



WATERSHED

FUNDS MANAGEMENT



Watershed International Share SMA:

Proving Its Resilience

The March quarter saw the Watershed International Portfolio continue to substantially outperform its benchmark and deliver industry-leading returns.

One of the hallmarks of this portfolio is the conservative nature of its construction. The manager only invests in businesses with a sustainable competitive advantage, operating in industries with high barriers to entry and run by highly-regarded, proven management. Furthermore these businesses must meet the managers stringent qualitative filters in terms of high returns on shareholder's equity, low gearing and growth levels in sales, earnings and dividends.

The quality and resilience of the underlying portfolio came to the fore in the tumultuous March Quarter, with stocks such as Amazon, Microsoft, Johnson & Johnson, Costco,

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PayPal and Nestle holding up far better than the broader market. The standout portfolio performer was Amazon that defied industry trends and actually employed 100,000 more people during the crisis while flagging its intentions to create a further 75,000 new positions. Amazon also increased its minimum wage by \$2 per hour to help support employees during this difficult period. Those who have attended our previous presentations would be familiar with the fact we have long highlighted that this SMA invests in companies that are not only well positioned to weather any economic turmoil but will likely emerge from it in a stronger industry position than before as smaller, less robust business models falter. We believe that will be the case with Amazon.

Link below for our detailed March Quarter Update.

Highlights:

- **Fell only 3.49% for the quarter compared to a benchmark that dropped 9.00% giving outperformance of 5.51%**
- **Portfolio fully invested in high-quality, International businesses most likely to weather the market turmoil and lead its recovery**
- **Portfolio up 4.42% so far in April (in absolute terms)**

Mandate	1m	3m	6m	1yr	Ann. 3yr	Ann. 5yr
Watershed International Share	-3.74%	-3.49%	0.82%	10.98%	14.76%	12.29%
Magellan Global	-3.95%	-1.17%	1.90%	14.78%	16.13%	11.71%
T. Rowe Price Global Equity	-8.71%	-4.31%	0.02%	6.59%	15.51%	10.69%
Janus Henderson Global Research Growth	-6.64%	-4.52%	0.96%	11.49%	14.46%	8.93%
MSCI World Index Ex Aus (AUD)	-8.32%	-9.00%	-5.12%	4.45%	9.95%	8.10%
Russell Global Opportunities A	-10.65%	-12.00%	-7.70%	0.02%	7.23%	6.35%
State Street Global Equity	-9.56%	-14.01%	-12.97%	-6.54%	4.50%	5.63%
Aberdeen Standard International Equity	-7.72%	-7.93%	-3.12%	3.55%	8.04%	5.31%
Platinum International C	-7.09%	-11.36%	-8.15%	-3.67%	4.94%	4.62%
CFS FirstChoice Global Share	-9.49%	-10.53%	-6.48%	-1.29%	6.47%	4.35%
BT Global Share	-10.22%	-11.87%	-8.54%	-3.86%	3.79%	3.54%

*Performance figures are Total Return as at 31 March 2020 and sourced from FE Analytics

As referenced above, this SMA has a truly outstanding track record of performance over a sustained period and is currently available for investment on the HUB24, OneVue, Mason Stevens, Fiducian, Praemium and Netwealth Platforms.

If you would like to discuss how this investment can add value to your client portfolios please contact our Business Development Manager, Shantelle Lay on (03) 9614-8899.



International Share SMA

The Watershed International Share portfolio fell by **3.5%** measured in A\$ in the March quarter outperforming its benchmark index by 5.5%, and rose by **11.0%** in A\$ for the 12 months ended

March outperforming its benchmark by 6.6%.

visit: <https://www.watershedgroup.com.au/funds-management/managed-accounts/>

Performance Fee Disclosure

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.



**International
Equities
Winner**

2019 IMAP MANAGED
ACCOUNT AWARDS

Watershed Funds Management

Watershed Funds Management is a specialist Managed Account (MDA & SMA) Provider and has been a pioneer in the delivery of these portfolio solutions to financial advisers. Watershed leverages the expertise of a highly credentialed investment team to form a global thematic view that determines asset class and sector allocations. Our investment committee structure differs for each SMA and is chaired by an individual with niche expertise and a proven track record for managing portfolios within that asset class. With a research process that is both rigorous and thorough we have been able to deliver strong historical returns across our full suite of Managed Accounts.

An investment in a Watershed Managed Account provides professional and active investment management with full transparency of holdings, transactions and structure. Watershed seeks to form a collaborative relationship with advisers, actively communicating portfolio strategy in the current market environment so that advisers are better equipped to communicate with their clients..
