



Bennelong Long Short Equity Fund

Monthly Performance Update

As at 31 May 2021

Portfolio Performance

Performance for May was 0.12%. Individual pair contribution was generally very modest, other than the positive pairs highlighted. The number of negative pairs exceeded positive pairs. Ongoing rotation into lower rated companies was a headwind for the fund, offset by some excellent company results.

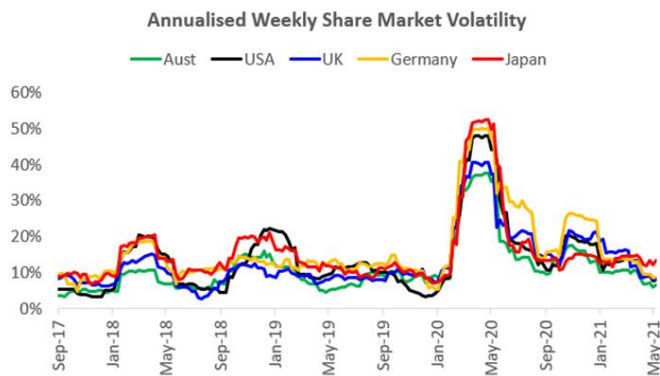
ALQ/AZJ was our top pair with ALQ reporting a strong full year result. All segments are growing and the company has dealt with the difficult environment of the last year very well. The more volatile commodities division is experiencing very strong tailwinds with strong sample flow growth from booming minerals exploration.

ALL/SGR was our second-best pair with Aristocrat reporting a strong result, well ahead of market forecasts. Aristocrat is enjoying the payoff from years of consistent and productive investment in both its land based and digital divisions.

Market Observations

World share markets maintained a steady course during May with all markets posting small positive gains and adding to the already solid gains achieved thus far in 2021. The only market of exception was the tech-laden US Nasdaq Index, down -1.5% over the month, but remains up comfortably year to date and supported by accelerated earnings growth in the wake of COVID (discussed below). Weakness in tech stocks also featured in our local market over the month, and to a larger degree, with the Information Technology sector down -10% vs a rise of +1.9% for the ASX 200 Index. Elsewhere, other than some softness in the Utilities and Energy sectors, all other sectors across the ASX 200 posted low single digit gains. Similar to recent months, commodity prices maintained their upward momentum, government bonds were steady, and the US dollar further softened against the Euro, Sterling and Yen.

The more settled tone of markets in recent months can be seen in the data. As per the below chart, there has been a notable easing in share market volatility toward pre-pandemic levels.



Source: Bloomberg

Fund statistics

| | | |
|-------------------------------|---------------------------|-----------|
| Fund NAV A\$M | Month End | \$338.5 |
| Gross exposure A\$M | Month End | \$1,456.2 |
| Fund leverage (x NAV) | Month End* | 4.3 |
| Average fund leverage (x NAV) | Since inception | 4.3 |
| Fund volatility (annualised) | Month | 12.9% |
| Fund volatility (annualised) | Rolling 12 months | 18.2% |
| Positive months % | Rolling 6 months | 33% |
| Positive months % | Since inception | 64% |
| Sharpe Ratio (basis RBA Cash) | Month | 0.1 |
| Sharpe Ratio (basis RBA Cash) | Rolling 12 months | (0.3) |
| Long exposure | Month End | 51.2% |
| Short exposure | Month End | -48.8% |
| Fund performance (composite) | Since inception \$1.00 | \$13.20 |

*Gearing calculated subject to variations in accruals

Top spreads for the month

| | | | |
|------|------------------|-------|--------------------------|
| Long | ALS (ALQ) | Short | Aurizon (AZJ) |
| Long | Aristocrat (ALL) | Short | Star Entertainment (SGR) |

Performance

| | |
|---------------------------------|--------|
| 1 month | 0.12% |
| 3 months | -1.02% |
| Fiscal YTD | -8.77% |
| 12 months | -4.94% |
| Since inception (compound p.a.) | 14.28% |

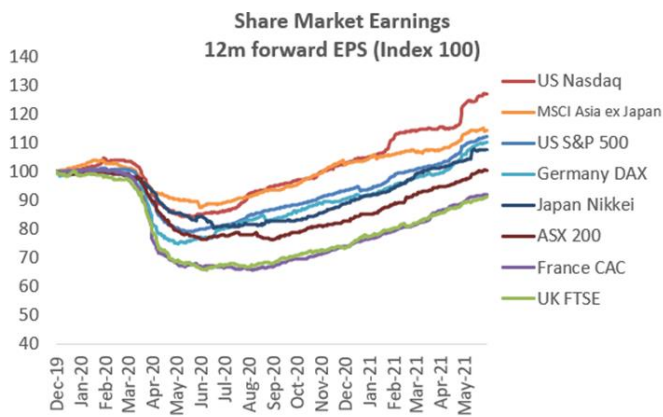


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Despite rising inflationary pressures bringing the prospect of tapering into view, share markets have continued to grind higher. In no small part does this reflect the grind higher of corporate earnings. The following chart plots the 12m forward earnings of eight share market indices over the period from December 2019 to today. As shown, 12m forward earnings are at or above their pre-COVID level for six markets, while two remain below (UK and France). The US Nasdaq Index is a standout market where earnings are up ~30%, a reflection upon many stocks within the index benefiting from the corollaries of COVID (e.g. buying goods on-line, work-from-home software, TV streaming services).



Source: Bloomberg



Bennelong Long Short Equity Fund

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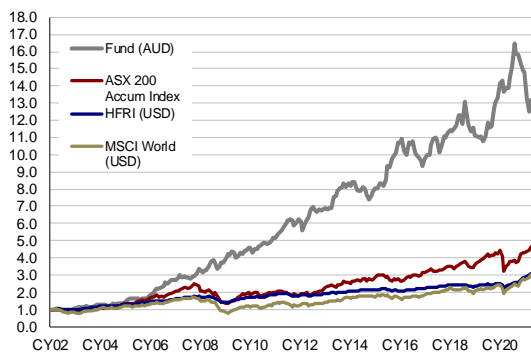
As at 31 May 2021

Calendar year performance

| % change cal yr | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | CYTD |
|-----------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|
| 2021 | -0.25% | -10.11% | -5.95% | 5.11% | 0.12% | | | | | | | | -11.25% |
| 2020 | 6.52% | 0.97% | -4.50% | 1.27% | 0.22% | 4.19% | 4.82% | 8.49% | -3.26% | -0.65% | -2.95% | -3.08% | 11.65% |
| 2019 | -3.49% | -0.82% | -0.84% | 0.54% | -2.52% | 3.00% | 6.92% | -2.51% | 0.65% | 8.84% | 2.84% | 2.36% | 15.17% |
| 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\$664.9m |
| 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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