



NTA and Monthly Update – July 2016

Company at a Glance

ASX Code	WMK
Fund Size	AU\$93.6m
Fund Strategy	Equity Market Neutral
Share Price	\$1.03
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

	Jun 16	Jul 16
NTA Before Tax	\$1.05	\$1.05
NTA After Tax	\$1.05	\$1.05

Gross Portfolio Structure

Long Exposure	111.9%	115.2%
Short Exposure	-114.1%	-120.3%
Gross Exposure	226.1%	235.5%
Cash	102.2%	105.1%

Month in Review

The Australian share market shrugged off the Brexit shock and rallied strongly in July. Whilst Central Bank policy across the globe is providing unprecedented stimulus for risk assets, any vestige of global growth is being stymied by political instability and an ever larger sovereign debt burden. The anticipation of further stimulus from Central Banks in the UK and Japan provided further impetus for global markets; with both ultimately disappointing investors and cooling momentum by month-end.

Strong months for the market such as we saw in July, tend to deliver mixed results for the Fund. With no net equity exposure, returns are entirely dependent on stock specific performance; which varied across sectors. The Fund delivered a net return of 0.2% in July, with modest alpha coming from both the long and short portfolios. Investments Media and Capital Goods were notable performers while several short positions that have contributed strongly in recent months weighed on returns.

It was a quiet month for defensive shares with performance in these sectors largely benign. Investments in US healthcare names *Ionis Pharmaceuticals* and *Celgene Corporation* made notable contributions along with a core position in *Ramsay Healthcare*. An investment in *Auckland International Airports* also performed well in the month.

In the cyclical parts of the portfolio, performance was mixed. There was little comfort to be found for businesses or investors in the outcome of the federal election although economic data was broadly positive in the month. Investments in *Fairfax Media* and *Super Retail* continue to perform well and the Fund benefitted from a timely investment in *Nintendo Co*. A short position in the domestic consumer sector also performed well, exemplifying the fierce competition for shelf space from the grocery duopoly.

Asset markets have proven surprisingly resilient following the Brexit shock and diversified financial shares have largely recovered losses from June. A core holding in *Smartgroup Corporation* was a stand-out performer in the month, as was a position in *IOOF Holdings*. The major banks underperformed the broader market with capital strength still lingering as an issue for APRA.

Bulk commodity prices were stronger in the month, with coal and iron ore lifting on the prospect of further financial stimulus in China. The price of oil fell in the month, although the fund has no net exposure in this sector. Precious metals continue their stellar run and a position in *Evolution Mining* was a beneficiary of this continued trend.

WMK Performance

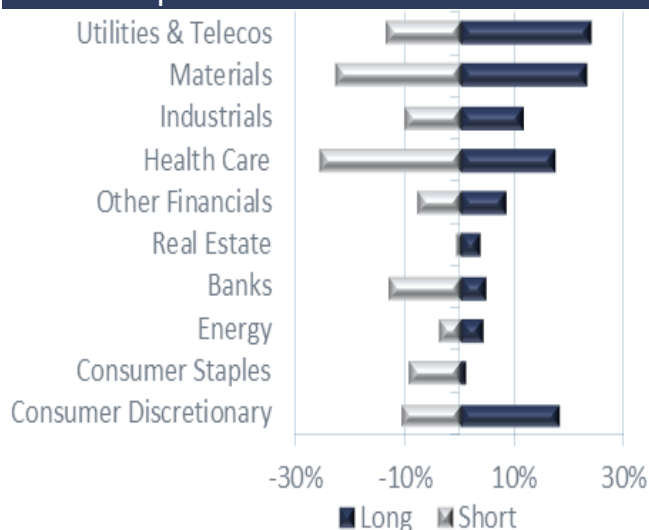
	1 Mth	6 Mths	FYTD	1 Yr	S.I. (pa)
Portfolio Return (net)	0.2%	2.5%	0.2%	11.9%	8.4%
RBA Cash Rate	0.1%	0.9%	0.1%	2.0%	2.3%
Outperformance (net)	0.1%	1.5%	0.1%	9.9%	6.1%



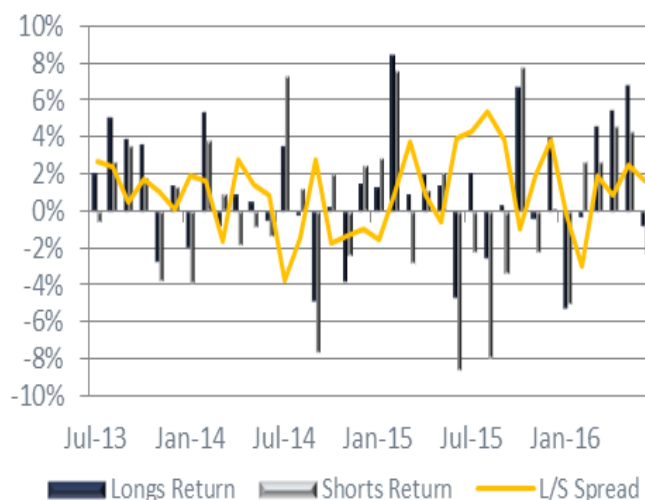
WATERMARK

MARKET NEUTRAL FUND

Sector Exposures

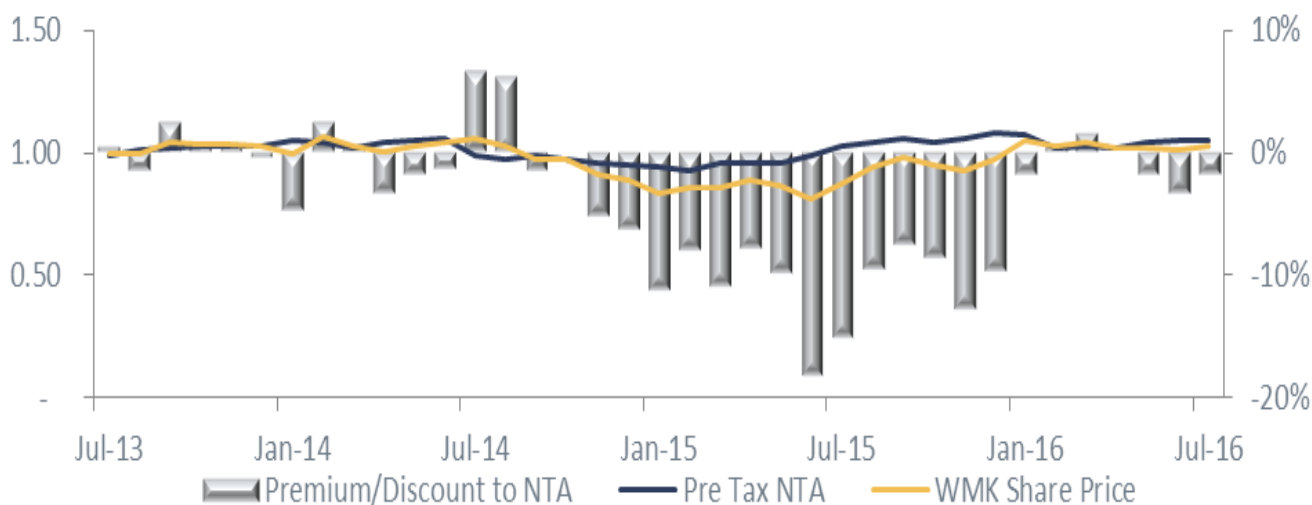


Long Short Spread*



* 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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