

October 2022

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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.

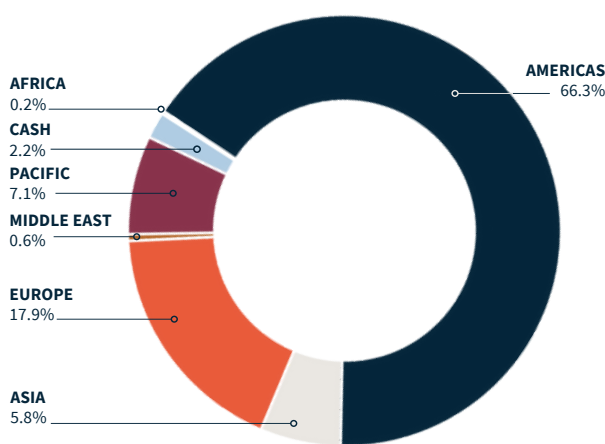
Risk Management

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	4.1
Apple Inc.	3.3
Amazon.Com, Inc.	2.8
Unitedhealth Group Inc.	2.0
Suncor Energy Inc.	1.4

Regional Allocation



Asset Allocation by Industry

Industry	Weighting (%)
Communication Services	5.2
Consumer Discretionary	12.6
Consumer Staples	4.5
Energy	5.6
Financials	13.1
Health Care	13.4
Industrials	11.4
Information Technology	21.8
Materials	6.6
Real Estate	1.5
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)*	6.9%	0.2%	0.1%	-7.4%	4.0%	6.3%	5.9%	7.4%
Benchmark ^	6.6%	0.8%	0.8%	-6.1%	7.5%	8.9%	9.2%	9.3%

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

After two consecutive months of drawdowns across most asset classes, October saw a notable rebound in developed market equities. Defensive fixed income saw modest declines, while emerging market assets had negative returns driven largely by declines in Chinese equities. Sentiment generally improved during the month, given the absence of bad news beyond what is already priced in. Earnings growth appears to be slowing in line with the weakening macro environment, although US earnings data for Q3 2022 surprised on the upside as a whole, supporting markets. Value outperformed growth by a wide margin as disappointing earnings led to declines for some large US tech companies in late October.

Emerging markets underperformed developed markets and ended October with negative returns. This was driven by a double-digit decline in Chinese equities following broad export bans on semiconductors and the negative perception of China's Party Congress. Positive performance in other emerging markets did not entirely offset headwinds from China. Brazil performed strongly on the back of rising commodity prices despite political uncertainty amid the presidential election. Korea posted strong results and India had low positive returns.

The AUD depreciated against the US Dollar (-0.5%), the Euro (-1.4%), and the Pound Sterling (-3.6%), while appreciating against the Japanese Yen (2.1%).

The MSCI All Country World ex-Australia Net Total Return Index returned 6.6% for the month. The strongest performing sector was Energy (18.7%) whereas the worst performing sector was Communication Services (-0.4%). Other global shares markets saw the MSCI All Country World Small Cap (NR) Index (7.6%) higher and MSCI Emerging Markets (NR) Index (2.6%) lower for the month, all in AUD terms.

Portfolio Commentary

Over the month, the Fund returned 6.9% (after fees), outperforming its benchmark by 0.3%.

Royal London's key contributors and detractors

Over the month, the Ironbark Royal London Concentrated Global Share Fund (Royal London) outperformed. Key contributors and detractors include:

Contributors	Comment
Steel Dynamics	The company outperformed over the month as steel prices remained elevated. Though steel prices have come down from the peaks of last year, they remain well above the long-term average.
HCA Healthcare	The company has benefited from inflation - as the demand situation normalises the business should release working capital and generate significant cash flows. The company is using excess cash to repurchase shares.
Reliance Steel	The higher share price is reflective of the period in which the company has actively managed higher labour costs, which have represented a headwind for the business.
Detractors	Comment
Amazon	The company underperformed on the back of poor quarterly results with a slowdown in the AWS cloud business' growth a notable concern.
Lithia Motors	Share price underperformed as the company faces concerns about declining secondhand car values and continued shortage of new cars associated with supply chain disruption.
TSMC	The share price has struggled as the company was hit as the US imposed restrictions on sales of advanced semiconductors to China.



William Blair

With the value outperforming growth stocks over the month, William Blair marginally underperformed the benchmark driven by stock selection effects across most sectors.

William Blair's key contributors and detractors

Key contributors and detractors include:

Contributors	Comment
Airbus	The company's shares advanced on improving results as demand recovered faster than anticipated.
Mastercard	Share price has risen as a key beneficiary of the cash to digital payment trend that was accelerated by the pandemic.
Intuitive Surgical	With results above expectations, the share price has advanced.
Detractors	Comment
Meta Platforms	The share price declined as the company reported weaker than expected Q3 2022 earnings.
SBV Financial	The share price declined due to weaker Q4 2022 guidance even though Q3 results were in line with expectations.
Taiwan Semiconductor Manufacturing	The share price declined even though the company delivered solid earnings over the quarter, but lower guidance for 2023 hurt the price.

Portfolio Activity

BUY	Comment
No buys	
SELL	Comment
No sells	



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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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