



Bennelong Long Short Equity Fund

Monthly Performance Update

As at 30 June 2019

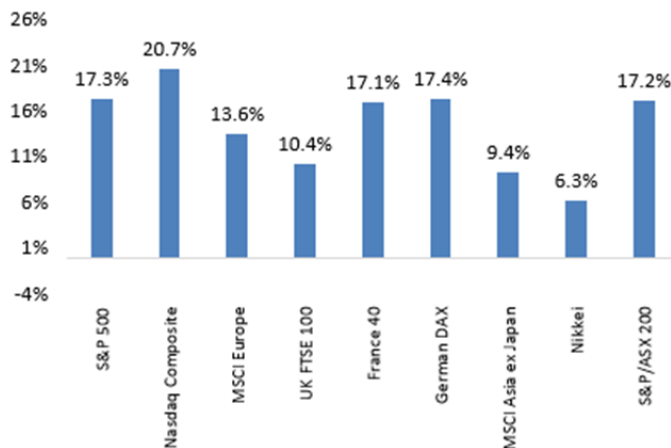
Portfolio Performance

June was a better month for the fund with a return of +3%. During May, we saw net improved fundamental news flow across the portfolio and this was a factor in the performance this month. At the sector level, Consumer Discretionary was the strongest, followed by Industrials, whilst Information Technology and Energy were the weakest. The number of positive pairs exceeded the number of negative pairs in June. At the pair level, long Woolworths / short Metcash was the strongest pair after Metcash announced its full-year result which disappointed due to further weakness in its wholesale grocery business. Long Magellan / short Perpetual was also a solid contributor following consensus earnings upgrades to Magellan after strong fund performance. The weakest pair for the month was long Link Administration / short Computershare following Link downgrading earnings. Link has seen a slow-down in their UK businesses due to Brexit uncertainty and increased cost within their Australian fund administration business. Long Challenger / short IOOF / short AMP was also a negative contributor following Challenger lowering its earnings outlook due to lower interest rates and increased headwinds in the retail advisor channel post the Hayne Royal Commission.

Market Observations

Equity markets rallied sharply across the globe in June, principally in response to central bank communication on monetary policy. Powell of the US Fed notably mentioned the potential to cut rates should a trade related global slowdown impact US growth. Separately Draghi said the ECB stood ready with QE and interest rate policy measures if the economic situation deteriorates further. This dovish commentary led to an unusual rally in nearly every asset class from bonds and equities to gold. The yields on 10-year Government paper is now negative in a number of markets, including Japan, Germany, Switzerland and the Netherlands, while the US 10-year has moved down 50bp in a couple of months and fell 12bp in June to 2.01%. Elsewhere, gold rallied 8% to US\$1409.45, a level not seen in nearly 6 years. The moves in most of the leading global equity benchmarks recovered the majority of the falls experienced in May, to finish a very strong first half of the year.

Share Price Index Returns - 6 Months to 30 Jun 2019



Source: Bloomberg

Fund statistics

Fund NAV A\$M	Month End	\$375.2
Gross exposure A\$M	Month End	\$1,688.5
Fund leverage (x NAV)	Month End*	4.5
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	12.5%
Fund volatility (annualised)	Rolling 12 months	15.7%
Positive months %	Rolling 6 months	33%
Positive months %	Since inception	64%
Sharpe Ratio (basis RBA Cash)	Month	2.8
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	(0.7)
Long exposure	Month End	50.6%
Short exposure	Month End	-49.4%
Fund performance (composite)	Since inception \$1.00	\$11.08

*Gearing calculated subject to variations in accruals

Significant Pairs

Top spreads for the month

Long	Woolworths (WOW)	Short	Metcash (MTS)
Long	Magellan (MFG)	Short	Perpetual (PPT)

Bottom spreads for the month

Long	Link Administration (LNK)	Short	Computershare (CPU)
Long	Challenger (CGF)	Short	IOOF (IFL) / AMP (AMP)

Performance

1 month	3.00%
3 months	0.95%
Fiscal YTD	-9.70%
12 months	-9.70%
Since inception (compound p.a.)	14.81%





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The moves by central bankers to support activity with policy measures is in response to a weakening in leading indicators in recent times as can be seen from the heat map of global PMIs produced by JP Morgan's economics research team.

GLOBAL VIEW	Current	06-18	07-18	08-18	09-18	10-18	11-18	12-18	01-19	02-19	03-19	04-19	05-19
GLOBAL PMI & KEY SUB INDICES													
		All PMI components fell in May											
JPM Global PMI	51.2	54.2	53.7	53.4	52.8	52.9	53.1	52.7	52.1	52.6	52.8	52.1	51.2
Services	51.6	54.6	54.0	53.5	52.9	53.4	53.7	53.0	52.6	53.3	53.7	52.7	51.6
Manufacturing	49.8	52.9	52.7	52.5	52.1	52.0	51.9	51.4	50.8	50.6	50.5	50.4	49.8
Employment	51.6	52.7	52.5	52.4	52.7	52.5	52.0	51.9	51.6	52.5	51.7	51.8	51.6
New Orders	51.3	54.3	53.7	53.6	53.5	53.5	53.2	52.5	51.9	52.5	52.8	52.2	51.3
Output (Manu PMI)	50.1	53.2	52.9	53.2	52.3	51.8	51.8	51.9	50.8	50.6	50.3	50.6	50.1
Exports (Manu PMI)	49.0	50.4	50.2	50.2	49.7	49.8	49.7	49.7	49.4	49.0	48.9	49.0	49.0

Source: J.P. Morgan





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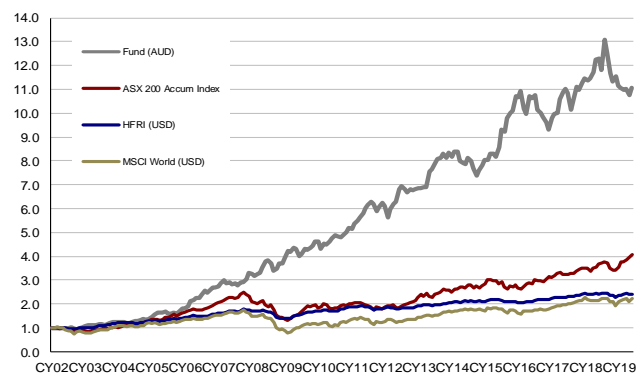
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Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2019	-3.49%	-0.82%	-0.84%	0.54%	-2.52%	3.00%							-4.19%
2018	1.51%	-0.58%	0.83%	1.96%	4.75%	0.08%	-3.64%	10.59%	-3.85%	-7.05%	-3.07%	2.09%	2.51%
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\$700.8m
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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