

Key Points:

□ Kardinia Capital is an Australian based Fund Manager established in August 2011 in conjunction with Bennelong Funds Management to continue the management of the Herschel Absolute Return Fund, which was established in 2006.

□ Long biased, research driven, active equity long/short strategy investing in listed ASX companies with a concentrated portfolio generally investing in 30-50 ASX300 stocks.

□ Portfolio Managers Kristiaan Rehder and Stuart Larke have over 45 years combined investment experience. Bennelong Funds Management provide the Fund's infrastructure, operational, compliance and distribution functions.

□ The Fund has significantly outperformed the ASX200 Accumulation Index since inception with significantly lower risk. Historically it has performed well vs. the Index in negative markets, but has underperformed in strongly rising markets.

Management Company Overview:

Kardinia was established in August 2011 in conjunction with Bennelong Funds Management ("BFM") to manage the former Herschel Absolute Return Fund following the transfer of the management from Herschel. Under this arrangement, the Fund was renamed the Bennelong Kardinia Absolute Return Fund, using the same strategy, and retaining its five-year track record.

The Fund was originally launched in May 2006 as the Herschel Absolute Return Fund. Kristiaan Rehder and Mark Burgess, along with Portfolio Manager Stuart Larke, own a majority share of the management company.

The balance of Kardinia is held by Bennelong Funds Management (BFM) a privately-owned organisation established in 2001 which oversees a group of boutique managers across a range of strategies, acting as Trustee, and providing all administrative functions such as compliance, risk management and licensing.

Rehder has over 22 years of experience in the broader financial services industry, having worked at Merrill Lynch in their mergers and acquisitions team (both London and Singapore offices), and KPMG Corporate Finance.

Larke, who joined the team in January 2016 and has over 22 years of financial markets experience, was previously senior portfolio manager of Australian Equities at Telstra Super where he was responsible for stock selection and portfolio construction. Prior to this, Larke held various portfolio management and analyst positions at Myer Family Company, Goldman Sachs/JB Were and KPMG Corporate Finance.

In December 2019 Burgess stepped down due to illness and Rehder became responsible for the Fund's investment strategy

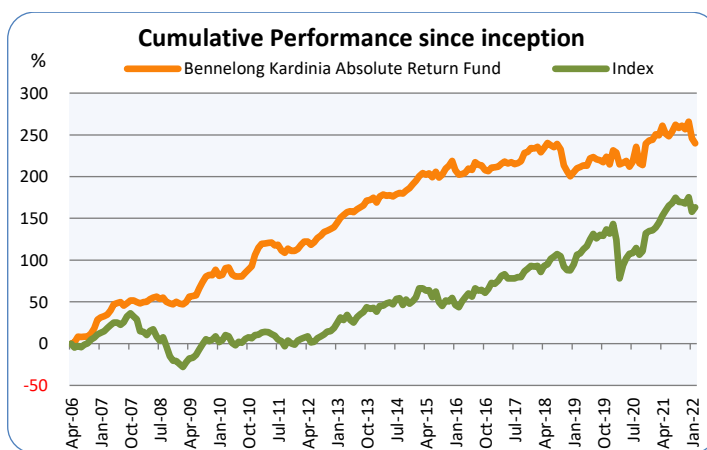


Key Performance Statistics	Kardinia	Index*
Mar-22	1.17	6.89
Annualised Return	8.07	6.72
Latest 3 Months	-5.97	2.24
Latest 6 Months	-3.97	4.38
Latest 12 Months	-1.59	14.97
Latest 24 Months p.a.	4.58	25.72
Latest 36 Months p.a.	3.35	10.59
Latest 60 Months p.a.	1.76	9.22
% Positive Months (Since Inception)	66.49	62.30
Best Month	8.72	10.21
Worst Month	-5.88	-20.65
Largest Drawdown (Since Inception)	-11.71	-47.19
Average +ve Return	1.80	3.09
Average -ve Return	-1.56	-3.44
Annualised Standard Deviation (Since Inception)	7.69	14.18
Downside Deviation (Since Inception)	4.50	10.70
Sharpe Ratio (Since Inception)	0.68	0.33
Sortino Ratio (Since Inception)	1.09	0.34

*Index is ASX200 Total Return adjusted since Fund's Inception

and implementation in conjunction with Larke who was promoted to Portfolio Manager in early 2020.

