

Watermark Market Neutral Trust

Product Disclosure Statement

ARSN 603 495 692
APIR WMF0001AU
Issue Date 26 September 2017

Contents

1. Fund at a glance	3
2. ASIC Benchmarks	4
3. Disclosure Principles	5
4. Who is Managing the Fund?	7
5. How the Fund Invests	9
6. Managing Risk	16
7. Investing and Withdrawing	17
8. Keeping Track of Your Investment	20
9. Fees and Other Costs	21
10. Taxation	25
11. Other Important Information	27
12. Glossary of Important Terms	30

Investment Manager

Watermark Funds Management
ARSN 603 495 692 AFSL No 250897
Level 5 - 139 Macquarie Street
Sydney, NSW 2000
Ph. +61 2 9252 0225
Web: www.wfunds.com.au

Administrator and Custodian

Link Fund Solutions
Unitholder Services
PO Box 5482
Sydney NSW 2001
Email: LFS_registry@linkgroup.com
Phone: +612 9547 4311
Fax: +612 9221 1194

Responsible Entity

Equity Trustees Limited
ABN 46 004 031 298 AFSL No 240975
GPO Box 2307 Melbourne VIC 3001
Phone: +613 8623 5000
Web: www.eqt.com.au

This is the Product Disclosure Statement ("PDS") for the Watermark Market Neutral Trust (ARSN 603 495 692) (the 'Fund') and was issued on 26 September 2017. This PDS has been prepared and issued by Equity Trustees Limited (ABN 46 004 031 298 AFSL 240975) in its capacity as the Responsible Entity of the Fund (referred to throughout this PDS as the "Responsible Entity", "Equity Trustees", "us" or "we"). The Investment Manager of the Fund is Watermark Funds Management Pty Ltd and is referred to throughout this PDS as the 'Investment Manager' or 'Watermark'. The Administrator of the Fund is Link Fund Solutions Pty Limited (ABN 44 114 914 21 AFSL 440118) and is referred to throughout this PDS as 'Link Fund Solutions' or 'the Administrator'.

The Responsible Entity has authorised the use of this PDS as disclosure to investors and prospective investors who invest directly in the Fund, as well as investors and prospective investors of an investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme ("IDPS"). This PDS is available for use by persons applying for units through an IDPS ("Indirect Investors").

The operator of an IDPS is referred to in this PDS as the "IDPS Operator" and the disclosure document for an IDPS is referred to as the "IDPS Guide". If you invest through an IDPS, your rights and liabilities will be governed by the terms and conditions of the IDPS Guide. Indirect Investors should carefully read the IDPS Guide before investing in the Fund. Indirect Investors should note that they are directing the IDPS Operator to arrange for their money to be invested in the Fund on their behalf. Indirect Investors do not become unitholders in the Fund or have the rights of unitholders. The IDPS Operator becomes the unitholder in the Fund and acquires these rights. The IDPS Operator can exercise or decline to exercise the rights on an Indirect Investor's behalf according to the arrangement governing the IDPS. Indirect Investors should refer to their IDPS Guide for information relating to their rights and responsibilities as an Indirect Investor, including information on any fees and charges applicable to their investment. Information regarding how Indirect Investors can apply for units in the Fund (including an application form where applicable) will also be contained in the IDPS Guide. Equity Trustees accepts no responsibility for IDPS Operators or any failure by an IDPS Operator to provide Indirect Investors with a current version of this PDS as provided by Equity Trustees or to withdraw the PDS from circulation if required by Equity Trustees.

Please ask your adviser if you have any questions about investing in the Fund (either directly or indirectly through an IDPS).

This PDS is prepared for your general information only. It is not intended to be a recommendation by the Responsible Entity, Investment Manager or any associate, employee, agent or officer of the Responsible Entity, Investment Manager or any other person to invest in the Fund. This PDS does not take into account the investment objectives, financial situation or needs of any particular investor. You should not base your decision to

invest in the Fund solely on the information in this PDS. You should consider the suitability of an investment in the Fund in view of your personal financial circumstances, investment objectives and needs. You may want to seek advice before making an investment decision.

Equity Trustees, the Investment Manager, and each of their respective employees, associates, agents and officers do not guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Fund. Past performance is no indication of future performance. An investment in the Fund does not represent a deposit with or a liability of Equity Trustees, the Investment Manager, or any of their associates. An investment is subject to investment risk, including possible delays in repayment and loss of income or capital invested. Units in the Fund are offered and issued by the Responsible Entity on the terms and conditions described in this PDS. You should read this PDS in its entirety.

The offer made in this PDS is only available to persons receiving this PDS in Australia (electronically or otherwise). This PDS is not to be treated as an offer to sell, or a solicitation of an offer to buy, any units in any jurisdiction in which it is unlawful to make such an offer or solicitation or to any person to whom it is unlawful to make such an offer or solicitation. If you received this PDS electronically a paper copy will be provided free upon request during the life of this PDS. Please call Watermark on 02 9252 0225 for a copy.

The forward looking statements included in this PDS involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Equity Trustees, the Investment Manager and each of their respective officers, employees, agents and associates. Actual future events may vary materially from the forward looking statements and the assumptions on which those statements are based. Given these uncertainties, you are cautioned to not place undue reliance on such forward looking statements.

In particular, in considering whether to invest in the Fund, you should consider the risk factors that could affect the financial performance of the Fund. The key risk factors affecting the Fund are summarised in section 6.

Unless otherwise stated, all fees quoted in the PDS are inclusive of Goods and Services Tax ('GST') after allowing for an estimate for Reduced Input Tax Credits ('RITCs'), and all amounts are in Australian dollars.

Information in this PDS that is not materially adverse is subject to change from time to time. We may update this information. You can obtain any updated information:

- by calling Watermark on +61 2 9252 0225; or
- by visiting Watermark website at www.wfunds.com.au.

A paper copy of the updated information will be provided free of charge on request.

1. Fund at a glance

	Summary	For further information
Name of the Fund	Watermark Market Neutral Trust	Section 5
ARSN	603 495 692	Section 5
APIR	WMF0001AU	Section 5
Investment objective	The Fund aims to deliver consistent positive rates of return with relatively low volatility, whilst maintaining little or no net exposure to the underlying equity market.	Section 5
Investment strategy and investments held	The Fund is an equity market neutral product which invests in, or short sells, shares of companies listed on exchanges including but not limited to the Australian Securities Exchange (ASX).	Section 5
Benchmark	RBA cash rate	
The type(s) of investors for whom the Fund would be suitable	Investors who are looking for capital growth and income while hedging equity market risk. The risk level of the Fund would be considered medium.	Section 5
Recommended investment timeframe	At least 5 to 7 years. The minimum suggested investment timeframe for the Fund is 5 years. We recommend that you consider, with your financial adviser, the suggested investment period for the Fund in relation to your own financial circumstances. You should review this regularly to ensure that the Fund continues to meet your investment needs.	Section 5
Minimum initial investment	\$50,000	Section 7
Minimum additional investment	\$5,000	Section 7
Minimum withdrawal amount	\$5,000	Section 7
Minimum balance	\$40,000	Section 7
Cut off time for applications	2:00pm (Australian Eastern Standard Time) on any Business Day for receipt of that day's unit price.	Section 7
Cut off time for withdrawals	2:00pm (Australian Eastern Standard Time) on any Business Day for receipt of that day's unit price.	Section 7
Valuation of the Fund's assets	The Fund's assets are normally valued daily.	Section 7
Applications	Accepted each Business Day.	Section 7
Withdrawals	Accepted each Business Day. Withdrawal requests are generally processed and paid within 5 Business Days of receipt of a withdrawal request although a longer period of time is permitted under the Constitution.	Section 7
Income distribution	Determined semi-annually at the end of June and at the end of December and normally paid to investors within 14 days of the period end. You may elect to have your distribution reinvested or directly credited to an account in your name held at a branch of an Australian domiciled bank	Section 7
Management costs	1.53% p.a. of the NAV	Section 9
Entry fee/ exit fee	None	Section 9
Performance fee	20.4% p.a. (including GST net of RITC) of the increase in NAV which exceeds the benchmark, subject to a high-watermark.	Section 9

2. ASIC Benchmarks

The information summarised in this table and explained in detail in the identified section reference is intended to assist investors with analysing the risks of investing in the Fund. Investors should consider this information together with the detailed explanation of various benchmarks and principles referenced throughout this PDS and the key risks of investing in the Fund highlighted in section 6 of this PDS.

ASIC Benchmark	Is the benchmark satisfied?	Summary	For further information
Valuation of assets			
This benchmark addresses whether valuations of the Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	Yes	<p>Equity Trustees has appointed an independent administrator, Link Fund Solutions, to provide administration services for the Fund, including valuation services.</p> <p>The Fund satisfies Benchmark 1 by having its non-exchange traded assets independently valued by the Administrator in accordance with its pricing policy.</p> <p>Over-the-counter ("OTC") derivatives are generally valued by reference to the counterparty settlement price which is based upon broad financial market indices.</p>	Please refer to section 5 of this PDS for further information.
Periodic reporting			
This benchmark addresses whether the responsible entity of the Fund will provide periodic disclosure of certain key information on an annual and monthly basis.	Yes	The Responsible Entity will provide periodic disclosure of certain key information on an annual and monthly basis.	Please refer to section 8 of this PDS for further information.

3. Disclosure Principles

	Summary	Section (for further information)
<i>Investment strategy</i>	<p>The Fund's investment strategy is an equity market neutral strategy and seeks to provide attractive, risk adjusted returns with little or no net exposure to underlying equity markets.</p> <p>Diversification guidelines for the Fund are set out in Section 5. The specific risks of investing in the Fund are described in Section 6.</p>	Section 5.2
<i>Investment manager</i>	<p>Equity Trustees Limited, as Responsible Entity of the Fund, has appointed Watermark Funds Management Pty Ltd as the Investment Manager of the Fund. Established in 2003 by Justin Braitling, who has over 26 years' experience managing portfolios of Australian and international shares, Watermark comprises a team of dedicated and experienced investment professionals based in Sydney.</p> <p>See Section 4 in relation to the expertise of the Investment Manager and the Investment Management Agreement under which the Investment Manager has been appointed.</p> <p>Under the Investment Management Agreement between the Investment Manager and Equity Trustees, Equity Trustees can terminate the Investment Manager's appointment where the Investment Manager becomes insolvent, materially breaches the agreement, ceases to carry on its business or in certain other circumstances. In the event that Equity Trustees terminates the Investment Manager following one of these events, the Investment Manager's appointment would cease upon any termination date specified in the notice, and the Investment Manager would be entitled to receive fees in accordance with the agreement until the effective date of termination.</p>	Section 4
<i>Fund Structure</i>	<p>The Fund is an Australian unit trust registered under the Corporations Act as a managed investment scheme.</p> <p>The responsible entity of the Fund is Equity Trustees Limited. Equity Trustees Limited may appoint service providers to assist in the ongoing operation, management and administration of the Fund.</p> <p>The key service providers to the Fund are:</p> <ul style="list-style-type: none"> • Watermark Funds Management Pty Ltd, the investment manager of the Fund; • Link Fund Solutions Pty Limited, the administrator of the assets of the Fund; • UBS AG, Australia Branch, the prime broker of the Fund; • Morgan Stanley & Co. International plc, the secondary prime broker of the Fund; and • UBS Nominees Pty Limited, the custodian of the assets of the Fund. <p>See Section 5.3 for further information on other key service providers, Equity Trustees' role in monitoring the performance of service providers and a diagram of the flow of funds through the Fund.</p>	Section 5.3
<i>Valuation, location and custody of assets</i>	<p>Link Fund Solutions Pty Limited is the administrator of the Fund and provides administrative, accounting, registry and transfer agency services. The Administrator is responsible for calculating the Fund's NAV.</p> <p>UBS Nominees Pty Limited is the custodian and provides custodial services.</p> <p>See section 5.4 for further information on the custodial arrangements and the geographical location of the Fund's assets.</p>	Section 5.4
<i>Liquidity</i>	<p>The Fund invests predominantly in liquid assets and is expected to be liquid for the purposes of the Corporations Act.</p>	Section 5.5

	Summary	Section (for further information)
<i>Leverage</i>	<p>The Fund does not borrow funds for investment. Rather; leverage is created as the proceeds from short-selling borrowed securities are reinvested in the long portfolio. Leverage in the form of short selling is used to hedge the market risk of the long portfolio.</p> <p>The Fund's expected level of leverage is measured by the sum of the gross exposure levels of its long and short portfolios. At its maximum level (which has not been reached in the Fund's history), for every \$1 of investors' capital, the Investment Manager may invest \$2 in long positions and \$2 in short positions. Historically, the Fund has maintained an average gross exposure of between 150-300% in a fully hedged structure, which equates to an investment of \$1-1.50 in each of the long and short portfolios, for every \$1 of investors' capital.</p>	Section 5.6
<i>Derivatives</i>	<p>The Investment Manager does not generally employ the use of derivatives as part of the Fund's investment strategy. However, it does retain the flexibility to invest in financial derivatives from time to time to hedge physical positions, gain market exposure to underlying securities or for portfolio management purposes.</p> <p>The types of derivatives that may be used from time to time and the allocation ranges for both derivatives and the Fund's other asset classes are set out in Section 5.2.</p> <p>All of the Fund's derivatives counterparties must have, in Watermark's reasonable opinion, sufficient expertise and experience in trading such financial instruments.</p>	Section 5.8
<i>Short selling</i>	<p>In a market neutral strategy, the Investment Manager uses the proceeds of short selling to fund an investment portfolio of shares. As the long portfolio is funded from the proceeds of the short sales, the structure is fully hedged, with little or no net market exposure.</p> <p>Unit holders' capital is retained in cash at bank and investors benefit to the extent the long portfolio of shares the Investment Manager invests in outperforms the portfolio of shares that have been short sold. The Investment Manager employs fundamental research to access an attractive source of funds in short proceeds, while taking advantage of the natural hedge in the structure.</p> <p>Short sales can involve greater risk than buying a security. The risks associated with short-selling and the ways in which the Investment Manager seeks to mitigate those risks are set out in Section 5.7.</p>	Section 5.7
<i>Withdrawals</i>	<p>Daily.</p> <p>Withdrawal requests must be received by 2pm on any Business Day to receive that day's unit price.</p> <p>See Section 7 for more information on making a withdrawal</p> <p>Risks and limitations on withdrawal are set out in Section 5.9.</p>	Section 5.9

4. Who is Managing the Fund?

The Responsible Entity

Equity Trustees Limited

Equity Trustees Limited ABN 46 004 031 298 AFSL 240975 ("Equity Trustees"), a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT), is the Fund's Responsible Entity and issuer of this PDS. Established as a trustee and executorial service provider by a special Act of the Victorian Parliament in 1888, today Equity Trustees is a dynamic financial services institution which continues to grow the breadth and quality of products and services on offer.

Equity Trustees' responsibilities and obligations as the Fund's Responsible Entity are governed by the Fund's Constitution ("Constitution"), the Corporations Act and general trust law. Equity Trustees has appointed Watermark as the Investment Manager of the Fund. Equity Trustees has appointed a Custodian to hold the assets of the Fund. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests.

The Investment Manager

Watermark Funds Management Pty Ltd

Watermark is an active, high conviction investor in Australian public companies. As an absolute return investor, Watermark offers an alternative to traditional institutional funds.

Established in 2003 by Justin Braitling, Watermark comprises a team of dedicated and experienced investment professionals based in Sydney.

Watermark conducts detailed fundamental analysis of Australian companies, seeking opportunities to invest in businesses with sound economics on occasions when they are undervalued by the share market. By constructing a portfolio of shares in these companies, the Investment Manager seeks to deliver superior returns to investors over time.

The primary goal is the identification of mispriced shares - Watermark looks to buy the shares of good companies at an attractive price. In addition to this, opportunities exist to sell (short) the shares of businesses that are fundamentally challenged when these shares are overvalued.

Watermark can take advantage of such opportunities, allowing investors to profit from the mispricing of shares in all segments of the market, not just from buying undervalued shares but from selling (short) expensive ones as well.

This sets Watermark apart from traditional managers who invest on a long term "buy and hold" basis, a strategy that is more dependent on a rising share market.

Alternative investment strategies employed by Watermark are more active in seeking to profit from the mispricing of shares and are less reliant on share market appreciation. The investment process provides greater flexibility in managing market risk through the cycle as 'shorts' are a natural hedge for the Fund's investments when share markets fall.

The key individuals involved in managing the Fund are listed below. Each of the listed investment professionals devotes a substantial proportion of their time executing the Fund's investment strategy.

