



NTA and Monthly Update – October 2015

Company at a Glance

ASX Code	WMK
Fund Size	AU\$86.9m
Fund Strategy	Equity Market Neutral
Share Price	\$0.95
NTA Before Tax	\$1.04
Shares on Issue	84.1m
Dividend (FY15 Final)	2.5 cents
Dividend Yield (annualised)	4.7%

Net Tangible Asset (NTA) Backing

	Sep 15	Oct 15
NTA Before Tax	\$1.09	\$1.04
NTA After Tax	\$1.07	\$1.04
Dividend Declared	(\$0.025)	-
NTA After Tax & Dividend (2.5¢)	\$1.05	\$1.04

Gross Portfolio Structure

	Sep 15	Oct 15
Long Exposure	89.8%	115.8%
Short Exposure	-99.2%	-124.4%
Gross Exposure	188.9%	240.2%
Cash	109.4%	108.7%

Month in Review

After rallying strongly in the first half of October, share markets around the world tested recent highs before giving ground in the final days of the month. As we have recently discussed, growth in both developed and emerging markets is anaemic and looking increasingly fragile. Central banks have all but exhausted strategies to further stimulate economies globally, without having been able to overcome deflationary forces or restore sustainable economic growth. Corporate profits have also stagnated, with the US reporting season giving further evidence that top line growth continues to be elusive. Leadership in global share markets is clustered around an ever narrower group of names, leading us to maintain our view that recent gains constitute a counter-cyclical rally and that volatility is likely to persist.

The Fund fell by 1.9% in October, after four months of positive performance. Sharp, 'risk-on' rallies like the one seen last month often lead to losses on short positions, which was the case during October.

Defensive sectors rebounded in October responding to further commentary from the US Fed suggesting they may lift rates before the end of the year. The Company's position in Merck & Co performed well, due to a strong profit result. Notably, Australian healthcare stocks continue to trade at significant premiums to their offshore peers. Investments in gaming shares and short positions in the major supermarkets also worked well.

Having substantively addressed capital concerns, the focus for the major banks has moved to margin pressures in business banking and slowing revenue growth. The Government's response to the Financial Systems Inquiry was also notable, particularly in respect of excess surcharging on credit card transactions. This will have significant implications for merchants such as Qantas, Virgin and Cabcharge.

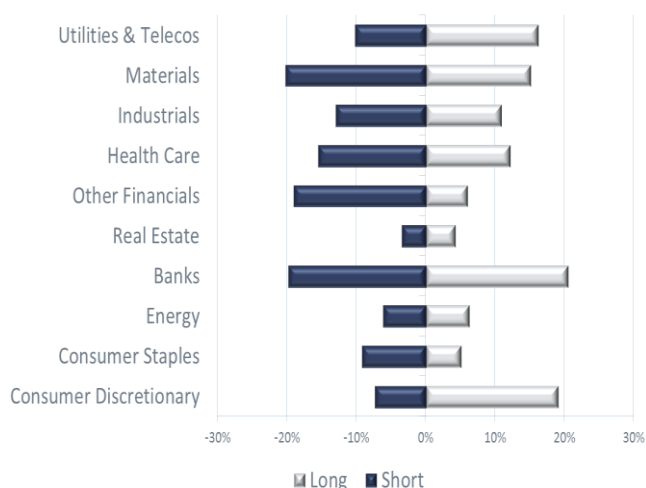
There was strong support for cyclical names in October and the Fund benefitted from positions in media and discretionary retail. A new investment in Apple Inc also contributed to performance.

Resource shares bucked the recent trends and rallied in the month, buoyed by a stabilisation in Chinese economic data. We see limited opportunity to invest in the sector, with challenges still evident across the commodity complex and with short ideas having largely played out. Accordingly, we have reduced the size of the balance sheet in this sector.

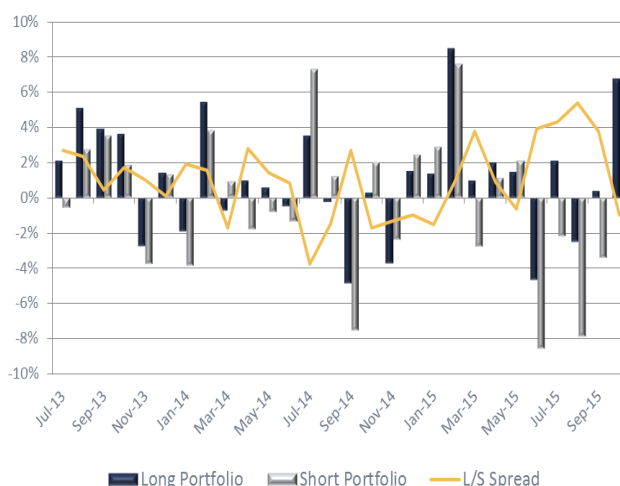
WMK Performance

	1 Mth	6 Mths	1 Yr	S.I. (pa)
Portfolio Return (net)	-1.93%	11.72%	12.59%	8.04%
RBA Cash Rate	0.17%	1.02%	2.22%	2.40%
Outperformance (net)	-2.10%	10.70%	10.37%	5.63%

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 final dividend for FY15.

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