

Bennelong Kardinia Absolute Return Fund

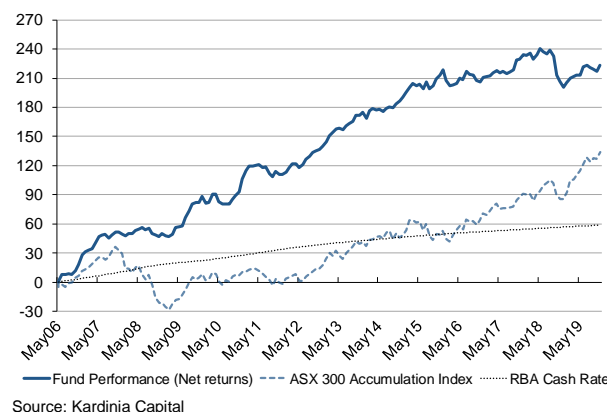
Monthly performance report

As at 30 November 2019

Fund at a glance

Fund facts	
Strategy	Long-short Australian equity
Process	Fundamental stock selection based on analysis of the macroeconomic environment, company and operating environment, quality of management and valuation
Objective	To achieve consistent positive returns through an investment cycle, with an overarching philosophy of capital protection
Strategy FUM	AUD 142.8 million
Inception date	1 May 2006
Unit price: daily series	1.1297
Unit price: monthly series	1.3303
Fund managers	Mark Burgess, CFA® Kristiaan Rehder, CFA®
Annualised return	9.03%
Total return since inception	223.66%
Annualised standard deviation	7.01%
Sharpe ratio (RFR=RBA cash)	0.80
Percentage of positive months since inception	68.71%

Fund performance

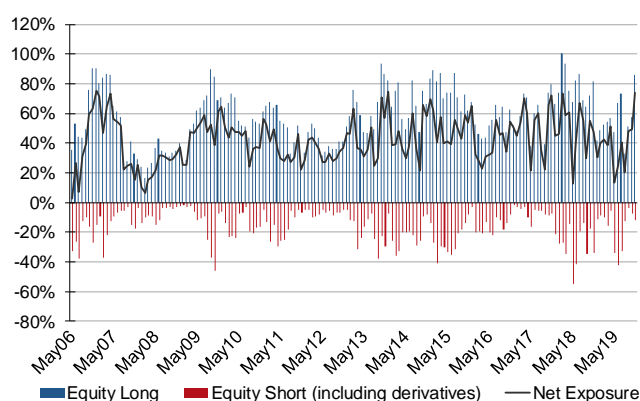


Timeframe	Fund return	Benchmark	Value added
1 month	2.04%	0.06%	1.98%
6 months	3.35%	0.49%	2.86%
1 year	5.56%	1.24%	4.33%
3 years p.a.	1.84%	1.42%	0.42%
5 years p.a.	2.48%	1.64%	0.84%
Since inception p.a.	9.03%	3.46%	5.57%

Note: Performance results are presented net of all transaction costs, investment management and performance fees and all other costs incurred by the Fund. Performance is the total return of the fund (assuming re-investment of distributions) and is quoted based on hard-close unit prices, without including the impact of buy/sell spreads. The benchmark is the RBA cash rate and the inception date is 1 May 2006.

Fund in review

Portfolio exposure analysis



Largest holdings	Sector	%
CSL	Health Care	5.6%
Commonwealth Bank	Financials	5.3%
James Hardie	Materials	5.0%
Rio Tinto	Materials	4.6%
BHP	Materials	4.6%
Macquarie Group	Financials	3.4%
EML Payments	Info Tech	3.1%
Aristocrat Leisure	Cons. Discretionary	3.0%
Goodman Group	Real Estate	3.0%
Pointsbet Holdings	Cons. Discretionary	2.6%