Justin Braitling - CIO

Justin has over 26 years' experience investing in Australian and international securities. Prior to establishing Watermark in 2003, Justin spent 10 years as an investment analyst and portfolio manager with the successful equities team at Bankers Trust. Justin is the Chairman of ALF and a director of WMK and WGF.

Tom Richardson - Sector Head

Tom is responsible for coverage of Basic Industries. He joined Watermark in December 2009. Prior to this, Tom began his career as an Investment Analyst with Renaissance Asset Management in 2006. Tom holds a Bachelor of Aerospace Engineering from the University of Sydney and is a CFA Charterholder.

Simon Felton - Sector Head

Simon is responsible for coverage of Industrials. He joined Watermark in September 2016. He was previously an investment analyst at Platinum Asset Management for 12 years. Prior to this he was a lawyer at Blake Dawson Waldron specialising in mergers and acquisitions. Simon holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales and is a CFA Charterholder.

Nick Cameron - Sector Head

Nick is responsible for coverage of the Healthcare sector. He joined Watermark in March 2015. He began his career in finance with KPMG in 2008. Prior to joining the Watermark Nick was an investment analyst at GenesisCare. Nick has completed bachelor degrees in Science and Biotechnology and holds a PhD from Griffith University in the fields of Molecular Biology and Neuroscience.

Hamish Chalmers - Sector Head

Hamish is responsible for coverage of Financials. Hamish joined Watermark in May 2017. Prior to this he has been a Financial sector specialist with Och-Ziff Capital for the last 7 years. Between 2007 to 2010 he was a senior equity analyst (Insurance) for Fox-Pitt Kelton. Hamish holds a Bachelor of Civil Engineering and is a CFA Charterholder.

Ian Carmichael - Sector Head

Ian is responsible for coverage of the Consumer sector. He joined Watermark in March 2017. Prior to this he spent four years with Platinum Asset Management where he was the Consumer Team Leader and before that was a Portfolio Manager at MLC Investment Management where he worked for five years. Ian began his career as a Chemical Engineer with roles at Montgomery Watson Harza and Cochlear. He holds a Bachelor's degree in Chemical Engineering, a Master's degree in Biomedical Engineering and is a CFA Charterholder.

Delian Entchev - Sector Head

Delian is responsible for coverage of the Technology, Media and Telecommunications sectors. He joined Watermark in August 2014. Prior to this, he was undertaking a cadetship with UBS as an Equity Research Analyst. Delian holds a Bachelor of Commerce (High Distinction) from the University of New South Wales.

Matthew Blumberg - Investment Associate

Matthew is responsible for research in the Oil & Gas and Utilities sectors. He joined Watermark in June 2017, having recently returned from Yale University where he received his Master of Business Administration. Matthew began his career working as an engineer in the Oil & Gas sector. Matthew holds a first-class honours degree in Engineering and a Bachelor of Commerce from UWA.

The Custodian and Administrator

Link Fund Solutions Pty Limited

The Responsible Entity has appointed Link Fund Solutions Pty Limited to act as administrator for the Fund. In this capacity, the Administrator performs all general administrative tasks for the Fund, including keeping financial books and records and calculating the Net Asset Value of the Fund.

The Responsible Entity has entered into an administration agreement with the Administrator, which governs the services that will be provided by the Administrator.

The Investment Manager may at any time, in consultation with the Responsible Entity, select any other administrator to serve as administrator to the Fund.

The Prime Broker and Custodian

UBS Nominees

The Responsible Entity has appointed UBS Nominees as custodian of the assets of the Fund. The custodian's role is limited to holding the assets of the Fund as agent of Equity Trustees. The custodian does not make investment decisions in respect of the assets, has no supervisory role in relation to the operations of the Fund and has no liability or responsibility to investors.

Morgan Stanley & Co International plc ("Morgan Stanley")

The Responsible Entity has appointed Morgan Stanley as the secondary prime broker for the Fund.

5. How the Fund Invests

5.1 Investment objective

The Fund aims to deliver consistent positive rates of return with relatively low volatility, whilst maintaining little or no net exposure to the underlying equity market.

5.2 Investment strategy

What is a Market Neutral Fund?

A market neutral fund aims to profit from the relative performance of a long and a short portfolio of shares, bought together in equal value to form a market neutral structure. It provides investors with the opportunity to gain exposure to mispriced listed securities as identified by the Investment Manager, without being fully exposed to the volatility and risks of the share market which arise from being invested long-only or short-only in those listed securities.

Generally speaking the market is efficient at pricing most securities. At any point in time however, there may be a select group of securities that are mispriced based on a particular assessment of their value. In a market neutral structure the Investment Manager looks to profit from the mispricing of securities while taking advantage of the natural hedge between long and short positions.

In simple terms, by holding long and short portfolios of equal value, investors' exposure to broad based movements in the underlying share market is hedged. In a falling market the value of the fund's liabilities - which arise when a security is borrowed and sold-short - falls along with the value of the fund's long positions. Similarly in a rising market, the increase in value in the long portfolio will be offset by an increase in the fund's liabilities associated with its short positions. Investors in the fund profit to the extent that the long portfolio outperforms the short portfolio. Returns in a market neutral portfolio will almost entirely reflect the Investment Manager's success in choosing shares to buy and sell (short). This is also a key source of risk. If security selection is poor, the portfolio value may fall.

How is a Market Neutral Portfolio Structured?

A sample market neutral portfolio structure is shown in Figure 1. The portfolio's capital is retained in cash and liquid securities held at a bank. The Investment Manager constructs a short portfolio of securities that are expected to underperform. The funds raised from selling these securities are then reinvested in securities that are expected to outperform. As the 'long' portfolio and the 'short' portfolio are of equal value, the exposure to general market movements is minimised, while capital is retained in cash earning interest at the bank.

The gross return (before expenses) of the market neutral portfolio will be the interest earned on the cash at bank plus the difference between the performance of the long and short portfolios.

Investment Philosophy

The Investment Manager believes successful investing requires the following skills:

- an ability to evaluate the true worth of a business and the management charged with running it;
- an understanding of how and why securities come to be mispriced; and
- an appreciation of the risks that can undermine the investment case.

Employing these skills, the best investment opportunities arise when securities in strong, well-managed businesses can be purchased on attractive terms. These businesses typically have the following characteristics:

- a history of superior returns through the economic cycle;
- management with a track record of creating and distributing value to security holders; and
- the capacity to grow.

SAMPLE PORTFOLIO STRUCTURE

FIGURE 1

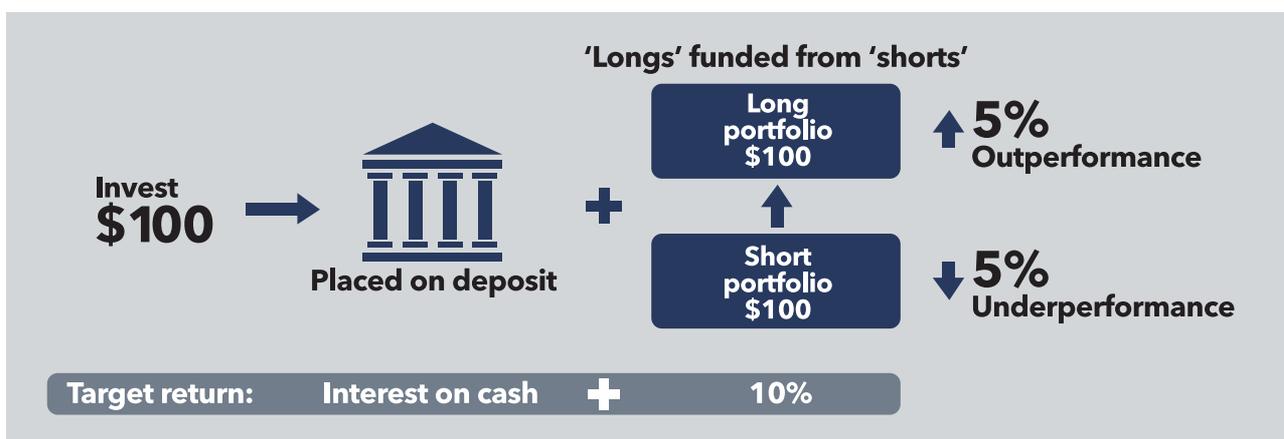


Figure 1: Sample market neutral portfolio structure showing the flow of funds within the structure (before expenses) and a hypothetical scenario in respect of the portfolio returns.

Note that the sample portfolio structure shown above is an example only: the 5% Outperformance and 5% Underperformance do not reflect the Fund's actual past performance and are not a forecast of the Fund's future performance.

Consistent with these same principles, in selecting securities to short sell the Investment Manager will look to sell the securities of businesses with weak fundamentals on occasions when the Investment Manager believes they are overvalued. In populating the long portfolio with strong businesses which are undervalued

and the short portfolio with weak businesses that are overvalued, the value of the combined portfolio should appreciate over time.

The Investment Manager believes Investors can benefit from long/short investing in three key ways:

- they access a further source of potential returns through mispriced shorts;
- they access an attractive source of additional funds, in the form of short proceeds; and
- they benefit from the natural hedge in the structure, whereby the impacts of exogenous forces on the share market are mitigated.

These benefits allow the Manager to take full advantage of mispricing opportunities across the value spectrum while retaining less market risk.

Investment Process

The Investment Manager conducts detailed fundamental analysis of Australian industries, seeking opportunities to profit from the mispricing of listed securities. A summary of the investment process to be implemented by the Investment Manager is set out below.

Security selection – Long Portfolio

Investment ideas come from monitoring economic and industry trends as well as extensive contact with company management and industry sources. Once identified, investment opportunities are screened by the Investment Manager to ensure they are of an investment grade. A full qualitative assessment of the proposed investment is completed to establish whether the business is of a suitable quality and attractively priced.

Qualitative review

Once a suitable investment opportunity has been identified, a full review of financial performance will be completed. This is

Portfolio Construction

Unlike a traditional fund, the Fund will have two portfolios; a long and a short portfolio. The weighting of individual positions in each portfolio will be loosely correlated with each security's qualitative scorecard and the level of conviction around the individual investment case.

This process ensures the Investment Manager constructs portfolios for the Fund around the best individual investment ideas, with the highest conviction, while retaining a bias in favour of good, well-managed businesses to buy (long), and weaker businesses to sell (short). As the Fund retains a market neutral structure, the size of the long and short portfolios is kept in balance, with the net market exposure of the Fund's capital kept within $\pm 10\%$ to ensure a "hedged" position.

The Investment Manager will also look to construct well diversified portfolios across sectors and industries and will typically hold between 40-80 positions in each of the long and short portfolios.

The Fund will predominantly hold securities listed on the ASX however, it may also hold up to 20% of its gross exposure in international securities, in sectors such as mining and resources where the Investment Manager has industry expertise. Where the Investment Manager invests in international securities, it will aim to broadly manage the Fund's exposure to currency movements by balancing long and short exposures in foreign currencies.

The Fund's capital will be retained in cash or cash equivalents with the Prime Broker or an Australian bank. The Investment Manager also retains the flexibility to hold instruments other than cash such as hybrid equity, debt or fixed interest securities although it has not done so in the Fund's history. The table below sets out the permitted investments for the Fund.

Asset Class	Allocation range
Securities listed on the ASX	Up to 400% of the Fund's capital but typically between 150-300%
Securities listed on any other licensed market with regulation and disclosure requirements comparable to the ASX	Up to but typically less than 20% of the value of each of the long and short portfolios
Listed warrants and options	Up to 200% of the Fund's capital but typically zero
Bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank, Australian governments or corporations of at least an investment grade credit rating	Up to 100% of the Fund's capital but typically zero
Cash or cash equivalents	Up to 110% of the Fund's capital
Debentures, unsecured notes and bonds of a corporation or government of at least an investment grade credit rating	Up to 150% of the Fund's capital but typically zero

usually followed by a meeting with management to further develop an understanding of the business and the management philosophy.

Where possible, representatives of the Investment Manager will also meet with suppliers, regulators, competitors and customers to gauge the competitive environment. An overall qualitative scorecard is compiled for each security. A ranking of investment ideas by score along with conviction will determine security weightings in the final portfolio construction.

Security Selection – Short Portfolio

Short selling is an important part of the Investment Manager's strategy. The Investment Manager employs a similar security selection process to that outlined above, but is looking for the opposite qualities for securities to borrow and sell. The Investment Manager believes the best "shorting" opportunities are found in businesses with weak fundamentals where those securities can be sold for more than they are worth. When targeting securities to borrow and sell (short) for the portfolio, the Investment Manager looks to identify entities with:

- a history of inferior returns;
- management with a poor track record;
- businesses operating in highly competitive industries that are struggling to grow; and
- securities that are expensive on a range of valuation measures.

Asset Class	Allocation range
Units or interests in cash management trusts	Up to 110% of the Fund's capital
Any other financial products which the Investment Manager may use in the management of the Fund's portfolio in accordance with its Australian financial services licence	Up to 200% of the Fund's capital but typically zero
Exchange traded derivatives, such as Share Price Index Futures	Up to 100% of the Fund's capital but typically zero
OTC derivatives, such as Interest Rate or Foreign Exchange Swaps	Up to 50% of the Fund's Capital but typically zero

Risk management

Risk philosophy

Risk management sits at the heart of the investment process, playing both a defensive role in helping avoid losses in a leveraged structure as well as an offensive role in identifying shorts where risks are often mispriced.

Whilst most managers view risk in the context of underperforming the share market, the Investment Manager considers risk as the prospect of capital loss. Capital loss is best avoided by investing in the shares of well managed companies with sound economics when they are undervalued by the share market. By constructing a portfolio of these shares the Investment Manager maximises the 'embedded value' of the Fund's assets, thus minimising the prospect of loss. As shorts are a liability on the Fund's balance sheet, the principles are the same but in reverse. The Manager looks to minimise the value of the liability by selling weaker businesses on occasions when they are overvalued.

The Investment Manager considers risk from both a bottom-up and top-down perspective. The bottom-up analysis employs a proprietary risk scoring methodology and considers risk at a security level while the top-down assessment considers risk at a portfolio level.

Risk factors

Concentration risk: The Investment Manager's goal is to have well diversified long and short portfolios populated with a broad range of investment ideas. The Fund will typically have between 40-80 positions in each of its long and short portfolios. Sizes of individual positions are monitored closely based on market capitalisation and liquidity measures to avoid concentration risk.

Sector bias: A key source of risk in a long/short portfolio is sector bias between portfolios. It is essential that both long and short portfolios are populated with shares taken from a broad distribution of sectors.

The company research database is segmented into four large sector groups: financials; defensives; cyclicals and resources. Each of these sectors can be further broken down into industries with similar dynamics. In total there are twenty seven industry groups making up these four sectors. It is the Investment Manager's intention to construct long and short portfolios with a broad representation of industries across these sectors. The gross exposure to individual sectors and the net sector weights are monitored carefully.

Size bias: The portfolio is well represented across the full size-spectrum. The market is broken down by company size into the shares of larger companies, smaller companies and micro-cap companies. The Investment Manager aims to hold between 40-70% of the Fund's gross exposure in the shares of the 100 largest companies listed on the ASX, with the balance in smaller companies. The Investment Manager aims to have a balance in terms of long/short exposures to large and small companies, to ensure there is no material size bias in the overall portfolio structure.

Factor bias: Factor risks are reviewed separately. Growth, value, volatility, beta, currency and other factor biases are considered.

Risk monitoring

The Investment Manager maintains a proprietary scoring system to ensure portfolios are built around the best individual investment ideas with the highest conviction, while retaining a bias in favour of strong, well-managed companies to buy (long), and weaker businesses to sell (short). The scoring system incorporates business quality, management quality, valuation and risk.

The risk score incorporates a number of qualitative and quantitative elements including financial leverage, earnings visibility, business transparency and earnings quality.

Leverage and short positions

Leverage in the form of short selling will be used to minimise market risk in the portfolio. The Investment Manager does not intend to borrow funds for investment.

Leverage through short selling can magnify gains in the portfolio, but will also magnify losses. With a view to managing this risk, total market exposure or gross exposure (the sum of the long and short positions combined as a percentage of unit holders' capital) will not exceed 400% and will typically fall within a range of 150-300%.

