

Watershed Conservative Model

Investment Objective

The Watershed Conservative Model seeks to provide investors with a regular defensive income stream and some capital growth over the medium to longer term (at least 5 years) through exposure to a diversified portfolio of assets.

The objective of the Watershed Conservative Model is to outperform the Financial Express Unit Trust Peer Group Multi Asset Moderate Index 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 40% in growth assets and 60% 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 | June 2016 |
| Benchmark | FE UT PG Multi Asset Moderate Index |
| Management Fee | 0.55% p.a (inc GST) |
| Investment Horizon | 5 years + |
| Number of Holdings | Typically 80 – 110 |

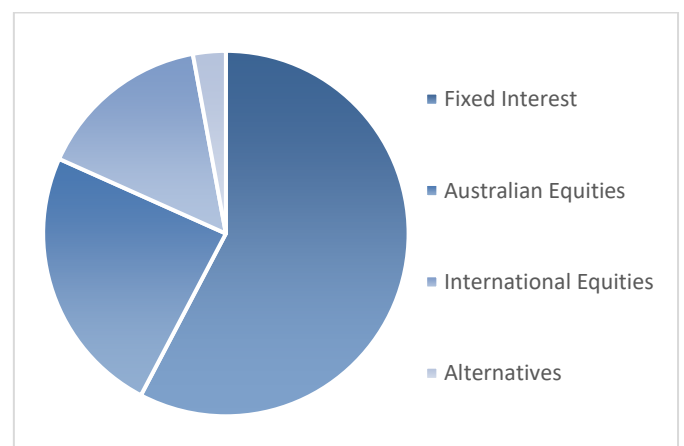
The Portfolio is designed for investors who...

- 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 to minimal price fluctuations.

Portfolio Structure

| Sector Allocations | Range | Strategic |
|-------------------------------|--------|-------------|
| Cash | 0-40% | 10% |
| Fixed Interest | 40-80% | 45% |
| Listed Property | 0-10% | 5% |
| Australian Equities | 10-50% | 20% |
| International Equities | 10-40% | 15% |
| Alternative Assets | 0-15% | 5% |
| TOTAL | | 100% |

| Underlying Assets | Tactical |
|------------------------------------|----------|
| Cash | 0.0% |
| Watershed Income | 55.4% |
| Watershed Australian Share | 17.6% |
| Watershed Emerging Leaders | 6.2% |
| Watershed International | 12.4% |
| Watershed International ETF | 5.9% |
| Watershed Alternatives | 2.5% |



Performance

| Net Performance (%) | 1m | 3m | 6m | 1yr | 2yr | 3yr | 5yr | 7yr | Inception* |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Watershed Conservative Portfolio | 1.38% | 5.13% | 5.63% | 10.32% | 6.26% | 6.31% | 6.42% | 6.40% | 6.90% |
| FE Multi Asset Moderate Index | 0.72% | 3.85% | 3.58% | 6.36% | 1.81% | 2.31% | 2.94% | 3.16% | 3.18% |
| Relative Performance | 0.66% | 1.28% | 2.05% | 3.96% | 4.45% | 4.00% | 3.48% | 3.25% | 3.72% |

*Inception – June 2016

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.