

# Clime International Fund

Monthly Investment Report - July 2018

## Investment Objective

The objective of the Clime International Fund is to generate sustainable long-term capital growth. The Fund seeks to achieve an annual total return of 10%, measured in Australian dollars, over rolling five to seven year investment periods after management fees.

## Investment Strategy

The Clime International Fund seeks to deliver strong risk-adjusted total returns by investing in a portfolio of high quality International listed companies that are attractively priced. The Fund's sub-investment manager Sanlam Private Wealth, is a value-based active fund manager who seeks out compelling investment opportunities where risk taken is appropriately compensated.

## Fund Profile

Investment Manager	Clime Asset Management Pty Limited
Sub Investment Manager	Sanlam Private Investments (UK) Ltd
Fund Size - Wholesale	A\$90.33 million
Inception Date	4 March 2014
Fund Size - Retail	A\$5.09 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

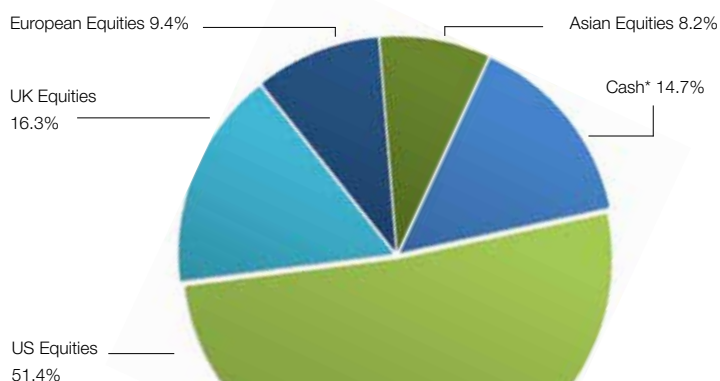
## Fund Performance (31/07/18)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	2.06%	2.05%	0.81%
3 months	3.47%	3.43%	2.43%
6 months	7.17%	7.08%	4.84%
1 year	13.51%	13.31%	9.99%
2 years*	10.56%	10.38%	10.00%
3 years*	6.84%	6.61%	10.00%
Inception*	9.15%	6.70%	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



\* Majority of cash is held in US\$

## Distributions

Period Ending	Wholesale Units (cents per unit)	Retail Units (cents per unit)
30 June 2018	5.5659	4.5878
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%	<b>-3.04%</b>	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%	<b>19.58%</b>	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%	<b>3.28%</b>	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%	<b>9.87%</b>	10.00%
2017 - 18	-1.49%	0.57%	1.25%	3.88%	2.07%	-1.71%	-0.18%	0.64%	0.68%	2.21%	-0.86%	2.27%	<b>9.56%</b>	10.00%
2018 - 19	2.06%												<b>2.06%</b>	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%	<b>-1.11%</b>	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%	<b>2.95%</b>	10.0%
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%	<b>9.72%</b>	10.0%
2017 - 18	-1.50%	0.56%	1.24%	3.86%	2.06%	-1.74%	-0.20%	0.63%	0.66%	2.20%	-0.88%	2.25%	<b>9.37%</b>	10.0%
2018 - 19	2.05%												<b>2.05%</b>	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	Ticker
Alphabet Inc Class C	GOOG US
Oracle Corp	ORCL US
Microsoft Corporation	MSFT US
Roche Holding AG-Genusschein	ROG SW
Cognizant Tech Solutions	CTSH US
Medtronic PLC	MDT US
Yum! Brands Inc	YUM US
Booking Holdings Inc	BKNG US
Reckitt Benckiser Group Plc	RB/ LN
Fresenius Medical Care AG	FME GY

## Summary

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.

Amid strong global economic growth and positive market sentiment, it would be premature to talk of an economic downturn. But with US inflation above target and set to increase further, interest rates on the rise and ongoing talk of a trade war, it's important to look beyond the current economic cycle.

### *Positive outlook in the short-term*

The US is showing a strong growth outlook, with businesses increasing their capital expenditure and continuing to create jobs. The impact of President Donald Trump's tax package is yet to be fully realised, and manufacturing data suggests that US corporates plan to increase investment to multi-decade highs. As a result, we're expecting to see good company earnings growth in the coming months. Indeed, the US economy looks set to boom, and this will have a positive effect on the global economy.

### *Caution in the longer-term*

While the short-term economic picture is positive, and investors are right to feel assured, it's always important to look beyond the here and now. With US unemployment below 4% (it was 8% just five years ago) and wage growth at 3%, conditions are supportive of rising inflation, and this could prove to be the catalyst for change.

Rising inflation leads to more interest rate hikes, which could ultimately reduce borrowing and capital investment. The reversal of quantitative easing and talk of a trade war are also not conducive to business confidence, and we could start to see caution prevail.

During the month we reinitiated a position in Sage and initiated on Facebook. We added to Yum China and trimmed Microsoft.

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