

# Bennelong Long Short Equity Fund

## Monthly Performance Update

As at 31 March 2022

### Portfolio Performance

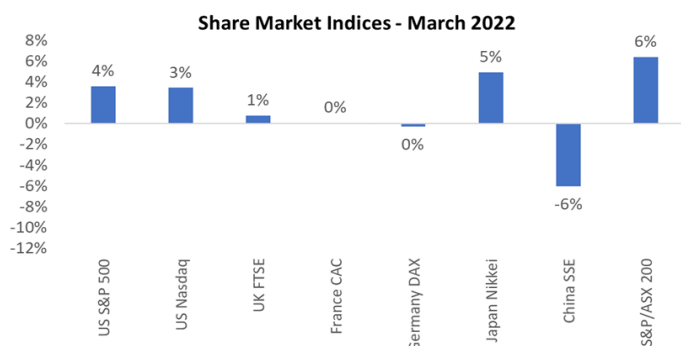
Performance was weak for the first two weeks of the month as markets continued to anticipate and position for the Fed's first rate hike in years. Uncertainty was replaced with reality when the Fed announced a 25bp increase on the 15th and our portfolio has bounced strongly since, however did not completely recover the early decline and finished down -1.23%. Inflation and interest rates have dominated markets for some time and so we are encouraged that the portfolio has stabilised following the hike.

JBH/SUL was our top pair with JBH upgrading sales only one month after a strong result which also triggered upgrades. Uncharacteristically in a sales update, JBH also highlighted strong profitability. JBH inventory is well controlled, whilst many other retailers, including SUL, look to be carrying excess inventory. ALQ/AZJ was our second best with ALQ providing a strong upgrade to FY22 profit guidance. Both Geochemistry and Life Sciences are performing well. MIN/BHP, FMG was our third top pair with MIN generating the return. MIN announced exceptional flow test results on its first ever well in the Perth Basin. We remain very positive about MIN, particularly their lithium assets which are ramping up currently.

JHX/CSR was our bottom pair with the negative return evenly split. Rising interest rates, mortgage rates and inflation have raised concerns about home affordability in the US and triggered a sharp correction in home builders in the US which has weighed on JHX. BSL/SGM was our second bottom pair. The Ukraine war has sparked a spike in ferrous scrap price, pig iron price and steel price - as Ukraine and Russia were material exporters of pig iron and steel. BSL and SGM are both exposed to this, however BSL has recently lagged SGM, and all steel producers. We have closed our third bottom pair, ORI/IPL.

### Market Observations

World share markets steadied somewhat during March despite the continued headwinds of high inflation, rising bond yields and war between Russia and Ukraine. As per the below chart, performances were mixed with US markets up while European markets were flat. In Asia, China was a notable laggard (-6%), weighed down by demand concerns following fresh lock-down measures to contain COVID, while Japan was up +5% with help from a weaker Yen boosting export competitiveness. The local share market was a standout performer (ASX 200 Index +6%) and featured gains across all sectors (see second chart below). Government bonds continued to sell off (yields higher) and currency markets were volatile. On the latter, the Australian dollar enjoyed strong gains versus a number of currencies over the month, presumably a reflection upon strengthening terms of trade via rising commodity prices.



### Fund statistics

Fund NAV A\$M	Month End	\$227.0
Gross exposure A\$M	Month End	\$935.9
Fund leverage (x NAV)	Month End*	4.1
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	17.4%
Fund volatility (annualised)	Rolling 12 months	19.5%
Positive months %	Rolling 6 months	33%
Positive months %	Since inception	63%
Sharpe Ratio (basis RBA Cash)	Month	(0.9)
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	(0.3)
Long exposure	Month End	51.6%
Short exposure	Month End	-48.4%
Fund performance (composite)	Since inception	\$11.72
	\$1.00	

\*Gearing calculated subject to variations in accruals

### Top spreads for the month

Long	JB Hi-Fi (JBH)	Short	Super Retail (SUL)
Long	ALS (ALQ)	Short	Aurizon (AZJ)
Long	Mineral Resources (MIN)	Short	BHP (BHP) / Fortescue Metals (FMG)

### Bottom spreads for the month

Long	James Hardie (JHX)	Short	CSR (CSR)
Long	BlueScope Steel (BSL)	Short	Sims (SGM)
Long	Orica (ORI)	Short	Incitec Pivot (IPL)

