



NTA and Monthly Update – February 2018

Company at a Glance

ASX Code	WGF
ASX Code Options	WGFO
Fund Size	AU\$82.0m
Fund Strategy	Global Market Neutral
Share Price	\$0.90
Shares on Issue	79.5m
Option Price	0.2 cents

Net Tangible Asset (NTA) Backing

	Jan 18	Feb 18
NTA Before Tax	\$1.05	\$1.05
NTA After Tax	\$1.05	\$1.05

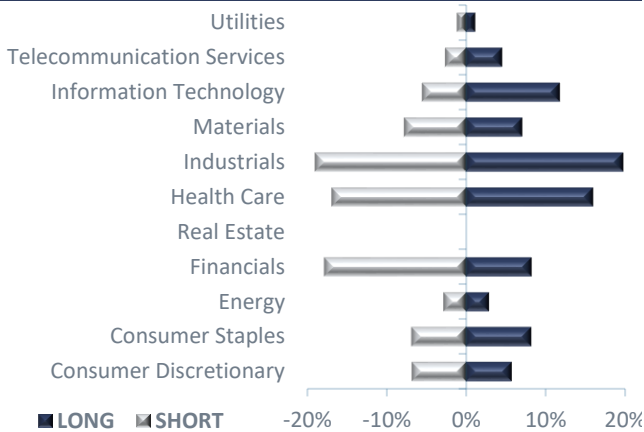
Gross Portfolio Structure

Long Exposure	85.7%	85.9%
Short Exposure	-88.0%	-88.0%
Gross Exposure	173.7%	173.9%
Cash	102.4%	102.2%

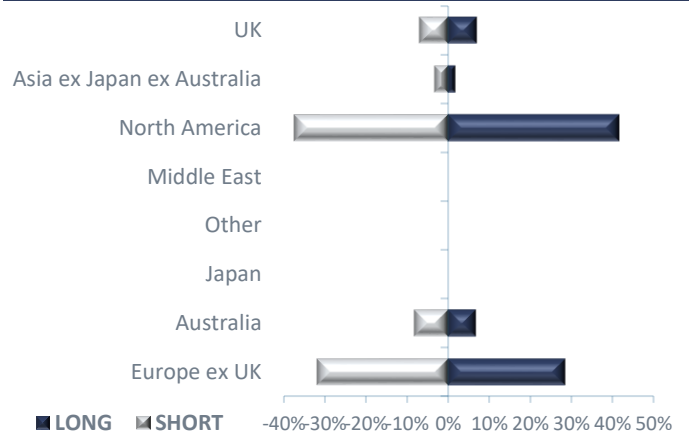
Performance

	1 Mth	3 Mths	6 Mths	Fin. YTD	1 Yr	2 Yrs (pa)	S.I.
Portfolio (net return)	-0.6%	-1.3%	-4.8%	-4.8%	-4.1%	-	-4.0%
RBA Cash Rate	0.1%	0.4%	0.7%	1.0%	1.5%	-	1.9%
Outperformance	-0.7%	-1.7%	-5.5%	-5.8%	-5.6%	-	-5.9%

