

Clime International Fund

Monthly Investment Report - October 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\$95.83 million
Inception Date	4 March 2014
Fund Size - Retail	A\$5.01 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

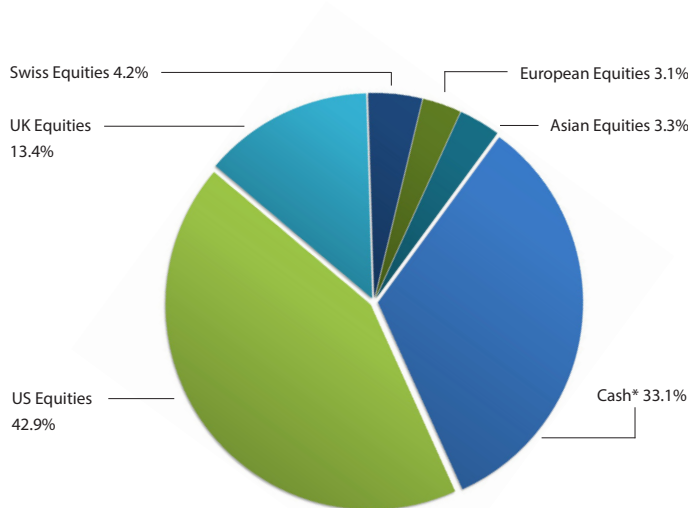
Fund Performance (31/10/17)

	Wholesale (AUD Portfolio Return)	Retail (AUD Portfolio Return)	Hurdle
1 month	3.88%	3.86%	0.81%
3 months	5.78%	5.73%	2.43%
6 months	4.70%	4.62%	4.92%
1 year	15.62%	15.45%	10.00%
2 years*	4.83%	4.57%	10.00%
3 years*	10.23%	-	10.00%
Inception*	8.99%	5.89%	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 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%	0.57%	1.25%	3.88%									4.20%	3.32%

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%	10.0%
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%	9.72%	10.0%
2017 - 18	-1.50%	0.56%	1.24%	3.86%									4.14%	3.32%

#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
Cognizant Tech Solutions	US	CTSH US
Diageo Plc	UK	DGE LN
American Express Company	US	AXP US
Alphabet Inc	US	GOOG US
Roche Holding AG-Genusschein	EU	ROG VX
Yum! Brands Inc	US	YUM US
Medtronic Plc	US	MDT US
Netease.com Inc - ADR	US	NTES 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.

When publicly traded companies announce strong earnings growth for the last three months, markets have had a relatively muted reaction, meaning good results were expected. As the global economy heads into 2018 on a reasonably sure footing, it's tough to keep perspective when things are looking so positive.

This time last year we were concerned that earnings growth was largely driven by cost containment rather than businesses growing their revenue. But third quarter earnings reports in the US show that the revenue growth momentum we saw earlier in the year continues to hold up. So far, sales growth is at 6.2%, contributing to an increase in earnings growth of 8.0% (as at 01.11.17), going some way to justifying stock market highs.

Sectors performing particularly strongly include technology, as well as oil and gas. It's no surprise to see technology deliver the fastest growth, but it's impressive nonetheless given that 7 of the 10 largest businesses in the world are tech companies. The success of the oil and gas sector is largely attributable to a terrible 2016, so the growth is really just a return to profitability.

Meanwhile, the financial sector is not faring so well. Financial services firms make money when there is volatility, and so

they have not done particularly well in their trading divisions. Businesses listed in the UK do not have to report quarterly earnings, so there are fewer companies reporting here. So far though, the outlook is positive for those that have. Sales growth is up 6%, and earnings growth is up 4%, although we should be careful not to take this at face value as a few outliers are disproportionately affecting this reading.

Good performance is largely attributable to the fact that most UK-based businesses earn a significant proportion of their revenue outside of the UK. With the weakness of the pound after Brexit, and the euro showing increasing strength, it's no surprise that sterling profits are higher.

During the month we initiated a position in Wells Fargo, and added to our position in Reckitt Benckiser. We exited our position in Hengan International, and trimmed our position in Microsoft.

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