

# Bennelong Kardinia Absolute Return Fund

## Monthly performance report

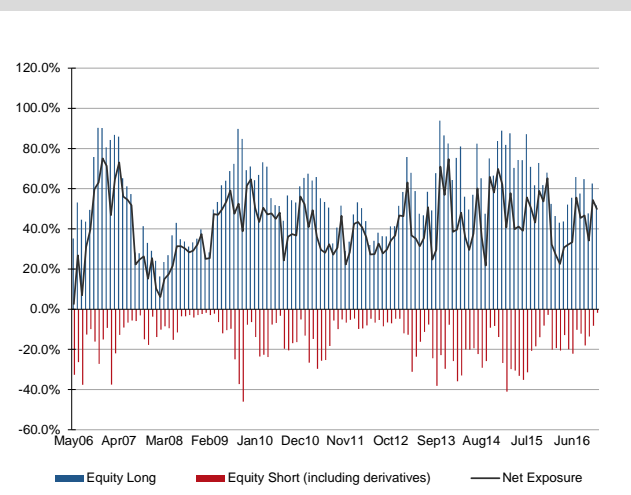
As at 31 December 2016

### Fund at a glance

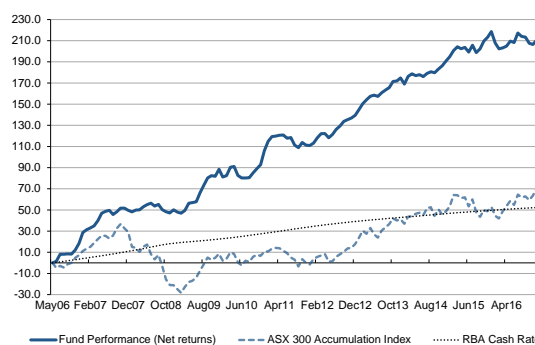
Fund facts	
Strategy	Long-short Australian equity
Process	Fundamental stock selection based on analysis of the macroeconomic environment, company and operating environment, quality of management and valuation
Objective	To achieve double digit annual rates of return through an investment cycle, with an overarching philosophy of capital protection
FUM	AUD 336.9 million
Inception date	1 May 2006
Unit price: daily series	1.1965
Unit price: monthly series	1.4144
Fund managers	Mark Burgess, CFA® Kristiaan Rehder, CFA®
Annualised return	11.22%
Return since inception	210.85%
Annualised standard deviation	7.24%
Sharpe ratio (RFR=RBA cash)	1.00
Percentage of positive months	71.09%

### Fund in review

#### Portfolio exposure analysis



### Fund performance



Timeframe	Fund return	Benchmark	Value added
1 month	1.45%	0.13%	1.32%
3 months	(0.80%)	0.38%	(1.18%)
6 months	0.87%	0.78%	0.09%
1 year	(2.44%)	1.75%	(4.19%)
3 years p.a.	4.19%	2.13%	2.05%
5 years p.a.	8.06%	2.58%	5.47%
Since inception p.a.	11.22%	4.02%	7.20%

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

Global equity markets continued the 'Trump rally' in December, with both the S&P500 Index and the FTSE 100 Index hitting record highs. The Australian S&P/ASX 300 Accumulation Index rose 4.34%, outperforming global markets despite Australian GDP falling a worse than expected 0.5%, the first fall since 1Q 2011. Global economic data was generally positive with key manufacturing indices in the US, China and the Eurozone remaining above 50. The US Federal Reserve raised rates by 25bp as widely expected, whilst the European Central Bank reduced but extended its stimulus program.

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The Australian dollar continued to weaken (down 1.5 cents to US\$0.724) impacted by a surging US Dollar. Iron ore rallied US\$5.50 to US\$80 and oil was up US\$6.35 to US\$57 after OPEC and non-OPEC producers agreed to cut production for the first time since 2001. Gold continued to fall (-US\$32 to US\$1,146). Sector rallies were broad based and led by Utilities (+8.7%), REITs (+6.8%) and Energy (+6.1%), whilst Telcos (+0.4%), Health Care (+0.9%) and Consumer Staples (+1.8%) lagged. Large caps continued their recent trend of outperformance against small caps.

The Bennelong Kardinia Absolute Return Fund rose 1.45% in December. ANZ Bank, National Australia Bank, and Commonwealth Bank were the largest positive contributors to performance whilst Shaver Shop, HUB 24 and a short position in Duet were the largest detractors. Net equity market exposure (including derivatives) was reduced by the end of the month to 49.9% (52.5% long and 2.6% 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%	-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%
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:

1. Kardinia Capital is an investment manager that invests solely in Australian and New Zealand securities.
2. 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.
3. Valuations are computed and stated in Australian dollars and are provided by independent service provider, Custom House Fund Services (Australia) Pty Limited (Custom House).
4. 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.
5. The Fund's benchmark is the RBA cash rate. Since inception annualised compound return is 11.22%; annualised compound benchmark return is 4.02%.
6. A complete and detailed list of performance results including a presentation is available upon request.
7. 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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