



Bennelong Long Short Equity Fund

Monthly Performance Update

As at 31 October 2022

Portfolio Performance

Performance was 1.87% for the month with a 50/50 split of positive and negative pairs and a skew to returns in our top three pairs.

Our top pair was MIN/ FMG and BHP. All three reported quarterlies however the bigger driver of the pair was continuing bullishness regarding the outlook for lithium supporting MIN. RHC/MPL was our second-best pair due to weakness in MPL following the very unfortunate news of the hacking of their customer data. WOR/DOW was our third best pair with no news for either company.

Our bottom pair was WOW/ COL and DMP with a bounce in DMP causing our negative return. We remained confident that DMP faces downgrade risk due to cost inflation, softer than guided sales and slower than guided new store openings. RMD/ANN return was due to RMD being flat and ANN rising in a strong market. RMD reported Q1 results with stronger sales than forecast in the US as supply chain constraints improve. However European volumes were softer than anticipated, still impacted by semiconductor availability. Demand remains very strong and the major competitor is hamstrung by regulatory problems. CSL/SHL was our third bottom pair with SHL bouncing after a notable sell-off in the prior month.

Market Observations

Developed equities markets recovered a large portion of the losses from the prior month, as optimism grew about potential pauses or pivots in central bank tightening policy. It started with the Reserve Bank of Australia raising rates by a less-than-expected 25bp early in the month, which sent global markets soaring. Markets were then choppy but rallied again late in the month on hopes the US Federal Reserve would also adopt less aggressive interest rate hikes going forward.

For the month the US S&P500 index returned 8.1%, ahead of the Australian market which returned 6.0%. Emerging markets were dragged down -3.1% however by the stubbornly high USD, which drags on global growth. In the domestic market, Financials +12.2%, REITS +9.9% and Energy +9.5% were the strongest sectors whilst Consumer Staples, Materials and Healthcare were relatively weaker with flat returns. The AUD was flat at 64c.

Since the 2008-09 Global Financial Crisis, asset prices have been inflated by 13 years of close to zero interest rates. That is changing rapidly, which is likely to have a prolonged negative impact on consumer and businesses behaviour. Recent trading results from companies are yet to reflect this due to stimulus burn-off and lags associated with monetary policy.

Central banks remain in a precarious position. To pivot risks embedding high inflation. To not risks suffocating the economy with high rates. Notwithstanding still low unemployment, a soft-landing outcome appears increasingly unlikely. Indeed, a variety of leading indicators point to recession.

Fund statistics

Fund NAV A\$M	Month End	\$152.2
Gross exposure A\$M	Month End	\$668.4
Fund leverage (x NAV)	Month End*	4.3
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	18.2%
Fund volatility (annualised)	Rolling 12 months	13.5%
Positive months %	Rolling 6 months	50%
Positive months %	Since inception	63%
Sharpe Ratio (basis RBA Cash)	Month	1.1
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	(1.2)
Long exposure	Month End	50.9%
Short exposure	Month End	-49.1%
Fund performance (composite)	Since inception \$1.00	\$11.90

*Gearing calculated subject to variations in accruals

Top spreads for the month

Long	Mineral Resources (MIN)	Short	BHP (BHP) / Fortescue Metals (FMG)
Long	Ramsay Health Care (RHC)	Short	Medibank (MPL)
Long	Worley (WOR)	Short	Downer (DOW)

Bottom spreads for the month

Long	Woolworths (WOW)	Short	Coles (COL) / Dominos (DMP)
Long	ResMed (RMD)	Short	Ansell (ANN)
Long	CSL (CSL)	Short	Sonic Healthcare (SHL)

