

Clime International Fund

Monthly Investment Report - April 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\$96.90 million
Inception Date	4 March 2014
Fund Size - Retail	A\$5.20 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

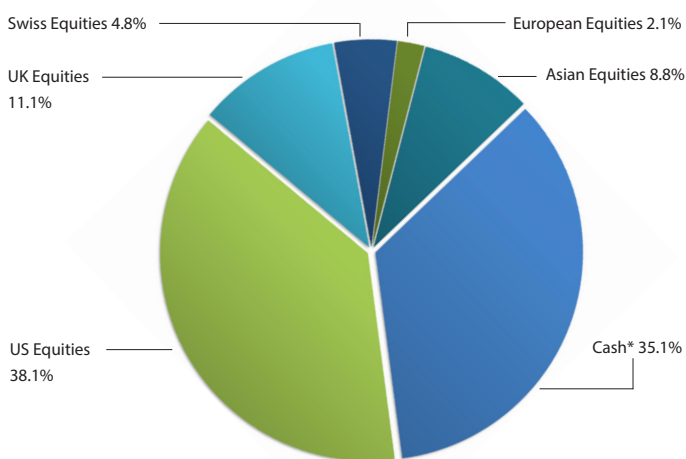
Fund Performance (30/04/17)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	4.53%	4.55%	0.79%
3 months	7.43%	7.40%	2.35%
6 months	10.43%	10.36%	4.84%
1 year	11.41%	11.25%	10.00%
2 years*	6.81%	6.44%	10.00%
3 years*	10.02%	-	10.00%
Inception*	8.91%	5.08%	10.00%

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



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%	1.41%	4.53%			9.35%	8.26%

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%	1.38%	4.55%			9.22%	8.26%

#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
Roche Holding AG-Genusschein	EU	ROGVX
Proshares Short S&P 500	US	SH US
Alphabet Inc Class C	US	GOOG US
Oracle Corp	US	ORCL US
Baidu.com Sponsored ADRs	ASIA	BIDU US
Diageo Plc	UK	DGE LN
American Express Company	US	AXP US
Cognizant Tech Solutions	US	CTSH US
Medtronic Plc	US	MDT US

Summary

At the beginning of 2017, investors were buoyed by the prospect of tax cuts in the US, and what that would mean for the global economy. Yet nearly half way through the year, we are seeing an increasing divergence between the positivity of the "softer" forward-looking economic indicators (such as consumer purchasing, manufacturing and small business sentiment indices), and the more concrete backward-looking data (such as payrolls, vehicle sales and corporate loans), which are showing signs of weakness.

To achieve the highly anticipated economic expansion in the US, the Trump administration needs to turn the promise of tax and government infrastructure reform into reality. If it can do this, it will deliver immediate results for company bottom lines, helping to justify current stock prices. But if the tax cuts are not realised, there could be dramatic falls.

The UK's economic performance has been disappointing, given that the weakness of sterling should have supported export-oriented

manufacturers and those that compete with imports. Despite low interest rates, businesses continue to be reluctant to invest in growth (which is understandable, given Brexit uncertainty), and the government is holding back on infrastructure spending. An impending UK election may provide a boost to sterling and sterling-denominated assets.

Our principal concern for equities as an asset class remains the risk that companies fail to deliver the earnings growth expected by the market. The strong US dollar and higher interest rates are headwinds for companies to overcome, although better earnings from companies in the financial, energy and basic material sectors should offset this. Longer-term forecasts remain optimistic and can only be justified if economic growth is strong.

During the month we trimmed our position in Yum! China, and exited our position in PayPal, as the valuation became too stretched after posting a good set of results.

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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