



# Bennelong Long Short Equity Fund

## Monthly Performance Update

As at 31 January 2018

### Portfolio Performance

The Fund returned +1.51% for January. The majority of pairs were profitable. Performance was positive despite the headwind of a very strong \$A/\$US. The fund is net long \$US exposed companies and in the short-term currency swings can influence performance. In the long run company fundamentals overwhelm currency.

In a quiet month for company news the most notable was a very strong quarterly profit update from Resmed which contributed to our long Resmed / short Ansell pair being amongst our strongest pairs. Long JB Hi-Fi / short Super Retail was also amongst our strongest pairs on industry feedback that some retailers had experienced better Christmas sales than feared. The pair has been profitable over twelve months, particularly since Amazon announced it will start a local business. Long BlueScope Steel / short Sims Metal was our weakest pair following recent months of strong positive contribution.

### Market Observations

After capping off a strong 2017, world share markets started 2018 with some of the strongest January gains seen in years.

January Index Price Return	S&P 500	Nasdaq Composite	MSCI Europe	MSCI Asia ex Japan	Nikkei	S&P/ASX 200
2007	1.4%	2.0%	2.0%	-1.3%	0.9%	1.8%
2008	-6.1%	-9.9%	-11.6%	-14.0%	-11.2%	-10.9%
2009	-8.6%	-6.4%	-3.6%	-5.6%	-9.8%	-4.9%
2010	-3.7%	-5.4%	-2.9%	-6.1%	-3.3%	-6.2%
2011	2.3%	1.8%	1.6%	-1.1%	0.1%	0.2%
2012	4.4%	8.0%	3.7%	10.7%	4.1%	5.1%
2013	5.0%	4.1%	2.7%	1.6%	7.2%	4.9%
2014	-3.6%	-1.7%	-1.8%	-5.1%	-8.5%	-3.0%
2015	-3.1%	-2.1%	7.2%	2.5%	1.3%	3.3%
2016	-5.1%	-7.9%	-6.3%	-7.7%	-8.0%	-5.5%
2017	1.8%	4.3%	-0.4%	6.2%	-0.4%	-0.8%
2018	5.6%	7.4%	1.6%	7.5%	1.5%	-0.5%

Source: Bloomberg

The exception to this was Australia where the S&P/ASX 200 Index fell -0.5%. While the local market started the month well and held up alongside overseas markets, on-going weakness in the \$US (in turn pushing up the \$A) alongside a marked increase in long-term government yields weighed on several sectors of the market.

Overall, the picture of the Australian market lagging the performance of offshore markets continues the recent trend and is in large part a reflection of the composition of our market. The chart on the next page shows returns since the GFC and displays a trend which has accelerated recently.

### Fund statistics

Fund NAV A\$M	Month End	\$423.8
Gross exposure A\$M	Month End	\$1,991.9
Fund leverage (x NAV)	Month End*	4.6
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	15.9%
Fund volatility (annualised)	Rolling 12 months	11.8%
Positive months %	Rolling 6 months	67%
Positive months %	Since inception	66%
Sharpe Ratio (basis RBA Cash)	Month	1.3
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	1.3
Long exposure	Month End	50.6%
Short exposure	Month End	-49.4%
Fund performance (composite)	Since inception \$1.00	\$11.45

\*Gearing calculated subject to variations in accruals

### Significant Pairs

#### Top spreads for the month

Long	JB Hi-Fi (JBH)	Short	Super Retail (SUL)
Long	Resmed (RMD)	Short	Ansell (ANN)
Long	Xero (XRO)	Short	MYOB (MYO)

#### Bottom spreads for the month

Long	BlueScope Steel (BSL)	Short	Sims Metal (SGM)
Long	James Hardie (JHX)	Short	CSR Ltd (CSR)
Long	Qantas Airways (QAN)	Short	Flight Centre (FLT)

### Performance

1 month	1.51%
3 months	3.26%
Fiscal YTD	3.87%
12 months	17.15%
Since inception (compound p.a.)	16.46%

