WATERSHED

FUNDS MANAGEMENT

Multi Asset Class Finalist

2019 IMAP MANAGED ACCOUNT AWARDS

Investment Overview February 2020

Watershed Balanced Model

Investment Objective

The Watershed Balanced Model seeks to provide investors with capital growth over the medium to longer term (at least 5 years) and tax effective income through exposure to a diversified portfolio of assets.

The objective of the Watershed Balanced Model is to outperform the Index Australia Multi-sector Balanced TR AUD Benchmark after costs.

Investment Strategy

The Portfolio is an actively managed, diversified portfolio of securities across both growth assets such as Domestic and Global Shares, Property Trusts, Exchange Traded Funds and defensive assets such as cash and fixed interest securities. The portfolio will generally hold approximately 60% in growth assets and 40% in more defensive assets over time, but the mandate has deliberately broad target ranges allowing implementation of tactical asset allocation given our macro-economic views and expected asset class and sector returns.

Key Portfolio Features	
Inception	May 2016
Benchmark	Index Aus Msec Balanced TR AUD
MER	0.55% p.a
Investment Horizon	5 years +
Number of Holdings	Typically 50 – 70

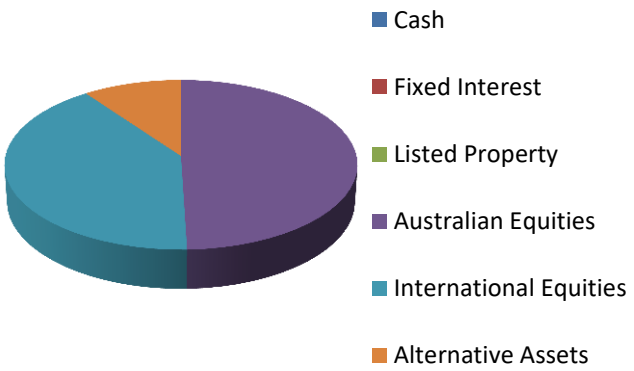
The Portfolio is designed for investors who…

- Seek long term capital growth & some tax-effective income
- Have a longer -term investment horizon of at least five years and accept the risk of moderate price fluctuations.

Portfolio Structure

Sector Allocations	Range	Strategic
Cash	0-60%	5%
Fixed Interest	0-60%	35%
Listed Property	0-10%	5%
Australian Equities	10-80%	30%
International Equities	0-60%	25%
Alternative Assets	0-15%	0%
TOTAL		**100%**

Underlying Assets	Tactical
Watershed Income	29.0%
Watershed Australian Share	27.7%
Watershed Emerging Leaders	10.7%
Watershed International	14.9%
Watershed International ETF	10.7%
Watershed Alternatives	7.0%



Performance

Gross Performance (%)	1m	3m	6m	1yr	2yr	3yr	Inception*
Watershed Balanced Portfolio	-3.55%	-2.58%	0.87%	5.76%	5.33%	7.45%	**7.65%**
Index Aus Msec Balanced TR AUD	-2.86%	-1.02%	1.67%	9.52%	8.33%	7.94%	
Relative Performance	-0.69%	-1.56%	-0.80%	-3.76%	-3.00%	-0.49%	

*Inception – May 2016

Performance Fee Disclosure All figures & tables stating investment performance returns for the Portfolio. The performance returns have been calculated on a daily basis taking into account brokerage costs, and are accumulated for the period shown. Returns are shown as annualised if the period is over 1 year, or as total returns otherwise.