Bennelong Kardinia Absolute Return Fund

Monthly performance report

As at 30 November 2019

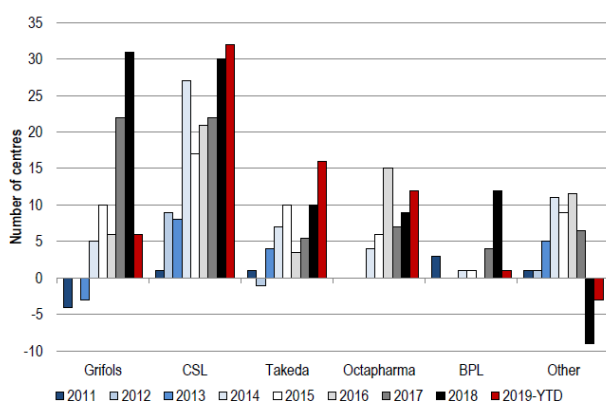
Market and fund commentary

The Bennelong Kardinia Absolute Return Fund returned +2.04% in November, with information technology and health care stocks the key drivers. This brings the calendar year to date return to +7.74%. Key contributors and detractors for the month were as follows:

Positive Contributors	Basis Points	Negative Contributors	Basis Points
EML Payments	+50	SPI Futures	-38
James Hardie	+48	Rhipe	-30
CSL	+47	Polynovo	-30
Pointsbet	+40	Nickel Mines	-25
Paradigm	+35	West African	-15

CSL was a key contributor this month and is our best performing stock for the calendar year to date. It is also the second oldest position in the fund. The stock's performance has been driven by strong growth in its immunoglobulins, albumin and plasma businesses where CSL has a leading global position and continues to take market share. Key to CSL's outperformance has been its strategy of investing in collection centres ahead of its competitors and high R&D/sales spend which continues to generate attractive returns. CSL has increased its US collection centre footprint by 110% in the past five years versus industry growth of 65%.

US collection centre additions



Source: FDA, Credit Suisse estimates

In contrast, Japanese competitor Takeda has recently completed the acquisition of Baxter/Shire and we believe the company is now focused on a cost out strategy to reduce gearing. We are meeting with Takeda shortly in order to confirm this view. One of the medium-term risks we are keeping a close eye on for CSL is the potential impact of gene therapy on the

company's haemophilia business. We recently attended a gene therapy panel at a conference where we heard from an industry expert about the potential risks to CSL's factor VIII and IX products from gene therapy and came away comfortable that this presents limited risk to CSL over the short to medium term.

Polynovo, which manufactures a biodegradable wound dressing to treat full thickness wounds and burns, was a key detractor this month. We first bought the stock at \$0.75 (currently \$1.79) when broker coverage was low after meeting with management on several occasions and conducting a site tour of the manufacturing facility in Port Melbourne. The product, which was developed by the CSIRO, appears to be having good patient outcomes with fewer infections, lower re-treatment and better aesthetics than incumbent products. This is supported by clinical papers presented to the American Burns Association as well as contracts with the US Department of Defence and major burns hospitals. Feedback from discussions with two surgeons during the year confirmed the potential for significant market share gains against key US incumbent Integra LifeSciences.

The company is net cash and its regulatory trials are largely funded by its partners (including the US Biomedical Advanced Research and Development Authority). Despite this, the stock's valuation had recently become stretched (trading on an EV/sales ratio of >60x) and the stock was sold off, breaching our 15% monthly stock loss limit. The monthly stop loss is one of two stop loss disciplines we use (the other being the initial trade price stop) as part of our overarching philosophy of capital protection. In this case, the stop has prevented us from further losses, ensuring Polynovo remains in our top 5 contributors for CY19 to date.

During the month, we conducted 12 meetings with company management as well as attended a 2-day UBS conference in Sydney.

The Australian equity market was up strongly in November with the S&P/ASX300 Accumulation Index rising 3.18%, in line with global markets (S&P500 +3.6%, Euro Stoxx 50 +2.8%, FTSE 100 +1.8%, MSCI Asia ex Japan +0.6%).

