

# Bennelong Long Short Equity Fund

## Monthly Performance Update

As at 31 July 2022

### Portfolio Performance

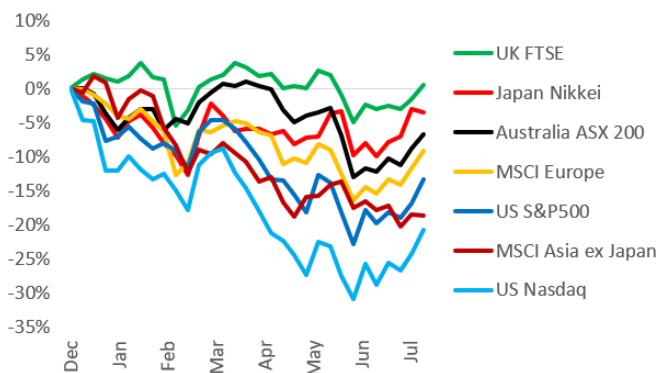
The portfolio return was 1.24% in July with strong returns in our mining pairs, somewhat offset by weaker returns in our financials pairs. Our top pair was PBH/SKC. The main influence on the pair was market tailwinds for higher growth stocks contributing to a bounce in PBH. Second was MIN/FMG - BHP, all of whom reported quarterly results. While MIN's quarterly production was in-line, the market was positively surprised by the quantum of first-time earnings contribution from toll production of lithium hydroxide from its Mt Marion asset. MIN also made reference to toll conversion of Wodgina spodumene to lithium hydroxide which offers a further material contribution to earnings in the short term and is not in market forecasts. Our third best pair was ILU/RIO with ILU reporting a strong quarterly via volumes and pricing exceeding estimates. RIO quarterly was a bit soft, and the dividend disappointed.

Contribution from our bottom three pairs was small and there was little company news. Our bottom pair was RHC/MPL, with no news for either.

### Market Observations

Share markets bounced in July to claw back some of the losses experienced thus far in calendar 2022. The US Nasdaq was strongest at +12% and the US S&P 500 Index gained +9%. European markets saw gains ranging from mid to high single digits, while the UK was up +4% and is the only share market with its head above water calendar year to date. Asian markets were a mixed bag with Japan and South Korea up +5% each but Hong Kong and China fell -8% and -4%. Locally, the ASX 200 Index gained +6% and featured double digit gains from banks, REITS and tech stocks, offset by weakness in the mining and energy sectors. As per the following chart, notwithstanding July's bounce, share markets remain well down calendar year to date (the exception being the UK at +1%).

Share Market Indices  
Price Return CYTD



Source: Bloomberg

July's rally did not reflect evidence of an improving economic backdrop. June consumer inflation hit new highs in the US and Europe, further depressing the already negative trend in real wages (see following chart). Lead indicators of activity also remained weak, and the International Monetary Fund cut its global growth projections for 2022 and 2023, describing the outlook as "gloomy and more uncertain".

### Fund statistics

Fund NAV A\$M	Month End	\$156.7
Gross exposure A\$M	Month End	\$708.6
Fund leverage (x NAV)	Month End*	4.5
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	25.1%
Fund volatility (annualised)	Rolling 12 months	14.1%
Positive months %	Rolling 6 months	17%
Positive months %	Since inception	63%
Sharpe Ratio (basis RBA Cash)	Month	0.5
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	(1.5)
Long exposure	Month End	51.2%
Short exposure	Month End	-48.8%
Fund performance (composite)	Since inception	\$11.56
	\$1.00	

\*Gearing calculated subject to variations in accruals

### Top spreads for the month

Long	PointsBet (PBH)	Short	SkyCity Entertainment (SKC)
Long	Mineral Resources (MIN)	Short	BHP (BHP) / Fortescue Metals (FMG)
Long	Iluka Resources (ILU)	Short	Rio Tinto (RIO)

### Bottom spread for the month

Long	Ramsay Health Care (RHC)	Short	Medibank (MPL)
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### Performance

1 month	1.24%
3 months	-0.96%
Fiscal YTD	1.24%
12 months	-21.50%
Since inception (compound p.a.)	12.68%



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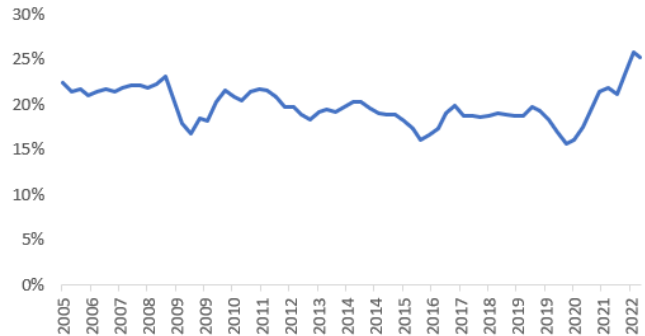
As at 31 July 2022

US Real Wages Growth (% pa)



Source: Bloomberg

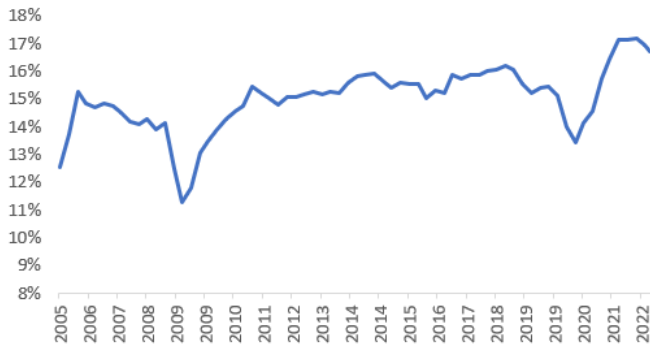
ASX 200 Index  
EBIT Margin (12m fwd)



Source: Bloomberg

The coming month will be news-flow rich given the August profit reporting season. Whilst top-line drivers of revenue are always of focus, this round of results will involve equally as much attention on cost pressures and resultant implications for profit margins, noting expectations look elevated relative to historical levels (see following charts of US and Australian markets). Interest costs and debt funding arrangements will also gain attention now that interest rates are rising.

US S&P 500 Index  
EBIT Margin (12m fwd)



Source: Bloomberg





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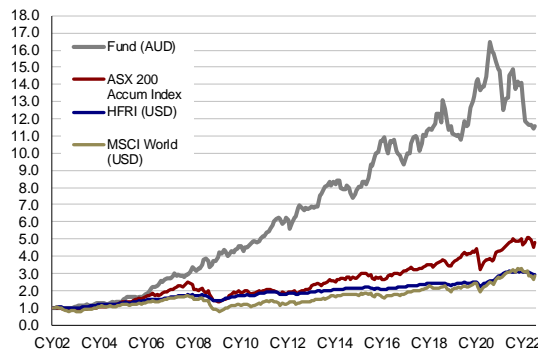
### Calendar year performance

% 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%	-0.42%	-0.13%	-2.05%	1.24%						-18.13%
<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\$359.3m
<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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