The announcement that Mark Burgess's ill health would force his absence for a sustained period is obviously cause for a review of the fund's operations. However, Rehder had worked closely with



Performance - Net of Fees (%)												Bennelong Kardinia Absolute Return Fund											
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD										
2022	-5.44	-1.72	1.17	-	-	-	-	-	-	-	-	-	-5.97%										
2021	0.32	1.86	-0.36	3.26	-2.64	-0.90	1.60	2.35	-1.08	0.79	-1.20	2.58	6.58%										
2020	5.40	-0.86	-4.32	0.63	0.73	-2.15	1.90	5.63	-5.88	-0.70	8.21	1.07	9.13%										
2019	1.66	1.55	0.46	0.55	-0.03	2.82	0.42	-0.83	-0.35	-0.73	2.04	-2.84	4.68%										
2018	-0.16	0.56	-1.90	1.56	1.78	-0.77	-0.68	1.08	-1.93	-5.71	-2.18	-2.02	-10.12%										
2017	0.12	0.25	1.04	0.89	-0.75	0.48	-0.65	0.34	0.66	3.18	0.35	1.43	7.53%										
2016	-3.42	-1.78	0.30	0.52	1.60	-0.47	2.95	-1.02	-0.22	-1.85	-0.37	1.45	-2.44%										
2015	1.44	1.90	1.24	-0.59	0.41	-1.49	2.20	-2.27	1.14	2.45	1.16	1.74	9.60%										
2014	-2.12	2.69	0.87	-0.63	0.36	-0.66	1.07	0.56	-0.31	1.22	1.13	1.53	5.77%										
2013	2.21	2.36	1.42	1.34	0.40	-0.46	1.31	0.96	0.93	2.17	0.15	1.11	14.76%										
2012	1.08	2.30	1.82	0.04	-1.79	1.38	2.30	1.38	1.85	0.68	0.71	1.07	13.52%										
2011	4.25	2.13	0.23	0.37	0.11	-1.41	0.31	-3.23	-1.19	2.31	-1.16	-0.13	2.42%										
2010	-3.82	0.66	4.36	0.36	-4.38	-1.33	0.03	0.09	2.49	2.19	2.02	6.84	9.33%										

Mar-22 1.17 %

Latest 12 Months -1.59 %

Burgess for 14 years both at Herschel and since 2011 at Bennelong, so he is well equipped to take over the role of CIO. As a result of the promotion of Larke, along with the Manager's assurance that there has been no change in the fund's overall strategy, AFM remains confident that Kardinia's operations will not be adversely affected by the absence of Burgess for the foreseeable future.

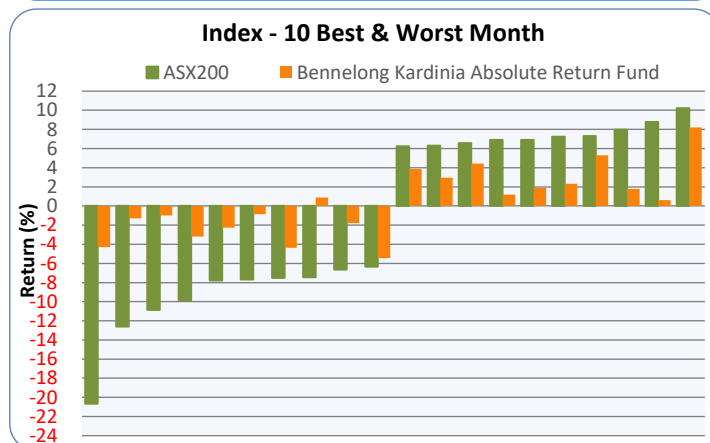
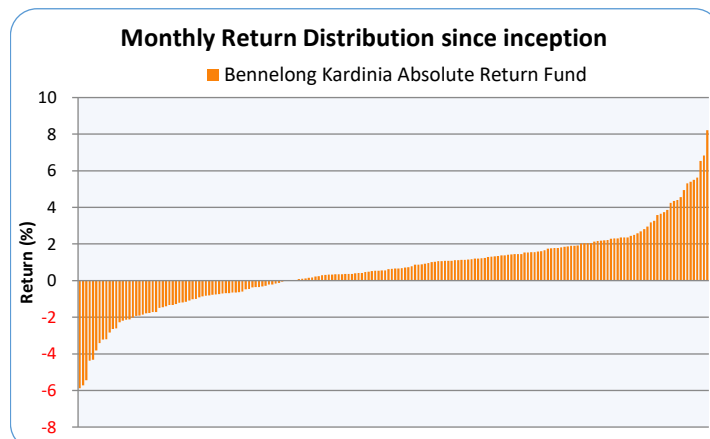
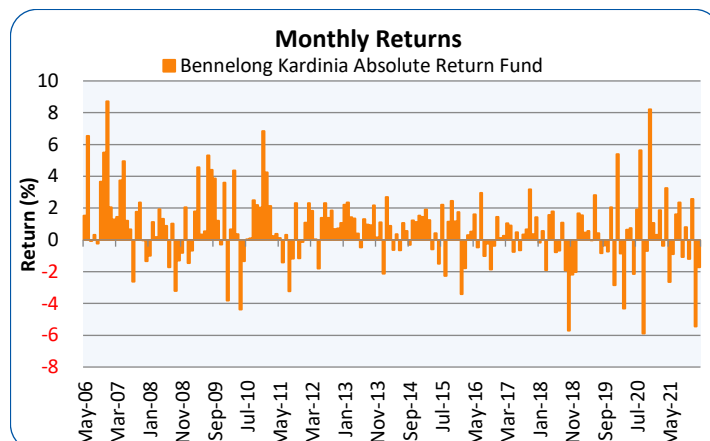
Investment Approach