Counterparty risk

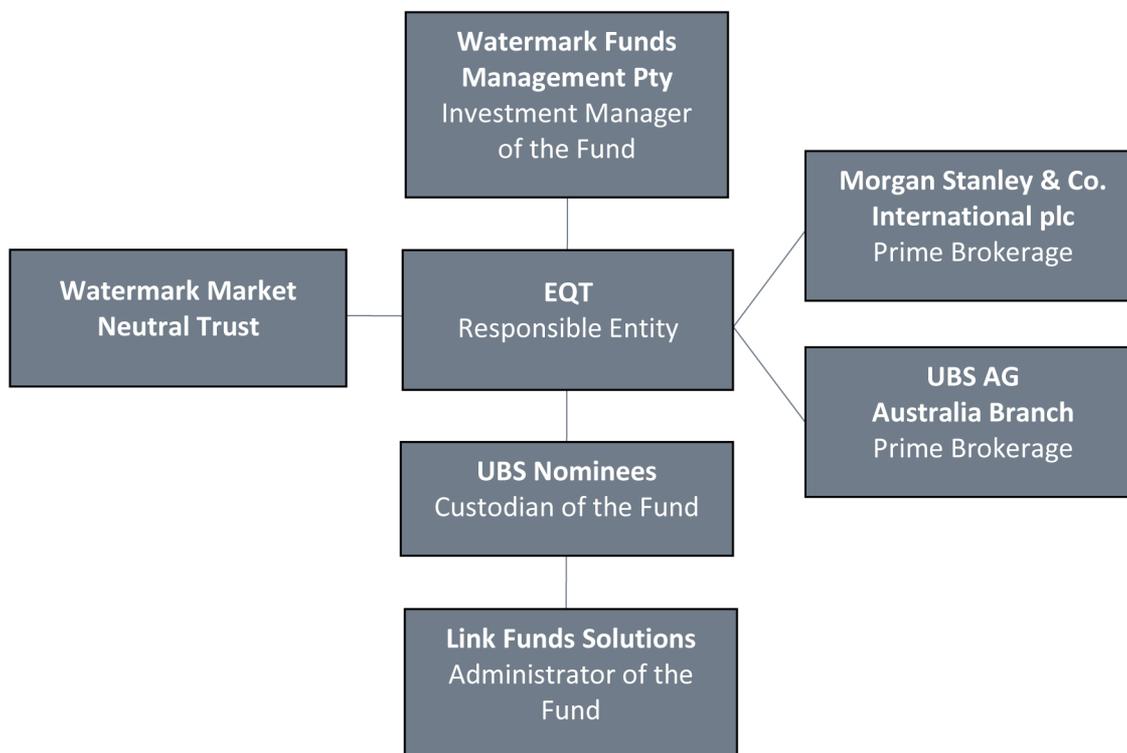
The Investment Manager seeks to minimise counterparty risk to which the Fund is exposed via its prime broking and banking arrangements. By withdrawing cash from the Prime Broker after taking account of margin and collateral requirements and placing funds in term deposits with an Australian bank, the Investment Manager reduces the Fund's exposure to the risks associated with the Prime Broker becoming insolvent.

5.3 Fund Structure

Investment structure

The Fund is an unlisted registered managed investment scheme. In general, each unit in the Fund represents an individual's interest in the assets as a whole subject to liabilities; however it does not give the investor an interest in any particular asset of the Fund. The Responsible Entity is responsible for the operation of the Fund.

The diagram set out below shows the Fund's structure and the entities involved in the Fund's structure, all of whom are located in Australia.



Service providers

As at the date of this PDS, the service providers to the Fund are:

Investment Manager: Watermark Funds Management Pty Ltd is responsible for managing the investments of the Fund. For further details on Watermark's role please refer to section 4.

Custodian: UBS Nominees holds the assets of the Fund on behalf of the Responsible Entity.

Administrator: Link Fund Solutions Pty Limited provides fund accounting, including valuation of the Fund's assets, and unit registry services to the Responsible Entity in connection with the Fund.

Prime Broker: UBS AG, Australia Branch provides prime brokerage services for the Fund. Morgan Stanley is the secondary prime broker for the Fund.

The service providers engaged by the Responsible Entity may change without notice to investors. Risks relating to the use of third party service providers are outlined in section 6.

The Responsible Entity has entered into service agreements with the service providers and will, with the assistance of Watermark, regularly monitor the performance of the service providers against service standards set out in the relevant agreements.

5.4 Valuation, location and custody of assets

UBS Nominees Pty Limited will provide custody services for the Assets of the Fund (but not those Assets which the Cash Custodian may hold from time to time) including documents of title or certificates evidencing title to investments, held on the books of the Prime Broker as part of its brokerage function in accordance with the terms of the Customer Documents. Assets held by UBS Nominees Pty Ltd as Custodian as located in Australia. The Custodian may appoint sub-custodians, including a member of the UBS Group, for such investments. Sub-custodians will be appointed to hold assets located in jurisdictions other than Australia.

Equity Trustees and the Investment Manager do not have any policy for the geographic location of any asset.

The Fund's assets are denominated in Australian dollars, except for international securities which are denominated in the local currency of the country where the market on which the securities are listed, is located. Link Fund Solutions Pty Limited is the Administrator and is responsible for valuing the Fund's assets. The value of such assets will be determined as follows:

- The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends, interest declared or accrued and not yet received, all of which are deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value;

- Securities listed on a recognised stock exchange or dealt on any other regulated market will be valued at their latest available prices, or, in the event that there should be several such markets, on the basis of their latest available prices on the main market for the relevant security;
- The value of non-U.S. equity securities (foreign equity securities) is generally determined based upon the last sale price on the foreign exchange or market on which it is primarily traded and in the currency of that market as of the close of the appropriate exchange or, if there have been no sales during that day, at the latest bid price. The Administrator has determined that the passage of time between when the foreign exchanges or markets close and when the Fund computes its net asset values could cause the value of foreign equity securities to no longer be representative or accurate, and as a result, may necessitate that such securities be fair valued. Accordingly, for foreign equity securities, the Fund may use an independent pricing service to fair value price the security as of the close of regular trading on the New York Stock Exchange. As a result, the Fund's value for a security may be different from the last sale price (or the latest bid price);
- In the event that the latest available price does not, in the opinion of the Administrator, truly reflect the fair market value of the relevant securities, the value of such securities will be defined by the Administrator based on the reasonably foreseeable sales proceeds determined prudently and in good faith

Investors are allocated a number of units in the Fund. Each of these units represents an equal undivided interest in the Fund. The unit price of the units will be calculated by the Fund's administrator on a daily basis, by dividing the NAV by the total number of units held by all unit holders on that day. For subscriptions, the transaction buy spread of 0.3% referred to in Section 9 is added.

5.5 Liquidity

The majority of assets currently traded and held by the Fund are liquid. The Responsible Entity and Investment Manager expect that the Fund will be able to realise at least 80% of the Fund's assets, at the value ascribed to those assets in the most recent calculation of net asset value, within 10 Business Days.

It is unlikely that liquidity issues will result from withdrawal requests. Generally, it is the Investment Manager's policy to ensure that the Fund remains liquid as the size of the Fund grows.

5.6 Leverage

The Fund does not borrow funds for investment. Rather, leverage is created as the proceeds from short-selling borrowed securities are reinvested in the long portfolio. Unlike financial leverage where the liability has a fixed value, the value of the borrowed securities that have been short sold will typically move up and down along with the value of the long portfolio in response to movements in the broader share market: i.e. there is a natural hedge between assets and liabilities in this structure.

In simple terms, because the Fund's gross exposure (equalling the sum of long and short positions) is greater than the amount of investors' capital, leverage is created. Unlike financial leverage however, the leverage is to the security selection success of the Investment Manager only.

As an example of how leverage works in the Fund:

The Investment Manager receives \$100 of capital from investors which is placed on deposit with the Prime Broker/Custodian or with an Australian bank. The Investment Manager then short-sells securities with a value up to \$100, creating a liability on the balance sheet. The proceeds of the short sales are

invested in a long portfolio of securities that the Investment Manager prefers creating an asset also worth \$100. In this example, the Fund will have a gross exposure to mispriced securities of 200% of investors' capital with a net market exposure of zero.

Leverage through short selling can magnify gains in the portfolio but can also magnify losses. With a view to managing this risk, total market exposure or 'gross exposure' (the sum of the long and short positions combined as a percentage of unit holders' capital) will not exceed 400%. The level of gross exposure is a product of the number of positions held and the size of those positions. Under the Investment Manager's internal guidelines around the number and size of positions typically held, gross exposure of the Fund will typically be between 150-300%

5.7 Short selling

A short sale occurs when the Investment Manager borrows a security from the Fund's Prime Broker and sells the security to a third party, generating cash proceeds. The Investment Manager will reacquire the same security onmarket and return it to the lender to close the transaction. The Fund makes a profit if the price of the borrowed security declines in value in the period between when the Investment Manager short sells the security and when the borrowed security is reacquired. Conversely, the Fund will suffer a loss if the borrowed security increases in value during this period. While the time period for borrowing securities to short sell may not be fixed, the Prime Broker may on rare occasions recall the securities and the Investment Manager must acquire them on-market to close the transaction. See Section 6 for more detail.

In a market neutral strategy, the Investment Manager uses the proceeds of short selling as a means of funding an investment portfolio of shares. As the long portfolio is funded from the proceeds of the short sales, the structure is fully hedged with little or no net market exposure.

Unit holders' capital is retained in cash at bank and investors benefit to the extent the long portfolio of shares outperforms the shares that have been short sold. The Investment Manager is able to employ its fundamental research process to access an attractive source of funds in short proceeds, while taking advantage of the natural hedge in the structure.

Short selling can involve greater risk than buying a security, as losses can continue to grow to the extent that the price of a security rises. The risk of losses associated with the purchase of a security is generally restricted at most to the amount invested, whereas losses on a short position can be greater than the purchased value of the security. Whilst short selling can often reduce risk since it may offset losses on long positions, it is also possible for long positions and short positions to both lose money at the same time.

The Investment Manager seeks to manage the risks associated with short selling in a number of ways:

- by using its fundamental research process to identify stocks to sell short, which are weaker businesses, with poor management and which are over-priced relative to the Investment Manager's assessment of their intrinsic value;
- by constructing a diversified portfolio of short positions across a broad range of sectors and industries, thereby reducing the risk that portfolio returns will be dependent on the performance of an individual stock, sector or industry;
- by managing the size of the Fund's short positions, also ensuring that individual positions do not account for an unacceptable amount of risk in the short portfolio; and
- by limiting cash retained by the Prime Broker in accordance with margin/collateral requirements. Cash withdrawn from the Prime Broker is held on deposit with an Australian Bank,

thereby reducing the Fund's exposure to the risk of capital loss in the event that the Prime Broker became insolvent. See section 6 for details on counter-party risk.

Example

The following example shows how the Fund's investment strategy differs from a traditional 'long only' fund. It will also demonstrate how the fund is leveraged to the security selection success of the Manager rather than to movements in the underlying share market.

In this example, the Investment Manager begins with \$100 of capital and two publicly listed companies. The shares of both companies are coincidentally trading at \$100 per share on the share market. Company A, is a weaker business which the Investment Manager values at just \$90 per share and Company B is a stronger business which the Investment Manager values at \$110 per share.

In a traditional 'long only' strategy, the Investment Manager would invest all of the Fund's capital in a share of Company B which the Investment Manager believes is undervalued by 10%. The Fund's capital would be fully exposed to market risks given its unhedged exposure to Company B shares, which would tend to move up and down with the broader share market.

In a market neutral strategy, the Fund's capital is retained in cash earning interest. The Investment Manager would start by borrowing and short selling a share of Company A which the Investment Manager believes is overvalued. With the \$100 of cash proceeds from selling the share, the Investment Manager would then buy a share of Company B which it believes is undervalued. Having established the position, the portfolio would be long \$100 worth of shares in Company B and short \$100 of shares in company A with \$100 of capital retained in a bank account, earning interest.

If the investment case unfolds as expected with each share reaching the Investment Manager's price target, the Investment Manager could then sell its share in Company B which has risen to \$110, take \$90 of the cash proceeds from the sale and repurchase the share in Company A which has fallen. The Investment Manager would then return the borrowed share to the lender closing the position, realising a 20% gain.

As this is a fully hedged structure with \$100 short and \$100 invested long, the Fund has no net exposure to the share market. The Fund's performance will exclusively reflect the relative performance of the shares in the two companies and the interest earned on the cash at bank.

This example demonstrates how the Investment Manager is able to target twice the return expected from the 'long only'

strategy while at the same time, significantly reducing or eliminating the Fund's exposure to market risk. The Fund's capital is leveraged in so much as it has \$200 worth of exposure to mispriced securities in Company A and Company B shares and \$100 of capital, versus the 'long only' fund which is invested dollar for dollar. This works both ways of course, whereby if the Investment Manager is completely wrong and the price of Company A shares moves to \$110 and Company B shares drop to \$90, then the 'long only' strategy will have lost 10% while the market neutral strategy will lose 20%.

5.8 Derivatives

Purpose and rationale

Although they are not expected to comprise a material part of the Fund's investment strategy, the Fund may use exchange traded derivatives and over-the-counter derivatives which may be volatile and speculative. Derivatives may be used to hedge physical positions, gain market exposure to underlying securities or for other portfolio management purposes.

Types of derivatives

The Fund can invest in financial derivatives, including equivalent cash settled instruments, which are traded on an exchange and/or non-exchange traded derivative instruments dealt in on an over-the-counter (OTC) basis. The underlying instruments include, but are not limited to: financial indices, interest rates, foreign exchange rates or currencies.

Criteria for engaging counterparties

The Investment Manager chooses counterparties that are institutions subject to prudential supervision.

5.9 Labour standards and environmental, social and ethical considerations

Decisions about the selection, retention or realization of investments for the Fund are primarily based on company and industry fundamentals. Watermark takes into account labour standards, environmental, social or ethical issues when making these decisions to the extent that these issues have a material impact on either investment risk or return. Watermark believes that certain environmental, social and corporate governance ("ESG") issues may impact the sustainable value of businesses. In exercising its authority as Investment Manager of the Fund, Watermark integrates ESG factors into its investment process and ownership practices to the extent that the integration of such factors is consistent with the investment objectives and the economic interests of the Fund.

5.10 Fund performance

It is the Investment Manager's aim to deliver consistent positive returns in excess of the Reserve Bank of Australia (RBA) cash rate over time, irrespective of the performance of the underlying share market. The Investment Manager also aims to maintain a return volatility that is substantially lower than the underlying share market. The Fund was established in August 2012 as an unregistered managed investment scheme. The cumulative return on \$100 invested in the Fund since inception as compared with the benchmark return on the same amount is set out at Figure 2.

Cumulative return net of all fees on \$100 invested

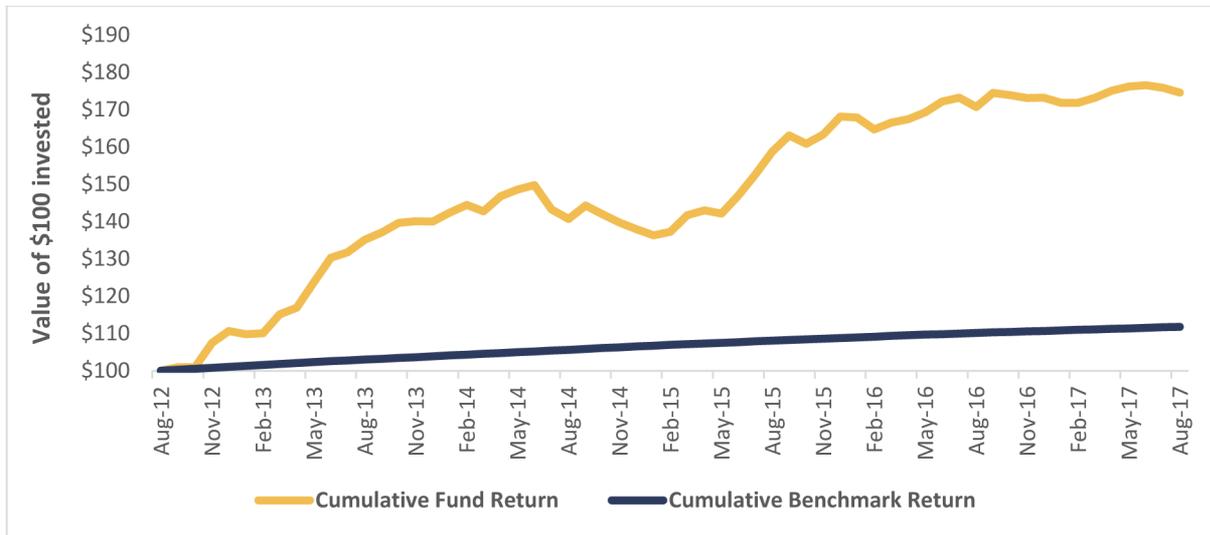


Figure 2: Performance History Past performance is not a reliable indicator of future performance. The Responsible Entity and Investment Manager do not guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Fund.

6. Managing Risk

Investment in any fund carries risks, including volatility of returns and permanent loss of capital. Volatility refers to the degree to which returns may fluctuate around their long-term average. Each asset class, whether it is cash, fixed interest, property, Australian or international shares has associated investment risks and the return achieved by each will vary accordingly.

