



Bennelong Long Short Equity Fund

Monthly Performance Update

As at 30 November 2017

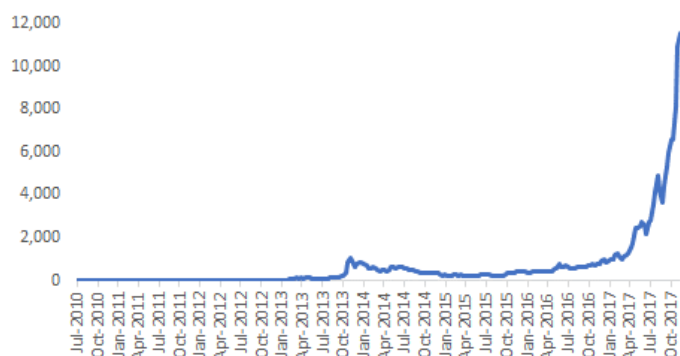
Market Commentary

Share markets were mixed during November. While the US market managed yet another solid gain of +2.8% (S&P 500 Index), the UK market was down (FTSE 100 Index -2.2%) and so was the rest of Europe (MSCI Europe Index -2.2%) with all the major bourses selling off over the first two weeks, then tracking sideways. Asia witnessed gains in Japan (Nikkei Index +3.2%) and Hong Kong (Hang Seng Index +3.3%) whereas China (Shanghai Composite Index -2.2%) and Korea (Korea 200 Index -2.5%) declined.

The Australian share market managed a rise of +1.0% (ASX/S&P 200 Index) despite a notable sell-off across the banks and a fall in Telstra. The rest of the market was solid with REITs and Utilities helped by a rally in government bonds (the Aussie 10-year yield fell from 2.67% to 2.50%), the energy sector rallied on a firmer oil price (Crude +6%) and corporate activity, and various other companies with offshore earnings exposure received a boost from a weaker Australian dollar (down -1% vs the US\$ and -3% vs the Euro and Pound).

As 2017 draws to a close, share markets have had a good year with some indices up over 20% (e.g. Nasdaq, Nikkei). Such gains, however, are a pittance when measured against the gains seen in cryptocurrencies. Bitcoin, the most prominent digital currency (among hundreds of others), was originally priced at 1 cent (US) in 2010. At the time of writing, 1 bitcoin is worth US\$11,500. During 2017 alone Bitcoin has risen 12-fold. By comparison, it has taken the S&P 500 Index a little over 30 years to achieve an equivalent 12-fold increase.

Bitcoin in US\$



Portfolio Performance

The Fund returned -1.14%. While performance reflected an even spread of positive vs negative pairs, our top contributors to performance did not overcome our worst pair performers. These were: 1) long SEK / short NWS / short NEC, driven largely by a solid quarterly profit result from NWS; 2) long ALS / short AZJ following a slightly soft first-half earnings result from ALS Limited; and 3) long Aristocrat / short Tabcorp, driven mainly by a sell-off in Aristocrat following its full year result and announcement of a large acquisition in the on-line gaming market. The most notable positive pair was long Origin / short CTX / short AGL, with Origin buoyed by a higher oil price and further announced cost reductions at its APLNG project.

Fund statistics

Fund NAV A\$M	Month End	\$405.3
Gross exposure A\$M	Month End	\$1,972.1
Fund leverage (x NAV)	Month End*	4.9
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	12.3%
Fund volatility (annualised)	Rolling 12 months	13.1%
Positive months %	Rolling 6 months	50%
Positive months %	Since inception	65%
Sharpe Ratio (basis RBA Cash)	Month	(1.4)
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	0.9
Long exposure	Month End	50.3%
Short exposure	Month End	-49.7%
Fund performance (composite)	Since inception	\$10.96
	\$1.00	

*Gearing calculated subject to variations in accruals

Significant Pairs

Top spread for the month

Long	Origin Energy (ORG)	Short	Caltex (CTX) / AGL Energy (AGL)
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Bottom spreads for the month

Long	Seek (SEK)	Short	News Corp (NWS) / Nine Entertainment (NEC)
Long	ALS (ALQ)	Short	Aurizon (AZJ)
Long	Aristocrat Leisure (ALL)	Short	Tabcorp (TAH)

Performance

1 month	-1.14%
3 months	8.12%
Fiscal YTD	-0.56%
12 months	13.91%
Since inception (compound p.a.)	16.33%



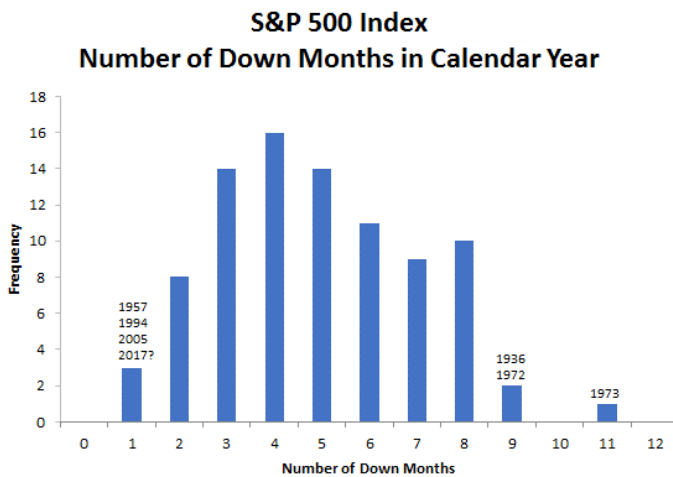
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Outlook

