

## NTA and Monthly Update - May 2015

### Company at a Glance

ASX Code	WMK
Fund Size	AU\$80.0m
Fund Strategy	Equity Market Neutral
Share Price	\$0.87
NTA Before Tax	\$0.96
Shares on Issue	86.3m
Dividend (1H15)	2 cents
Dividend Yield (annualised)	6.3%

### Net Tangible Asset (NTA) Backing

	Apr 15	May 15
NTA Before Tax	\$0.96	\$0.96
NTA After Tax	\$0.97	\$0.96

### Gross Portfolio Structure

	Apr 15	May 15
Long Exposure	88.5%	98.3%
Short Exposure	-81.6%	-92.2%
Gross Exposure	170.2%	190.6%
Cash	93.1%	93.9%

### Month in Review

A late month rally saw the Australian share market end 0.43% higher in May, although it was only dividends paid by high yielding banking and financial stocks that pushed the total return for the market into positive territory. Despite a Federal Budget that was broadly considered positive for business, the RBA announced a further 0.25% rate cut and downgraded its economic growth outlook. We have now witnessed what appears to be a turning point for global bond markets which, coupled with weak growth for corporate profits, suggests lower returns ahead for Australian shares.

The Fund returned -0.63% for the month of May. While the long portfolio outperformed the market strongly, the short portfolio detracted from performance. The portfolios have been well positioned in respect of some of the major movements and sectoral themes; however stock specific issues in a handful of short positions offset the stronger performance of the Company's long investments.

Defensive shares delivered mixed results for the month with the Healthcare and Utilities sectors performing strongly while Telecommunication and Consumer Staples sectors delivered negative returns. In an interesting departure from a well-established trend, defensive yield stocks held their ground in the face of a sharp sell-off in global bond markets, further evidencing investors' fixation on dividend yields.

Financial shares lagged the broader market in May as a result of continued weakness in the banks. The recent bank results season brought capital concern further into focus with each of the banks dealing with the issue differently. In particular, NAB raised \$5.5b of new equity to help allay capital concerns and also to exit its struggling UK business. Insurance and Real Estate names also performed well.

The RBA's rate cut provided some stimulus for domestic cyclical shares, which performed well in May, led by consumer exposed sectors. In light of our view on the outlook for the domestic economy, the Company has no net exposure to this sector, which detracted from performance in May.

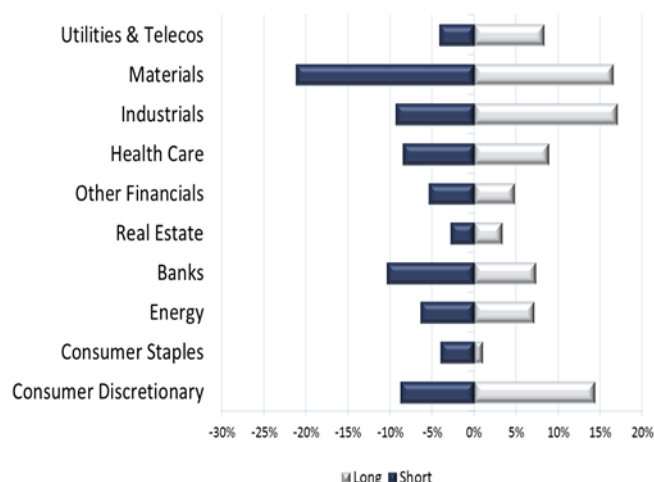
Resources shares remain in a bear market despite relative strength in the sector during May. M&A activity and a weaker US dollar provided support for the sector and we used this recent strength to reduce the Fund's exposure to resource shares, which is now net short. A holding in Sirius Resources contributed to performance, with the company subject to a takeover bid.