You should be aware that an investment in the Fund contains risk and neither the performance of the Fund nor the security of your investment is guaranteed by Equity Trustees or the Investment Manager. Investments in the Fund are generally subject to risks, including possible delays in the payment of withdrawal proceeds, and loss of income and/ or capital. The following discussion of certain risk factors does not purport to be an exhaustive list or a complete explanation of all the risks involved in an investment in the Fund. We recommend you talk to an adviser about the risks involved in investing in the Fund and how it might impact on your individual financial circumstances.

Equity funds general risk

The value of the equity securities the Fund holds, directly or indirectly, may decrease in response to the activities of an individual company or in response to general market, business and economic conditions. Conversely, the value of the Fund's short sale liabilities may increase as a result of the same factors. In each case, the Fund's unit price may decrease.

Investment Strategy Risk

The success and profitability of the Fund depends almost entirely on the ability of the Investment Manager to construct a long portfolio of securities that outperforms a short portfolio of securities. While the short portfolio acts as a hedge for the Fund's long investments, there is a risk that losses are incurred on the long and short portfolios at the same time. The performance fee may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Fund.

Short-Selling Risk

In order to establish a short position, the Investment Manager must borrow securities to short-sell. In theory, short-selling is subject to an unlimited risk of loss, as there is no limit on how much the price of a security may appreciate. There is a risk that the securities lender may recall the securities in which case the Investment Manager may be obliged to re-purchase the securities at a higher price than that for which the security was sold, thereby crystallizing a permanent loss.

Leverage Risk

While the Fund will not use financial leverage to increase the size of its portfolio, reinvestment of the funds raised in short-selling securities may result in the Fund having a gross exposure to securities that is greater than unit holders' capital. As such, there is a risk that the Fund will behave like a leveraged portfolio, where fluctuations in the value of the Fund's portfolios and the potential for loss are magnified.

Investment Manager Risk

With little or no net exposure to broader share market movements, Fund returns will depend almost entirely on the Investment Manager's success in selecting stocks to buy and short-sell. As such, there is a risk that changes in key personnel of the Investment Manager may negatively impact Fund performance.

Market risk

The Fund's portfolios will be constructed so as to minimise market risks. During a general downturn in the securities markets, multiple asset classes may decline in value

simultaneously. Certain events may have a negative effect on the price of all types of investments within a particular market. Conversely, in a strong share market, the Fund may underperform rising market indices, as the portfolio will have little or no net exposure to the share market.

Counterparty Risk

The Fund uses the service of a Prime Broker to facilitate the lending of securities to short-sell. Until the Investment Manager returns a borrowed security, it will be required to maintain assets with the Prime Broker as collateral. As such, the Fund may be exposed to certain risks in respect of that collateral including that the Fund:

- will be required to post initial margin/collateral to the counterparty in the form of cash. The Fund will need to have sufficient liquid assets to satisfy this obligation;
- may from time to time, if the value of short positions move against it, be required to post variation margin/collateral with the counterparty on an ongoing basis. The Fund will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the counterparty may have a right to terminate such arrangements; and
- may be subject to the credit risk of the counterparty. In the event the counterparty becomes insolvent at a time it holds margin/collateral posted with it by the Fund, the Fund will be an unsecured creditor and will rank behind other secured creditors. In the event of insolvency of the Custodian or the Prime Broker, the Fund may not be able to recover the entire value of the relevant securities.

Liquidity risk

Investments that trade less can be more difficult or more costly to buy, or to sell, than more liquid or active investments. It may not be possible to sell or otherwise dispose of illiquid securities both at the price and within a time period deemed desirable by the Investment Manager.

Small cap stock risk

Stocks of smaller companies involve greater risk than those of larger, more established companies. This is because smaller companies may be in earlier stages of development, may be dependent on a small number of products or services, may lack substantial capital reserves and/or do not have proven track records. Small cap companies may be more adversely affected by poor economic or market conditions, and may be traded in low volumes, which may increase volatility and liquidity risks.

Portfolio turnover risk

The Fund does not intend to trade, directly or indirectly, portfolio securities for the purpose of realizing short-term profits. However, the Investment Manager will adjust the Fund's portfolio as considered advisable in view of prevailing or anticipated market conditions and the Fund's investment objective, and there is no limitation on the length of time securities must be held, directly or indirectly, by the Fund prior to being sold. Portfolio turnover rate will not be a limiting factor and will vary from year to year. Higher portfolio turnover rates involve correspondingly higher transaction costs, which are borne directly or indirectly by the Fund. In addition, the Fund may realize significant short term and long-term capital gains.

Derivatives Risk

The Fund may use exchange traded derivatives and over-the-counter derivatives which may be volatile and speculative. Use of derivative instruments involves various risks such as tracking, liquidity and leverage.

7. Investing and Withdrawing

Initial applications

Investors can acquire units by completing an Application Form. The minimum investment amount for the Fund is \$50,000.

To invest directly please complete the Application Form accompanying this PDS and send your original Application Form to:

Watermark Market Neutral Trust Registry
Link Fund Solutions
Unitholder Services
GPO BOX 5482
Sydney NSW 2001

For any queries regarding the applications, you can contact Link Fund Solutions at +61 2 9547 4311.

Application money should be transferred to the bank account details shown in the Application Form. Please note that neither cash nor cheques will be accepted. Investors investing through an Investor Directed Portfolio Service ("IDPS") should use the application form provided by the operator of the IDPS.

The price at which units are acquired is determined in accordance with the Constitution ("Application Price"). The Application Price, in general terms, is equal to the Net Asset Value ("NAV") of the Fund, divided by the number of units on issue plus any transaction costs.

Unit prices are calculated daily.

The cut-off time for applications is 2:00 pm (AEST) on any Business Day for receipt of that day's unit price.

At the date of this PDS, the minimum initial investment in the Fund is \$50,000. Applications can be made between 9:00 a.m. and 5:00 p.m. on any Business Day. However, for unit pricing purposes any application received after 2:00 p.m. on a Business Day will generally be treated as having been received the following Business Day. If you are investing via an IDPS, you need to contact your IDPS Operator regarding the cut-off times for pricing purposes.

Transaction costs may reduce the number of units which you receive when applying for units.

See the 'Buy/Sell Spread' information in the fees section for further information.

The Application Price will vary as the market value of assets in the Fund rises or falls

Additional applications

Investors can add to their investment by completing an Application Form accompanying the current PDS. The minimum additional investment in the Fund is \$5,000. Please note Application Forms can be sent by fax +61 2 9221 1194 or by email to LFS_registry@linkgroup.com. If you are investing through an IDPS you should refer to the IDPS Guide for the minimum additional investment amount.

Terms and conditions for applications

Applications can be made at any time. Application cut-off times and unit pricing are set out in the initial applications section above.

Please note that we do not pay interest on application monies (any interest is credited to the Fund).

Equity Trustees reserves the right to refuse any application without giving a reason. If for any reason Equity Trustees refuses or is unable to process your application to invest in the Fund, Equity Trustees will return your application money to you, subject to regulatory considerations, less any taxes or bank fees

in connection with the application. You will not be entitled to any interest on your application money in this circumstance.

Under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, applications made without providing all the information and supporting identification documentation requested on the Application Form cannot be processed until all the necessary information has been provided. As a result delays in processing your application may occur.

Cooling off period

If you are a Retail Client you may have a right to 'cool off' in relation to an investment in the Fund within 14 days of the earlier of:

- confirmation of the investment being received or available; and
- the end of the fifth Business Day after the units are issued or sold.

A Retail Client may exercise this right by notifying Equity Trustees in writing at the address as stated above.

A Retail Client is entitled to a refund of their investment adjusted for any increase or decrease in the relevant application price between the time we process your application and the time we receive the notification from you, as well as any other tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment.

The right of a Retail Client to cool off does not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan, switching facility or represents additional contributions required under an existing agreement. Also, the right to cool off does not apply to you if you choose to exercise your rights or powers as a unit holder in the Fund during the 14 day period; this could include selling part of your investment or switching it to another product.

The right to cool off may not apply if you are an Indirect Investor, even if you are a Retail Client. Indirect Investors should seek advice from their IDPS Operator or consult the IDPS Guide or similar type document as to whether cooling off rights apply.

Making a withdrawal

You can withdraw your investment by written request either:

By mail to:

Watermark Market Neutral Trust Registry
Link Fund Solutions
Unitholder Services
GPO BOX 5482
Sydney NSW 2001

Or by fax to +61 2 9221 1194 or by email to LFS_registry@linkgroup.com.

The price at which units are withdrawn is determined in accordance with the Constitution ("Withdrawal Price"). The Withdrawal Price, in general terms, is equal to the Net Asset Value of the Fund, divided by the number of units on issue less any transaction costs.

Unit prices are calculated daily.

The cut-off time for withdrawals is 2:00 pm (AEST) on any Business Day.

Transaction costs may reduce the amount which you receive on withdrawal. See the 'Buy/Sell Spread' information in the fees section for further information.

The Withdrawal Price will vary as the market value of assets referable to the Fund rises or falls.

If you are an Indirect Investor, you need to provide your withdrawal request directly to your IDPS Operator. The time to process a withdrawal request will depend on the particular IDPS Operator.

Access to funds

The Responsible Entity will generally allow you to access your investment within 5 days of receipt of a withdrawal request by transferring the withdrawal proceeds to your nominated bank account. However, the period of time for satisfying withdrawal requests may be extended where the Responsible Entity considers that it is in the best interests of investors to do so and has taken all reasonable steps to realise sufficient assets, but is unable to do so due to circumstances outside its control. In these circumstances the period of time for satisfying withdrawal requests is extended for such further period as those circumstances apply and the Responsible Entity may suspend consideration of redemption requests. Withdrawals will not be funded from an external liquid facility. In such circumstances, the Responsible Entity will provide investors with 30 days' prior written notice of such extension or suspension.

The price at which units are withdrawn ("Withdrawal Price") is determined in accordance with the Constitution. The Withdrawal Price on a Business Day, in general terms, equal to the NAV of the Fund, divided by the number of units on issue and adjusted for transaction costs ("Sell Spread"). At the date of this PDS, the Sell Spread is 0.3%. The Withdrawal Price will vary as the market value of assets in the Fund rises or falls.

We reserve the right to fully withdraw your investment if your investment balance in the Fund falls below the minimum balance amount as a result of processing your withdrawal request. We also reserve the right to fully withdraw your investment in the Fund, upon giving 30 days' notice, if the minimum balance amount is increased or your holding falls below the minimum balance amount.

At the date of this PDS, the minimum balance amount is \$40,000.

Terms and conditions for withdrawals

Once your withdrawal request is received, your instruction may be acted on without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s).

Equity Trustees and/or the Administrator reserve the right to ask for the production of original documents or other information to authenticate the communication. In the case of non-receipt or corruption of any message, you will be required to re-send the documents.

No withdrawal proceeds will be paid until the Administrator has received the withdrawal request signed by you or your authorised signatory. Neither Equity Trustees nor the Administrator shall be responsible for any mis-delivery or non-receipt of any facsimile. Facsimiles or emails sent to the Administrator shall only be effective when actually received by the administrator.

When you are withdrawing, you should take note of the following:

- We are not responsible or liable if you do not receive, or are late in receiving, any withdrawal money that is paid according to your instructions.
- We may contact you to check your details before processing your withdrawal request. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.

- If we cannot satisfactorily identify you as the withdrawing investor, we may refuse or reject your withdrawal request or payment of your withdrawal proceeds will be delayed. We are not responsible for any loss you consequently suffer.
- As an investor who is withdrawing, you agree that any payment made according to instructions received by post or courier or fax, shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made without your knowledge or authority.
- You agree that if the payment is made according to these terms, you and any person claiming through or under you, shall have no claim against us about the payment.
- The Constitution allows Equity Trustees to make payment up to 21 days after we accept a request (which may be extended by a further 30 days in certain circumstances).
- Equity Trustees can deny a withdrawal request where accepting the request would cause the Fund to cease to be liquid or where the Fund is not liquid (as defined in the Corporations Act). When the Fund is not liquid, you can only withdraw when Equity Trustees makes a withdrawal offer to you in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers. The Fund will be liquid if at least 80% of its assets are liquid assets (generally cash and marketable securities).

Distributions

The Fund usually distributes income semi-annually at the end of June and at the end of December. Distributions are calculated on the last day of each period end (30 June and 31 December), and are normally paid to investors within 14 Business Days of the period end although the distribution at 30 June may take longer. Equity Trustees may amend the distribution frequency without notice. Your share of any distributable income is calculated in accordance with the Constitution and is generally based on the number of units held by you at the end of the distribution period and the distributable income.

You can have your distribution reinvested or paid to a nominated bank account. If you do not indicate a preference you will have your distributions automatically reinvested.

Indirect Investors should review their IDPS guide for information on how and when they receive any income distribution.

Valuation of the Fund

The value of the investments of the Fund is generally determined daily by the Administrator. The value of a unit in the Fund is determined on the basis of the value of the investments in the Fund (after taking into account any liabilities of the Fund), in accordance with the Constitution of the Fund. For example, the application price of a unit in the Fund is based on the NAV of the Fund divided by the number of units on issue plus an allowance for transaction costs required for buying investments. This allowance is known as the "Buy Spread". At the date of this PDS, the Buy Spread is 0.3%.

Joint account operation

For joint accounts, unless indicated to the contrary on the Application Form, each signatory must sign withdrawal requests. Please ensure all signatories sign the declaration in the Application Form. Joint accounts will be held as joint tenants unless we are advised to the contrary in writing.

Appointment of authorised nominee to operate account

You can appoint a person, partnership or company as your authorised signatory. To do so, please nominate them on the initial Application Form and have them sign the relevant

sections. If a company is appointed, the powers extend to any director and officer of the company. If a partnership is appointed, the powers extend to all partners. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

Once appointed, your authorised signatory has full access to operate your investment account for and on your behalf. This includes the following:

- making additional investments;
- requesting income distribution instructions to be changed;
- withdrawing all or part of your investment;
- changing bank account details;
- enquiring and obtaining copies of the status of your investment; and
- having online account access to your investment.

If you do appoint an authorised signatory:

- you are bound by their acts;
- you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, account claims and demands arising from instructions received from your authorised representatives; and
- you agree that any instructions received from your authorised representative shall be complete satisfaction of our obligations, even if the instructions were made without your knowledge or authority.

Electronic instructions

If you instruct Equity Trustees by electronic means, such as facsimile or via the internet, you release Equity Trustees from and indemnify Equity Trustees against, all losses and liabilities arising from any payment or action Equity Trustees makes based on any instruction (even if not genuine):

- that Equity Trustees receives by an electronic communication bearing your investor code; and
- which appears to indicate to Equity Trustees that the communication has been provided by you (for example, it has a signature which is apparently your signature or your authorised signatory's or it has an email address which is apparently your email address).

You agree that neither you nor anyone claiming through you has any claim against Equity Trustees or the Fund in relation to such payments or actions.

There is a risk that a fraudulent withdrawal request can be made by someone who has access to your investor code and a copy of your signature or email address. Please take care.

8. Keeping Track of Your Investment

Enquiries

For any enquiries regarding your investment or the management of the Fund please contact

Watermark Funds Management Pty Ltd
ABN 98 106 302 505 (AFSL 250897)
Level 6, 139 Macquarie Street NSW Sydney 2000
Phone: +61 2 9252 0225
Email: info@wfunds.com.au
Website: www.wfunds.com.au

Complaints

Equity Trustees seeks to resolve complaints in relation to the management of the Fund to the satisfaction of investors. If an investor wishes to lodge a formal complaint please write to:

Compliance Team
Equity Trustees Limited
GPO Box 2307
Melbourne, Victoria, 3001, Australia
Email: compliance@eqt.com.au

Equity Trustees will seek to resolve any complaint and respond as soon as possible and in any case within 14 days of receiving the letter. We will seek to resolve your complaint as soon as practicable but not longer than 45 days after receiving the complaint.

If we are unable to resolve your complaint, you may be able to seek assistance from FOS.

Financial Ombudsman Services
GPO Box 3
Melbourne Vic 3001
1800 367 287 (Australia) or +61 3 9613 7366
Email: info@fos.org.au

Please include the Equity Trustees FOS membership number with your enquiry: 10395.

FOS can assist you if Equity Trustees cannot. FOS may not consider a dispute where the value of a person's claim exceeds \$500,000. FOS is only able to make a determination of up to \$309,000 per managed investment claim (excluding compensation for costs and interest payments).

Reports

Regular, simple to read and complete reports are provided to investors in the Fund.