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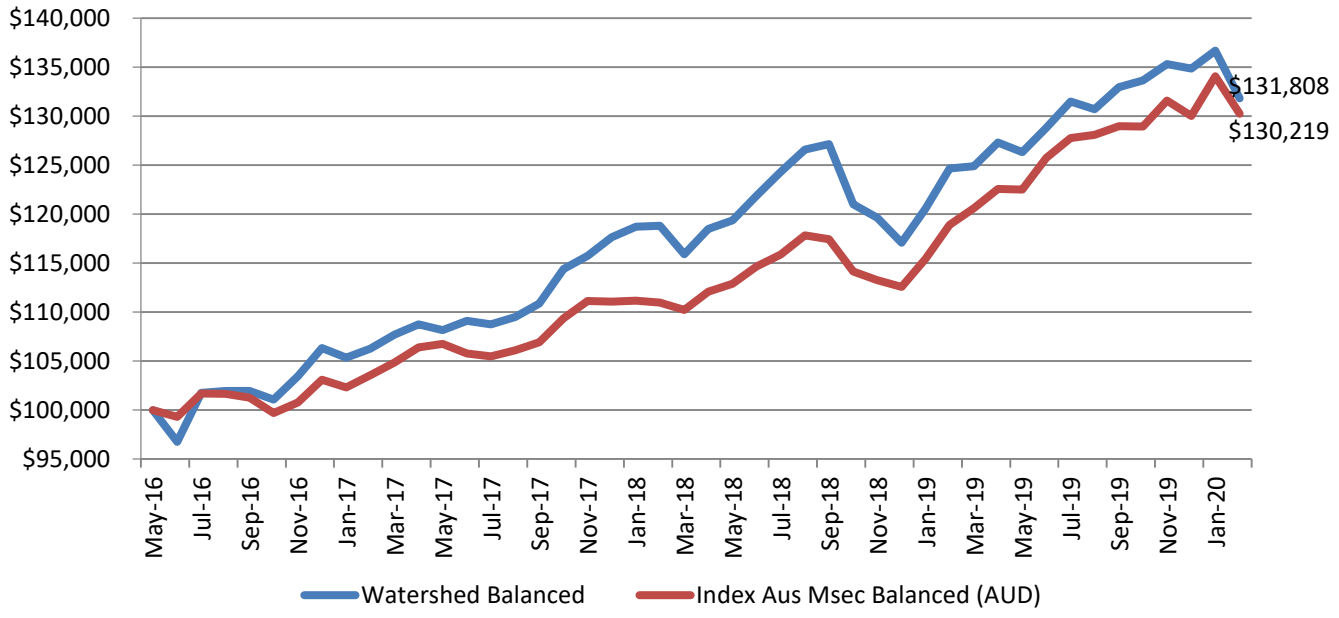
FUNDS MANAGEMENT

Growth of $100,000 since Inception

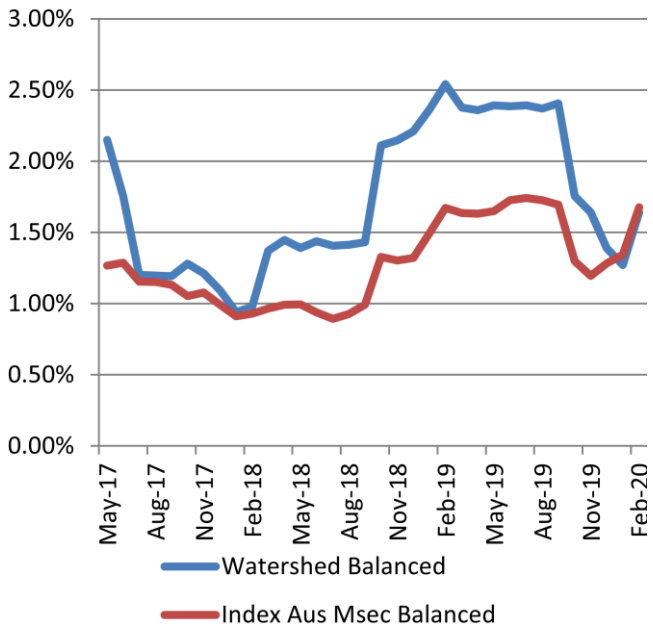


Risk Metrics

Key Portfolio Risk Metrics	
Tracking Error	1.04%
Standard Deviation	1.92%
Sharpe Ratio	3.24
Information Ratio	0.41

Portfolio Summary

- The Watershed Balanced Multi-asset portfolio underperformed the Index Australian Multi-sector Balanced Total Return Benchmark (in AUD) by 0.69% over the month of February.

- The portfolio was positioned conservatively over the course of 2019 which has protected capital since the Covid-19 outbreak in 2020. The portfolios high cash levels and short position we expect will be used to buy the dips in further weakness.

1 Yr % Rolling Standard Deviation