

Clime International Fund

Monthly Investment Report - August 2015

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\$98.59 million 4 March 2014
Fund Size - Retail Inception Date	A\$2.88 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
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

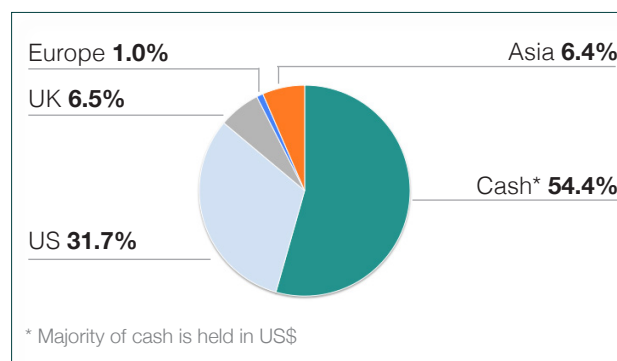
Fund Performance to 31 August 2015

	AUD Portfolio Return		Hurdle
	Wholesale	Retail	
1 month	0.43%	0.43%	0.81%
3 months	3.64%	3.24%	2.43%
6 months	5.62%	-	4.92%
1 year	24.82%	-	10.00%
Inception*	13.72%	3.34%	-

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
Oracle Corporation	US	ORCL US
Yum! Brands Inc	US	YUM US
American Express Company	US	AXP US
Proctor & Gamble Co	US	PG US
Johnson & Johnson	US	JNJ US
Baidu Inc ADR	US	BIDU US
Amgen Inc	US	AMGN US
Microsoft Corporation	US	MSFT US
Citigroup Inc	US	C US

Distributions

Period Ending	Wholesale Units (cents per unit)	Retail Units (cents per unit)
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%	-	-	-	-	-	-	-	-	-	-	4.50%	1.63%

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%	-	-	-	-	-	-	-	-	-	-	4.50%	1.63%

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

August proved to be a very busy month with a lot happening in global markets. At the end of July it appeared the most likely outcome would be a rate hike in September, but it now appears that a rate hike in 2015 is no longer guaranteed. Recent developments in China, together with the appreciation of the dollar and further decline of oil prices, are clouding the US economic growth outlook. A strong US labour market may justify the Fed raising rates, but global factors mean the central bank now needs to see stability before it can contemplate the hike the market has long expected. We saw severe market volatility towards the end of August due to China's yuan devaluation and interest rates being lowered once again. Fears of a prelude bear market spooked investors as the world's second-largest economy was starting to slow down. PMI figures disappointing with the biggest decline since 2009 coming in at 47.1 index points.

The People's Bank of China on 25 August announced cuts to benchmark interest rates, lowering its benchmark lending and deposit rates by 0.25% and also reduced its reserve requirement ratio by 0.50%. China devalued the yuan in a move that rippled through global markets, as policy makers stepped up efforts to support exporters and boost the role of market pricing in Asia's largest economy. This move triggering the yuan's biggest one-day drop since China ended a dual-currency system in January 1994. China has been a major contributor to economic growth and low global inflation for more than two decades.

However they seem to be experiencing serious teething issues as they try to engineer a shift from export-led growth to expansion based on consumer spending.

Throughout the month we bought new positions in NetEase, Berkshire Hathaway, Apple and Roche and topped up in P&G, Yum! Brands, Baidu, Citigroup, Oracle and Diageo.

We sold our position in Intertek and Exxon Mobil and trimmed Google.

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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