



Bennelong Long Short Equity Fund

Monthly Performance Update

As at 30 November 2019

Portfolio Performance

Portfolio performance for the month was 2.84%. The number of positive and negative pairs was equal, however none of the negative pairs made a significant return. The dominant sector contribution was Industrials, with Healthcare a distant second.

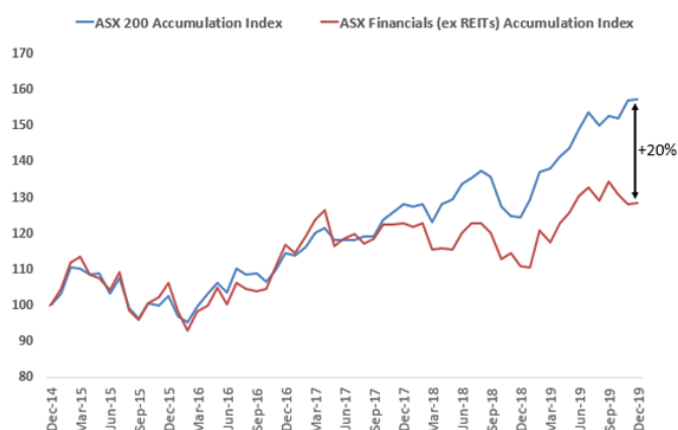
Our top pair was ALS (ALQ) / Aurizon (AZJ). ALS reported their September half result with the highlight improved and above forecast margins in the Life Sciences division. Our second-best pair was Qantas (QAN) / Flight Centre (FLT), with Qantas disclosing bullish long-term financial targets in their investor day presentation. Third best was Macquarie (MQG) / Bendigo Bank (BEN) with Macquarie reporting their September half result which was slightly ahead of estimates.

Market Observations

Share markets remained buoyant over the month as recent monetary policy stimulus looks here to stay given mixed economic data and continued lacklustre consumer price inflation globally. Technology shares were strongest over the month, as evidenced by the US Nasdaq index rising almost 5%. Technology shares also featured strongly in Australia with the sector up +11% and helping the overall market gain despite the drag of the banking sector which fell mid-single digits owing to poor earnings momentum, reduced dividends, and heightened governance concerns.

To be clear, the under-performance of the banking sector is far from a new trend. As shown in the below chart, since mid-2017 the ASX 200 Financials Index (made up mainly of the 4 major banks) has treaded water to be 20% behind the broader ASX 200 Index. For the Financials index to have not increased is to say that capital losses from the banks have wiped out return from dividends. Such an outcome is a reminder of the importance for the investor to frame the appeal of any stock in a total return context comprising capital growth and yield, rather than just yield.

ASX 200 vs ASX Financials (2015 to TODAY)



Source: Bloomberg

Fund statistics

Fund NAV A\$M	Month End	\$387.6
Gross exposure A\$M	Month End	\$1,816.4
Fund leverage (x NAV)	Month End*	4.6
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	13.8%
Fund volatility (annualised)	Rolling 12 months	13.1%
Positive months %	Rolling 6 months	83%
Positive months %	Since inception	64%
Sharpe Ratio (basis RBA Cash)	Month	3.0
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	1.0
Long exposure	Month End	50.8%
Short exposure	Month End	-49.2%
Fund performance (composite)	Since inception	\$13.01
	\$1.00	

*Gearing calculated subject to variations in accruals

Significant Pairs

Top spreads for the month

Long	ALS (ALQ)	Short	Aurizon (AZJ)
Long	Qantas Airways (QAN)	Short	Flight Centre (FLT)
Long	Macquarie (MQG)	Short	Bendigo Bank (BEN)

Performance

1 month	2.84%
3 months	12.66%
Fiscal YTD	17.44%
12 months	14.87%
Since inception (compound p.a.)	15.47%



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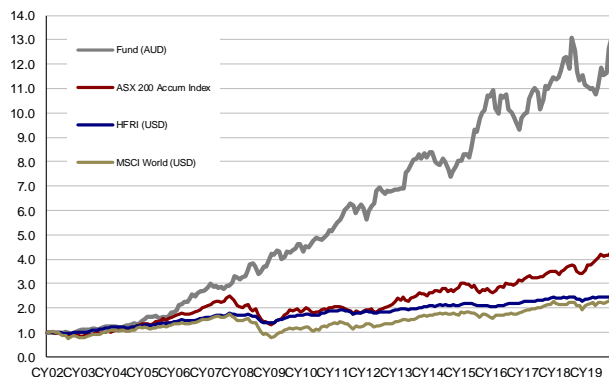
As at 30 November 2019

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%	6.92%	-2.51%	0.65%	8.84%	2.84%		12.52%
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\$714.9m
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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