

# Bennelong Kardinia Absolute Return Fund

## Monthly performance report

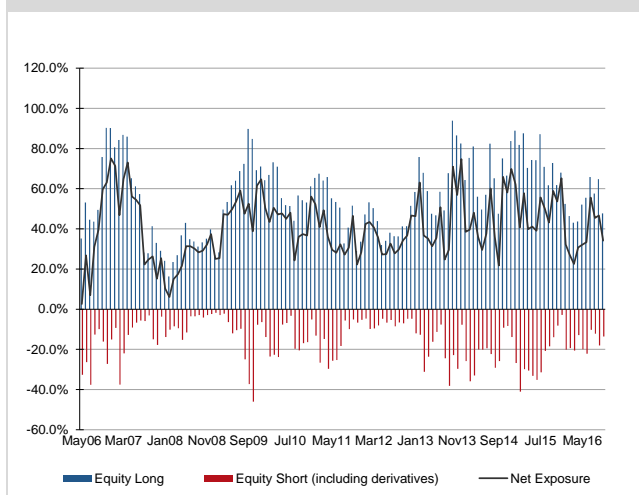
As at 31 October 2016

### Fund at a glance

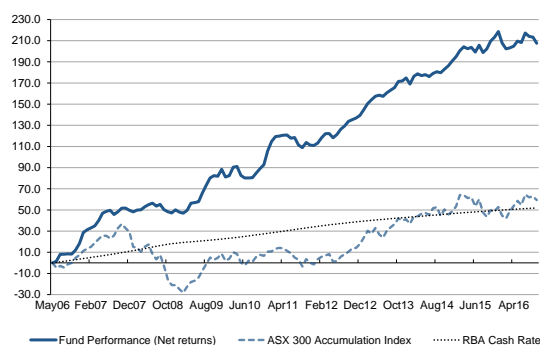
Fund facts	
Strategy	Long-short Australian equity
Process	Fundamental stock selection based on analysis of the macroeconomic environment, company and operating environment, quality of management and valuation
Objective	To achieve double digit annual rates of return through an investment cycle, with an overarching philosophy of capital protection
FUM	AUD 324.3 million
Inception date	1 May 2006
Unit price: daily series	1.1836
Unit price: monthly series	1.3994
Fund managers	Mark Burgess, CFA® Kristiaan Rehder, CFA®
Annualised return	11.29%
Return since inception	207.55%
Annualised standard deviation	7.28%
Sharpe ratio (RFR=RBA cash)	1.00
Percentage of positive months	71.43%

### Fund in review

#### Portfolio exposure analysis



### Fund performance



Timeframe	Fund return	Benchmark	Value added
1 month	(1.85%)	0.13%	(1.98%)
3 months	(3.06%)	0.38%	(3.44%)
6 months	0.91%	0.82%	0.09%
1 year	(0.67%)	1.83%	(2.50%)
3 years p.a.	4.25%	2.19%	2.06%
5 years p.a.	7.55%	2.68%	4.87%
Since inception p.a.	11.29%	4.06%	7.23%

Note: Performance results are presented net of all transaction costs, investment management and performance fees and all other costs incurred by the Fund. Performance is the total return of the fund (assuming re-investment of distributions) and is quoted based on hard-close unit prices, without including the impact of buy/sell spreads. The benchmark is the RBA cash rate and the inception date is 1 May 2006.

### Market and fund commentary

International equity markets weakened in October as bond yields rose, triggering heavy falls in defensive industrial stocks. On a global scale, Healthcare and REITs were the worst performing sectors whilst Miners and Banks outperformed. The S&P/ASX 300 Accumulation index fell 2.17% and the Australian Government 10 year bond yield rose 44 basis points to 2.34%.

Bulk commodity prices continued to surge with thermal coal up 33% and hard coking coal up 20% for the month. Iron ore rose 14% to a six month high of US\$63.10/Mt. Surprisingly the Bloomberg Commodity

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Index lost 0.7% for the month as gold and oil prices fell. Currency markets were dominated by a strengthening US dollar as the odds of a December Fed tightening increased.

