



# Bennelong Long Short Equity Fund

## Monthly Performance Update

As at 30 April 2019

### Portfolio Performance

The Fund achieved a modest positive return for the month. Fund volatility continued to settle down. At the sector level Consumer Discretionary was our strongest and Healthcare our weakest contributors, with both similar in magnitude. More than half our pairs were positive with both positive and negative pair returns generally muted, other than Long Magellan / short Perpetual which was the standout positive pair for the month. The pair's return has recently been dominated by Magellan, following a very strong financial result for the December half and continued strong monthly funds under management flows, following on from a period of excellent portfolio performance over the last year.

### Market Observations

April was another positive month for equities. In the US, the S&P 500 rallied +3.9% and the Nasdaq Composite was up +4.7%. In Europe the UK FTSE 100 Index rose +1.9%, France rallied +4.4% (CAC Index) and Germany surged +7.1% (DAX Index). Asian markets also maintained their momentum with Japan up +5.0% (Nikkei Index) and the MSCI Asia ex Japan Index up +1.8%. In Australia, the S&P/ASX 200 Index rose +2.3%, driven by a bounce in the banks and solid gains across the consumer and information technology sectors. Materials, REITs and Utilities posted modest declines in sympathy with strong gains over recent months.

Since the correction in share markets late last year, the subsequent rebound has seen several markets return to their recent peaks, most notably the US and Australia.

S&P 500 Index - Price Level



Source: Bloomberg

### Fund statistics

Fund NAV A\$M	Month End	\$383.9
Gross exposure A\$M	Month End	\$1,826.9
Fund leverage (x NAV)	Month End*	4.8
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	11.7%
Fund volatility (annualised)	Rolling 12 months	16.1%
Positive months %	Rolling 6 months	33%
Positive months %	Since inception	64%
Sharpe Ratio (basis RBA Cash)	Month	0.4
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	(0.4)
Long exposure	Month End	50.1%
Short exposure	Month End	-49.9%
Fund performance (composite)	Since inception	\$11.03
	\$1.00	

\*Gearing calculated subject to variations in accruals

### Significant Pairs

#### Top spreads for the month

Long	Magellan (MFG)	Short	Perpetual (PPT)
Long	Caltex (CTX)	Short	Viva Energy (VEA)

#### Bottom spreads for the month

Long	Ramsay Health Care (RHC)	Short	Healius (HLS)
Long	Challenger (CGF)	Short	IOOF (IFL) / ANZ Bank (ANZ)

### Performance

1 month	0.54%
3 months	-1.12%
Fiscal YTD	-10.07%
12 months	-5.72%
Since inception (compound p.a.)	14.93%



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**ASX 200 Index - Price Level**



Source: Bloomberg

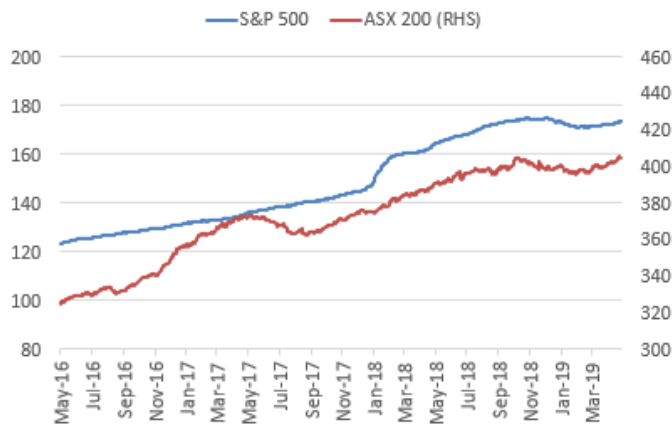
**12m Forward P/E Ratio**



Source: Bloomberg

To see markets back at or close to their recent highs, a natural curiosity is whether the rally is being backed up by earnings delivery. That is, are company earnings growing to help share markets along, or have gains simply reflected valuation change? The answer would appear to be a bit of both, as shown in the next two charts. The first chart is earnings (specifically, 12-month forward earnings per share) where you can see for both the US and Australia that earnings did in fact dip a little in late 2018 / early 2019 and have now started trending upwards again. Such moves, small as they are, do align with movements in share prices. The majority of the recent share price rally, however, is explained by valuation change, as seen by the recovery in price-earnings (P/E) ratios (see second chart). Of note to the P/E chart below is that valuations have now recovered to the levels prevailing before the late 2018 sell-off. Thus, to be back at prior elevated levels would suggest that the easy wins are over and it's now up to earnings to do more of the lifting to drive further share price gains.

**12m Forward EPS**



Source: Bloomberg





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## Monthly Performance Update

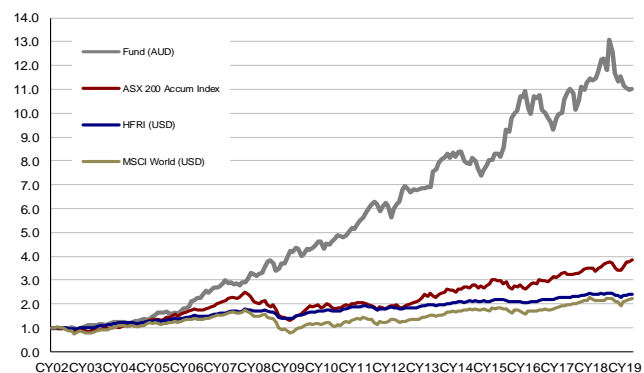
As at 30 April 2019

### Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
<b>2019</b>	<b>-3.49%</b>	<b>-0.82%</b>	<b>-0.84%</b>	<b>0.54%</b>									<b>-4.58%</b>
<b>2018</b>	<b>1.51%</b>	<b>-0.58%</b>	<b>0.83%</b>	<b>1.96%</b>	<b>4.75%</b>	<b>0.08%</b>	<b>-3.64%</b>	<b>10.59%</b>	<b>-3.85%</b>	<b>-7.05%</b>	<b>-3.07%</b>	<b>2.09%</b>	<b>2.51%</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

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

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### 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\$727.4m
<b>Status</b>	Soft-close	<b>Currency</b>	AUD
<b>Inception Date</b>	February 2002		