



Bennelong Long Short Equity Fund

Monthly Performance Update

As at 30 November 2022

Portfolio Performance

Fund return was 0.75% for November. Volatility of returns has settled down to the lowest level since the onset of Covid. The 1-year volatility disclosed in the monthly is 13.7% and within our long-term range. Our daily volatility has now dipped below our long-term range.

Our top pair for the month was QAN/FLT. QAN had another earnings upgrade, only six weeks after the last. Cash generation has also been exceptional as forward bookings continue to build, resulting in significantly lower debt. At its AGM FLT issued soft guidance, triggering broad downgrades. The pair has performed very well in recent months as QAN emerges from the pandemic in a stronger position, and FLT weaker. Our second pair was CSL/SHL. SHL provided a soft trading update at their AGM due to the faster pace at which elevated PCR testing is rolling off.

JHX/CSR was our bottom pair with both companies reporting and both results going against us. JHX downgraded due to weaker industry conditions in the US. CSR reported a solid result due to ongoing strength in the tail end of the building cycle in Australia. WOR/DOW was our second bottom pair with DOW making all the contribution. DOW had been weak leading into their AGM in anticipation of a downgrade, which they did not deliver as they stuck to guidance issued at the result. So the stock bounced. DOW are facing the headwinds of bad weather and wage inflation, and risk of downgrade remains.

Market Observations

Share markets gained in November across all the major regions. Asian markets were strongest (MSCI Asia Index +15%), followed by European markets (MSCI Europe Index +7%). US markets saw the S&P 500 Index up +5% and Nasdaq +4%. Inflation data in the US came in slightly below expectations, raising hopes the Federal Reserve may soon temper the pace of policy tightening. Such hopes were reinforced by Jerome Powell on 30 November when he said: "the time for moderating the pace of rate increases may come as soon as the December meeting". Similarly, in Australia the RBA increased the cash rate by only 25bps, noting that rates had already been increased significantly in a short period of time with their impact yet to be fully felt.

The local share market had a solid month (ASX 200 Index +6%). Except for the banking sector which was flat, all sectors gained with Utilities (+21%) the standout due to corporate activity. Materials (+16%) were also strong driven by a bounce in commodity prices. All other sectors rose low to mid-single digits. Outside of equities, bonds rallied with 10-year government yields down around 40bps in the US and UK, and down 20-30bps in Australia and Europe. Currency markets saw the US\$ fall -5%, having risen +17% in the prior 10 months of calendar 2022. The collapse of global crypto exchange, FTX, triggered turmoil in the crypto world. Bitcoin was down 16% for the month and is now down 75% from its peak.

Fund statistics

Fund NAV A\$M	Month End	\$151.4
Gross exposure A\$M	Month End	\$682.4
Fund leverage (x NAV)	Month End*	4.5
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	9.0%
Fund volatility (annualised)	Rolling 12 months	13.7%
Positive months %	Rolling 6 months	67%
Positive months %	Since inception	63%
Sharpe Ratio (basis RBA Cash)	Month	0.7
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	(1.1)
Long exposure	Month End	50.2%
Short exposure	Month End	-49.8%
Fund performance (composite)	Since inception \$1.00	\$11.99

*Gearing calculated subject to variations in accruals

Top spreads for the month

Long	Qantas Airways (QAN)	Short	Flight Centre (FLT)
Long	CSL (CSL)	Short	Sonic Healthcare (SHL)

Bottom spreads for the month

Long	James Hardie (JHX)	Short	CSR (CSR)
Long	Worley (WOR)	Short	Downer EDI (DOW)

Performance

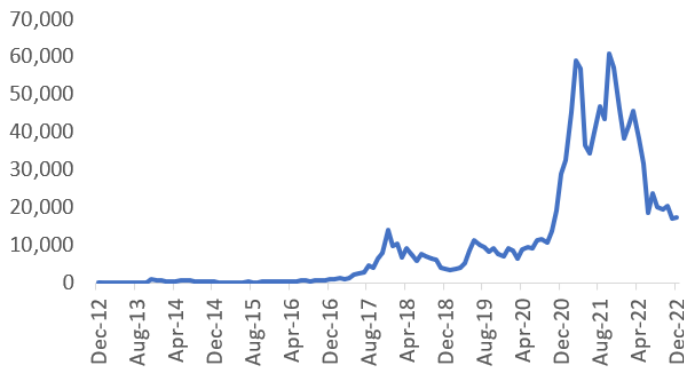
1 month	0.75%
3 months	-0.66%
Fiscal YTD	5.03%
12 months	-13.92%
Since inception (compound p.a.)	12.66%



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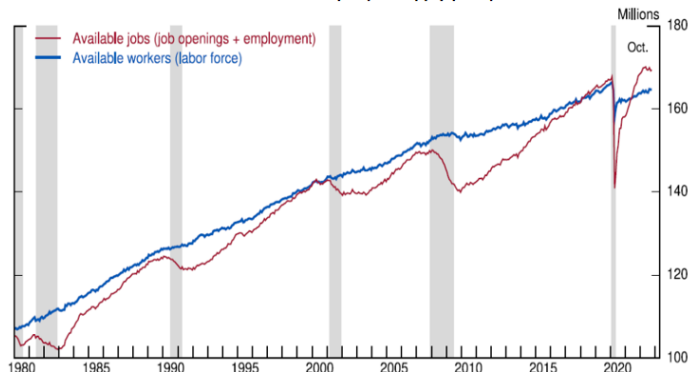
Bitcoin (in US\$)



Source: Bloomberg

Despite policy tightening the US labour force is still tight.

US Jobs - Demand (red) vs Supply (blue)

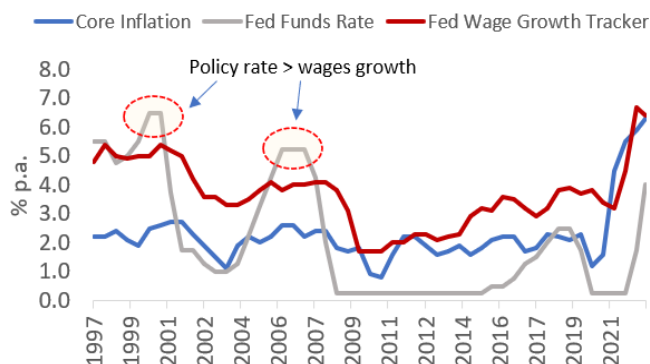


Note: Available jobs are computed as employment in a given month plus job openings in the previous month.

Source: US Federal Reserve

And Fed Funds rate remains below inflation and wages growth.

Policy Rate vs Inflation and Wages



Source: Bloomberg



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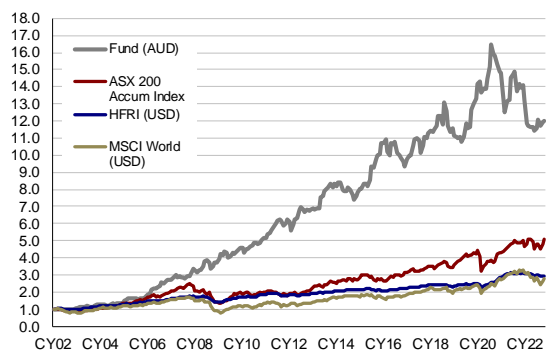
Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2022	-6.38%	-10.22%	-1.23%	-0.42%	-0.13%	-2.05%	1.24%	4.43%	-3.22%	1.87%	0.75%		-15.06%
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



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\$255.8m
Status	Soft-close	Currency	AUD
Inception Date	February 2002		