In the recent Autumn Statement, the UK Government took a similar pro-growth stance, officially abandoning austerity. Their intention to invest heavily in infrastructure across the UK (particularly that which enables innovation), as well as capping welfare spending, shows their commitment to improve GDP over the longer term and address the UK's productivity problem. In the short term though, that means greater government spending and therefore borrowing, meaning the government is effectively betting on the old adage that you have to speculate (borrow more money) to accumulate (achieve higher economic growth rates that will offset the amount borrowed).

So what does all of this mean for the market outlook? Ironically, despite a year of political change that has shaken our social and economic foundations, equity markets have remained resolute. We see no reason to believe that markets will be adversely affected in the short term, although they are likely to remain volatile for the foreseeable future as they come to terms with ongoing fiscal change.

During the month we reinitiated a position in Bureau Veritas, and added to our Unilever position. Following Yum China's spin-off from its parent, we added the stock to make it a full position. The stock subsequently rallied strongly and we decide to crystallise the gains made.

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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