

ADJUSTMENT TO WMK's NET TANGIBLE ASSET BACKING

12 February 2019: The Board of Watermark Market Neutral Fund Limited (WMK, the Company) has resolved to write down the value of deferred tax assets on the Company's balance sheet, in WMK's statutory accounts for the half-year to 31 December 2018.

The Board recently announced that it had entered into a Scheme Implementation Deed which proposes a scheme of arrangement (Scheme). If the Scheme is approved by Shareholders, the assets of the Company will be transferred to an unlisted trust, and units in the trust will be issued to Shareholders. In light of this announcement, the Board have formed the view that the prospects of the Company generating sufficient future profits is sufficiently remote that the value of the assets should be written down.

The deferred tax assets are comprised mainly of prior years' tax losses, and other tax assets that are will be unrecoverable should the Scheme be implemented.

The impact of this write down will be quantified in the next NTA Update, to be published on 14 February.

For any queries regarding this announcement or WMK in general, please contact the Investment Manager on 02 9252 0225 or info@wfunds.com.au.

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