### Performance

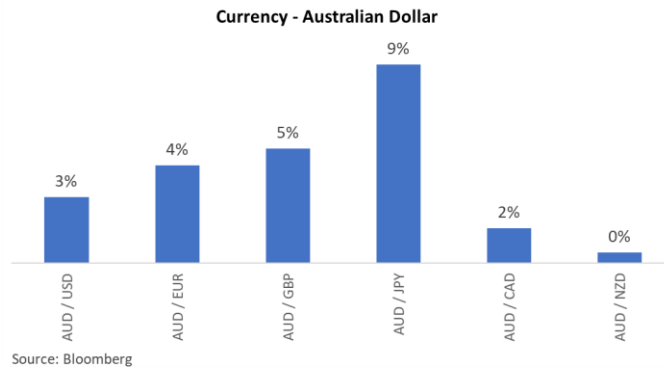
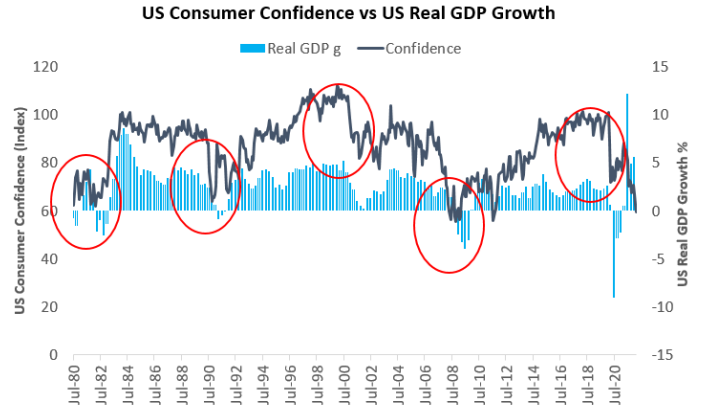
1 month	-1.23%
3 months	-16.98%
Fiscal YTD	-19.34%
12 months	-6.53%
Since inception (compound p.a.)	12.98%



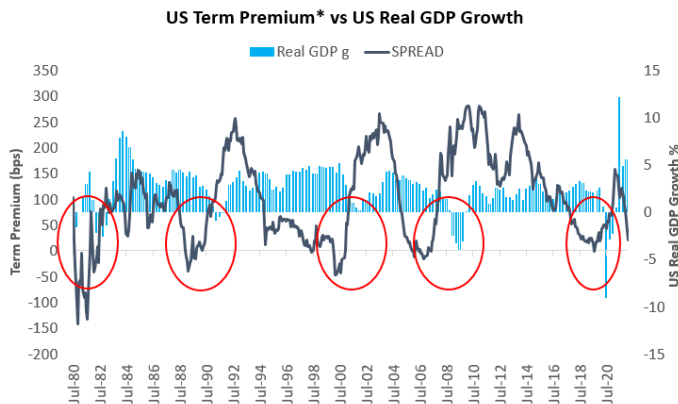
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Markets are struggling for direction in the face of tightening central bank policy agendas around the world and associated potential for looming economic slowdown. Various data is warning of contraction – for example the flattening US yield curve, and the collapse in consumer confidence. Unlike prior hiking cycles in which the Fed could respond to growth concerns by tempering its rate-hike program, the difference this time is the need to address inflation stubbornly holding at 40-year highs.



\* Term Premium = US 10 Year Gov't Bond Yield less 2 Year Government Bond Yield  
Source: Bloomberg



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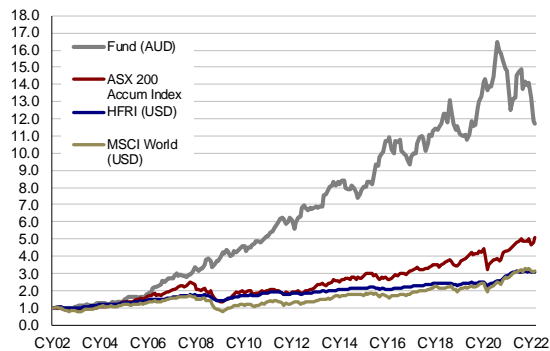
### Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
<b>2022</b>	-6.38%	-10.22%	-1.23%										-16.98%
<b>2021</b>	-0.25%	-10.11%	-5.95%	5.11%	0.12%	10.11%	1.33%	1.19%	-7.70%	2.82%	-1.49%	1.34%	-5.06%
<b>2020</b>	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%
<b>2019</b>	-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%
<b>2018</b>	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%
<b>2017</b>	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%
<b>2016</b>	-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%
<b>2015</b>	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%
<b>2014</b>	-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%
<b>2013</b>	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%
<b>2012</b>	-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%
<b>2011</b>	-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%
<b>2010</b>	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%
<b>2009</b>	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%
<b>2008</b>	-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%
<b>2007</b>	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%
<b>2006</b>	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%
<b>2005</b>	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%
<b>2004</b>	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%
<b>2003</b>	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



### 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\$449.1m
<b>Status</b>	Soft-close	<b>Currency</b>	AUD
<b>Inception Date</b>	February 2002		

Note: Composite Index comprising Bennelong Securities Long Short Equity Fund (Managed Account) Feb 02 to Jun 08 and 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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