

Clime International Fund

Monthly Investment Report - February 2017

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	A\$96.21 million
Inception Date	4 March 2014
Fund Size - Retail	A\$4.88 million
Inception Date	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

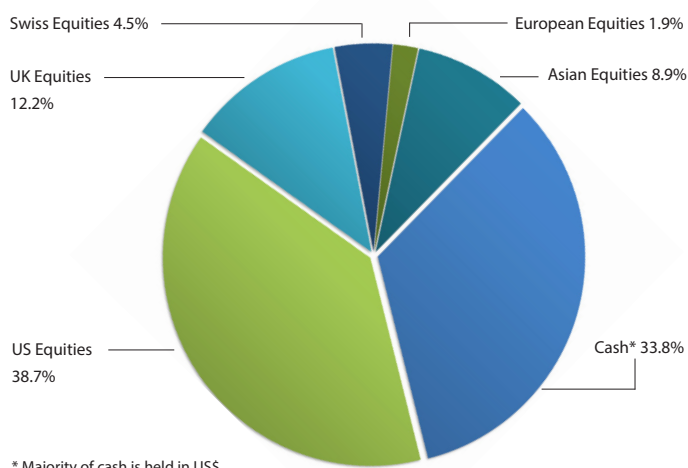
Fund Performance (28/02/17)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	1.34%	1.33%	0.73%
3 months	1.51%	1.47%	2.38%
6 months	1.41%	1.31%	4.84%
1 year	1.61%	1.45%	10.00%
2 years*	3.77%	-	10.00%
Inception*	7.32%	2.46%	-

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%	-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%	0.43%	0.18%	2.78%	-1.19%	-1.35%	0.71%	-0.74%	-4.18%	0.89%	6.01%	-3.89%	3.28%	10.00%
2016 - 17	0.51%	1.20%	-1.77%	-0.90%	2.63%	2.29%	-2.07%	1.34%					3.15%	6.55%

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%	0.43%	0.18%	2.77%	-1.19%	-1.57%	0.69%	-0.75%	-4.19%	0.88%	6.00%	-3.90%	2.95%	10.00%
2016 - 17	0.51%	1.20%	-1.80%	-0.91%	2.61%	2.27%	-2.09%	1.33%					3.15%	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. 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
Proshares Short S&P 500	US	SH US
Microsoft Corporation	US	MSFT US
Roche Holding AG	EU	ROG VX
Oracle Corp	US	ORCL US
Alphabet Inc Class C	US	GOOG US
Baidu.com Sponsored ADRs	ASIA	BIDU US
American Express Company	US	AXP US
Diageo Plc	UK	DGE LN
Cognizant Tech Solutions	US	CTSH US
Unilever Plc	EU	ULVR LN

Summary

Equity markets made a robust start to 2017, with the US performing particularly strongly. Investors are buoyed by the prospect of increased government spending and potentially lower taxes, while unemployment rates continue to decline and worldwide deflationary fears have started to abate. This is leading investors to believe that the global economy is no longer as fragile as it was, and some are even talking of an economic boom.

There's a lot of optimism out there, which has already been priced into global equity markets. So far, much of that optimism is built on belief rather than reality which in itself can act as an important driver of growth. Until now, companies and households have been hoarding cash, and this positive sentiment could be the catalyst that convinces them to invest, with powerful ramifications.

That said, we must exercise caution. Valuations and margins across most geographies remain elevated, making further gains in stock prices incrementally tougher to justify.

The US is particularly expensive and the recent surge in business optimism needs to be translated into higher levels of investment, supported by the proposed tax cuts and infrastructure expenditure, before these valuations can be justified.

During the month we sold our positions in Moody's, and Amgen and trimmed our positions in American Express and Unilever. We initiated a position in Fresenius Medical Care.

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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