The Fund is an Australian domiciled equity long/short fund investing in ASX securities open to retail investors. The strategy consists of a concentrated long/short portfolio typically comprising 30 to 50 ASX300 listed stocks, generally with a long bias. Historically the Fund's exposure has averaged 40% net long, but exposure can be adjusted to the market's direction.

There is a slight bias to large cap stocks on the long side of the portfolio, although in a rising market the portfolio will tend to hold smaller caps, including resource stocks. On the short side, the portfolio is particularly concentrated, with stock selection limited by both liquidity and the difficulty of borrowing stock in smaller cap companies. Short positions are only taken when there is a high conviction view on the specific stock. The Fund uses options in a limited way, mainly selling short dated covered call options to generate additional income. These typically have less than 30 days to expiry, and are usually 5% to 10% out of the money. ASX SPI futures are often used to hedge the portfolio's overall net position.

The discretionary investment process commences with a macro view of the economy to establish the Fund's desired market exposure. Next, detailed sector and company research is gathered on the individual stocks, with widespread use of broker research. Company visits, presentations and discussions with management at CEO and CFO level are used wherever possible to assess management quality.

Detailed analysis of company valuations using financial statements and forecasts, particularly focusing on free cash flow, is conducted. Technical analysis is used to validate the fundamental research and valuations and to manage market timing.



Performance Commentary

□ Kardinia's historical performance shows that the Fund has historically provided investors with attractive levels of capital protection over time, particularly in negative markets, avoiding losses during 2007, 2011, and in 2020, while returning 9.33% in 2010 when the ASX was flat.

□ The Key Performance and Risk Statistics demonstrate the Fund's record in avoiding large drawdowns, with a maximum drawdown of -11.71% as compared to -47.19% for the Index. The Fund has also recorded an asymmetrical return profile as indicated returning positive months 67.03% of the time since inception in 2006.

□ While this was achieved while outperforming or performing in line with the ASX200 Accumulation Index during strong markets such as 2006 – 2007, and March to December 2009, more recently it has underperformed in strongly rising markets.

The Manager believes that a significant portion of the Fund's long term performance can be attributed to the attention and importance given to the macro economic outlook, and the ability and willingness to adjust the Fund's market risk. For example, in 2007 leading into the 2008 GFC crisis, the Manager significantly reduced the Fund's long positions from over 80% to under 20%, and net exposure from 75% to under 10%, before increasing it in March 2009 as the market rallied sharply from its oversold position.

Similarly, in January and February 2020 Kardinia reduced its long book from over 80% to under 35%, and net exposure from 75% to marginally net short.

Risk Management

Typically, the portfolio may contain 20 to 50 positions, with an average of 40 and a holding period for each of around six months. There is a high conviction when entering a position, with a minimum entry position of approximately 1% of the portfolio's NAV, and a maximum position size of 10%.

