

Watershed Emerging Leaders Portfolio

Investment Profile

A Professionally Managed Portfolio of Australian Shares

The Watershed Emerging Leaders Portfolio is a separately managed account, or SMA, actively managed by Watershed Funds Management. SMAs are professionally managed portfolios of direct shares whereby the investor receives beneficial ownership of the underlying securities.

Investment Objective

The objective of the Watershed Emerging Leaders Portfolio is to provide investors with long-term capital growth and some tax effective income from a concentrated portfolio of stocks listed outside of the ASX 100. The Portfolio aims to outperform the ASX Small Ordinaries Accumulation Index over the medium to longer term (three to five years) by 2-3% per annum, by undertaking rigorous bottom up stock analysis and active portfolio management.

Key Portfolio Features	
Inception	6 Aug 2013
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Authorised Investments	ASX listed companies not in the ASX 100
Number of Stocks	15-30
Cash Allocation	2-40%
Management Fee	0.66% (inc GST)
Tracking Error	5% to 9% per annum
Investment Horizon	At least 3 – 5 years

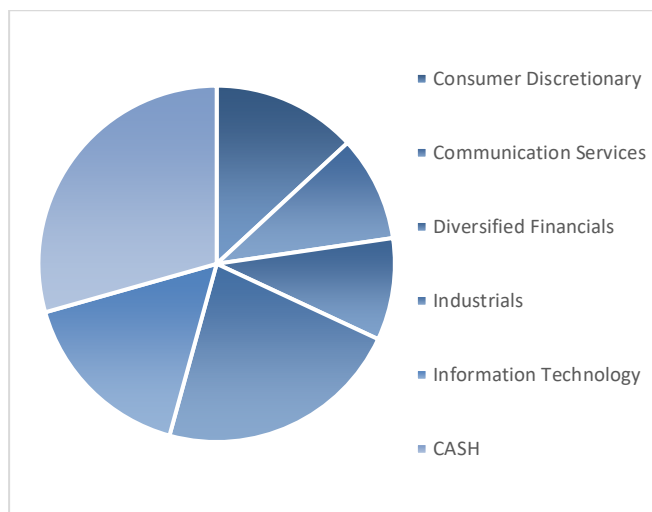
The Portfolio is designed for investors who...

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

Portfolio Structure

No.	Company Name	ASX Code
1	NRW Holdings	NWH
2	Austal Ltd	ASB
3	SmartGroup	SIQ
4	Life 360 Inc	360
5	Tuas Limited	TUA

GICS Sector	
Consumer Discretionary	13.12%
Communication Services	9.56%
Diversified Financials	9.26%
Industrials	22.32%
Information Technology	16.35%
CASH	29.38%
TOTAL	100.00%



Performance

Net Performance (%)	1m	3m	6m	1yr	3yr	5yr	7yr	10yr	Inception*
WFM Emerging Leaders SMA	-3.68%	-8.99%	-10.67%	1.08%	9.30%	6.63%	9.16%	9.56%	10.64%
S&P/ASX Small Ords Accum	-2.57%	1.52%	5.41%	23.04%	12.51%	6.60%	7.32%	9.11%	7.68%
Relative Performance	-1.11%	-10.51%	-16.08%	-21.96%	-3.22%	0.03%	1.85%	0.45%	2.96%

*Inception - August 2013

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.