These reports comprise:

- Annual Report including financial statements and auditor's report will be made available on the Equity Trustees website at www.eqt.com.au/insto from 30 September each year.
- Transaction Reports confirming all additional investments, withdrawals, and payments (issued following transactions and on request).
- Distribution Statements as follows:
 - a) monthly statements to confirm closing units and value of holding;
 - b) distribution statements every distribution period confirming distribution amount and reinvestment/payment to nominated account;
 - c) annual investor statements to confirm closing units, value of investments and income

from investments.

- Tax Statements issued annually, providing you with taxation information including a detailed summary of the components of any distributions.

The Responsible Entity also has and implements a policy to report annually on the following information as soon as practicable after the relevant period end:

- the actual allocation to each asset type;
- the liquidity profile of the portfolio assets as at the end of the period;
- the maturity profile of the liabilities as at the end of the period;
- the leverage ratio (including leverage embedded in the assets of the Fund, other than listed equities and bonds) as at the end of the period;
- the derivative counterparties engaged (including capital protection providers);
- the monthly or annual investment returns of the Fund over at least a five-year period (or, if the Fund has not been operating for five years, the returns since its inception); and
- the key service providers if they have changed since the latest report given to you, including any change in their related party status.

The following information is available on Watermark's website at www.wfunds.com.au and is disclosed monthly:

- the current total NAV of the Fund and the redemption value of a unit in each class of units as at the date the NAV was calculated;
- the key service providers if they have changed since the last report given to investors, including any change in their related party status; and
- for each of the following matters since the last report on those matters:
 - the net return on the Fund's assets after fees, costs and taxes;
 - any material change in the Fund's risk profile;
 - any material change in the Fund's investment strategy; and
 - any change in the individuals playing a key role in investment decisions for the Fund.

The Fund is not a disclosing entity. If the Fund becomes a disclosing entity, the Fund will be subject to regular reporting and disclosure obligations under the Corporations Act. Copies of documents lodged with the Australian Securities and Investments Commission ("ASIC") in relation to the Fund may be obtained from, or inspected at, an ASIC office and you can obtain the following a copy of the following documents free of charge on request:

- the most recent annual financial report lodged with ASIC;
- any half yearly financial report lodged with ASIC after that financial report but before the date of this PDS; and
- any continuous disclosure notices lodged with ASIC after that financial report but before the date of this PDS.

You can call Watermark Funds Management +61 2 9252 0225 for updated information on performance, unit prices, Fund size and other general information about the Fund. If you are an indirect investor investing via an IDPS, contact your IDPS Operator.

9. Fees and Other Costs

The warning statement below is required by law to be displayed at the beginning of the 'Fees and other costs' section of product disclosure statements for managed investment products. The example given in the warning statement does not relate to any investments described within this PDS.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund's assets as a whole.

Information about taxation is set out in Section 10 of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment. For Indirect Investors, the fees listed in the 'Fees and other costs' section of this PDS are in addition to any other fees and charges charged by your IDPS Operator.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
<i>Establishment fee</i> The fee to open your investment	Nil	There is no establishment fee payable when you set up your investment in the Fund.
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	There is no contribution fee payable when you invest in the Fund.
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	There is no withdrawal fee payable when you redeem investments from the Fund.
<i>Exit fee</i> The fee to close your investment	Nil	There is no exit fee payable when you close your investment in the Fund.
Service fees		
<i>Investment switching fee</i> The fee for changing investment options	Nil	Not applicable
Management costs		
The fees and costs for managing your investment	Management fee: 1.53% p.a. (inclusive of GST and net of RITC) of the Net Asset Value of the units (Based on a constant investment of \$50,000 the amount in dollars is \$765 ³).	The management fees in relation to the Fund express the administration and investment fees and costs (but not transaction costs such as brokerage) as a proportion of the Fund's size. These costs include: <ul style="list-style-type: none"> fees charged by the Responsible Entity fees charged by the Custodian and the Prime Broker

Type of fee or cost	Amount	How and when paid
	Performance fee: 20.4% p.a. (inclusive of GST and net of RITC)	<ul style="list-style-type: none"> • fees charged by the Administrator • management fees charged by the Investment Manager • routing day to day management and administrative costs associated with the operation of the Fund. <p>The management fees are calculated and accrued on a monthly basis on the Gross Asset Value of the units. The accrued fee is payable within 14 days of the end of each month. The responsible entity fee reduces the NAV of the units and is reflected in the unit price of the units.</p> <p>Lower management fees and/or different payment terms may be negotiated with certain Wholesale Clients. See 'Negotiable fees' under the heading 'Additional explanation of fees and costs.'</p> <p>The Fund's performance fee is equal to 20.4% (inclusive of GST and net of RITC) of any increase in the NAV of the Fund over any financial year (adjusted for applications and redemptions and before the payment of any distribution) which exceeds the Fund Benchmark, subject to the high-water mark. The performance fee is calculated daily and if payable, will be paid annually in arrears.</p>

¹ You may also incur a buy/sell spread when your money moves in or out of the Fund. See the additional explanation of fees and costs below for more information.

² Management costs quoted are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC) at the prescribed rate.

³ This amount is an estimate as the management fee depends on the funds under management and the actual ordinary expense recovery. The actual management fees will be the amount remaining after deduction of the expenses.

* This fee can be negotiated. See "Differential fees" below.

Additional Explanation of fees and costs

What do the management costs pay for?

Management costs comprise the additional fees or costs that a unitholder incurs by investing in the Fund rather than by investing directly in the assets.

The management fees of 1.53% p.a. of the NAV of the Fund payable to the Responsible Entity of the Fund for managing the assets and overseeing the operations of the Fund. The management fees are accrued daily and paid from the Fund monthly in arrears. As at the date of this PDS, ordinary expenses such as investment management fees, custodian fees,

administration and audit fees, and other ordinary expenses of operating the Fund are covered by the management fees at no additional charge to you.

The management costs shown above do not include extraordinary expenses (if they are incurred in future) such as litigation costs, the costs of convening unitholder meetings and other costs.

In addition, management costs do not include transactional and operational costs (i.e. costs associated with investing the underlying assets, some of which may be recovered through Buy/Sell Spreads).

Performance fee

A performance fee is payable to the Investment Manager where the investment performance of the Fund exceeds the performance of the Fund Benchmark. The performance fee is 20.4% (inclusive of GST and net of RITC) of any increase in the NAV of the Fund over any financial year (adjusted for applications and redemptions and before the payment of any distribution) which exceeds the Fund Benchmark, subject to the high-water mark. The high-water mark means the highest NAV of the Fund at the end of a financial year where a performance fee has been paid, adjusted for applications, redemptions and subsequent distributions.

The Fund Benchmark is the Reserve Bank of Australia's cash-rate. The performance fee is calculated daily and payable annually in arrears. In general terms:

1. Each day, the performance of the Fund from the inception date is compared with the performance of the Fund Benchmark for the same period. The Fund's performance is calculated after the deduction of the management costs (paid or accrued) but before the deduction of performance fees and disregarding any applications in and withdrawals out of the Fund. The positive difference is referred to as 'outperformance'.
2. A 'high-water mark' is then set each time the level of outperformance exceeds the previous highest level of outperformance since inception of the Fund.
3. The amount by which the Fund's outperformance exceeds the previous high-water mark, if any, (Difference) is then calculated.
4. If the previous high-water mark is exceeded for a particular day, a performance fee of 20.4% (inclusive of GST and net of RITC) of the Difference, multiplied by the Fund's NAV, is then accrued. The performance fee is generally calculated daily and payable annually.
5. However, if the previous high-water mark is not exceeded, no performance fee accrues that day, even if the Fund performance has exceeded the Fund Benchmark performance on that day.

Based on the current calculation methodology for the performance fees, the Responsible Entity has estimated that the typical ongoing performance fees payable per annum may be \$816 assuming an average account balance of \$50,000 during the year. Prior periods have been taken into account in calculating this estimate. However, this is not a forecast as the actual performance fee for the current and future financial years may differ. The Responsible Entity cannot guarantee that performance fees will remain at their previous level or that the performance of the Fund will outperform the benchmark.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of the Fund will be, but it will be reflected in the management costs for the Fund for the relevant year. Information on current performance fees will be updated from time to time and available at www.eqt.com.au/insto.

Performance fee example

Assume the following;

- The Fund's performance for the Performance Fee Period is 5% after management costs have been deducted (assuming management costs of 1.50%)
- The Fund Benchmark performance is 1.50%
- The high water mark is set at zero
- The Fund's NAV is \$3,000,000

The Fund's return above the Fund Benchmark is 3.5% (5%-1.50%) for the period. The performance fee is calculated as 20.4% (including GST and net of RITC) \times 3.5% \times \$3,000,000 = \$21,420 for that Performance Fee Period.

If the Fund's performance is lower than the Fund Benchmark, a performance fee is not charged but a negative performance fee is recorded. Any negative performance fee recorded during a Performance Fee Period must be recouped before the Investment Manager becomes entitled to a performance fee.

Please note that the example is used for illustrative purposes only and does not forecast future performance.

Expense Recoveries

We are entitled to be reimbursed for certain expenses incurred in managing the Fund. These expenses are called 'out of pocket' expenses. They may include expenses properly incurred in the administration, custody, management, compliance and promotion of the Fund. There are other expenses including tax and operating costs, such as audit, legal and tax consulting fees, which are also recoverable out of the assets of the Fund. The management costs contain a component of the estimated expenses to be recovered from the assets of the Fund. We have, however, the right to recover all proper expenses from the assets of the Fund and as such these figures may increase or decrease accordingly.

Differential Fees

The Responsible Entity may from time to time negotiate a different fee arrangement (by way of commission or rebates) with Wholesale Clients. The contact details of the Responsible Entity are set out in the 'Directory' section. There is no particular manner of negotiation.

Transaction and other costs

In managing the assets of the Fund, the Fund may incur transaction costs such as brokerage, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold. This generally happens when the assets of a fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flows into or out of a fund.

The Buy/Sell Spread reflects the estimated transaction costs incurred in buying or selling assets of the Fund when investors invest in or withdraw from the Fund. The Buy/Sell Spread is an additional cost to the investor but is incorporated into the unit price and incurred when an investor invests in or withdraws from the Fund and is not separately charged to the investor. The Buy/Sell Spread is paid into the Fund and not paid to Equity Trustees or the Investment Manager. The estimated Buy/Sell Spread is 0.30% upon entry and 0.30% upon exit. The dollar value of these costs based on an application or a withdrawal of \$50,000 is \$150 for each individual transaction. The Buy/Sell Spread can be altered by the Responsible Entity at any time. The Responsible Entity may also waive the Buy/Sell Spread in part or in full at its discretion.

Transactional costs which are incurred other than in connection with applications and redemptions arise through the day-to-day trading of the Fund's assets and are reflected in the Fund's unit price. As these costs are factored into the net asset value of the Fund and reflected in the unit price, they are an additional implicit cost to the investor and are not a fee paid to the Responsible Entity. These costs can arise as a result of bid-offer spreads (the difference between an asset's bid/buy price and offer/ask price) being applied to securities traded by the Fund. Liquid securities generally have a lower bid-offer spread while less liquid assets have a higher bid-offer spread.

During the financial year ended 30 June 2017, the total transaction costs for the Fund were 2.32% of the NAV of the Fund, of which 14.59% of these transaction costs were recouped

via the Buy/Sell Spread, resulting in a net transactional cost to the Fund of 1.99% p.a. However, such costs for future years may differ.

Abnormal expenses

Equity Trustees may additionally recover abnormal expenses (such as the costs of investor meetings, legal advice/proceedings and other irregular expenses). The Constitution does not place any limit on the amount of the abnormal expenses that can be paid from the Fund.

Payments to IDPS Operators

Subject to the law, annual payments may be paid to some IDPS Operators because they offer the Trust on their investment menus. Product access is paid by the Investment Manager out of its management fees and is not an additional cost to the investor. If the payment of annual fees to IDPS Operators is limited or prohibited by law, Equity Trustees will ensure the payment of such fees is reduced or ceased.

Example of annual fees and costs for the Fund

This table gives an example of how the fees and costs for this managed investment product can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

Example – Watermark Market Neutral Trust		
BALANCE OF \$50,000 WITH A CONTRIBUTION OF A \$5,000 DURING THE YEAR		
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged \$0.
Plus Management Costs comprising:	1.88% p.a.	And , for every \$50,000 you have in the Fund you will be charged \$940 each year comprising:
Management fees:	1.53% p.a.	\$765
Plus Performance fee:	0.35% p.a.	\$175
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 at the end of the year, then you would be charged fees of: \$940** What it costs you will depend on the fees you negotiate.

** This example assumes the \$5,000 contribution occurs at the end of the first year, therefore management costs are calculated using the \$50,000 balance only.

Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell Spread.

ASIC provides a fee calculator on www.moneysmart.gov.au, which you may use to calculate the effects of fees and costs on your investment in the Fund.

The performance fees stated in this table shows the actual performance fees for the financial year ended 30 June 2017 as a percentage of the Fund's average NAV. The performance of the Fund, and the performance fees, may be higher or lower or not payable in the future. As a result, the management costs may differ from the figure shown in the table. It is not a forecast of the performance of the Fund or the amount of the performance fees in the future. See also above (next to the heading "Performance fees") our estimated typical ongoing performance fees fee payable per annum. The actual indirect costs and performance fees for the current financial year and for future financial years may differ. For more information on the performance history of the Fund, visit Equity Trustees' website at www.eqt.com.au/insto. Past performance is not a reliable indicator of future performance.

Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. The maximum management fee is 2% per annum of the gross asset value of the Fund (exclusive of GST). Equity Trustees has the right to recover all proper and reasonable expenses incurred in managing the Fund and as such these expenses may increase or decrease accordingly. We will generally provide investors with at least 30 days' notice of any proposed change to the Management Costs. Expense recoveries may change without notice, for example, when it is necessary to protect the interests of existing members and if permitted by law. Also, where the Responsible Entity receives a large withdrawal request, the Sell Spread may increase for the large withdrawal request. In most circumstances, the Constitution defines the maximum fees that can be charged for fees described in this PDS.

GST

All fees and other costs quoted include GST less any RITC.

10. Taxation

The following summary of taxation matters is a general guide and does not constitute tax advice. It provides a summary of the Australian income tax implications applicable to the Fund and investors. In particular, it applies where investors are resident of Australia for income tax purposes and hold their investment on capital account for income tax purposes. This summary does not apply where investors are not resident of Australia for income tax purposes or where any gain in respect of the disposal of units would be regarded as ordinary income or otherwise taxed on revenue account.

The summary is based on the tax laws applicable as at the date of this PDS. The Australian tax laws are subject to change, and as the tax treatment applicable to particular investors may differ, it is recommended that all investors seek their own professional advice on the taxation implications of investing in the Fund.

Taxation of the Fund

General

The Fund should be treated as an Australian resident for income tax purposes. As such, it is required to determine its tax net income each income year.

The Fund's tax net income may comprise dividend income, interest income, and revenue gains on the sale of investments, derivatives and other financial arrangements. In calculating the Fund's tax net income, the cash component of any franked dividend income should be grossed up to include franked credits relating to that dividend income and the cash component of any foreign income that has been subject to tax in another jurisdiction should be grossed up to include foreign income tax offsets relating to that foreign income. Finally, the Fund's tax net income should be determined after having taken into account any tax deductible expenditure incurred by the Fund.

Public trading trust rules

The Fund does not intend to derive income other than from an "eligible investment business". Accordingly, it should not be subject to tax as a public trading trust. Further, provided the Fund's investors are presently entitled to the Fund's distributable income each year as is intended, the Fund itself should not be liable to pay Australian income tax in relation to its tax net income. Rather each investor should include a proportionate share of the Fund's tax net income in their assessable income (as discussed below).

Losses

Where the Fund is in a net capital loss or tax loss position in any income year, Investors should not be able to apply the Fund's loss to reduce their other taxable capital gains or income. However, the Fund may be able to utilise those losses to reduce its capital gains (in the case of carried forward capital losses) or tax net income (in the case of carried forward tax losses) in subsequent income years. We note, however, that the ability to use tax losses requires certain conditions to be satisfied.

Taxation of Australian Resident investors

Distributions

An investor should include their entitlement (share) to the tax net income of the Fund for a year of income in their assessable income irrespective of the amount of cash distributed to them or whether it is reinvested or actually paid in a subsequent year. In this regard, the Fund will provide an annual distribution statement to investors each year to inform them of their share of the tax net income of the Fund, including the components which make up that share. The components included in a distribution will depend on the investments undertaken by the Fund and

may include dividend income, franking credits, foreign income, foreign income tax offsets, Australian sourced other income and Capital Gains Tax (CGT) amounts. Some of these components are discussed below.