There are no set limits for sector exposure. The combined gross exposure of both long and short positions is limited to 150% of NAV, while net equity exposure (long – short positions) is unlikely to exceed 75% of NAV. The Fund does not use borrowing to create leverage and has specific risk limits. The portfolio management system flags each position on reaching a 10% drawdown, with a hard stop loss limit of 15% on each position.

Stop loss limits are set at the position's inception, and re-set each month. There are no set liquidity limits for the Fund or underlying positions, and the Manager does not believe this to be an issue. Limits are monitored on a real time basis using IRESS and proprietary Excel spreadsheets, and reconciled daily with the Prime Broker and Administrator. BFM's back office and administrative team monitor risk limits and compliance.

Operational and Business Risk

The Fund has an ongoing outsourced arrangement to monitor compliance with Compliance and Risk Services Pty Ltd in addition to BFM's internal compliance manager. This involves overall compliance and risk for Kardinia Capital and the Fund.

Bennelong Funds Management has an active IT & Disaster Recovery system with daily offsite tape backup, and PC replication managed externally, which is replicated for Kardinia.

Key person risk focuses on Kristiaan Rehder and is typical for a boutique manager of Kardinia's size. Offsetting this is the close support of Portfolio Manager Stuart Larke, the Fund's size, and the liquidity of the ASX listed positions.

Overall business and operational risk is managed by Bennelong's involvement both as a 35% shareholder and as the AFS Licensee and Trustee for the Fund. Bennelong has significant operational structures, systems and processes in place across a range of fund offerings. In total, there are 20 management, administrative and distribution staff employed by Bennelong Funds Management. Bennelong maintains a detailed operations and compliance manual with any breaches notified via email at the time, and subsequently reviewed at the quarterly meeting of the Board's Audit Risk and Compliance Committee.

Service Providers

Custodian and Prime Broker:	UBS Australia
Administrator:	Apex Fund Services
Auditors:	Deloitte
Legal:	DLA Piper

Investor Relations

The Fund issues a two-page Performance Report usually within the first 5 business days of each month which provides NAV's and net performance after all fees and charges, as verified by the Fund's external Administrator. The monthly report also shows historical performance and exposure analysis and a brief

commentary on both the market and the Fund's performance. It also identifies significant contributors and detractors to the Fund's overall performance for the month. The Manager has indicated that the Fund will soft close at \$500 million.

Terms and Fees

Management fees are 1.25% of Net Asset Value (NAV) payable monthly. There is a Performance Fee of 20% of performance above the RBA Official Cash Rate subject to a High-Water Mark, calculated monthly and payable half yearly.

There is a buy/sell spread of 0.20% on entry and exit to cover brokerage costs. The Fund is also responsible for all reasonably and properly incurred expenses such as administration, accounting and transactional costs. Realised income is distributed semi-annually after the end of June and December, and may be re-invested or distributed at the investor's discretion.

The minimum initial investment is \$20,000 with a minimum additional investment and withdrawal limit of \$10,000. There is no minimum term and there are no early termination fees. Investments and redemptions may be made daily with payment made within 7 days of receipt of the redemption request.

Burgess and Rehder are significant investors in the Fund on the same terms as external investors. Both increased their personal investment on transfer of the Fund to Bennelong Kardinia's management.

Structure and Compliance

The Fund is an Australian Unit Trust open to retail investors under a PDS dated 2 December 2019. Kardinia Capital Pty Ltd is a Corporate Authorised Representative (Number 409528) of Bennelong Funds Management Limited, which holds AFS Licence 296806.

The Manager states that there are no conflicts of interest. Personal trading by staff is permitted only if there is no current or anticipated activity in a stock by the Fund and only after written permission has been sought and received from Bennelong's CFO

Bennelong Kardinia Absolute Return Fund

Strategy	Equity Long/short
Geographic Mandate	Australian
Domicile/Structure	Australian Unit Trust
Investor Type	Wholesale and Retail
Min. Investment	A\$20,000
Additional Investment	A\$10,000
Management Fee	1.25% p.a
Performance Fee	20% p.a, with high water mark
Hurdle	RBA Cash Rate +2%
Investment/Redemption	Daily with payment within 7 days
Inception Date	May-06
Fund Size	A\$25.49 million
Manager's Total FUM	+A\$10 billion (Bennelong Group)
Status	Open

Mar-22 1.17 %

Latest 12 Months -1.59 %

About Australian Fund Monitors

Australian Fund Monitors (AFM) is a specialist research and information provider focusing on the Absolute Return and Hedge Fund Sector. Established in 2006, AFM holds AFS licence 324476 to provide general advice to wholesale investors only.

