

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%
Management Fee	0.44% (inc GST)
Investment Horizon	At least 2 years

The Portfolio is designed for investors who...

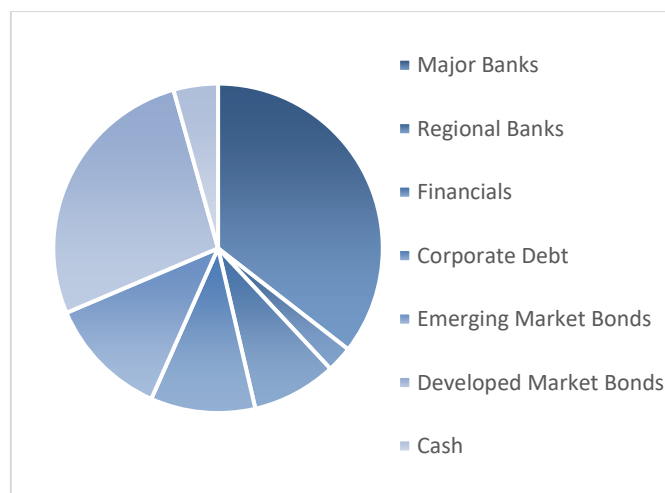
- Seek higher than market, stable, tax-efficient income returns
- Have a medium-term investment horizon and are not expecting any capital gains from their investment

Portfolio Structure

No.	Company Name	ASX Code
1	US Treasury Bond ETF	USTB
2	BetaShares Aus Gov't Bond ETF	AGVT
3	Vaneck Emerging Income Fund	EBND
4	KKR Credit Income Fund	KKC
5	ANZ Capital Notes 7	AN3PJ

GICS Sector by Issuer

Major Banks	35.51%
Regional Banks	2.55%
Financials	8.31%
Corporate Debt	10.29%
Emerging Market Bonds	11.95%
Developed Market Bonds	27.04%
CASH	4.37%
TOTAL	100%



Performance

Net Performance (%)	1m	3m	6m	1yr	3yr	5yr	7yr	10yr	Inception *
WFM Income Portfolio	0.42%	2.73%	4.06%	6.72%	2.92%	3.10%	3.48%	3.60%	4.54%
WFM Including Franking	-	-	-	7.62%	4.17%	4.46%	4.83%	4.95%	5.89%
UBS Bank Bill Index	0.34%	1.08%	2.12%	4.08%	1.94%	1.47%	1.58%	1.80%	2.39%
Relative Performance	0.08%	1.64%	1.94%	3.53%	2.23%	2.99%	3.25%	3.15%	3.50%

*Inception - August 2010

Performance Fee Disclosure The table above sets out the investment performance returns (AFTER investment management fees, but 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.