



## Watershed International ETF Portfolio Quarterly Report December 2015

### Investment Profile

The Watershed International ETF SMA is a concentrated portfolio of exchange traded funds and leveraged securities aiming to give exposure to global markets. A separately managed account, or SMA, is a professionally managed portfolio whereby the investor receives beneficial ownership of the underlying securities.

### Investment Objective

The Watershed International portfolio has a broad international exposure centred on our in house global macro view. The portfolio aims to outperform the MSCI World Index over the medium to longer term net of fees.

Key Portfolio Features	
<b>Inception</b>	05 May 2015
<b>Benchmark</b>	MSCI World Index AUD
<b>Authorised Investments</b>	Listed Securities Leveraged Securities ETF's
<b>Number of Stocks</b>	1-10
<b>Cash Allocation</b>	2-20%
<b>Investment Horizon</b>	At least 3-5 years

#### The Portfolio is designed for investors who...

- Are seeking exposure to international market through listed investment vehicles on the Australian stock exchange
- Have a longer-term investment horizon and accept the risk of price fluctuations

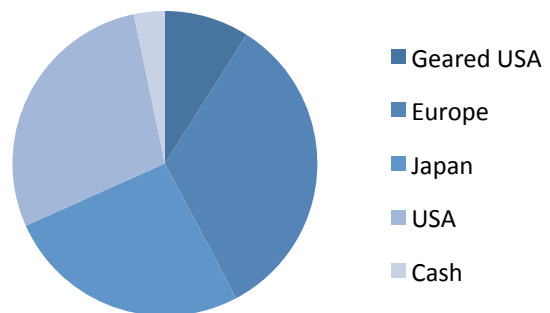
### Performance

Gross Performance (%)	1m	3m	6m	Inception *
<b>WFM International ETF</b>	(2.84%)	7.20%	9.27%	9.15%
<b>MSCI World Index AUD</b>	(1.87%)	5.11%	(4.20%)	
<b>Relative Performance*</b>	(0.97%)	2.09%	13.47%	

\*Inception since May 2015

### Portfolio Structure

No.	Company Name	ASX Code
1	iShares S&P Europe 350	IEU
2	iShares S&P 500	IVV
3	iShares MSCI Japan	IJP
4	Beta Shares Geared US	GGUS



### Quarter in Review

Since the portfolios inception in May 2015 the portfolio has performed very well with performance of 9.15% as we approach the one year mark.

### Performance Summary

- The MSCI World Index rose by 5.11% in the December quarter. This was hindered by a weak month in December as issues regarding China resurfaced and the oil price saw another sharp fall back under \$30USD a barrel.
- The Watershed International ETF portfolio rose by 7.20% during the quarter, outperforming its benchmark by 2.09%. The ETF has now outperformed its benchmark by a substantial 13.47% for the six months.

Over the period we have been actively trading GGUS when it falls outside our trading ranges on both the upside and downside. Given GGUS is a leveraged investment vehicle with a gearing multiple of 2.11, market movements can be maximised and this strategy has worked for us previously.

And we have also increased our holding in IEU by 10%. November saw heightened volatility on European Exchanges largely on the back of two large-scale terror events with the downing of a Russian Commercial Airplane and the mid-month coordinated Paris terrorist attacks. We felt this downturn provided an opportunity to further consolidate our existing position which was underpinned by solid economic data.