Newsflow during the month saw optimism regarding a partial US/China trade deal (although no actual agreement) and the application by AUSTRAC for civil penalty orders against Westpac for systemic non-compliance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. Financials were the worst performing sector for the month.

US, Chinese and European economic data were all mixed, with some signs of a bottoming in European activity data. Australian house prices continued to rise

Bennelong Kardinia Absolute Return Fund

Monthly performance report

As at 30 November 2019

strongly in November (+1.5% month on month) driven again by gains in Sydney and Melbourne however 3Q retail volumes, wages and private capex were all soft and the October unemployment rate rose to 5.3%.

The best sectors were Information Technology (+11.0%), Health Care (+8.9%) and Consumer Staples (+8.2%) while Financials (-2.0%), Utilities (-0.6%) and REITs (+2.3%) lagged.

As the end of the calendar year approaches, the volume of IPO's and equity raisings has risen as corporates complete transactions and seek to get their balance sheets in order. During the month, we actively participated in a number of placements including Atlas Arteria, EML Payments, NRW Holdings and Pointsbet. We increased our net equity market exposure from 49.6% to 74.3% (86.1% long and 11.8% short), with the key changes being new positions in Commonwealth Bank, BHP and Resmed, increased weightings in James Hardie, EML Payments, CSL, Aristocrat, Pointsbet and Macquarie, partially offset by the sale of Nickel Mines, Polynovo and Rhipe.

Bennelong Kardinia Absolute Return Fund

Monthly performance report

As at 30 November 2019

Fund performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	1.66%	1.55%	0.46%	0.55%	-0.03%	2.82%	0.42%	-0.83%	-0.35%	-0.73%	2.04%		7.74%
2018	-0.16%	0.56%	-1.90%	1.56%	1.78%	-0.77%	-0.68%	1.08%	-1.93%	-5.71%	-2.18%	-2.02%	-10.12%
2017	0.12%	0.25%	1.04%	0.89%	-0.75%	0.48%	-0.65%	0.34%	0.66%	3.18%	0.35%	1.43%	7.53%
2016	-3.42%	-1.78%	0.30%	0.52%	1.60%	-0.47%	2.95%	-1.02%	-0.22%	-1.85%	-0.37%	1.45%	-2.44%
2015	1.44%	1.90%	1.24%	-0.59%	0.41%	-1.49%	2.20%	-2.27%	1.14%	2.45%	1.16%	1.74%	9.60%
2014	-2.12%	2.69%	0.87%	-0.63%	0.36%	-0.66%	1.07%	0.56%	-0.31%	1.22%	1.13%	1.53%	5.77%
2013	2.21%	2.36%	1.42%	1.34%	0.40%	-0.46%	1.31%	0.96%	0.93%	2.17%	0.15%	1.11%	14.76%
2012	1.08%	2.30%	1.82%	0.04%	-1.79%	1.38%	2.30%	1.38%	1.85%	0.68%	0.71%	1.07%	13.52%
2011	4.25%	2.13%	0.23%	0.37%	0.11%	-1.41%	0.31%	-3.23%	-1.19%	2.31%	-1.16%	-0.13%	2.42%
2010	-3.82%	0.66%	4.36%	0.36%	-4.38%	-1.33%	0.03%	0.09%	2.49%	2.19%	2.02%	6.84%	9.33%
2009	-1.46%	-0.68%	1.79%	4.56%	0.34%	0.54%	5.31%	4.41%	3.86%	1.21%	-0.28%	3.59%	25.47%
2008	-1.00%	1.12%	0.17%	1.93%	1.33%	0.87%	-1.72%	1.02%	-3.20%	-1.29%	-0.81%	2.04%	0.30%
2007	2.04%	1.28%	1.45%	3.74%	4.95%	1.21%	0.65%	-2.62%	1.76%	2.36%	-0.02%	-1.34%	16.36%
2006					1.53%	6.54%	-0.06%	0.32%	-0.22%	3.65%	5.50%	8.72%	28.67%

Contact details

For more information, contact Client Services on 1800 895 388 (AU) or 0800 442 304 (NZ), or visit kardiniacapital.com.au

How to invest

The Fund is open to investors directly via the PDS (available at kardiniacapital.com.au), or a range of platforms.

