



NTA and Monthly Update – February 2017

Company at a Glance

ASX Code	WGF
ASX Code Options	WGFO
Fund Size	AU\$88.4m
Fund Strategy	Global Market Neutral
Share Price	\$1.04
Shares on Issue	82.8m
Option Price	2.8 cents

Net Tangible Asset (NTA) Backing

	Jan 17	Feb 17
NTA Before Tax	\$1.07	\$1.08
NTA After Tax	\$1.07	\$1.07

Gross Portfolio Structure

Long Exposure	62.7%	77.8%
Short Exposure	-62.0%	-76.2%
Gross Exposure	124.7%	154.0%
Cash	99.3%	98.4%

Month in Review

February saw continued strength in share markets here and abroad, as investors look past political uncertainty in North America and Europe, to focus on positive news, such as corporate profits and GDP growth. This improvement in the economic outlook seems to have strengthened the resolve of the US Federal Reserve to press ahead with policy normalisation this year.

The Company's portfolio remained unchanged for the month, with positions in the healthcare and consumer sectors performing well, while long exposures in the energy sector weighed on performance.

In telecommunications, we have identified a range of opportunities to benefit from divergences between companies in growing markets with improving competitive dynamics (China, France), and those where competitive pressures are building on the short side (USA, Malaysia), or where regulatory change is challenging traditional business models. A short position in US company Verizon has been a success in recent months, while on the long side, an investment in French telco Iliad performed well as expectation builds around consolidation in this part of the market.

Gaming is a segment of the technology sector that has been a rich vein of new investment ideas. Interactive gaming companies have seen a resurgence in recent years with the transition from the sale of physical discs, to digital games. This has already seen a marked uplift in the gross profit per unit, and represents a huge opportunity, given digital sales currently account for just 25% of overall sales. The Fund has investments in Activision and Ubisoft, beneficiaries of this thematic.

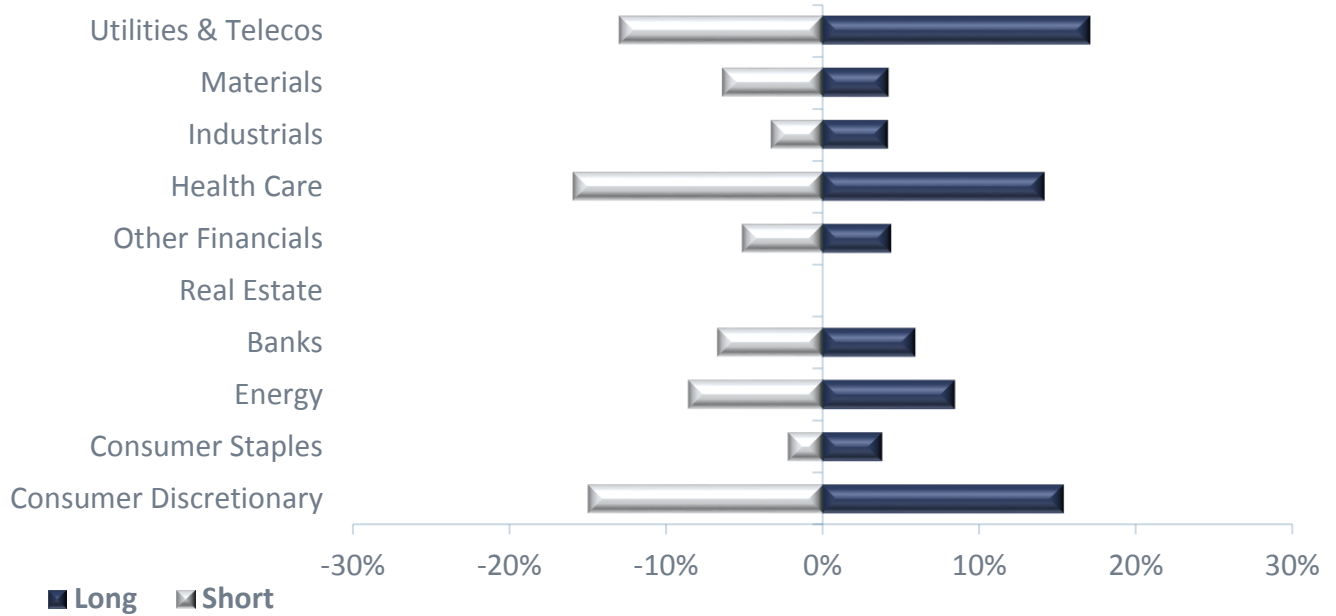
The Company's healthcare portfolio performed well again this month, with successful positions across the pharmaceutical, biotechnology and medical device industries. We continue to back companies that are innovators, such as Merck and Bristol-Myers Squibb, while shorting businesses with little clinical or commercial differentiation, such as Novo Nordisk and Sanofi.

Industrial shares traded up slightly in February, with economic indicators showing positive momentum, while earnings reports were broadly in line with investor expectations. With a risk of disappointment as the stimulus of 2016 fades, the portfolios are fully hedged. Investments in the transport and logistics sectors performed well, partially offset by weaker performance in autos and capital goods. A new investment was initiated in Airbus, a high-quality company with a strong order book, trading at an attractive price. Airbus will see very strong growth in the next few years as hedges roll off.

The action was more subdued in the resources sector in February, with the shares of several large energy and mining companies falling, despite strong profit results and stable commodity prices. We used weaker prices across the energy sector to establish a position in Eni SpA, a major Italian oil & gas producer. The Fund has as a neutral exposure to the sector, with many companies enjoying peak-margins we are looking to get short in areas vulnerable to falling prices. Conversely, we are adding in areas where commodity prices are more reasonable, such as Nickel and Potash.



Sector Exposures



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