

July 2022



“*While share markets were volatile during July, most generally rose strongly as markets considered the implications of a slowing world economy and rising interest rates.*”

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.

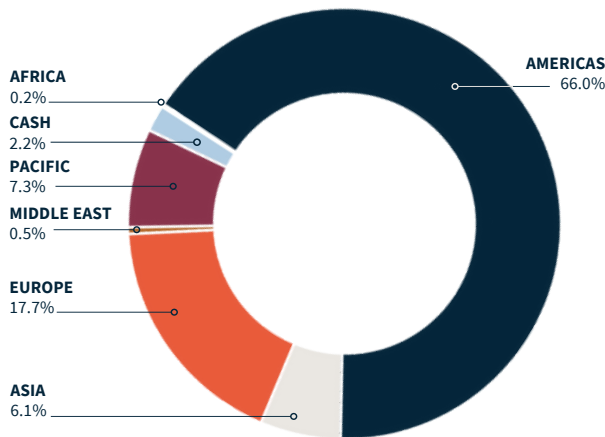
Risk Management

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	4.6
Amazon.Com, Inc.	3.4
Apple Inc.	3.2
Alphabet Inc.	2.0
Unitedhealth Group Inc.	1.9

Regional Allocation



Asset Allocation by Industry

Industry	Weighting (%)
Communication Services	6.1
Consumer Discretionary	13.6
Consumer Staples	4.6
Energy	4.7
Financials	12.1
Health Care	12.9
Industrials	11.1
Information Technology	23.0
Materials	6.2
Real Estate	1.7
Utilities	2.0
Cash	2.2

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)*	6.3%	-0.1%	-9.1%	-7.0%	5.0%	7.5%	6.4%	7.6%
Benchmark ^	5.4%	0.0%	-9.6%	-5.8%	8.2%	9.2%	9.4%	9.5%

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

Equities staged a recovery rally during July despite economic data continuing to deteriorate. US GDP declined for the second consecutive quarter, marking what is by some definitions, a technical recession. Earnings growth also continued to slow. The clearest catalyst for the recovery was the decline in longer-term interest rates, suggesting the US Federal Reserve would not have to tighten policy as much to control inflation.

Growth stocks outperformed value by a wide margin in a strange market that saw both the less cyclical IT and more cyclical energy sectors among the top performers. Healthcare and communication services lagged. The US outperformed the rest of the world and China was the only major country with significantly negative returns.

The MSCI All Country World ex-Australia Net Total Return Index returned 5.4% for the month.

The strongest performing sector was Information Technology (10.5%) whereas the worst performing sector was Communication Services (0.3%).

Whilst the Australian dollar (AUD) held up fairly well against most major developed currencies, it appreciated against all major developed market currencies with the exception of the Yen. For unhedged investors this provided lower returns.

Portfolio Commentary

Over the month, the Fund returned 6.3% (after fees), outperforming its benchmark by 0.9%.

Royal London's key contributors and detractors

Over the quarter, the Ironbark Royal London Concentrated Global Share Fund (Royal London) again outperformed.

Contributors	Comment
HCA Healthcare	Share price gained after positive second quarter results surpassed analyst expectations. The hospital operator reported second quarter revenue of \$14.8 billion, up from \$14.4 a year earlier.
Old Dominion Freight Line	Share price gained as a result of superior customer service and more efficient operations facilitated by Old Dominion's focused, dense network of 248 service centers and investment in technology.
Steel Dynamics	Share price rose following record sales levels for the second quarter. Additionally, the company noted that it will be making a \$2 billion investment in an aluminum rolling mill.

Detractors	Comment
Suncor Energy	Price came under pressure during July primarily due to general weakness in energy stocks.
Progressive Corp	Price declined after second quarter results highlighted a significant increase in year-on-year claims frequency for the insurer.
Lithia Motors	Holding detracted after its second quarter earnings missed analyst expectations.



William Blair

Strongly outperformed over the month driven by a combination of asset allocation and stock selection effects across most sectors. The overweight allocation to information technology, coupled with positive stock selection within healthcare and industrials aided relative performance.

William Blair's key contributors and detractors

Contributors	Comment
Synopsys Inc	Share price advanced with fiscal Q2, 2022 numbers beating expectations with broad growth across segments and geographies.
Atlas Copco	Share price advanced as Q2 results beat estimates.
Ayden	Share price advanced during the period as investors remain confident on the company's long-term growth and competitive advantage.
Detractors	Comment
AIA Group	Share price pulled back over the month, we remain confident the company will benefit from strong secular growth.
Reliance Industries	Share price declined on news of India implementing levies on fuel exports and local crude production.
Ulta Beauty	Share price pulled back following previous strong price rises. We remain confident the company is well positioned to gain share in the structurally attractive beauty category.



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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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