

MEDIA RELEASE

Watermark to withdraw from global equities

Watermark Funds Management will return to focusing exclusively on the Australian share market, winding down its investment activities in global equities.

Sydney, 21 January 2019 – Watermark today announces that it will be withdrawing from investments in global equities, bringing the focus for the business exclusively back to the local share market. Following a recent announcement regarding the restructure of its listed funds, Watermark has begun a process of liquidating its international exposures and will concentrate on two core strategies in Australian shares, equity long/short and market neutral.

Commenting on the change of strategy, Watermark's CIO, Justin Braitling said: "We embarked on an ambitious plan 4 years ago to build a global equities capability which would complement our Australian business. While this has ultimately strengthened our investment process and afforded us a broader perspective on asset markets, it has been a strain on the resources in the business and we have not achieved the results for our investors that we had hoped. We have a long and successful track record investing in Australian shares and feel that this is where our efforts are best focused."

Watermark has made a number of changes to its investment team to support this renewed focus on the local market and is pleased to announce the following appointments:

Daniel Broeren joined the business in October 2018 as a senior investment analyst, covering the consumer, retail and gaming sectors. Daniel has over 13 years' experience in financial markets, in roles including Head of Consumer Research at RBS (CIMB) and Portfolio Manager of Invesco's ASX Small Companies Fund.

Harry Dudley was appointed as an investment analyst in November 2018, covering the financials sector. Harry comes to Watermark from Macquarie Equities, where he had responsibility for coverage of the Australian banks. Having commenced his investing career in 2013, Harry has also held Investment Analyst roles with IFM Investors and Evans & Partners.

Alex Gurman also commenced employment with Watermark in November 2018 as a Dealer. Having previously split the trading and execution functions amongst the investment team, Alex's appointment as a dedicated resource brings a stronger focus to this part of Watermark's investment process and frees up the research team to focus exclusively on fundamental research and idea generation. Alex joined Watermark from Goldman Sachs where he worked for 3 years with the Institutional Equities Team as an Associate in the Sales & Trading team.

As part of the re-orientation of the investment team back to the local market, a number of Watermark's global equity analysts have moved on to other roles. Hamish Chalmers and Nick Cameron have left Watermark to pursue other opportunities in global equities. Watermark's head of global equities, Harvey Migotti will remain with the business during this transition period.

Mr Braitling said that “it was a difficult decision to close the book on our project in global equities, particularly given the calibre of investors that we were able to attract to the business. In low or zero beta strategies, an investor needs to be at the top of his or her game to succeed. In hindsight, it was too ambitious of us to expect that we could be at the top of our game both in the local market and globally. Ultimately, we believe that in focusing closer to home, we can maintain the investment edge that is required to be successful in long/short investing”.

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About Watermark:

Watermark Funds Management Pty Ltd is a boutique hedge fund with assets under management in excess of AU\$700m. Established in 2004 by Justin Braitling, Watermark is a specialist long/short investor offering listed and unlisted investment products to institutional and retail investors. Watermark employs a fundamental research process in identifying securities that it believes are mispriced.