



NTA and Monthly Update – June 2016

Company at a Glance

ASX Code	WMK
Fund Size	AU\$93.4m
Fund Strategy	Equity Market Neutral
Share Price	\$1.02
NTA Before Tax	\$1.05
Shares on Issue	87.1m
Dividend (HY16 Interim)	2.5 cents
Dividend (HY16 Interim Special)	1.0 cents
Dividend Yield (annualised)	5.9%

Net Tangible Asset (NTA) Backing

	May 16	Jun 16
NTA Before Tax	\$1.04	\$1.05
NTA After Tax	\$1.04	\$1.05

Gross Portfolio Structure

Long Exposure	117.9%	111.9%
Short Exposure	-121.1%	-114.1%
Gross Exposure	239.0%	226.1%
Cash	103.3%	102.2%

Month in Review

The Fund finished the financial year on a positive note, delivering a net return of 1.4% for the month. Volatile months such as June are an opportunity to stress-test a hedged portfolio, which is designed to be insulated from exogenous forces. Strong performance in the month validates the strength of our portfolio construction and highlights the potential for fund returns that are negatively correlated with the share market. After several strong months, the market rolled over in June, with the Fund's short attribution receiving a further fillip from the Brexit shock. Short positions in the shares of banks and asset managers were amongst the strongest performers while long exposures in the gold sector also performed well.

Defensive shares with sustainable dividend yields are very much back in vogue given the macroeconomic climate and it is no surprise therefore that Utilities and REITS were the strongest sectors in June. While infrastructure names are expensive for the most part, we hold in investment in Auckland International Airport which has performed well. A core short in the biotechnology sector was the best performing position in the month.

Cyclical parts of the economy continue to struggle, notwithstanding a slight improvement in business and consumer confidence. We have been short the transport sector for some time, on the basis that the shares of several dominant players look expensive, particularly in light of the slow-down in mining activity. This positioning played out well in the month.

Financial shares bore the brunt of the market falls in June, with the shares of banks and asset managers struggling into the Brexit referendum before taking another leg down after the result was known. The Funds' net short exposure through the month delivered solid performance while trading opportunities emerged in oversold names post the Brexit result. We have been looking closely at the stronger European banking franchises which have fallen along with the broader sector, given our ability to take a hedged position where compelling value emerges.

Resources have been the bellwether for the market in recent months, with commodity prices continuing to prove volatile. Modest recoveries in the price of bulk commodities and some industrial metals provided a tailwind for our investment in Rio Tinto while an investment in Royal Dutch Shell withstood the weaker oil price and made a solid contribution.

WMK Performance

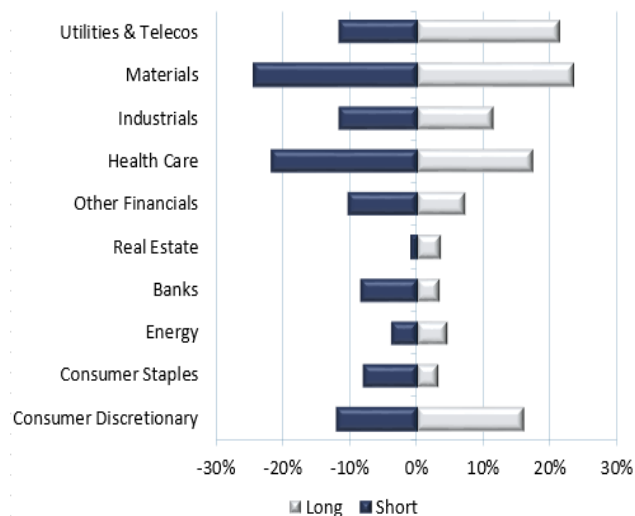
	1 Mth	6 Mths	FYTD	1 Yr	S.I. (pa)
Portfolio Return (net)	1.4%	2.2%	16.2%	16.2%	8.5%
RBA Cash Rate	0.1%	1.0%	2.0%	2.0%	2.3%
Outperformance (net)	1.3%	1.2%	14.2%	14.2%	6.2%