Platforms

AMP: Elements Investment, Elements Pension, My North, North, Portfolio Care, Portfolio Care eWrap, PPS, Weathview eWrap Inv

AON IOOF: Portfolio Services

Asgard: Master Trust, eWrap, Macquarie Wrap: IDPS, Employee Super, Infinity Super

BT: Wrap, Super Wrap, Netwealth: Super Service, Assemble Wrap Service, IDPS

CFS: FirstChoice, FirstWrap, IX Oasis: Dominion

Credit Suisse Powerwrap: Super, Pension, Smartwrap

Federation Wealthtrac

Hub 24: Super, IDPS Wealth O2

* There is no guarantee that this objective will be achieved and it is only an indication of the intended target return.

Notes:

1. Kardinia Capital is an investment manager that invests solely in Australian and New Zealand securities.
2. The Bennelong Kardinia Absolute Return Fund (Fund) was launched on 1 May 2006 by another trustee, and the above performance data relates to this strategy. Bennelong Funds Management Ltd (Bennelong) assumed responsibility as replacement trustee on 16 August 2011 – for performance history relating to this date, please contact Client Services on 1800 895 388 (AU) or 0800 442 304 (NZ) or client.services@bennelongfunds.com. Mark Burgess and Kristiaan Rehder were employed by the previous trustee and became employees of Kardinia Capital Pty Limited (Kardinia), which has been engaged by Bennelong to manage the Fund, in August 2011. Kardinia has applied the same investment philosophy and strategy in respect of the Fund. Past performance is not a reliable indicator of future performance.
3. Valuations are computed and stated in Australian dollars and are provided by independent service provider Apex Fund Services (Sydney) Pty Limited (Apex).
4. Performance results are presented net of all transaction costs, investment management and performance fees and all other costs incurred by the Fund. Performance is the total return of the fund (assuming re-investment of distributions) and is quoted based on hard-close unit prices, without including the impact of buy/sell spreads.
5. A complete and detailed list of performance results including a presentation is available upon request.
6. Please note that performance data for the Fund is historical data based on the main series using a monthly unit pricing methodology. For those who are invested in the daily series please contact Client Services (1800 895 388 or client.services@bennelongfunds.com) to request your performance history.

Disclaimer: This information is issued by Bennelong Funds Management Ltd (ABN 39 111 214 085, AFSL 296806) (BFML) in relation to the Bennelong Kardinia Absolute Return Fund. The information provided is general information only. It does not constitute financial, tax or legal advice or an offer or solicitation to subscribe for units in any fund of which BFML is the Trustee or Responsible Entity (Bennelong Fund). This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, you should consider the appropriateness of the information based on your own objectives, financial situation or needs or consult a professional adviser. You should also consider the relevant Information Memorandum (IM) and or Product Disclosure Statement (PDS) which is available on the BFML website, bennelongfunds.com, or by phoning 1800 895 388 (AU) or 0800 442 304 (NZ). BFML may receive management and or performance fees from the Bennelong Funds, details of which are also set out in the current IM and or PDS. BFML and the Bennelong Funds, their affiliates and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that any Bennelong Fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in any Bennelong Fund. Past fund performance is not indicative of future performance. Information is current as at the date of this report. Kardinia Capital (ABN 20 152 003 186) is a Corporate Authorised Representative of Bennelong Funds Management Ltd (BFML), ABN 39 111 214 085, Australian Financial Services Licence No. 296806.