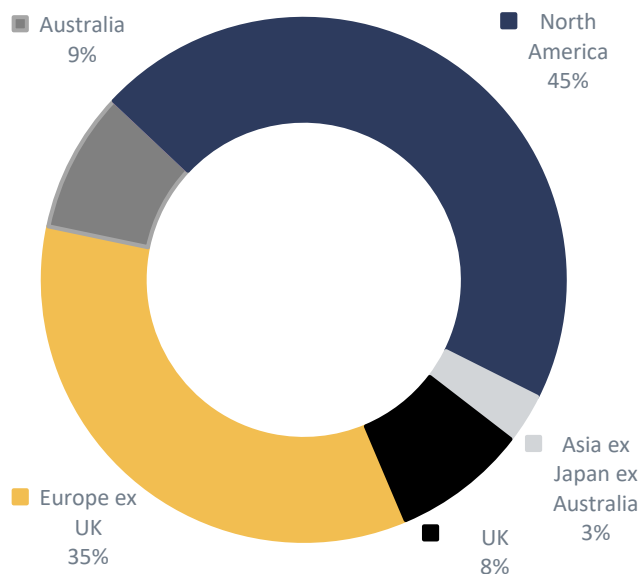
Sector Exposures



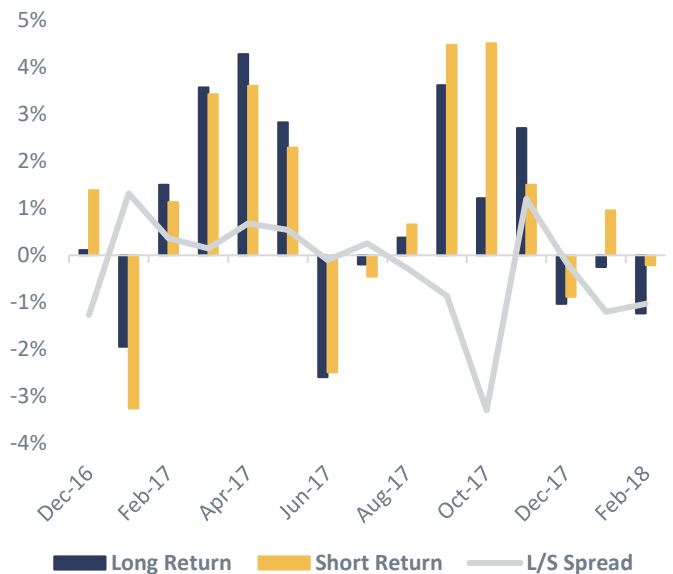
Regional Exposures (Net)



Regional Exposures (Gross)



Long Short Spread



Month in Review

February proved to be an eventful month for investors in shares, marked by a sharp spike in volatility over fears of looming interest rate rises. Major global market indices fell by as much as 8%, with rate sensitive sectors the hardest hit. The catalyst for these falls was reported data on average hourly earnings in the US, which posted the strongest reading since 2009, intensifying fears that inflation is building and that central banks will be forced to tighten ahead of schedule. In Europe, economic data continues to improve, although this has been somewhat overshadowed by lingering political risks in Italy and Germany.

The Fund value fell in the month by 0.6% after all fees. While portfolio hedging protected the Fund from the large drawdowns seen across most major markets, sector specific issues in Media and Telecommunications weighed on performance. We expect volatility will remain a feature of global markets and have undertaken further detailed analysis of the portfolio in recent weeks, repositioning the Fund to take advantage these conditions.

A notable performer in the month was Swedbank, which recovered some of the ground lost in recent months on reports that apartment prices have stabilised in Sweden. European spirits distributor Pernod also reported solid growth and was the strongest contributor in the consumer portfolio.

The global Industrials portfolio performed well, with several key positions successfully weathering volatile markets. An investment in Airbus was a notable contributor, after the company announced stronger than expected free cashflow generation and upgraded earnings guidance for the rest of 2018. FLSmidth & Co, a mining equipment supplier also posted gains. The shares have languished relative to its peers in recent months, with depressed activity levels across the global mining sector, however this appears to be improving. Amongst the strongest contributors was a new investment in Zebra – a company that manufactures RFID scanners and handheld readers – which also announced a strong result and upgrade to earnings forecasts, based on a healthier underlying capex environment and improvements in margins.

Losses in the TMT sector were a result of multiple factors. Telco companies across the globe continue to struggle, however additional concerns surrounding regulatory intervention for Chinese telcos led to weaker performance from an investment in China Telecom. In media, a short squeeze on positions in advertising agencies hurt performance, with losses pared back late in the month on news of a weak profit results, which was the original basis for our short thesis. An investment in Vivendi also detracted in the month.

There were several changes to exposures in the energy sector. An announcement from Anadarko Petroleum of an additional share buy-back and growth in their core onshore assets pushed the share price higher, presenting an opportunity to take profits. We initiated an investment in Hess Corporation, which owns 30% of an Exxon operated development project in Guyana with production targets of 500,000 barrels per day in the medium-term. The company is also planning to buy back 10% of its shares to defend against activist investors on its share register.

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