Franked Dividends and Franking Credits

Generally, an investor's share of the Fund's tax net income may include franked dividend income. Investors should include the franked dividend income, including any franking credits attaching to that income, in their assessable income and may be entitled to reduce the tax they have to pay by some or all of their share of the franking credits. The Fund may be denied franking credits in respect of dividends and distributions on investments which the Fund has not owned at risk generally for a continuous period of 45 days (ignoring the day of acquisition and disposal).

Foreign Income and Foreign Income Tax Offsets

Generally an investor's share of the Fund's tax net income may include foreign income (which will generally represent foreign dividends for Australian tax purposes paid to the Fund as well as foreign sourced gains. Investors should include the foreign income, including any foreign income tax offsets attaching to that income, in their assessable income and may be entitled to reduce the tax they have to pay by some or all of their share of the foreign income tax offset.

Capital Gains

If an investor's share of the tax net income of the Fund includes an amount that consists of discount capital gains derived by the Fund, the investor needs to first 'gross up' the discount capital gain (by multiplying it by 2). However, (after grossing up any discount capital gains) investors may be able to reduce the capital gains distributed by the Fund by any capital losses which are available to them. Furthermore, after applying any loss, individual, trust, and complying superannuation fund investors may then be entitled, in determining the net capital gain that is to be included in their assessable income, to discount that capital gain by 50% for individuals and trusts and 33.3% for complying superannuation funds.

Non Assessable Distribution Payments

Distributions of non-assessable amounts (typically referred to as tax deferred amounts) are generally not subject to tax. This may arise where the Fund's distributable income is higher than its tax net income, for reasons other than the CGT discount (discussed above). Although the receipt of non-assessable amounts are generally not subject to tax, the receipt of certain non-assessable amounts may have CGT consequences. Broadly, the receipt of certain non-assessable amounts may reduce the cost base and reduced cost base of the investor's investment in the Fund. If the cost base reduces to zero, any additional non-assessable receipts may give rise to an immediately taxable capital gain. If the cost base is not reduced to zero, the reduction to the cost base and reduced cost base may result in either an increased capital gain or a reduced capital loss on the subsequent disposal of the Units in the Fund.

To the extent that the investor's share of the Fund's distribution includes a CGT concession component, no adjustment to the cost base or reduced cost base of the underlying Units in the Fund should be required.

Disposal of units by Australian Resident Investors

Any taxable capital gain or assessable income arising from the disposal (including redemption) of an investment in the Fund may form part of the exiting investor's assessable income. To the extent the disposal gives rise to a capital gain, investors that are individuals, trusts and complying superannuation funds may be eligible for the CGT discount if their investment (Units) has been

held for at least 12 months and the Fund and the investor satisfy certain other requirements. Any capital losses arising from the disposal of the investment may be used to offset other capital gains the investor may have derived.

Goods and Services Tax (GST)

The Fund will be registered for GST. The acquisition and disposal of units in the Fund by investors should not be subject to GST. Similarly, the distributions paid by the Fund should not be subject to GST. GST is payable on some ongoing expenses, however the Fund may be able to claim a reduced input tax credit (RITC) of at least 55% of the GST paid, depending on the precise nature of the expenses. All fees and expenses are quoted inclusive of GST.

Duty

The issue or redemption of Units should not attract any duty. Duty may be payable on the transfer of units. Investors should confirm the duty consequences of transferring units with their taxation adviser.

Tax File Numbers (TFN) and Australian Business Numbers (ABN)

It is not compulsory for an investor to quote their TFN or ABN. However, unless exempted, failure by an investor to quote an ABN or TFN will result in tax being withheld by the trustee on distributions paid to the investor at the top marginal tax rate plus the Medicare Levy, on gross payments including Distributions of income to the investor. The investor may be able to claim a credit in the investors' tax return for any TFN/ABN tax withheld. By quoting their TFN or ABN on its application form for the Fund, the investor authorises Equity Trustees to apply it in respect of all the investor's investments with Equity Trustees. If the investor does not want to quote their TFN or ABN for some investments, Equity Trustees should be advised.

Attribution Managed Investment Trusts ("AMITs")

The Constitution provides, where separate classes of units are on issue in respect of the Fund, for income allocation to take into account any impact of the currency overlay that may be in place for the respective classes. The quantum of the distribution is sought to be determined on a standalone basis. Prior to the AMIT multi-class election being made (as described below), the Fund is treated as a single taxpayer. As any separate classes of units would not currently be treated as separate taxpayers, it is possible under the current taxation regime that the tax character

of distributions made to a particular class may be impacted by transactions associated with another class. The Constitution provides a mechanism to seek to minimise this outcome. Insofar as possible, where separate classes of units are on issue, the Constitution seeks to quarantine the income associated with a particular class to that class.

In May 2016, the Australian Federal Government enacted legislation establishing a new tax system for Attribution Managed Investment Trusts (AMITs). Trusts that meet the eligibility criteria to be an AMIT may elect into the AMIT rules. Equity Trustees is intending that an election into AMIT be made in respect of the Fund and thereafter the following will apply:

Fair and reasonable attribution: Each year, the Fund's determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be allocated to investors on a "fair and reasonable" attribution basis, rather than being allocated proportionally based on each investor's present entitlement to the income of the Fund.

Unders or overs adjustments: Where the Fund's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to the estimates of income, gains / losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery.

Cost base adjustments: Where the distribution made is less than (or more than) certain components attributed to investors, then the cost base of an investor's units may be increased (or decreased). Details of cost base adjustment will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement (AMMA).

Large redemptions: In certain circumstances, gains may be attributed to a specific investor, for example, gains on disposal of assets to fund a large redemption being attributed to the redeeming investor.

Multi-class AMITs: A choice is available to elect to treat separate classes of units as separate AMITs. Equity Trustees is intending that the AMIT multi-class election be made in respect of the Fund.

Penalties: In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed.

The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for managed investment trusts and their investors.

11. Other Important Information

Consents

Watermark Funds Management Pty Ltd has given and, at the date of this PDS, has not withdrawn, its written consent:

- to be named in this PDS as the Investment Manager of the Fund; and
- to the inclusion of the statements made about it, the Fund and the tables and statistical information, which are attributed to it, in the form and context in which they appear.

Watermark Funds Management Pty Ltd has not otherwise been involved in the preparation of this PDS and has not caused or otherwise authorised the issue of this PDS. Watermark Funds Management Pty Ltd and its employees and officers do not accept any responsibility arising in any way for errors or omissions from this PDS, other than in relation to the statements for which it has provided its consent.

Constitution of the Fund

You will be issued units in the Fund when you invest. Subject to the rights, obligations and restrictions of a class, each unit represents an equal undivided fractional beneficial interest in the assets of the Fund as a whole subject to liabilities, but does not give you an interest in any particular property of the Fund.

Equity Trustees' responsibilities and obligations, as the Responsible Entity of the Fund, are governed by the Constitution as well as the Corporations Act and general trust law. The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the responsible entity of the Fund, and investors. Some of the provisions of the Constitution are discussed elsewhere in this PDS.

Other provisions relate to your rights under the Constitution, and include:

- your right to share in any Fund income, and how we calculate it;
- what you are entitled to receive when you withdraw or if the Fund is wound up;
- your right to withdraw from the Fund - subject to the times when we can cease processing withdrawals, such as if the Fund becomes 'illiquid';
- the nature of the units - identical rights attach to all units within a class; and
- your rights to attend and vote at meetings – however these rights are mainly contained in the Corporations Act.

There are also provisions governing our powers and duties, including:

- how we calculate unit prices, the maximum amount of fees we can charge and expenses we can recover;
- when we can amend the Constitution - generally we can only amend the Constitution where we reasonably believe that the changes will not adversely affect investors' rights. Otherwise the Constitution can only be amended if approved at a meeting of investors;
- when we can retire as the Responsible Entity of the Fund - which is as permitted by law;
- when we can be removed as the Responsible Entity of the Fund - which is when required by law; and
- our broad powers to invest, borrow and generally manage the Fund.

The Constitution also deals with our liabilities in relation to the Fund and when we can be reimbursed out of the Fund's assets. For example:

- subject to the Corporations Act we are not liable for acting in reliance and good faith on professional advice;
- subject to the Corporations Act we are not liable for any loss unless we fail to act in good faith or we act negligently; and
- we can be reimbursed for any liabilities we incur in connection with the proper performance of our powers and duties in respect of the Fund.

As mentioned above, Equity Trustees' responsibilities and obligations as the Responsible Entity of the Fund are governed by the Constitution of the Fund, the Corporations Act and general trust law, which require that we:

- act in the best interests of investors and, if there is a conflict between investors' interests and our own, give priority to investors;
- ensure the property of the Fund is clearly identified, held separately from other funds and our assets, and is valued regularly;
- ensure payments from the Fund's property are made in accordance with the Constitution and the Corporations Act; and
- report to ASIC any breach of the Corporations Act in relation to the Fund which has had, or is likely to have, a materially adverse effect on investors' interests.

Non-listing of units

Units in the Fund are not listed on any stock exchange and no application will be made to list the units of the Fund on any stock exchange.

Termination of the Fund

The Responsible Entity may resolve at any time to terminate and liquidate the Fund (if it provides investors with notice) in accordance with the Constitution and the Corporations Act. Upon termination and after conversion of the assets of the Fund into cash and payment of, or provision for, all costs, expenses and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata among all investors according to the aggregate of the withdrawal price for each of the units they hold in the Fund.

Our legal relationship with you

Equity Trustees' responsibilities and obligations, as the Responsible Entity of the Fund, are governed by the Constitution of the Fund, as well as the Corporations Act and general trust law. The Constitution of the Fund contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the responsible entity of the Fund, and investors. Equity Trustees may amend the Constitution if it considers that the amendment will not adversely affect an investor's rights. Otherwise the Constitution may be amended by way of a special resolution of investors.

A copy of the Constitution of the Fund is available, free of charge, on request from Equity Trustees.

Compliance Plan

Equity Trustees has prepared and lodged a compliance plan for the Fund with ASIC. The compliance plan describes the procedures used by Equity Trustees to comply with the

Corporations Act and the Constitution of the Fund. Each year the compliance plan for the Fund is audited and the audit report is lodged with ASIC.

Unit pricing discretions policy

Equity Trustees has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy (such as records of any discretions which are outside the scope of, or inconsistent with, the unit pricing policy) will be made available to you free of charge on request.

Indemnity

Equity Trustees, as the Responsible Entity of the Fund, is indemnified out of the Fund against all liabilities incurred by it in performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the Corporations Act, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. Equity Trustees may retain and pay out any monies in its hands all sums necessary to affect such an indemnity.

Privacy Statement

The Privacy Act 1988 (Privacy Act) and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal information. At Equity Trustees we are committed to respecting the privacy of your personal information throughout the information lifecycle and our Privacy Policy details how we do this.

Equity Trustees may collect personal information about you and individuals associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation). You must ensure that all personal information which you provide to Equity Trustees is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise Equity Trustees of the changes in writing. If you do not provide the information requested we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

Equity Trustees may disclose your information to other members of our corporate group or to third parties, where it is necessary, in order to provide you with the products or services. Those third parties may be situated in Australia or offshore, and we take reasonable steps to ensure that all third parties with whom we have a contractual relationship or other influence comply with the Australian Privacy Principles.

- The third parties that we may disclose your information to include, but are not limited to:
- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing the Fund, including the Investment Manager, the administrator, custodian, auditors, or those that provide mailing or printing services;
- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC.

Equity Trustees or the Investment Manager may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to "opt out" by contacting Equity Trustees.

Equity Trustees' Privacy Policy contains information about how you can access information held about you, seek a correction if necessary, make a complaint if you think there has been a breach of your privacy and about how Equity Trustees will deal with your complaint.

Full details of Equity Trustees' Privacy Policy is available at www.eqt.com.au. You can contact Equity Trustees' Privacy Officer on +61 3 8623 5000, or email privacy@eqt.com.au to request a copy.

Anti-Money Laundering and Counter Terrorism Financing (AML/CTF)

Australia's AML/CTF laws require Equity Trustees to adopt and maintain an Anti-Money Laundering and Counter Terrorism Financing program. A fundamental part of the AML/CTF program is that Equity Trustees knows certain information about investors in the Fund.

To meet this legal requirement, we need to collect certain identification information and documentation ("KYC Documents") from new investors. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with the AML/CTF laws. Processing of applications will be delayed or refused if you do not provide the KYC Documents when requested.

Under the AML/CTF laws, Equity Trustees may be required to submit reports to AUSTRAC. This may include the disclosure of your personal information. Equity Trustees may not be able to tell you when this occurs.

Neither Equity Trustees nor the Investment Manager is liable for any loss you may suffer because of compliance with the AML/CTF laws.

Information on underlying investments

Information regarding the underlying investments of the Fund will be provided to you on request, to the extent Equity Trustees is satisfied that such information is required to enable you to comply with your statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

Indirect Investors

Equity Trustees authorises the use of this PDS by investors who wish to access the Fund through an IDPS.

Foreign Account Tax Compliance Act ("FATCA")

In April 2014, the Australian Government signed an intergovernmental agreement ("IGA") with the United States of America ("U.S."), which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents that invest in assets through non-U.S. entities. This information is reported to the Australian Taxation Office ("ATO"). The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, we may request certain information from you. Failure to comply with FATCA obligations may result in the Fund, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If the

Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, we will not be required to compensate unitholders for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

Common Reporting Standard (“CRS”)

The CRS is a standardised set of rules developed by the Organisation of Economic Co-operation and Development that requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. From 1 July 2017, Australian financial institutions will need to document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, we may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS. However, penalties may apply for failing to comply with the CRS obligations.

12. Glossary of Important Terms

Application Form

The Application Form used by investors who wish to subscribe for units directly in the Fund and accompanying this PDS.

ASIC

The Australian Securities and Investments Commission.

Asset allocation

The weighting of assets in an investment portfolio among different asset classes (such as shares, bonds, property and cash).

Business Day

Any day (except any weekend or public holiday) on which trading banks are open for usual business in Sydney, Australia.

Buy/Sell Spread

The difference between the Application Price and Withdrawal Price of units in the Fund, which reflects the estimated transactions costs associated with buying and selling the assets of the Fund, when investors invest in or withdraw from the Fund.

Constitution

The Constitution of the Fund which describes the rights, responsibilities and beneficial interest of both investors and the Responsible Entity in relation to the Fund.

Corporations Act

The Corporations Act 2001 (Cth) and Corporations Regulations 2001 (Cth), as amended from time to time.

Derivatives

Generally, a derivative is a financial contract whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index. Derivatives may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indexes. Examples include options contracts, futures contracts, options on futures contracts, swap agreements (including, but not limited to, long and short credit default swaps and forward swap spread locks) and options on swap agreements.

Distribution

The amount that is paid to investors after the end of a distribution period. This generally includes any income and realised capital gains.

Hedge

The practice of undertaking one investment activity in order to protect against loss in another. While hedges can reduce potential losses, they can also reduce potential profits.

Licence

Australian financial services licence issued by ASIC under section 913B of the Corporations Act.

Liquidity

The ability of an investment to be easily and quickly converted into cash with little loss of capital.

Long Portfolio

A portfolio of shares which the investor owns.

Long positions

A long position is one in which the investor owns shares in a company. The investor will seek to profit as the price of the shares appreciates.

Net Asset Value (NAV)

The value of assets of the Fund less the value of the liabilities of the Fund (excluding net assets attributable to investors).

Retail Client

Persons or entity which is a retail client as defined under section 761G of the Corporations Act.

RITC

Reduced Input Tax Credit. Equity Trustees will apply for reduced input tax credits on behalf of the Fund, where applicable, to reduce the GST cost to the Fund.

Short Portfolio

A portfolio of shares that the investor has borrowed and short sold

Short positions

A short position is one in which the investor has sold shares that the investor doesn't own. The investor seeks to profit as the value of the shares falls, thereby reducing the size of the liability to re-purchase the shares. Short sales are generally covered, that is, the seller will "borrow" the investment to settle the sale and then will buy the same investment in the open market to return the borrowed investment. The difference between the sale price and the purchase price of the investment in the open market is the profit or loss earned by the investor.

US person

A person so classified under securities or tax law in the United States of America ("US") including, in broad terms, the following persons:

(a) any citizen of, or natural person resident in, the US, its territories or possessions; or

(b) any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or

(c) any agency or branch of a foreign entity located in the US; or

(d) a pension plan primarily for US employees of a US Person; or

(e) a US collective investment vehicle unless not offered to US Persons; or

(f) any estate of which an executor or administrator is a US Person (unless an executor or administrator of the estate who is not a US Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-US law) and all the estate income is non-US income not liable to US income tax; or

(g) any trust of which any trustee is a US Person (unless a trustee who is a professional fiduciary is a US Person and a trustee who is not a US Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a US Person); or

(h) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; or

(i) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the US for the benefit or account of a US Person.