As we approach the end of 2017, the S&P 500 has gained every single month from start to finish, except in March when the index declined -0.04%. As shown in the below chart, this is a very rare occurrence. Specifically, in only three calendar years of the entire history of the S&P 500 Index (which commenced in 1923) has the index featured just one of the calendar months closing below its opening value, with the other eleven months closing higher. These years were 1957, 1994 and 2005. At the other end of the spectrum have been years such as 1973 in which the S&P 500 declined every month of the year bar one (October +16.3%) – also a very rare occurrence. Most commonly the index in any calendar year will experience at least three and up to six months in which there is a calendar month decline, which simply means the market exhibits short term volatility. Hence for the index this year to have steadily increased each sequential month is consistent with other data showing a lack of volatility in the overall market (e.g. the VIX Index).





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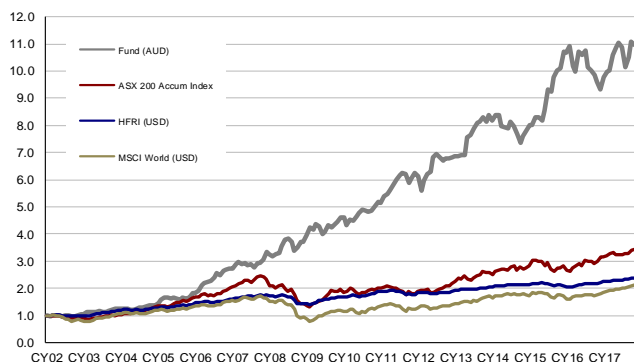
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Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2017	4.95%	2.07%	0.29%	5.84%	2.86%	1.20%	-1.42%	-6.70%	3.88%	5.29%	-1.14%		17.70%
2016	-0.29%	2.37%	-6.73%	-2.30%	7.58%	-1.04%	1.46%	-5.90%	-1.06%	-1.76%	-2.24%	-3.23%	-13.07%
2015	2.66%	0.05%	3.59%	0.03%	-1.91%	4.86%	8.85%	-0.69%	5.71%	2.54%	0.65%	6.22%	37.11%
2014	-2.32%	2.50%	0.16%	-4.97%	-0.80%	-0.44%	3.04%	-1.56%	-3.59%	-4.33%	3.12%	2.83%	-6.63%
2013	0.46%	-0.28%	0.69%	0.01%	9.49%	1.10%	3.52%	2.27%	0.83%	1.88%	-1.80%	2.68%	22.48%
2012	-2.04%	-8.43%	6.35%	4.22%	1.19%	8.47%	1.57%	-1.61%	-2.00%	1.69%	-0.41%	0.89%	9.20%
2011	-0.59%	4.39%	1.85%	2.34%	3.09%	4.12%	2.12%	1.91%	-1.25%	-5.06%	3.09%	3.27%	20.60%
2010	0.25%	-6.16%	4.77%	-1.10%	3.24%	2.84%	2.90%	-0.96%	-0.98%	1.23%	2.87%	3.65%	12.71%
2009	5.69%	7.88%	-1.72%	4.26%	-1.24%	-7.16%	2.24%	5.61%	-1.14%	2.65%	1.71%	3.57%	23.64%
2008	-2.10%	-2.82%	3.40%	1.06%	7.07%	7.36%	1.16%	-3.57%	-8.98%	3.78%	5.78%	0.49%	11.95%
2007	0.55%	5.42%	3.62%	-3.12%	0.92%	-2.90%	1.70%	-3.72%	5.63%	-0.22%	4.41%	9.04%	22.51%
2006	1.24%	4.76%	10.16%	2.90%	2.58%	0.95%	5.57%	7.67%	-2.62%	5.22%	2.01%	1.35%	49.91%
2005	6.29%	7.29%	5.01%	-0.49%	-0.27%	1.81%	-2.87%	-1.51%	4.10%	-2.33%	2.88%	8.73%	31.64%
2004	0.19%	0.16%	0.49%	-3.41%	0.78%	2.60%	4.36%	-0.80%	3.22%	1.42%	-0.29%	1.61%	10.59%
2003	2.34%	6.21%	-0.44%	0.61%	0.82%	3.00%	-1.93%	-0.99%	2.01%	4.85%	3.78%	-1.27%	20.33%

Note: The returns highlighted in bold are net returns of the Bennelong Long Short Equity Fund (pre tax) *Composite pro forma CY08. The returns not bolded are "pro forma" net returns of the Bennelong Securities Long Short Equity Fund (Managed Account) (pre tax) Jan 03 to Jun 08

Performance Since Inception



Note: Composite Index comprising Bennelong Securities Long Short Equity Fund (Managed Account) Feb 02 to Jun 08 & Bennelong Long Short Equity Fund from Jul 08

Fund Summary

Strategy	Market Neutral, Pairs	Domicile	Australia
Manager	Bennelong Long Short Equity Management Pty Ltd	AUM	A\$693.0m
Status	Soft-close	Currency	AUD
Inception Date	February 2002		

The Fund is managed by Bennelong Long Short Equity Management Pty Limited, a Bennelong Funds Management boutique.

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