Bennelong Long Short Equity Fund

Monthly Performance Update

As at 31 March 2018

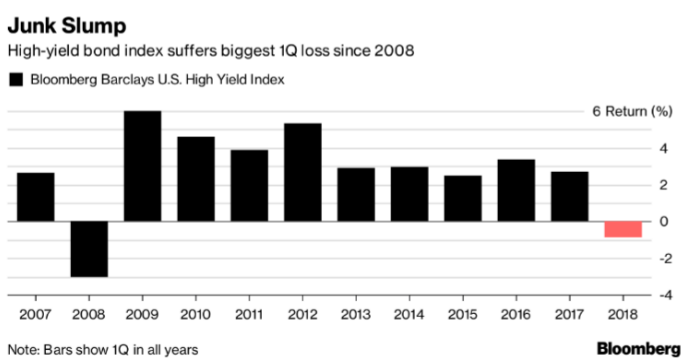
Portfolio Performance

The Fund delivered a steady performance over March with a return of +0.83%. In a weak share market, the Fund's positive return came from the short portfolio's contribution. However, the long portfolio also outperformed the market with several positions defying the market trend and closing higher. Portfolio performance broadly reflected trends set by reporting season. In terms of pairs, our strongest contribution came from long Macquarie / short Bendigo with the latter weak following a soft interim result, and leading into the commencement of the Royal Commission into the banking sector. Long ALS Limited / short Aurizon also contributed strongly with Aurizon weighed down by concerns over the regulatory outlook for the rail network business. On the negative side long Crown / short SkyCity was our weakest pair with SkyCity up modestly in a declining market. Contribution from our negative pairs was minimal.

Market Observations

World share markets continued to run into profit taking and a risk reassessment during the month, fuelled partly by global trade tensions. Most markets saw declines of -2% to -4% (US S&P 500 Index -2.7%, MSCI Europe -2.4%, Japan Nikkei Index -4.1%, MSCI Asia ex Japan -1.8%), and when combined with the sell-off in February, now means all the major offshore indices are under water over the calendar year to date. The same goes for Australia which, despite having significantly lagged the strength seen in offshore markets over January (not to mention longer periods), still declined a heavy -4.3% in March (S&P/ASX 200 Index) and -5.0% for the quarter, its worst three-month start to a calendar year in a decade. The weakness in the local market during the month was broad-based with all sectors down except the REITs sector which closed flat.

As evidence of markets taking a different attitude to risk as conditions change (most notably the end of very loose monetary policy settings, and perhaps also heightened geopolitical tensions), the below chart (courtesy of Bloomberg) shows that the US high yield bond market had its worst first quarter total return (i.e. yield plus capital gain) since the GFC.



Fund statistics		
Fund NAV A$M	Month End	$427.2
Gross exposure A$M	Month End	$1,952.8
Fund leverage (x NAV)	Month End*	4.5
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	13.0%
Fund volatility (annualised)	Rolling 12 months	11.9%
Positive months %	Rolling 6 months	67%
Positive months %	Since inception	65%
Sharpe Ratio (basis RBA Cash)	Month	0.8
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	1.1
Long exposure	Month End	51.0%
Short exposure	Month End	-49.0%
Fund performance (composite)	Since inception $1.00	$11.48

*Gearing calculated subject to variations in accruals

Significant Pairs

Top spreads for the month			
Long	Macquarie (MQG)	Short	Bendigo Bank (BEN)
Long	ALS Limited (ALQ)	Short	Aurizon (AZJ)

Bottom spread for the month			
Long	Crown (CWN)	Short	SkyCity (SKC)

Performance	
1 month	0.83%
3 months	1.76%
Fiscal YTD	4.13%
12 months	14.73%
Since inception (compound p.a.)	16.29%

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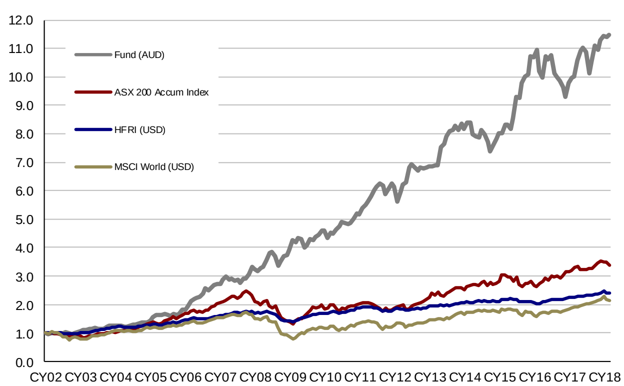
Calendar year performance

%change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2018	**1.51%**	**-0.58%**	**0.83%**										**1.76%**
2017	**4.95%**	**2.07%**	**0.29%**	**5.84%**	**2.86%**	**1.20%**	**-1.42%**	**-6.70%**	**3.88%**	**5.29%**	**-1.14%**	**2.90%**	**21.12%**
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 (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			
Strategy	Market Neutral, Pairs	**Domicile**	Australia
Manager	Bennelong Long Short Equity Management Pty Ltd	**AUM**	A$757.7m
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.