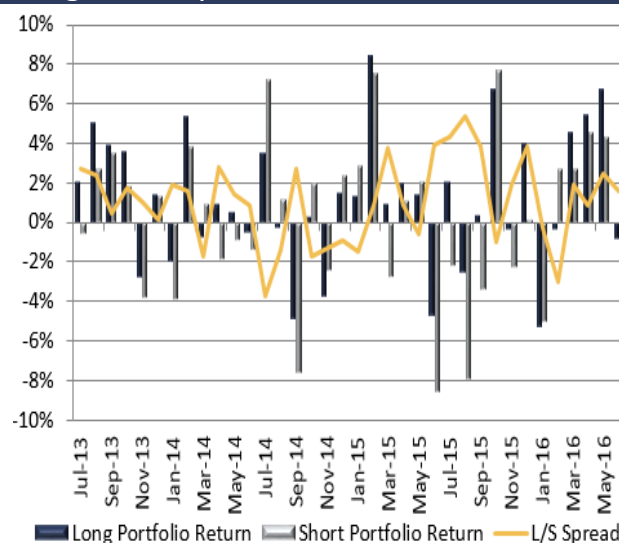
WATERMARK

MARKET NEUTRAL FUND

Sector Exposures

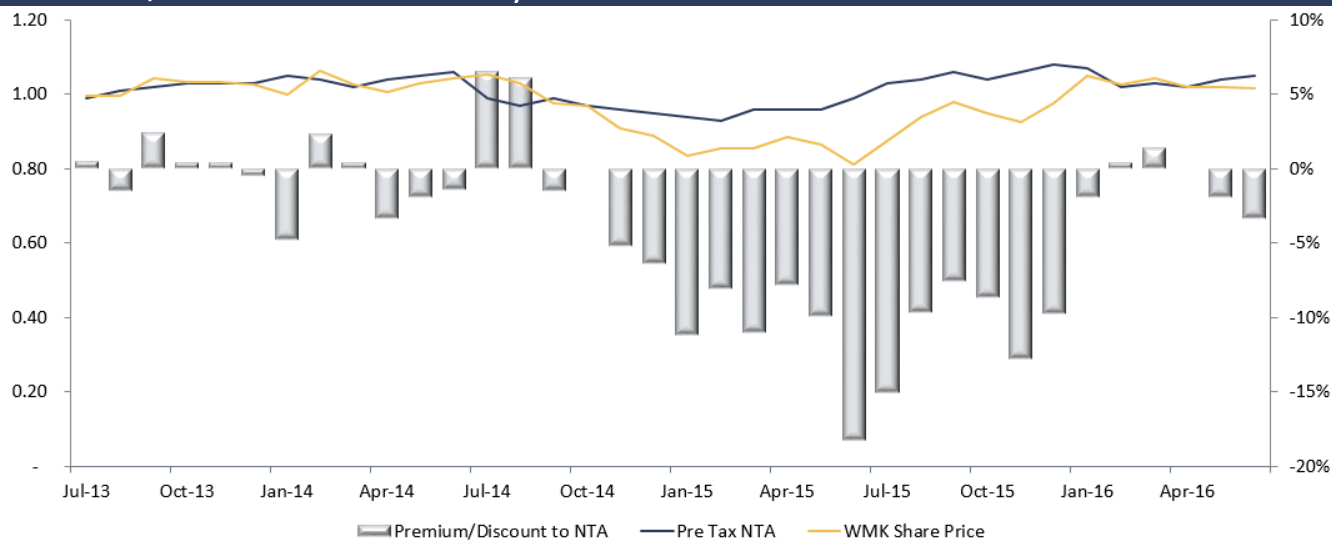


Long Short Spread*



* Long Short spread shows the gross monthly performance of the Company's long and short portfolios. The difference between the two represents the gross performance of the portfolio as a whole. The company will make a profit where the long portfolio outperforms the short portfolio, after the payment of fees and expenses

Premium/Discount to NTA History



Dividend History

The Board is committed to paying an consistent stream of franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and that it is within prudent business practices. Dividends are paid on a six-monthly basis. From time to time the board will offer a dividend reinvestment plan.

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