Wholesale Client

Person or entity which is a wholesale client as defined under the Corporations Act.

Watermark Market Neutral Trust

Application Form

- **If completing by hand, use a black or blue pen and print within the boxes in BLOCK LETTERS**
- **Use ticks in boxes where applicable**
- **The applicant must complete, print and sign this form**
- **Keep a photocopy of your completed Application Form for your records**
- **Please ensure all relevant sections are complete before submitting this form**

This application form is part of the Product Disclosure Statement ('PDS') relating to units in the Watermark Market Neutral Trust issued by Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975).

- The PDS contains information about investing in the Fund. You should read the PDS before applying for units in the Fund.
- A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the PDS.
- Equity Trustees will provide you with a copy of the PDS and the Application Form on request without charge (*If you make an error while completing your application form, do not use correction fluid. Cross out your mistakes and initial your changes*).

US Persons:

This offer is not open to any US Person. Please refer to the Product Disclosure Statement and Reference Guide for further information.

Section 1 – Introduction

Do you have an existing investment in the Watermark Market Neutral Trust and the information provided for that investment remains current and correct?

YES – my details are:

Account Number	
Account Name	
Contact Telephone Number (Including Country Code)	

- Not appointing a power of attorney, agent or financial adviser Complete sections 8, 9, 10
- Appointing a power of attorney, agent or financial adviser Complete sections 6 and/or 7, 8, 9, 10

* Please note there will be instances where we may be required to collect additional information about you and may ask you to provide certified copies of certain identification documents along with the Application Form.

NO – Only complete the sections relevant to you, as indicated below:

Select One	Investor Type	Sections to Complete	Identification Requirement Groups to Complete
<input type="checkbox"/>	Individual(s)	1, 2, 7, 8, 9, 10	Group A
<input type="checkbox"/>	Partnership	1, 3, 7, 8, 9, 10	Group A & B
<input type="checkbox"/>	Trust (regulated) including Superannuation Fund with: <ol style="list-style-type: none"> 1. Individual trustee(s) or 2. Corporate trustee(s) 	1, 2, 4, 7, 8, 9, 10	Group C and: <ol style="list-style-type: none"> 1. Group A or 2. Group E or F
<input type="checkbox"/>	Other Trusts (unregulated) with: <ol style="list-style-type: none"> 1. Individual trustee(s) or 2. Corporate trustee(s) 	1, 4, 5, 7, 8, 9, 10	Group D and: <ol style="list-style-type: none"> 1. Group A or 2. Group E or F
<input type="checkbox"/>	Australian Company	1, 5, 7, 8, 9, 10	Group E & A
<input type="checkbox"/>	Foreign Company	1, 5, 7, 8, 9, 10	Group F & A

If you are appointing an agent or authorised representative or a financial advisor also complete the relevant section as indicated below:

<input type="checkbox"/>	Agents; Authorised Representatives; Financial Advisor	6 or 7	Group G & A or E or F
--------------------------	---	--------	-----------------------

If you are an Association, Co-operative, Government Body or other type of entity not listed above, please contact the Fund.

Contacting the Fund

Fund Manager:	Watermark Funds Management Pty Ltd Phone. +61 2 9252 0225 www.wfunds.com.au
Post your completed application to:	Watermark Market Neutral Trust Registry c/o Link Fund Solutions GPO BOX 5482 Sydney NSW 2001

AML Identity Verification Requirements

The AML/CTF Act requires the Responsible Entity to adopt and maintain an anti-money laundering and counter-terrorism financing ('AML/CTF') program. The AML/CTF program includes ongoing customer due diligence, which may require the Responsible Entity to collect further information.

- Identification documentation provided must be in the name of the Applicant.
- Non-English language documents must be translated by an accredited translator.
- Applications made without providing this information cannot be processed until all the necessary information has been provided.
- If you are unable to provide the identification documents described please contact the Fund

These documents should be provided as an original or a CERTIFIED COPY of the original.

GROUP A – Individuals					
<p>Each individual investor, individual trustee, partner, beneficial owner, or individual agent or authorised representative must provide one of the following primary photographic ID:</p> <ul style="list-style-type: none"> <input type="checkbox"/> A current Australian driver licence (or foreign equivalent) that includes a photo and signature <input type="checkbox"/> An Australian passport (not expired more than 2 years previously) <input type="checkbox"/> An identity card issued by a State or Territory Government that includes a photo <input type="checkbox"/> A current passport (or similar) issued by a foreign government or the United Nations (UN) (or an agency of the UN) that includes your photograph and signature <p>If you do NOT own one of the above ID documents, please provide one valid option from Column A and one valid option from Column B.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left; background-color: #f2f2f2;">Column A</th> <th style="width: 50%; text-align: left; background-color: #f2f2f2;">Column B</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <input type="checkbox"/> Australian birth certificate <input type="checkbox"/> Australian citizenship certificate <input type="checkbox"/> Pension card issued by Department of Human Services </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <input type="checkbox"/> A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address. <input type="checkbox"/> A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. Block out the TFN before scanning, copying or storing this document. <input type="checkbox"/> A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address). <input type="checkbox"/> If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school. </td> </tr> </tbody> </table>		Column A	Column B	<ul style="list-style-type: none"> <input type="checkbox"/> Australian birth certificate <input type="checkbox"/> Australian citizenship certificate <input type="checkbox"/> Pension card issued by Department of Human Services 	<ul style="list-style-type: none"> <input type="checkbox"/> A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address. <input type="checkbox"/> A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. Block out the TFN before scanning, copying or storing this document. <input type="checkbox"/> A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address). <input type="checkbox"/> If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school.
Column A	Column B				
<ul style="list-style-type: none"> <input type="checkbox"/> Australian birth certificate <input type="checkbox"/> Australian citizenship certificate <input type="checkbox"/> Pension card issued by Department of Human Services 	<ul style="list-style-type: none"> <input type="checkbox"/> A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address. <input type="checkbox"/> A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. Block out the TFN before scanning, copying or storing this document. <input type="checkbox"/> A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address). <input type="checkbox"/> If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school. 				
GROUP B – Partnerships					
<p>Provide Group A verification documents for each partner(s) and beneficial owner(s) of the Partnership and one of the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> A certified copy or certified extract of the partnership agreement. <input type="checkbox"/> A notice issued by the Australian Taxation Office ('ATO') within the last 12 months. <input type="checkbox"/> An original or certified copy of a certificate of registration of business name issued by a government agency in Australia. <input type="checkbox"/> A certified copy or certified extract of minutes of a partnership meeting. <p>All the above must show the full name of the partnership.</p> <p>The beneficial owners of a partnership include partners with a 25% partnership share or more; partners (if any) who control the partnership; any managing partner. If in doubt, founding partners should be considered beneficial owners.</p>					

GROUP C – Trusts

Registered Managed Investment Scheme, Regulated Superannuation Fund (including a self-managed super fund), Government Superannuation Fund or a trust registered with the Australian Charities and Not-for-profit Commission (ACNC).

Provide Group A verification documents for **each** Individual Trustee(s) **or** Group E, F or G verification documents for Corporate Trustee(s) **and** provide one of the following:

- A copy of the company search of the relevant regulator's website e.g. APRA, ASIC or the ATO database
- A copy or relevant extract of the legislation establishing the government superannuation fund sourced from a government website.
- A copy from the ACNC of information registered about the trust as a charity.

All the above must show the Trust's full name and type (i.e. registered managed investment scheme, regulated superannuation fund (including a self- managed super fund) or government superannuation fund).

GROUP D – Other Trusts (unregulated)

Provide Group A verification documents for **each** Individual Trustee(s) **or** Group E, F or G verification documents for Corporate Trustee(s) **and** provide Group A verification documents for **each** beneficial owner of the trust **and** in relation to the Trust, one of the following:

- A certified copy or certified extract of the Trust Deed.
- Annual report or audited financial statements.
- A certified copy of a notice issued by the ATO within the previous 12 months.
- Signed meeting minutes.

All the above must show the full name of the Trust, its trustees, the appointer (the person authorised to appoint or remove trustees) and the settlor of the Trust (if any).

A beneficial owner of a trust is any individual who has a 25% or more interest in the trust or controls the trust. This includes the appointor of (who holds the power to appoint or remove the trustees of the trust), the settlor of, and the beneficiaries with at least a 25% interest in, a trust.

GROUP E – Australian Companies

Provide Group A verification documents for each beneficial owner(s), **and** for the Company provide **one** of the following (must clearly show the Company's full name, type (private or public) and ACN):

- A copy of information regarding the company's licence or other information held by the relevant Commonwealth, State or Territory regulatory body e.g. AFSL, RSE, ACL etc.
- A full company search issued in the previous 3 months;
- A certificate of Company Registration;
- If the company is listed on an Australian securities exchange, provide details of the exchange and the ticker (issuer) code;
- If the company is a majority owned subsidiary of a company listed on an Australian securities exchange, provide details of the exchange and the ticker (issuer) code for the holding company

A beneficial owner of a company is any customer entitled (either directly or indirectly) to exercise 25% or more of the voting rights, including a power of veto, or who holds the position of senior managing official (or equivalent).

GROUP F – Foreign Companies

Provide Group A verification documents for each beneficial owner/s, **and** in relation to the foreign company, one of the following:

- A certified copy of the company's Certificate of Registration or incorporation issued by ASIC or the equivalent issued by the foreign jurisdictions in which the company was incorporated, established or formed.
- A certified copy of the company's articles of association or constitution.
- A copy of a company search on the ASIC database or relevant foreign registration body.

All of above must clearly show the company's full name, its type (i.e. public or private) and the ARBN issued by ASIC, or the identification number issued to the company by the foreign regulator.

A beneficial owner of a company is any customer entitled (either directly or indirectly) to exercise 25% or more of the voting rights, including a power of veto, or who holds the position of senior managing official (or equivalent).

GROUP G – Agents and Authorised Representatives

- If you are an **Individual Agent or Representative** – please provide the identification documents listed under Group A.
- If you are a **Corporate Agent or Representative** – please provide the identification documents listed under Group E or F

All Agents and Authorised Representatives must also provide a certified copy of their authority to act for the investor e.g. The Power of Attourney, guardianship order, Executor or Administrator of a deceased estate, authority granted to a bankruptcy trustee, authority granted to the State or Public Trustee etc.

Additional Information

In most cases the information that you provide in this form will satisfy the AML/CTF Act, the US Foreign Account Tax Compliance Act ('FATCA') and the Common Reporting Standards ('CRS'). However, in some instances the Responsible Entity may contact you to request further information. It may also be necessary for the Responsible Entity to collect information (including sensitive information) about you from third parties in order to meet its obligations under the AML/CTF Act, FATCA and CRS.

Declarations

When you complete this Application Form you make the following declarations:

- I/We have received the PDS and made this application in Australia.
- I/We have read the PDS to which this Application Form applies and agree to be bound by the terms and conditions of the PDS and the Constitution of the Fund in which I/we have chosen to invest.
- I/We have considered our personal circumstances and, where appropriate, obtained investment and / or taxation advice.
- I/We hereby declare that I/we are not a US Person as defined in the PDS.
- I/We acknowledge that (if a natural person) I am/we are 18 years of age or over and I am/we are eligible to hold units in the Fund in which I/we have chosen to invest.
- I/We acknowledge and agree that Equity Trustees have outlined in the PDS provided to me/us how and where I/we can obtain a copy of the Equity Trustees Group Privacy Statement.
- I/We consent to the transfer of any of my/our personal information to external third parties including but not limited to fund administrators, fund investment manager(s) and related bodies corporate who are located outside Australia for the purpose of administering the products and services for which I/we have engaged the services of Equity Trustees or its related bodies corporate and to foreign government agencies for reporting purposes (if necessary).
- I/we hereby confirm that the personal information that I/we have provided to Equity Trustees is correct and current in every detail, and should these details change, I/we shall promptly advise Equity Trustees in writing of the change(s).
- I/We agree to provide further information or personal details to the Responsible Entity if required to meet its obligations under anti-money laundering and counter-terrorism legislation, US tax legislation or reporting legislation and acknowledge that processing of my/our application may be delayed and will be processed at the unit price applicable for the Business Day as at which all required information has been received and verified.
- If I/we have provided an email address, I/we consent to receive ongoing investor information including PDS information, confirmations of transactions and additional information as applicable via email.
- I/We acknowledge that Equity Trustees does not guarantee the repayment of capital or the performance of the Fund or any particular rate of return from the Fund.
- I/We acknowledge that an investment in the Fund is not a deposit with or liability of Equity Trustees and is subject to investment risk including possible delays in repayment and loss of income or capital invested.
- I/We acknowledge that Equity Trustees is not responsible for the delays in receipt of monies caused by the postal service or the applicant's bank.
- If I/we lodge a fax application request, I/we acknowledge and agree to release, discharge and agree to indemnify Equity Trustees from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from any fax application.
- If I/we have completed and lodged the relevant sections on authorised representatives/agents on the Application Form then I/we agree to release, discharge and indemnify Equity Trustees from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from Equity Trustees acting on the instructions of my/our authorised representatives, agents and/or nominees.
- If this is a joint application each of us agrees that our investment is held as joint tenants.
- I/We acknowledge and agree that where the Responsible Entity, in its sole discretion, determines that:
 - I/we are ineligible to hold units in a Fund or have provided misleading information in my/our Application Form; or
 - I/we owe any amounts to Equity Trustees, then I/we appoint the Responsible Entity as my/our agent to submit a withdrawal request on my/our behalf in respect of all or part of my/our units, as the case requires, in the Fund.

Terms and conditions for collection of Tax File Numbers (TFN) and Australian Business Numbers (ABN)

Collection of TFN and ABN information is authorised and its use and disclosure strictly regulated by tax laws and the Privacy Act. Investors must only provide an ABN instead of a TFN when the investment is made in the course of their enterprise. You are not obliged to provide either your TFN or ABN, but if you do not provide either or claim an exemption, we are required to deduct tax from your distribution at the highest marginal tax rate plus Medicare levy to meet Australian taxation law requirements.

For more information about the use of TFNs for investments, contact the enquiries section of your local branch of the ATO. Once provided, your TFN will be applied automatically to any future investments in the Fund where formal application procedures are not required (e.g. distribution reinvestments), unless you indicate, at any time, that you do not wish to quote a TFN for a particular investment. Exempt investors should attach a copy of the certificate of exemption. For super funds or trusts list only the applicable ABN or TFN for the super fund or trust.

When you sign this Application Form you declare that you have read and agree to the declarations above.

Section 2 – Individual(s) or Individual Trustee(s)

Complete this section if you are investing in your own name or as an individual trustee.

For AML documentary requirements please refer to page 2.

2.1 Type of investor

Tick one box only and complete the specified parts of this section.

<input type="checkbox"/> Individual – complete 2.2	<input type="checkbox"/> Sole Trader – complete 2.2 and 2.4
<input type="checkbox"/> Jointly with another individual(s) – complete 2.2, 2.3 and 2.5	<input type="checkbox"/> Individual trustee for an individual – complete 2.2, 2.3 and 2.5 (if there is more than one individual trustee)
<input type="checkbox"/> Individual trustee for a trust – complete 2.2 and 2.3 (also complete section 4)	

2.2 Investor 1

Title	Given Name(s)	Surname
Telephone Number (Including Country Code)	Email	
Date of Birth (DDMMYY)	Tax File Number (TFN) – or exemption code	
Reason for TFN Exemption		

Residential Address (not a PO Box)

Unit Number	Street Number	Street Name	
Suburb	State	Post Code	
Country of Birth			
What is your occupation?			
Do you hold a prominent public position or function in a government body (local, state, territory, national or foreign) or in an international organisation or are you an immediate family member or a business associate of such a person?			
<input type="checkbox"/> No			
<input type="checkbox"/> Yes, please give details			
Are you a foreign resident for tax purposes?			
<input type="checkbox"/> No			
<input type="checkbox"/> Yes, please advise country of residence			
Do you hold dual citizenship?			
<input type="checkbox"/> No			
<input type="checkbox"/> Yes, please advise which countries			

2.3 Investor 2

Title	Given Name(s)	Surname	
Telephone Number (Including Country Code)	Email		
Date of Birth (DDMMYY)	Tax File Number (TFN) – or exemption code		
Reason for TFN Exemption			
Residential Address (not a PO Box)			
Unit Number	Street Number	Street Name	
Suburb	State	Post Code	
Country of Birth			

What is your occupation?

Do you hold a prominent public position or function in a government body (local, state, territory, national or foreign) or in an international organisation or are you an immediate family member or a business associate of such a person?