Materials (+1.3%) and Financials (+0.7%) were the only sectors to post positive returns. Healthcare (-8.3%), REITs (-7.9%), Consumer Discretionary (-5.8%), Telcos (-4.4%), Industrials (-4.2%) and Consumer Staples (-4.0%) weakened significantly.

The Bennelong Kardinia Absolute Return Fund fell 1.85% in October. Healthscope, Bapcor, Star Entertainment and Skycity Entertainment were the largest detractors from performance, whilst a short position in Scentre Group and longs in Rio Tinto, Whitehaven Coal and Commonwealth Bank were the most significant positive contributors. Net equity market exposure (including derivatives) was reduced to 34.2% (47.7% long and 13.6% short).

#### Fund performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	-3.42%	-1.78%	0.30%	0.52%	1.60%	-0.47%	2.95%	-1.02%	-0.22%	-1.85%			-3.48%
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%
2009	-1.46%	-0.68%	1.79%	4.56%	0.34%	0.54%	5.31%	4.41%	3.86%	1.21%	-0.28%	3.59%	25.47%
2008	-1.00%	1.12%	0.17%	1.93%	1.33%	0.87%	-1.72%	1.02%	-3.20%	-1.29%	-0.81%	2.04%	0.30%
2007	2.04%	1.28%	1.45%	3.74%	4.95%	1.21%	0.65%	-2.62%	1.76%	2.36%	-0.02%	-1.34%	16.36%
2006					1.53%	6.54%	-0.06%	0.32%	-0.22%	3.65%	5.50%	8.72%	28.67%

#### Platforms

AMP: North, PortfolioCare (incl. eWrap), Wealthview, PPS	Hub 24
Asgard: MasterFund, eWrap, Infinity	Macquarie Wrap: IDPS, Super
BT Wrap	Netwealth Wrap Services
CFS: FirstChoice, FirstWrap	Oasis: Dominion, Superior Wealth, Wealthtrac
Credit Suisse (HSBC)	UBS
Federation Managed Accounts	

#### How to invest

The Fund is open to investors directly via the PDS, available on our [website](#), or via a range of platforms.

#### Contact details

For more information, contact Client Services on 1800 895 388, or visit [kardiniacapital.com.au](http://kardiniacapital.com.au)

#### Notes:

- Kardinia Capital is an investment manager that invests solely in Australian and New Zealand securities.
- The Bennelong Kardinia Absolute Return Fund (Fund) was launched on 1 May 2006 by another trustee. Bennelong Funds Management Ltd (Bennelong) assumed responsibility as replacement trustee on 16 August 2011. Performance information prior to 16 August 2011 relates to the previous trustee. Mark Burgess and Kristiaan Rehder were employed by the previous trustee and became employees of Kardinia Capital Pty Limited (Kardinia), which has been engaged by Bennelong to manage the Fund, in August 2011. Kardinia intends to apply the same investment philosophy and strategy in respect of the Fund. Past performance is not a reliable indicator of future performance.
- Valuations are computed and stated in Australian dollars and are provided by independent service provider, Custom House Fund Services (Australia) Pty Limited (Custom House).
- Performance results are presented net of all transaction costs, investment management and performance fees and all other costs incurred by the Fund. Performance is the total return of the fund (assuming re-investment of distributions) and is quoted based on hard-close unit prices, without including the impact of buy/sell spreads.
- The Fund's benchmark is the RBA cash rate. Since inception annualised compound return is 11.29%; annualised compound benchmark return is 4.06%.
- A complete and detailed list of performance results including a presentation is available upon request.
- Please note that performance data for the Fund is historical data based on the main series using a monthly unit pricing methodology. For those who are invested in the daily series please contact Client Services (1800 895 388 or [client.services@bennelongfunds.com](mailto:client.services@bennelongfunds.com)) to request your performance history.

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