WATERSHED

FUNDS MANAGEMENT

Quarterly Update
July 2020

Watershed Income Portfolio

Investment Profile

The Watershed Income SMA is a concentrated portfolio of listed debt, hybrid securities and ETF's or LIT's aiming to generate an income return of 2% above the UBS Bank Bill Index net of fees.

A separately managed account, or SMA, is a professionally managed portfolio whereby the investor receives beneficial ownership of the underlying securities.

The Watershed Income portfolio has a bias towards floating or variable rate fixed interest securities to minimise interest rate risk.

The portfolio should be viewed as defensive with minimal capital volatility and is not expected to generate any long term capital growth.

Key Portfolio Features	
Inception	30 Aug 2010
Benchmark	UBS Bank Bill Index
Authorised Investments	Listed Bonds Hybrid Securities Listed Debt
Number of Securities	10-20
Cash Allocation	2-20%
Investment Horizon	At least 2 years

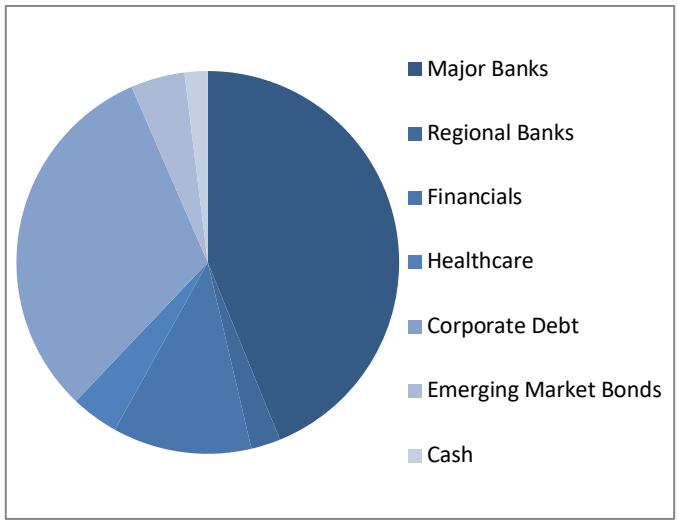
The Portfolio is designed for investors who…

- Seek higher than market, stable, tax-efficient income returns
- Have a medium-term investment horizon and are not expecting any capital gains from their investment

Portfolio Structure

No.	Company Name	ASX Code
1	MCP Master Income Trust	MXT
2	KKR Credit Income Fund	KKC
3	NAB Preference Shares	NABPB
4	Westpac Capital Notes	WBCPH
5	ANZ Capital Notes	ANZPE

GICS Sector by Issuer	
Major Banks	43.84%
Regional Banks	2.49%
Financials	11.74%
Healthcare	4.03%
Corporate Debt	32.38%
Emerging Market Bonds	4.56%
CASH	1.96%
TOTAL	100%



Performance

Gross Performance (%)	1m	3m	6m	1yr	3yr	5yr	7yr	9yr	Inception *
WFM Income Portfolio	2.28%	3.37%	-2.59%	-1.91%	2.94%	3.95%	4.20%	5.03%	**5.21%**
WFM Including Franking	-	-	-	-0.92%	4.19%	5.31%	5.55%	6.38%	**6.56%**
UBS Bank Bill Index	0.01%	0.03%	0.26%	0.73%	1.48%	1.69%	1.95%	2.39%	**2.66%**
Relative Performance	2.27%	3.34%	-2.85%	-1.65%	2.71%	3.62%	3.59%	3.99%	**3.90%**

*Inception - August 2010

Performance Fee Disclosure All figures & tables stating investment performance returns (BEFORE administration fees and taxes) 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.