



MEDIA RELEASE/ASX ANNOUNCEMENT

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WATERMARK FUNDS MANAGEMENT DELIVERS STRONG RETURNS IN 2015

Watermark Funds Management is pleased to announce strong performance in 2015 for its two listed investment companies: Australian Leaders Fund Limited (ASX:ALF) and Watermark Market Neutral Fund Limited (ASX:WMK).

In a volatile year for the Australian share market, ALF's investment portfolio increased by 20.2% before fees and costs as compared with the All Ordinaries Accumulation Index, which rose by 3.8%. WMK also delivered an outstanding result, with the investment portfolio increasing by 26.3% in the year before fees and costs. **Net portfolio returns will be reported as usual to the market, with the companies' monthly NTA announcement.**

Watermark is one of few specialist hedge fund managers in Australia, with a long track record of delivering attractive, risk-adjusted returns to its investors. Through the successful use of its hedging strategies, Watermark has been able to exceed its targeted returns, while reducing investors' exposure to the share market.

Watermark's CIO and Chairman of ALF, Justin Braitling said that the Manager was pleased with the performance of the portfolios through the year. "Last year was a challenging one for investors in shares, particularly in light of the uncertainty surrounding the way shares would adjust to higher interest rates in the US and anaemic growth across major economies" Mr Braitling said. "Our strategies allow us to hedge out market risks and focus on our fundamental assessment of listed companies here and abroad".

Having changed its investment mandates in 2014, Watermark is also pleased to announce that the returns from its international holdings have also been strong, contributing some 20% of the funds' total portfolio returns over the course of the year. Mr Braitling said "our efforts investing in international shares have been a strong source of returns in 2015 and continue to yield exciting new opportunities".

With trading profits providing funding for future dividends, periods of strong performance such as the last 12 months strengthen the Companies' position in respect of the payment of future franked dividends.

"We are well-positioned to continue delivering results going forward, irrespective of the outlook for share markets" Mr Braitling said. With volatility expected to persist and returns from shares to remain low, Watermark funds offer investors the opportunity to achieve attractive returns irrespective of what the share market does. This was demonstrated by the strong performance of the portfolios in 2015.

12-month performance to 31 December 2015

	Australian Leaders Fund (ASX:ALF)	Watermark Market Neutral Fund (ASX:WMK)
Gross Portfolio Performance*	20.2%	26.3%
Benchmark Return	3.8%**	2.1%^
Outperformance	16.4%	24.2%

Annualised Performance since inception to 31 December 2015

	Australian Leaders Fund (ASX:ALF)	Watermark Market Neutral Fund (ASX:WMK)
Gross Portfolio Performance (p.a.)*	18.1%	14.0%
Benchmark Return (p.a.)	8.7%**	2.4%^
Outperformance	9.4%	11.6%

*Gross returns are stated before fees and costs

**ALF benchmark is the S&P All Ordinaries Accumulation Index

^WMK benchmark is the RBA Cash Rate

About Watermark Funds Management

Established in 2003, Watermark Funds Management is one of Australia's leading hedge fund managers with over \$500m in funds under management. Watermark offers its absolute return strategies via two publicly listed investment companies: Australian Leaders Fund Ltd (ASX:ALF) and Watermark Market Neutral Fund Ltd (WMK) and an unlisted unit trust: the Watermark Market Neutral Trust.

Employing a fundamental research process in the analysis of Australian and international shares, Watermark aims to deliver attractive, risk-adjusted returns to its investors while hedging share market risks.

For more information visit www.wfunds.com.au

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