

Clime International Fund

Monthly Investment Report - February 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	A\$59.16 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 28 February 2015

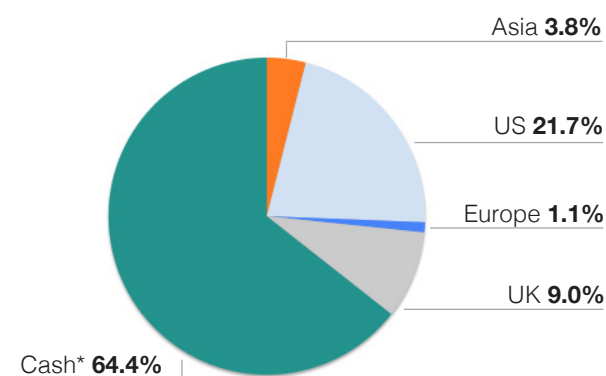
	AUD Portfolio Return	Hurdle
1 month	1.23%	0.73%
3 month	8.62%	2.38%
6 month	18.17%	4.84%
Inception	14.71%	9.88%

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.

Top Holdings

Stock	Market	Ticker
Samsung Electronics	South Korea (GDR)	SMSN LI
Diageo PLC	UK	DGE LN
BP PLC	UK	BP LN
Oracle Corporation	US	ORCL US
Yum! Brands Inc	US	YUM US
American Express	US	AXP US
McDonald's Corporation	US	MCD US
Rolls Royce	UK	RR LN
Johnson & Johnson	US	JNJ US
Microsoft Corporation	US	MSFT US

Asset Allocation



* Majority of cash is held in 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%	3.17%	3.50%	3.68%	1.23%					18.31%	6.55%

#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

February has been a strong month for equity markets with the global flagship indices all in positive territory. The US was strong after a weak January and emerging markets continued to make impressive gains. However it was a different story in the fixed income market where treasuries and gilts have sold off. In terms of currencies, the pound strengthened markedly against the dollar.

Equity markets remained fairly immune to Greek finance minister Yanis Varoufakis going on a charm offensive tour of Europe. Eventually a deal was reached at a make-or-break meeting of eurozone finance ministers on Friday 20 February. However several important issues were left undecided with the question as to what reform measures Athens must adopt in order to get €7.2 billion in aid that comes with completing the current programme still being unanswered. In reality the deal reached was a delay tactic with Greece's EU bailout being extended by another four months. However European markets remained remarkably unmoved by the imbroglio with January's quantitative easing (QE) announcement propping up stock prices.

February also saw a slight rally and stabilisation in the oil price with Brent crude working its way above \$60 a barrel. This was a response to a cut in supply with sharp falls for the number of US rigs.

This month we sold our position in Intertek. We bought into Google, Procter & Gamble, Bureau Veritas, Twenty-First Century Fox, Coca-Cola and Stryker. We topped up positions in Diageo, Johnson & Johnson, Microsoft and American Express.

Over the course of February, the Fund achieved a net return of 1.23%. 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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