

Clime International Fund

Monthly Investment Report - October 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\$107.83 million 4 March 2014
Fund Size - Retail Inception Date	A\$3.70 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

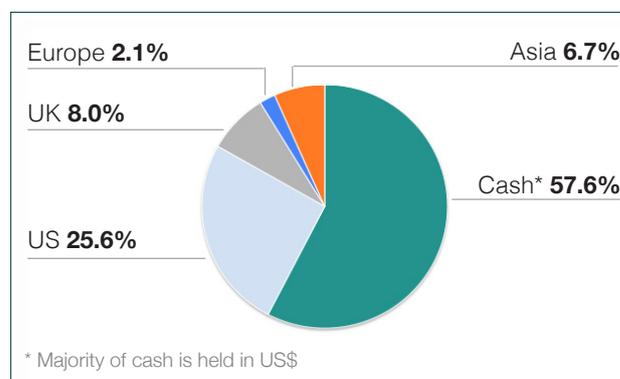
Fund Performance to 31 October 2015

	AUD Portfolio Return		Hurdle
	Wholesale	Retail	
1 month	2.78%	2.77%	0.81%
3 months	3.41%	3.40%	2.43%
6 months	8.69%	8.41%	4.92%
1 year	21.88%	-	10.00%
Inception*	14.25%	6.39%	-

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
Baidu Inc ADR	US	BIDU US
Diageo PLC	UK	DGE LN
Amgen Inc	US	AMGN US
Johnson & Johnson	US	JNJ US
Oracle Corporation	US	ORCL US
Proctor & Gamble Co	US	PG US
Samsung Electronics	ASIA	SMSN LI
Yum! Brands Inc	US	YUM US
American Express Company	US	AXP 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%	0.18%	2.78%	-	-	-	-	-	-	-	-	7.60%	3.26%

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%	-	-	-	-	-	-	-	-	7.59%	3.26%

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.

* 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

Financial market sentiment seemed even more emotionally charged than usual during October with speculation on the likely path of global central banks dominating the news. We started the month with the Federal Reserve's most recent meeting fresh in our minds and the associated "lower rates for longer" rhetoric drove a strong rebound across risky assets. The European Central Bank also came to the party in this regard as they announced that there was a strong possibility that they would expand their stimulatory measures at the December meeting. The excitement hit a few bumps towards the end of the month as Japan held off on expanding their own stimulus and continued growth from China, the US and Europe reminded investors that the low interest rate ride may not last that much longer.

Nevertheless the reassurance that there was a coordinated effort by central banks to manage the global economy successfully restored calm to markets and most indices ended the month a lot closer to their all time highs than where they were at the start. The best performing equity market was Japan, although it had been the worst hit during the prior month's sell off. Most other developed markets traded in line with each other, closing the month up roughly 5% and bringing their returns for the year back into positive territory whilst the recovery in developing markets was hampered by weak commodity prices that continued their appalling performance.

With China dominating the emerging market news it has been easy to miss the growing uncertainty in other developing countries. Foremost amongst these is Brazil where incumbent

president Dilma Rousseff continues to lose the backing of her constituency as the Petrobras corruption scandal and currency woes compound a broad economic recession. Brazil is not alone however as emerging markets, in general, are in the firing line of the commodity recession and this is exposing their vulnerability and dependence to the commodity cycle. With continued oversupply and a slowdown in demand it is difficult to see light at the end of the tunnel and a lot of government budgets are looking increasingly precarious. This is leading to desperate policy actions with the inevitability of some mistakes (as well as successes) and further uncertainty in these regions.

During the month, we sold our positions in Alphabet (partially), Microsoft, Coca-Cola, Intertek, McDonald's and NetEase, and topped up our positions in Oracle, Roche and Yum Brands.

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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