Performance

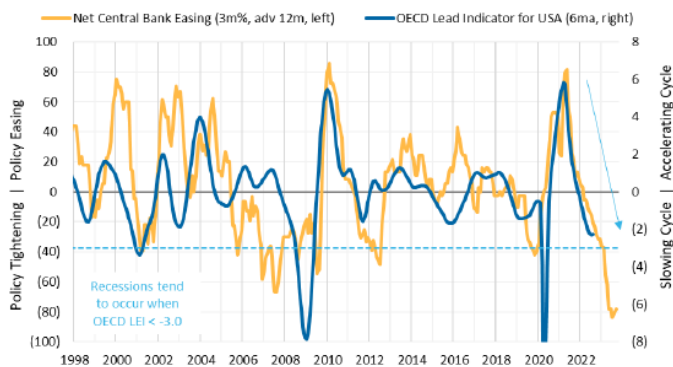
1 month	1.87%
3 months	2.97%
Fiscal YTD	4.25%
12 months	-15.84%
Since inception (compound p.a.)	12.68%



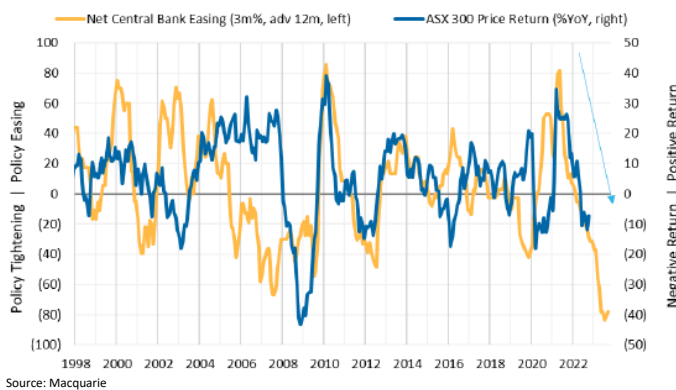
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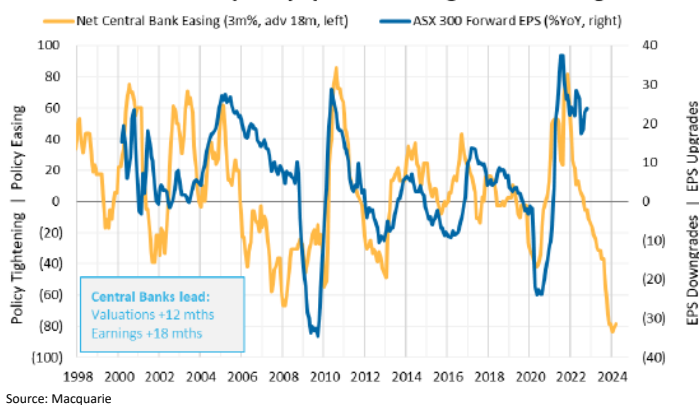
Global Monetary Policy Cycle Leads US Growth Cycle



Global Monetary Policy Cycle Leads Australian Equity Returns



Global Monetary Policy Cycle Leads Changes in ASX Earnings





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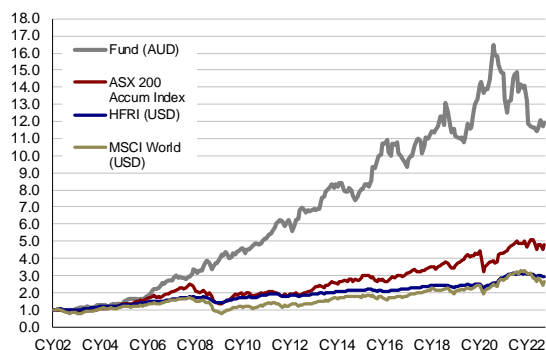
Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2022	-6.38%	-10.22%	-1.23%	-0.42%	-0.13%	-2.05%	1.24%	4.43%	-3.22%	1.87%			-15.70%
2021	-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%
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



CY02 CY04 CY06 CY08 CY10 CY12 CY14 CY16 CY18 CY20 CY22

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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Fund Summary

Strategy	Market Neutral, Pairs	Domicile	Australia
Manager	Bennelong Long Short Equity Management Pty Ltd	AUM	A\$343.6m
Status	Soft-close	Currency	AUD
Inception Date	February 2002		