AFM Information and Research Services

AFM's Information Services provide comparative performance and factual fund data along with industry information available on www.fundmonitors.com and www.prismsselect.com.

AFM Research Services include AFM Fund Reviews which provide quantitative performance information along with descriptions of various aspects of each specific fund and the fund's manager. AFM Fund Reviews do not contain financial advice but are designed to provide self-directed investors and their advisers with an accurate, balanced and verifiable description of the fund's strategy and the manager's approach to enable the reader to make an informed decision on the suitability of the product for their particular purposes.

AFM FACTORS Research

AFM FACTORS Reports consist of in depth and detailed due diligence reports on specific funds and are designed for use by the research departments of dealer groups, financial advisers, and platforms. FACTORS research provide a quantitative approach to a range of operational and due diligence factors which combined with a detailed qualitative description provides the basis for inclusion of a particular fund on the approved product lists. AFM FACTORS reports are updated quarterly.

AFM Research Methodology

AFM's research product and methodology has specific benefits and features which differentiates AFM Fund Reviews from other research products.

AFM Fund Reviews do not provide ratings or recommendations:

We believe that blanket ratings and recommendations can be misleading, and are not able to take into account the financial circumstances or objectives of individual investors.

AFM Fund Reviews are clearly and concisely written:

This enables investors or their advisors to understand the objective and processes behind each fund's strategy, and structure and operations of the management company. When used in conjunction with the quantitative comparison of the fund's key performance and risk indicators (KPI's) included in each Fund Review, the reader is in a better position to make an informed decision regarding the suitability of the fund for individual investor's requirements.

AFM Fund Reviews are updated every month:

Out of date research is potentially inaccurate research. Not only can a fund's performance and risk profile change over the course of the year (typically the cycle for much of the managed fund research available) but so can operational details and investment personnel. Each AFM Fund Review contains an expiry date, and each fund manager is not permitted to distribute out of date reviews.

AFM specialises in the absolute return, hedge and actively managed fund sector:

We believe that this is a specialised area of the managed fund market, and as such requires a specific focus and expertise. The seniority and experience of AFM's research team and our focus explains why we label our product as:

"Trusted, Targeted Research"

Disclaimer & Copyright

The information in this report, including financial returns, strategies, and other content (collectively referred to as "Content") has been prepared and issued by **Australian Fund Monitors** Pty Limited (A.C.N. 122 226 724, AFSL 324476) otherwise referred to as AFM. The information and content herein does not constitute financial advice and is for general information purposes only. Users of this report or any Content of AFM's websites (the "Websites") should not act or make any financial decision without first seeking professional advice. Whilst the Content has been prepared with all reasonable care from sources which we believe are reliable, no responsibility or liability is accepted by **AFM** for any errors or omissions or misstatements contained herein. Any opinions, forecasts or recommendations reflect information and assumptions at the date of publication and may change without notice. In preparing the Content it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual user.

Disclosure of Interest

AFM has or may have, received fees either directly from a company itself or by a third party to provide consultancy services or corporate research. AFM has or may have interests in, or received fees either directly from a company itself or by a third party to provide consultancy services or corporate research. Australian Fund Monitors Pty Limited, its directors, employees or related parties (collectively "AFM") may have investments in, or commercial relationships with, companies or entities which are mentioned in this Report, and which might give rise to a potential conflict of interest.

Copyright Protection

All Content herein is owned by **Australian Fund Monitors** Pty Limited (A.C.N. 122 226 724) and is protected by copyright. You must not copy, frame, modify, transmit or distribute the content in full or in part, without seeking the prior written consent of the copyright owner. Users are prohibited from copying, distributing, transmitting, displaying, publishing, selling, licensing, creating derivative works or using any content on the web site for commercial or public purposes.

Copyright © 2017 by **Australian Fund Monitors** Pty Limited All rights reserved.

No Warranties

AFM does not make any claims, promises, guarantees, representations or warranties regarding the accuracy, completeness or fitness for purpose of the Content. All information and content in this report is provided on an *as is* basis, without warranty of any kind either express or implied. It is the responsibility of the user to evaluate the accuracy, completeness or usefulness of any information, opinion, general advice or other. Furthermore, AFM does not warrant or represent that this content is error free.

This Report is valid till May 2022