Clime International Fund

Monthly Investment Report - July 2017

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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 percieves 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

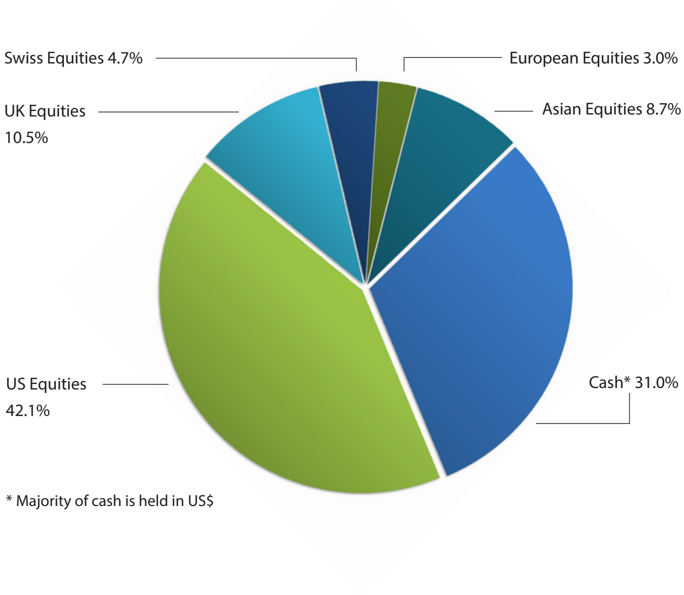
Investment Manager	Clime Asset Management Pty Limited
Sub Investment Manager	Sanlam Private Investments (UK) Ltd
Fund Size - Wholesale Inception Date	A$91.95 million 4 March 2014
Fund Size - Retail Inception Date	A$4.58 million 11 March 2015
Distributions	Annual
Management Fee	1.54% p.a. for Wholesale 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 out-performs the rate of 10% per annum
Buy / Sell Spread	0.25% / 0.25%
Investment Horizon	5 years

Fund Performance (31/07/17)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	-1.49%	-1.50%	0.81%
3 months	-1.02%	-1.05%	2.43%
6 months	6.34%	6.27%	4.92%
1 year	7.69%	7.53%	10.00%
2 years*	3.65%	3.41%	10.00%
3 years*	9.98%	-	10.00%
Inception*	7.90%	4.07%	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 forthe 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 2017	3.9597	3.3798
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%	2.30%	-1.77%	9.87%	10.00%
2017 - 18	-1.49%												-1.49%	0.81%

Retails 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%	2.28%	-1.78%	9.72%	10.00%
2017 - 18	-1.50%												-1.50%	0.81%

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

Summary

For our International Fund, 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.

The US Federal Reserve (Fed) is currently setting the roadmap for withdrawal from monetary stimulus, and other central banks are watching with interest. The Fed announced that it would reduce the number of bonds it holds (bonds it bought to support markets in the global financial crisis), which will ultimately nudge up bond yields. Meanwhile, it will maintain the gradual pace of interest rate hikes, tightening monetary policy in a predictable fashion. Slightly contradictorily, it looks set to pause its series of interest rate increases in September, with a view to resuming them again in the first quarter of 2018. This is to gauge the market impact caused by the change in bond holdings.

Monetary stimulus put in place by the European Central Bank (ECB) had the desired effect – encouraging global investment, and holding the Eurozone together. Today, there's renewed economic confidence in Europe, and the ECB has tentatively nodded towards a less accommodative monetary stance. We're expecting it to end, or taper, its quantitative easing when the current programme concludes towards the end of the year. Stronger economic data is making low interest rates harder to justify, and the ECB will eventually have to move them higher (albeit from a negative starting point). An easing of monetary stimulus is a vote of confidence for Europe, and should not be too disruptive - initially at least.

There's no question the UK is in a difficult position and it came as a surprise to see the Bank of England (BoE) seriously considering to raise interest rates from their current levels. With the Purchasing Managers' Index (an indicator of the economic health of the manufacturing sector), and consumer data at disappointing levels, the case for higher rates appears low. Indeed, we believe there will be weak economic growth in the UK for the foreseeable future and this was reflected in the anaemic 0.3% growth rate for the three months to June this year. Brexit fears are still stalling investment, government expenditure is higher than tax receipts, and wages after inflation have been falling, leaving the consumer with reduced spending power. All of this means that the BoE will struggle to make any significant moves away from monetary stimulus, although we must remember that its mandate is to maintain inflation at 2% rather than achieve economic growth.

Our predictions for the US economy have played out as expected. The US was the first to increase interest rates, which led to massive demand for the dollar, ultimately driving up its price. It soon became over-priced, and has now fallen about 10% since the start of the year, although we still consider it to be expensive. This fall in the dollar lent support to emerging markets that sell commodities priced in dollars, and often have dollar-denominated debts. It also supports the earnings of US-based multinational companies that are now able to translate foreign earnings into more dollars. We have been cautious of investing in US companies, which has worked well this year. If the current trend of US underperformance persists, we will become more comfortable to increase our investment in the region.

During the month we added to positions in Fresenius Medical Care, Alphabet, Priceline and NetEase. We trimmed our position in Baidu.