- No
- Yes, please give details

Are you a foreign resident for tax purposes?

- No
- Yes, please advise country of residence

Do you hold dual citizenship?

- No
- Yes, please advise which countries

2.4 Sole Trader Details

Business Name (if applicable, in full)

Australian Business Number (ABN) (if obtained)*

Street Address

Suburb

State

Postcode

Country

2.5 Signing Authority

Please tick to indicate signing requirements for future instructions (e.g. withdrawals, change of account details, etc.)

- Only one investor required to sign
- All investors must sign

Section 3 – Partnerships

Complete this section if you are investing for a partnership or as a partner.

For AML documentary requirements please refer to page 2.

3.1 General Information

Full Name of Partnership

Registered Business Names of Partnership (if any)

Country where Partnership is established

Tax File Number (TFN) – or exemption code*

Reason for TFN Exemption

3.2 Type of Partnership

Is the partnership regulated by a professional association?

- Yes, please provide details (need only give information below for partners with a 25% or greater interest or, if there are no such partners, for just one partner)

Name of Professional Association

Membership Details

- No, provide number of partners

Partner 1

Title Given Name (s)

Surname

* See page 4 of the Application Form for terms and conditions relating to the collection of TFNs and ABNs

Telephone Number (including Country Code)				Date of Birth (DDMMYY)			
<input type="text"/>				<input type="text"/>			
Unit	Street Number	Street Name (residential address)		Suburb	State		
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		
Postcode		Country		Country of Birth			
<input type="text"/>		<input type="text"/>		<input type="text"/>			

Does this partner hold a prominent public position or function in a government body (local, state, territory, national or foreign) or in an international organisation or is the partner an immediate family member or a business associate of such a person?

No
 Yes, please give details

Partner 2

Title	Given Name (s)			Surname			
<input type="text"/>	<input type="text"/>			<input type="text"/>			
Telephone Number (including Country Code) (daytime)				Date of Birth (DDMMYY)			
<input type="text"/>				<input type="text"/>			
Unit	Street Number	Street Name (residential address)		Suburb	State		
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		
Postcode		Country		Country of Birth			
<input type="text"/>		<input type="text"/>		<input type="text"/>			

Does this partner hold a prominent public position or function in a government body (local, state, territory, national or foreign) or in an international organisation or is the partner an immediate family member or a business associate of such a person?

No
 Yes, please give details

Section 4 – Trust / Superannuation Fund

Complete this section if you are investing for a trust or superannuation fund.
For AML documentary requirements please refer to page 2.

4.1 General Information

Full Name of Trust or Superannuation Fund

Full Name of Business (if any) Country where Trust established

Tax File Number (TFN) – or exemption code

Reason for TFN Exemption

4.2 Trustee Details

How many trustees are there?

- Individual** - trustee(s) must complete Section 2 of this form
- Company** - trustee(s) must complete Section 5 of this form
- Combination** - trustee(s) from each investor type must complete the relevant section of this form

4.3 Type of Trust

- Registered Managed Investment Scheme**

Australian Registered Scheme Number (ARSN)

- Regulated Trust** (including self-managed superannuation funds and registered charities that are trusts)

Name of Regulator (e.g. ASIC, APRA, ATO, ACNC)

* See page 4 of the Application Form for terms and conditions relating to the collection of TFNs and ABNs

Registered Office Street Address (Not PO Box)					Suburb	
State					Post Code	Country

Principal place of business in Australia

Note for non-Australian companies registered with ASIC: you must provide a local agent name and address if you do not have a principal place of business in Australia.

Tick if the same as above, otherwise provide:

Registered Street Address (Not PO Box)					Suburb
State					Post Code

5.3 Additional Details for non-Australian Company

Tick if the company is registered with ASIC

Australian Registered Body Number (ARBN)

--	--	--	--	--	--	--	--	--	--

Tick if the company is registered with a foreign regulatory body

Name of Foreign Regulatory Body					Company Identification Number Issued (if any)				
---------------------------------	--	--	--	--	---	--	--	--	--

Country of formation, incorporation or registration

--	--	--	--	--	--	--	--	--	--

Company type (e.g. Private company)

--	--	--	--	--	--	--	--	--	--

Registered Company Address (Not PO Box)					Suburb	
State					Post Code	Country

5.4 Beneficial owners

a. Senior Managing Official and controlling person: All proprietary or non-listed public domestic companies and foreign companies must provide the full name of each senior managing official and controlling person of the company (such as the managing director or a senior executive who exerts control over the company i.e. Authorised to sign on the company's behalf, make policy, operational and financial decisions):

1	2
3	4

If there are more than 4 directors please provide as an attachment.

b. Shareholders and other beneficial owners: All proprietary or non-listed public domestic companies and foreign companies must provide the full name of each shareholder and those who owns directly, indirectly, jointly or beneficially 25% or more of the company's issued capital.

1	2
3	4

If there are more than 4 shareholders please provide as an attachment.

Does any beneficial owner hold a prominent public position or function in a government body (local, state, territory, national or foreign) or in an international organisation or is the beneficial owner an immediate family member or a business associate of such a person?

- No
- Yes, please give details

--

Section 6 – Authorised representative or agent

Complete this section if you are completing this Application Form as an agent under a direct authority such as a Power of Attorney. You must also complete the section relevant to the investor/applicant that you are acting on behalf of.

For AML documentary requirements please refer to page 2.

6.1 Appointment of Power of Attorney or other Authorised Representative

- I am an agent under Power of Attorney or the investor's legal or nominated representative - complete 6.2

Full name of authorised representative / agent

Title of role held with applicant

--	--

Signature

--

6.2 Documentation

You must attach a valid authority such as a Power of Attorney, guardianship order, grant of probate, appointment of bankruptcy trustee etc:

- The document is an original or certified copy
- The document is signed by the applicant / investor or a court official
- The document is current and complete
- The document permits the attorney / agent / representative (you) to transact on behalf of the applicant / investor

Section 7 – Financial adviser

By completing this section you nominate the named adviser as your financial adviser for the purposes of your investment in the Fund. You also consent to give your financial adviser / authorised representative / agent access to your account information unless you indicate otherwise by ticking the box below.

For AML documentary requirements please refer to page 2.

7.1 Financial adviser

I am a financial adviser completing this application form as an authorised representative or agent.

Name of Adviser

AFSL Number

--	--

Dealer Group

--

Name of Advisory Firm

--

Postal Address

Suburb

--	--

State

Post Code

Country

--	--	--	--	--	--

Email Address of Advisory Firm (required)

--

Email Address of Adviser

--

Business Telephone

Facsimile

--

--

7.2 Financial Adviser Declaration

- I/We hereby declare that I/we are not a US Person as defined in the PDS
- I/We hereby declare that the investor is not a US Person as defined in the PDS
- I have completed an appropriate Customer Identification Procedure (CIP) on this investor which meets the requirements (per type of investor) set out above. **AND EITHER**
 - I have attached the relevant CIP documents; **OR**
 - I have not attached the CIP documents however I will retain them and agree to provide them to Equity Trustees on request. I also agree to forward these documents to Equity Trustees if I ever become unable to retain the documents.

--	--

Financial Adviser Signature

Date

7.3 Access to Information

Unless you elect otherwise, your financial adviser **will** be provided access to your account information or receive copies of statements and transaction confirmations.

- Please tick this box if you **DO NOT** want your financial adviser to have access to information about your investment.
- Please tick this box if you **DO NOT** want copies of statements and transaction confirmations sent to your adviser.

Section 8 – INVESTMENT INSTRUCTIONS (All investors MUST complete)

8.1 Investment Details

Watermark Market Neutral Trust (APIR WMF0001AU)

Full name investment to be held in (must include name of Applicant)

Mailing Address

Suburb

State

Post Code

Country

Email Address

Phone

Investment Amount

\$,					,					.		
----	--	--	--	--	---	--	--	--	--	---	--	--	--	--	---	--	--

The minimum initial investment in the Fund is \$50,000.

8.2 Distribution Instructions

We will automatically reinvest your distribution in units of your chosen fund if you do not make a selection between “reinvest distributions” and “pay distributions to the bank account below”. If you select to “pay distributions to the bank account below” for your distributions, please provide your bank details in section 8.3.

Reinvest distributions

If you select this option your distributions will be reinvested in the Fund.

Pay distributions to the bank account below

AUD-denominated bank account with an Australian domiciled bank

8.3 Investor Banking Details for Redemptions and Distributions (if applicable)(must match Applicant name)

Account name

Financial Institution

Branch (including Country)

BSB

Account Number

8.4 Payment Method

Electronic Funds Transfer

Bank Name & Address (including country)	ANZ
Account Name	EQUITY TRUSTEES LIMITED ARE FOR WATERMARK MARKET NEUTRAL TRUST
BIC/SWIFT	ANZBAU3M
BSB Number	012 003
Account Number	836 058 384
Reference	

8.5 Elections

Annual Financial Report

- The annual financial report for the Fund will be available on www.eqt.com.au from 30 September each year, however, if you would like a hard copy of the annual financial report sent to you please tick the box.

Direct Marketing

Do you wish to receive marketing information from Equity Trustees (and Equity Trustees’ related bodies corporate) about products and services that may be of interest to you? This information may be distributed by mail, email or other form of communication.

- Yes
 No

8.6 Purpose of Investment and Source of Funds

Please outline the purpose of investment (e.g. superannuation, portfolio investment, etc)

Please outline the source/s of initial funding and anticipated ongoing funding (e.g. salary, savings, business activity, financial investments, real estate, inheritance, gift, etc and expected level of funding activity or transactions)

**Section 9 – Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standard (CRS) Self-Certification Form - Australia
(All investors MUST complete)**

SECTION I - INDIVIDUALS

Please fill this Section I only if you are an individual. If you are an entity, please fill Section II.

1. Are you a US citizen or resident of the US for tax purposes?

- Yes: Provide your Taxpayer Identification Number (TIN) below. Continue to question 2.

Investor 1	TIN	
Investor 2	TIN	

- No: Continue to question 2

2. Are you a tax resident of any other country outside of Australia?

- Yes: Provide the details below and skip to question 12. If resident in more than one jurisdiction please include details for all jurisdictions.

		Country of Tax Residence	Tax Identification Number (TIN) or equivalent	Reason Code if no TIN provided
Investor 1	1			
	2			
	3			
Investor 2	1			
	2			
	3			

If TIN or equivalent is not provided, please provide reason from the following options:

- Reason A:** The country/jurisdiction where the entity is resident does not issue TINs to its residents.
- Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain why the entity is unable to obtain a TIN in the below table if you have selected this reason).
- Reason C:** No TIN is required. (Note. Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

If **Reason B** has been selected above, explain why you are not required to obtain a TIN.

Investor 1	
Investor 2	

- No: Skip to question 12.

SECTION II – ENTITIES

Please fill this Section II only if you are an entity. If you are an individual, please fill Section I.

3. Are you an Australian Retirement Fund?

- Yes: Skip to question 12.
- No: Continue to question 4.

A. FATCA

4. Are you a US Person?

- Yes: Continue to question 5.
- No: Skip to question 6.

5. Are you a Specified US Person?

- Yes: Provide your Taxpayer Identification Number (TIN) below and skip to question 7.

TIN	
------------	--

- No: Please indicate exemption type and skip to question 7.

Type: _____

6. Are you a Financial Institution for the purposes of FATCA?

- Yes: Provide your GIIN below and continue to question 7.

GIIN	
-------------	--

If you do not have a GIIN, please provide your FATCA status below and continue to question 7.

- Exempt Beneficial Owner
Type: _____
- Deemed-Compliant FFI (other than a Sponsored FI or a Trustee Documented Trust)
Type: _____
- Non-Participating FFI
Type: _____
- Sponsored Financial Institution. Please provide the Sponsoring Entity's name and GIIN.
Sponsoring Entity's Name: _____ Sponsoring Entity's GIIN: _____
- Trustee Documented Trust. Please provide your Trustee's name and GIIN.
Trustee's Name: _____ Trustee's GIIN: _____
- Other
Details: _____

- No: continue to question 7.

B. CRS

7. Are you a tax resident of any country outside of Australia?

- Yes: Provide the details below and continue to question 8. If resident in more than one jurisdiction please include details for all jurisdictions.

	Country of Tax Residence	Tax Identification Number (TIN) or equivalent	Reason Code if no TIN provided
1			
2			
3			

If TIN or equivalent is not provided, please provide reason from the following options:

- Reason A:** The country/jurisdiction where the entity is resident does not issue TINs to its residents.
- Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain why the entity is unable to obtain a TIN in the below table if you have selected this reason).
- Reason C:** No TIN is required. (Note. Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

If **Reason B** has been selected above, explain why you are not required to obtain a TIN.

- No: Continue to question 8.

8. Are you a Financial Institution for the purposes of CRS?

- Yes: Specify the type of Financial Institution below and continue to question 9.
 - Reporting Financial Institution.
 - Non-Reporting Financial Institution: Specify the type of Non-Reporting Financial Institution below:
 - Trustee Documented Trust
 - Other: Please Specify _____

- No: Skip to question 10.

9. Are you an Investment Entity resident in a Non-Participating Jurisdiction for CRS purposes and managed by another Financial Institution?

- Yes: Skip to question 11.
- No: Skip to question 12.

C. NON-FINANCIAL ENTITIES

10. Are you an Active Non-Financial Entity (Active NFE)?

- Yes: Specify the type of Active NFE below and skip to question 12.
 - Less than 50% of the Active NFE's gross income from the preceding calendar year is passive income (e.g. dividends, distribution, interests, royalties and rental income) and less than 50% of its assets during the preceding calendar year are assets held for the production of passive income.
 - Corporation that is regularly traded or a related entity of a regularly traded corporation.
 - Governmental Entity, International Organisation or Central Bank.
 - Other: Please Specify _____.
- No: You are a Passive Non-Financial Entity (Passive NFE). Continue to question 11.

D. CONTROLLING PERSONS

11. Does one or more of the following apply to you:

- Is any natural person that exercises control over you (for corporations, this would include directors or beneficial owners who ultimately own 25% or more of the share capital) a tax resident of any country outside of Australia?
- If you are a trust, is any natural person including trustee, protector, beneficiary, settlor or any other natural person exercising ultimate effective control over the trust a tax resident of any country outside of Australia?
- Yes: Complete details below and continue to question 12.

	Name	Date of Birth	Residential Address	Country of Tax Residence	TIN or equivalent	Reason Code if no TIN provided
1						
2						
3						

If there are more than 3 controlling persons, please list them on a separate piece of paper.

If TIN or equivalent is not provided, please provide reason from the following options:

- Reason A:** The country/jurisdiction where the entity is resident does not issue TINs to its residents.
- Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain why the entity is unable to obtain a TIN in the below table if you have selected this reason).
- Reason C:** No TIN is required. (Note. Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

If **Reason B** has been selected above, explain why you are not required to obtain a TIN.

- No: Continue to question 12

E. DECLARATION

12. Signature

I undertake to provide a suitably updated self-certification within 30 days of any change in circumstances which causes the information contained herein to become incorrect.
I declare the information above to be true and correct.

Investor 1

Signature

Date

--	--	--	--	--	--	--

Name of authorised representative

Name of entity/individual

Investor 2

Signature

Date

--	--	--	--	--	--	--

Name of authorised representative

Name of entity/individual

Section 10 – DECLARATIONS (All Investors MUST complete)

By signing as or on behalf of the Applicant, you make all the declarations set out above, in all sections.

Applicant 1

Applicant Given Name(s)

Capacity

- Individual Signatory
- Director
- Executive Office
- Partner
- Sole Director / Secretary
- Authorised Signatory

Signature

Date

--	--	--	--	--	--	--

Company Seal (if applicable)

Applicant 2

Applicant Given Name(s)

Capacity

- Individual Signatory
- Director
- Executive Office
- Partner
- Sole Director / Secretary
- Authorised Signatory

Signature

Date

--	--	--	--	--	--	--

Company Seal (if applicable)

Application Checklist

- Have you completed all sections relevant to you (as set out in the introduction)?
- Have you nominated your financial adviser in section 7 (if applicable)?
- Have you provided certified copies of your identification documents or has your financial adviser completed this for you?
- Have you completed all other relevant details and SIGNED the Application Form?

If you can tick all of the boxes above, send the following:

- Completed Application Form;
- Certified copies of identification documents;

by post to:

Watermark Market Neutral Trust Registry
c/o Link Fund Solutions
GPO BOX 5482
Sydney NSW 2001

For additional applications the duly completed Application Form (including details regarding your direct credit payment) may be mailed to the postal address above, emailed to LFS_registry@linkgroup.com or faxed to +61 2 9221 1194.