Clime International Fund

Monthly Investment Report - April 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

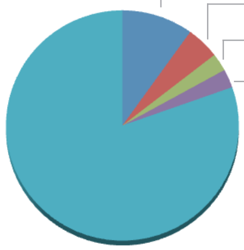
Investment Manager	Clime Asset Management Pty Limited
Sub Investment Manager	Sanlam Private Investments (UK) Ltd
Fund Size - Wholesale Inception Date	A$33.27 million 4 March 2014
Distributions	Annual
Management Fee	1.54% p.a. Wholesale Units calculated and paid monthly in arrears on the last business 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 April 2014

	AUD Portfolio Return	Hurdle
1 month	0.45%	0.80%
Inception	-1.67%	1.61%

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 to unit price for the given period.

Asset Allocation



Portfolio Attribution to 30 April 2014

	Undelying Portfolio Return	Currency Effect	AUD Portfolio Return
1 month	0.33%	0.12%	0.45%
Inception	1.21%	-2.88%	-1.67%

Top Holdings

Stock	Market	Ticker
Mastercard	US	MA US
Burberry Group	UK	BRBY LN
Samsung Electronics	South Korea (GDR)	SMSN LI
Anheuser-Busch InBev	Belgium	ABI BB
McDonald's	US	MCD US
Microsoft	US	MSFT US
Accenture	US	ACN US
Diageo	UK	DGE LN
Coca-Cola	US	KO US
Proctor & Gamble	US	PG US
IBM	US	IBM US

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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%	-	-	**-1.67%**	1.61%

#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

Despite a volatile start to the month, global equity markets broadly remained in positive territory albeit struggling to break through their technical multi-year highs. The UK market was notably strong, rising 2.7% in April, in contrast to the US market which produced a weak return of -0.4%. Major bond market yields contracted, with the UK 10 year gilt falling by 5 basis points during the month.

Although geopolitical events in Ukraine dominated newswires, markets fared well on the back of economic data and remarks from Central Banks. The situation in Ukraine remains volatile and we could yet see this move to the fore of the market's attention.

The European Central Bank (ECB) unsurprisingly held interest rates at 0.25%. Arguably markets were taken aback by the ECB apparent consideration of potential unconventional monetary policy. Nevertheless, recent comments from President Mario Draghi suggest that a change to policy will not happen in the near term.

The outlook for the UK looks healthier after the provisional first quarter GDP printed ahead of consensus, confirming that the economic recovery is maintaining its momentum. The UK also met its latest borrowing target, providing support to the notion that the longer-term fiscal targets are manageable.

Small and mid-cap underperformance has been pronounced in recent weeks, driven mainly by large cap M&A speculation. We note that M&A activity, and indeed speculation, seems to be picking up. While bears might be tempted to say that an uptick in M&A spells the end of the bull market, we note that M&A volumes are still quite some distance from the pre-crisis peak. Perhaps more notable is the difference between the volume of pre-crisis deals which were terminated, gazumped or cancelled for some other reason. M&A approaches remain uncontested for the best part; we feel that this shows a residual risk aversion in corporate capital allocation. We feel that the next leg of performance will come from corporates re-directing their large cash piles from stock repurchases to acquisitive growth, and remain constructive on equities accordingly. Since the turn of the month, the Fed has increased its QE tapering rate in the face of a weak US GDP print at the end of April; and once more the market has reacted nonchalantly. However, we feel that key US macro data will be the main driver of risk appetite in the near term.

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.