### WMK Performance

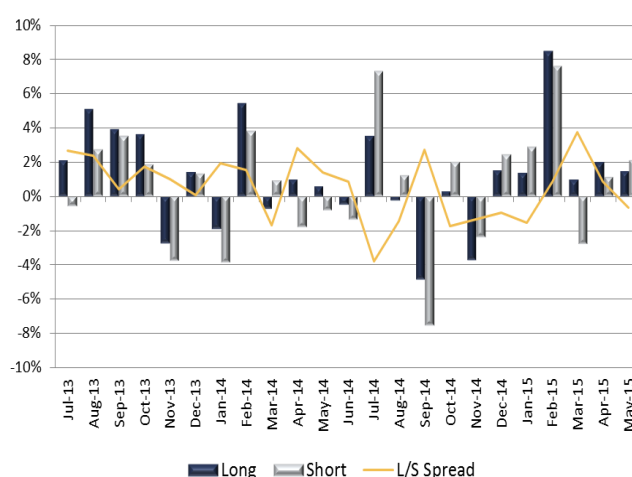
	1 Mth	6 Mths	1 Yr	S.I. (pa)
Portfolio Return (net)	-0.63%	1.60%	-4.20%	3.33%
RBA Cash Rate	0.17%	1.16%	2.43%	2.49%
<b>Outperformance (net)</b>	<b>-0.80%</b>	<b>0.45%</b>	<b>-6.63%</b>	<b>0.85%</b>
Total Shareholder Return (TSR) <sup>1</sup>	3.51%	-2.72%	-11.84%	-3.73%

<sup>1</sup> TSR accounts for the total return, including dividends on an investment in WMK shares

## Sector Exposures

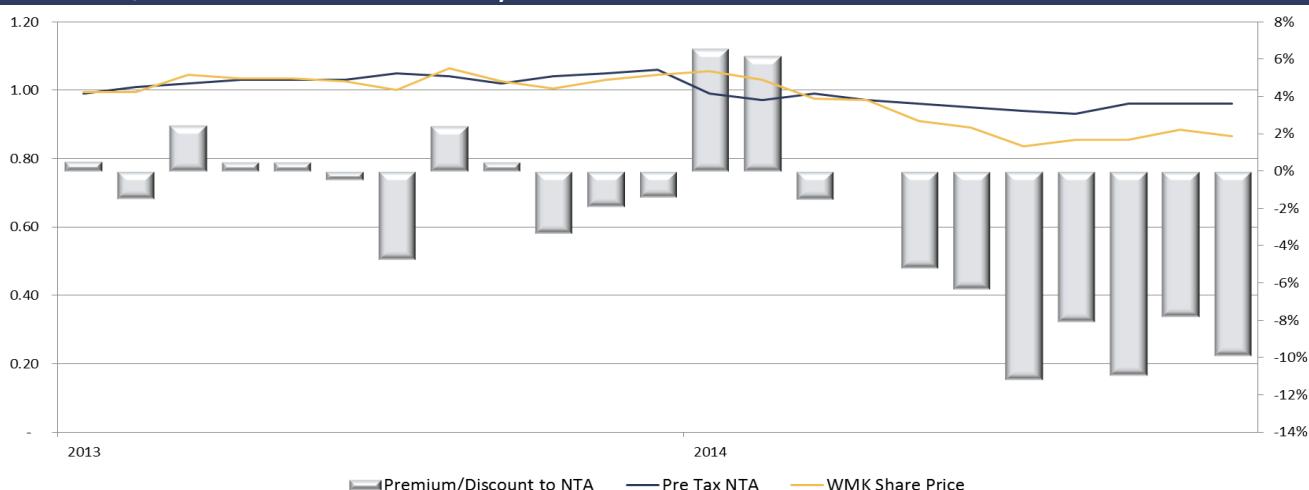


## Long Short Spread\*



\* Long Short spread shows the gross monthly performance of the Company's long and short portfolios. The difference between the two represents the gross performance of the portfolio as a whole. The company will make a profit where the long portfolio outperforms the short portfolio, after the payment of fees and expenses

## Premium/Discount to NTA History



## Dividend History

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and that it is within prudent business practices. Dividends are paid on a six-monthly basis. From time to time the board will offer a dividend reinvestment plan, although the DRP was suspended in respect of the interim dividend for FY15.

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