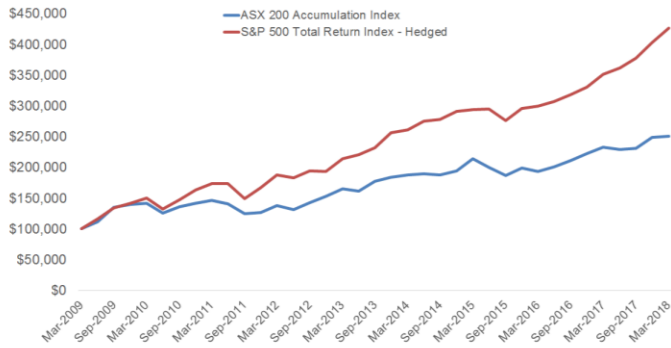


# Bennelong Long Short Equity Fund

## Monthly Performance Update

As at 31 January 2018

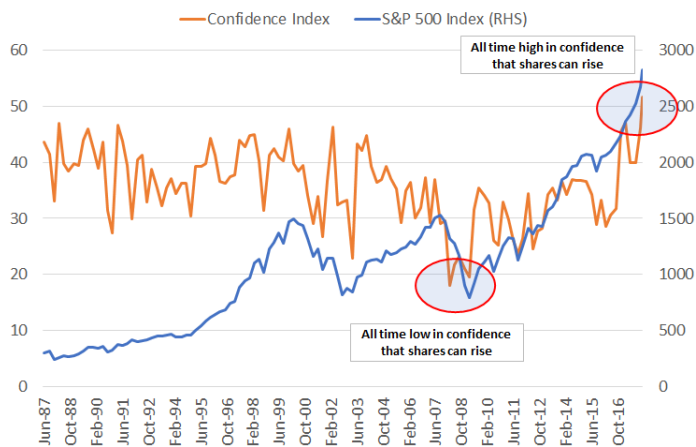
Australia vs US: Total Return Comparison (in A\$)  
31 March 2009 to 31 January 2018



Source: Bloomberg

We note the US share market is not the only thing hitting an all-time high. In January the US Conference Board Share Market Confidence Index (a long-running survey of 3,000 US households asking their confidence about a rise in the US share market over the coming 12 months) reached a record high.

USA - Share Market Confidence Index





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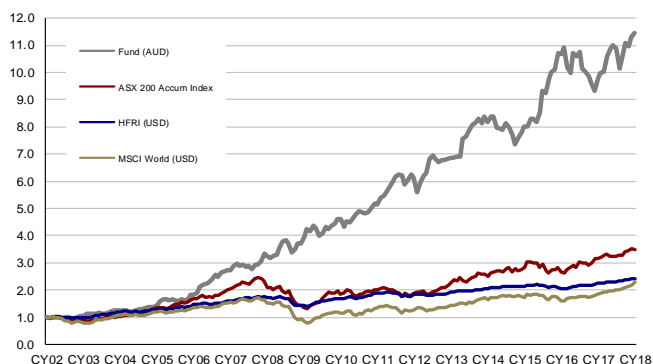
As at 31 January 2018

### Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
<b>2018</b>	<b>1.51%</b>												<b>1.51%</b>
<b>2017</b>	<b>4.95%</b>	<b>2.07%</b>	<b>0.29%</b>	<b>5.84%</b>	<b>2.86%</b>	<b>1.20%</b>	<b>-1.42%</b>	<b>-6.70%</b>	<b>3.88%</b>	<b>5.29%</b>	<b>-1.14%</b>	<b>2.90%</b>	<b>21.12%</b>
<b>2016</b>	<b>-0.29%</b>	<b>2.37%</b>	<b>-6.73%</b>	<b>-2.30%</b>	<b>7.58%</b>	<b>-1.04%</b>	<b>1.46%</b>	<b>-5.90%</b>	<b>-1.06%</b>	<b>-1.76%</b>	<b>-2.24%</b>	<b>-3.23%</b>	<b>-13.07%</b>
<b>2015</b>	<b>2.66%</b>	<b>0.05%</b>	<b>3.59%</b>	<b>0.03%</b>	<b>-1.91%</b>	<b>4.86%</b>	<b>8.85%</b>	<b>-0.69%</b>	<b>5.71%</b>	<b>2.54%</b>	<b>0.65%</b>	<b>6.22%</b>	<b>37.11%</b>
<b>2014</b>	<b>-2.32%</b>	<b>2.50%</b>	<b>0.16%</b>	<b>-4.97%</b>	<b>-0.80%</b>	<b>-0.44%</b>	<b>3.04%</b>	<b>-1.56%</b>	<b>-3.59%</b>	<b>-4.33%</b>	<b>3.12%</b>	<b>2.83%</b>	<b>-6.63%</b>
<b>2013</b>	<b>0.46%</b>	<b>-0.28%</b>	<b>0.69%</b>	<b>0.01%</b>	<b>9.49%</b>	<b>1.10%</b>	<b>3.52%</b>	<b>2.27%</b>	<b>0.83%</b>	<b>1.88%</b>	<b>-1.80%</b>	<b>2.68%</b>	<b>22.48%</b>
<b>2012</b>	<b>-2.04%</b>	<b>-8.43%</b>	<b>6.35%</b>	<b>4.22%</b>	<b>1.19%</b>	<b>8.47%</b>	<b>1.57%</b>	<b>-1.61%</b>	<b>-2.00%</b>	<b>1.69%</b>	<b>-0.41%</b>	<b>0.89%</b>	<b>9.20%</b>
<b>2011</b>	<b>-0.59%</b>	<b>4.39%</b>	<b>1.85%</b>	<b>2.34%</b>	<b>3.09%</b>	<b>4.12%</b>	<b>2.12%</b>	<b>1.91%</b>	<b>-1.25%</b>	<b>-5.06%</b>	<b>3.09%</b>	<b>3.27%</b>	<b>20.60%</b>
<b>2010</b>	<b>0.25%</b>	<b>-6.16%</b>	<b>4.77%</b>	<b>-1.10%</b>	<b>3.24%</b>	<b>2.84%</b>	<b>2.90%</b>	<b>-0.96%</b>	<b>-0.98%</b>	<b>1.23%</b>	<b>2.87%</b>	<b>3.65%</b>	<b>12.71%</b>
<b>2009</b>	<b>5.69%</b>	<b>7.88%</b>	<b>-1.72%</b>	<b>4.26%</b>	<b>-1.24%</b>	<b>-7.16%</b>	<b>2.24%</b>	<b>5.61%</b>	<b>-1.14%</b>	<b>2.65%</b>	<b>1.71%</b>	<b>3.57%</b>	<b>23.64%</b>
<b>2008</b>	<b>-2.10%</b>	<b>-2.82%</b>	<b>3.40%</b>	<b>1.06%</b>	<b>7.07%</b>	<b>7.36%</b>	<b>1.16%</b>	<b>-3.57%</b>	<b>-8.98%</b>	<b>3.78%</b>	<b>5.78%</b>	<b>0.49%</b>	<b>11.95%</b>
<b>2007</b>	<b>0.55%</b>	<b>5.42%</b>	<b>3.62%</b>	<b>-3.12%</b>	<b>0.92%</b>	<b>-2.90%</b>	<b>1.70%</b>	<b>-3.72%</b>	<b>5.63%</b>	<b>-0.22%</b>	<b>4.41%</b>	<b>9.04%</b>	<b>22.51%</b>
<b>2006</b>	<b>1.24%</b>	<b>4.76%</b>	<b>10.16%</b>	<b>2.90%</b>	<b>2.58%</b>	<b>0.95%</b>	<b>5.57%</b>	<b>7.67%</b>	<b>-2.62%</b>	<b>5.22%</b>	<b>2.01%</b>	<b>1.35%</b>	<b>49.91%</b>
<b>2005</b>	<b>6.29%</b>	<b>7.29%</b>	<b>5.01%</b>	<b>-0.49%</b>	<b>-0.27%</b>	<b>1.81%</b>	<b>-2.87%</b>	<b>-1.51%</b>	<b>4.10%</b>	<b>-2.33%</b>	<b>2.88%</b>	<b>8.73%</b>	<b>31.64%</b>
<b>2004</b>	<b>0.19%</b>	<b>0.16%</b>	<b>0.49%</b>	<b>-3.41%</b>	<b>0.78%</b>	<b>2.60%</b>	<b>4.36%</b>	<b>-0.80%</b>	<b>3.22%</b>	<b>1.42%</b>	<b>-0.29%</b>	<b>1.61%</b>	<b>10.59%</b>
<b>2003</b>	<b>2.34%</b>	<b>6.21%</b>	<b>-0.44%</b>	<b>0.61%</b>	<b>0.82%</b>	<b>3.00%</b>	<b>-1.93%</b>	<b>-0.99%</b>	<b>2.01%</b>	<b>4.85%</b>	<b>3.78%</b>	<b>-1.27%</b>	<b>20.33%</b>

**Note:** The returns highlighted in bold are net returns of the Bennelong Long Short Equity Fund (pretax) \*Composite pro forma CY08. The returns not bolded are "pro forma" net returns of the Bennelong Securities Long Short Equity Fund (Managed Account) (pretax) 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			
<b>Strategy</b>	Market Neutral, Pairs	<b>Domicile</b>	Australia
<b>Manager</b>	Bennelong Long Short Equity Management Pty Ltd	<b>AUM</b>	\$A\$727.0m
<b>Status</b>	Soft-close	<b>Currency</b>	AUD
<b>Inception Date</b>	February 2002		

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

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