

Clime International Fund

Monthly Investment Report - April 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 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\$116.21 million
Inception Date	4 March 2014
Fund Size - Retail	A\$4.60 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
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

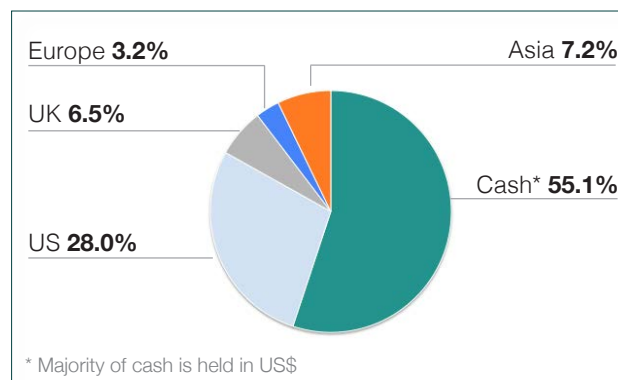
Fund Performance to 30 April 2016

	AUD Portfolio Return		Hurdle
	Wholesale	Retail	
1 month	0.89%	0.88%	0.79%
3 months	-4.04%	-4.08%	2.38%
6 months	-5.80%	-6.05%	4.89%
1 year	2.40%	1.85%	10.00%
2 years*	9.33%	-	-
Inception*	7.77%	-0.05%	-

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



Top Holdings

Stock	Market	Ticker
Diageo PLC	UK	DGE LN
Roche Holding AG	EU	ROG VX
Amgen Inc	US	AMGN US
Oracle Corporation	US	ORCL US
Baidu Inc ADR	ASIA	BIDU US
American Express	US	AMEX US
Microsoft Corporation	US	MSFT US
Samsung Electronics	Sth Korea	SMSN LI
Yum! Brands	US	YUM US
Alphabet Inc	US	GOOG US

Distributions

Period Ending	Wholesale Units (cents per unit)	Retail Units (cents per unit)
30 June 2015	4.9010	5.9905

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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%	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%	-	-	1.37%	8.28%

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%	-	-	1.07%	8.28%

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 (Wholesale), 11 March 2015 (Retail), at which point the Fund's units NAV was struck at an inception price of AUD 1.00.

Summary

April saw a continuation of the steady recovery enjoyed by risk markets since the February lows. This remains largely driven by accommodative central bank policy and the fact that higher commodity prices have largely relieved fears of mass defaults in the energy and basic material sectors. Nevertheless underlying economic conditions remain soft despite the unprecedented steps that central banks have taken to revive the global economy and we remain cautiously positioned. We don't believe central banks have many more aces to play, which makes us nervous about their ability to respond to future volatility.

One of the key drivers of equity performance is company earnings. Low commodity prices (such as oil), and weak currencies within traditionally higher-growth markets (such as emerging markets), means that the shorter-term outlooks for company earnings globally are being revised downwards. We believe this means that the recent recovery from the market lows in February lacks the fundamental drivers to maintain momentum.

Another source of uncertainty is the EU referendum which is making people nervous about investing in the UK. If the vote goes in favour of leaving Europe, then we enter uncharted territory; and it is this potential unknown overhang that has weighed on UK markets. That said, there's a general feeling that Europe needs the UK and vice versa so, one way or another, we should be able to find a way of doing business together. But in the short term, this is having a negative impact on the sterling and that looks set to continue, at least until the vote in June.

During the month we added Alphabet, Microsoft, Diageo and Netease, and trimmed our position in Johnson and Johnson. We initiated a short position in the S&P 500 through an ETF.

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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