

January 2023

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Your International Fund





About your International Fund

Fund Facts

The Clime International Fund ("Fund") aims to provide consistent capital growth and income over the long term (5-7 years) by providing investors with exposure to international share markets. Whilst the Fund invests predominantly in developed markets it may also have an allocation to shares in emerging markets.

Fund Benefits

The Fund brings together the aligned investment beliefs of Mercer and Clime, best ideas and research to provide investors with access to:

- a portfolio that is diversified across investment managers and styles to smooth market volatility;
- exposure to both active and passive management through local and global managers; and
- dynamic asset allocation strategy involving medium term portfolio changes in response to changing market conditions.

Investor Suitability

This Fund is designed for investors who:

- are looking for exposure to international equities using a multi-manager approach; and
- have a minimum of 5 years to invest.

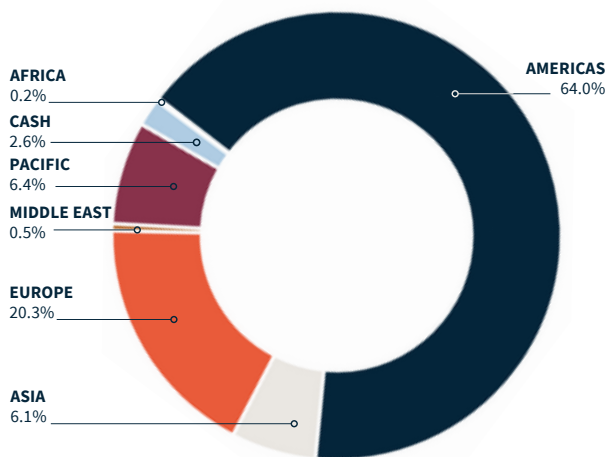
Risk Management

This Fund is a medium to high risk rating investment given the exposure to global markets. International investments may be more affected by political and economic uncertainties, lower regulatory supervision, movements in currency and interest rates and possibly more volatile, less liquid markets. Our multi-manager approach involves selecting optimal combinations of investment managers to achieve a level of diversification to mitigate risks.

Top 5 Holdings

Company	Weight (%)
Microsoft Corporation	3.9
Apple Inc.	2.8
Amazon.com	2.8
UnitedHealth Group Incorporated	1.7
Visa Inc.	1.4

Regional Allocation



Asset Allocation by Industry

Industry	Weighting (%)
Communication Services	5.3
Consumer Discretionary	12.3
Consumer Staples	5.2
Energy	5.6
Financials	13
Health Care	12.5
Industrials	11.7
Information Technology	21.5
Materials	6.9
Real Estate	1.6
Utilities	1.9

Performance

	1 month	3 months	6 months	1 year	3 years p.a.*	5 years p.a.*	7 years p.a.*	Since Inception p.a.*
Net Portfolio Return (Wholesale)*	4.1%	1.2%	1.4%	-7.8%	2.1%	6.5%	6.3%	7.4%
Benchmark ^	3.1%	0.5%	1.3%	-8.4%	4.9%	8.4%	8.9%	9.1%

Inception: Wholesale Units: 4 March 2014.

*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. The returns shown above are reflective of the Wholesale class only. Returns for the Retail class will be lower due to the higher fees associated with this investor class.

^10% p.a. from the 4th March 2014, the MSCI World Net Total Return Index in AUD from 30th June 2019, the MSCI All Country World ex Australia Net Total Return Index in AUD from 30th April 2021

Past results are not a reliable indicator of future performance and results.



Market Commentary

Markets started 2023 on an optimistic note. Equities, bonds and alternatives generally rose. Rates and spreads declined and equity market volatility fell to its lowest level in almost a year. Positive market sentiment was helped by US CPI inflation falling for the sixth month in a row. It also seems to have peaked in other developed countries. Investors are still hoping for an end to the monetary tightening cycle, even if central banks remain cautious.

Consumer confidence improved over the month, with the University of Michigan consumer sentiment index unexpectedly rising to the highest level since April 2022. Investors are still hoping for an end to the monetary tightening cycle, even if central banks remain cautious.

Forward-looking purchasing manager indices rose in the US, although remained in contraction territory. In the UK and Eurozone, purchasing manager indices also edged higher, as a sharp decline in natural gas prices raised hopes that Europe will avoid a deep recession. Existing home sales, car sales and retail sales on the other hand hinted at an ongoing economic slowdown. Additionally, a number of high profile lay-offs were announced by large US companies.

Equity returns were strong on receding inflation and falling interest rates. Fundamentals were otherwise unfavourable. The first month of the 2022Q4 earnings season yielded disappointing results from a number of companies in a quarter that could see its first decrease in earnings since 2020Q3.

The AUD Trade Weighted Index increased to 62.4 over January, up by 1.6% from December. The Australian Dollar appreciated against the US Dollar (3.9%), the Pound Sterling (1.5%), the Euro (2.1%) and the Japanese Yen (2.4%).

The MSCI All Country World ex-Australia Net Total Return Index returned 3.1% (gross) for the month. The strongest performing sector was Consumer Discretionary (9.8%) whereas the worst performing sector was Healthcare (-4.2%). Other global shares markets saw the MSCI All Country World Small Cap (NR) Index (4.8%) and MSCI Emerging Markets (NR) Index (3.8%) higher.

Portfolio Commentary

Over the month, the Fund returned 4.1% (after fees), outperforming its benchmark by 1.0% with both Ironbark Royal London and William Blair outperforming the benchmark.

Royal London

Key contributors and detractors include:

Contributors	Comment
Steel Dynamics	Price rose on the back of strong results announced over the month with its fabrication business a positive contributor.
Thor Industries	The share price rose over the month, following a significant sell off in December as negative sentiment around macro outlook abated in January.
Lithia Motors	The share price rebounded strongly after selling off in December. Used car prices have bottomed in the short term and are trending higher which is a positive for the valuation of the business.
Detractors	Comment
Eli Lilly	After a strong return over 2022, the share price fell over the month as defensive stocks were out of favour.
UPM Kymmene	The Finnish forestry company has exposure to energy prices through their integrated business model which negatively impacted the share price over the month.
UnitedHealth Group	With the selloff of healthcare stocks over the month, the company's share price fell as well.



William Blair

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Salesforce	The share price rose on the back of the strong rally in the S&P 500.
LVMH	Share price advanced as Q4 2022 results came out ahead of expectations.
Infineon Technologies	Share price continued to rise on the back of reported growth with revenue in automotive accelerating 53% YoY.

Detractors	Comment
NextEra Energy	Share price declined following mixed Q4 2022 numbers slightly missing sales and EPS guidance.
UnitedHealth Group	With the selloff in healthcare stocks over the month, the company's share price fell as well.
Reliance Industries	Share price declined during a month of weaker energy prices.

Portfolio Activity

BUY	Comment
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No buys

SELL	Comment
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No sells



Invest in people, who invest in you.

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All statistics and information referenced are sourced from Clime, or the named Company's relevant securities exchange announcements, share prices, website, or discussions with Clime, unless otherwise stated.

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