



Bennelong Long Short Equity Fund

Monthly Performance Update

As at 30 April 2023

Portfolio Performance

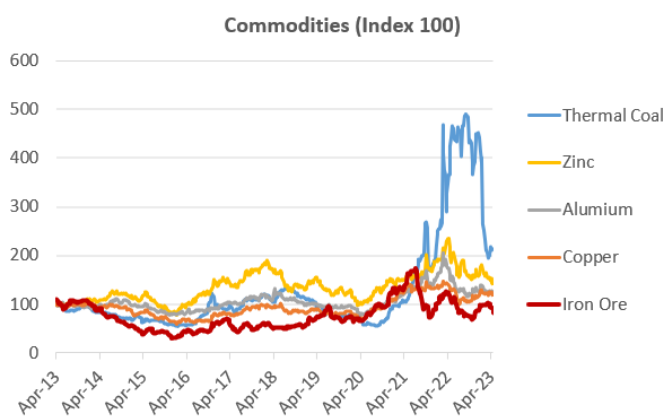
The fund returned 1.69% for the month with two thirds of pairs positive.

Our top pair was long TAH/short SGR with the key news being another downgrade from Star, four weeks after the completion of the large equity raise. The company stated operating conditions have deteriorated significantly, particularly in Sydney and the Gold Coast. Long ILU/short RIO was our second-best pair. Iluka's quarterly was a bit mixed with softer volume but stronger price. RIO's quarterly was softer with weaker copper production and guidance. Weaker iron ore price weighed on all the large miners. Our third best pair was long PBH/short SKC with Pointsbet reporting a better quarterly.

Our bottom pair was long GMG/short SGP. GMG was steady with no company-specific news. SGP meanwhile rallied on a view that the RBA is close to peak rates and that this will drive a recovery in SGP's residential development business. While SGP indeed reported improved enquiry volume at its quarterly announcement late in the month, conversion of enquiry volumes remains subdued and will challenge consensus FY24 settlement forecasts.

Market Observations

April was an uneventful month for equities following volatile conditions in the prior month. Stock indices globally traded within a narrow range to end the month either up or down one to two percent. The local ASX 200 Index finished up +2% with all sectors up modestly except Materials, which fell -3% on the back of weakness from the big cap miners due to weakness in commodities (iron ore -9%, copper -5%). Regarding iron ore, strong production from the majors (BHP, Rio, Vale, Fortescue) has weighed on pricing despite recovering steel production in the wake of China's COVID restrictions. The effect of a well-supplied commodity on its price can also be seen via the below chart where iron ore is the only major industrial commodity to be at a lower price today than 10 years ago (as an aside, who was predicting thermal coal to out-perform all other commodities?).



Source: Bloomberg

Fund statistics

Fund NAV A\$M	Month End	\$139.3
Gross exposure A\$M	Month End	\$628.5
Fund leverage (x NAV)	Month End*	4.5
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	7.6%
Fund volatility (annualised)	Rolling 12 months	8.5%
Positive months %	Rolling 6 months	67%
Positive months %	Since inception	63%
Sharpe Ratio (basis RBA Cash)	Month	2.2
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	0.7
Long exposure	Month End	50.9%
Short exposure	Month End	-49.1%
Fund performance (composite)	Since inception	\$12.60

*Gearing calculated subject to variations in accruals

Top spreads for the month

Long	Tabcorp (TAH)	Short	Star Entertainment (SGR)
Long	Iluka Resources (ILU)	Short	Rio Tinto (RIO)
Long	Pointsbet (PBH)	Short	Skycity Entertainment (SKC)

Bottom spreads for the month

Long	Goodman (GMG)	Short	Stockland (SGP)
Long	Qantas Airways (QAN)	Short	Flight Centre (FLT)
Long	Ramsay Health Care (RHC)	Short	Medibank (MPL)

Performance

1 month	1.69%
3 months	5.23%
Fiscal YTD	10.40%
12 months	7.99%
Since inception (compound p.a.)	12.66%



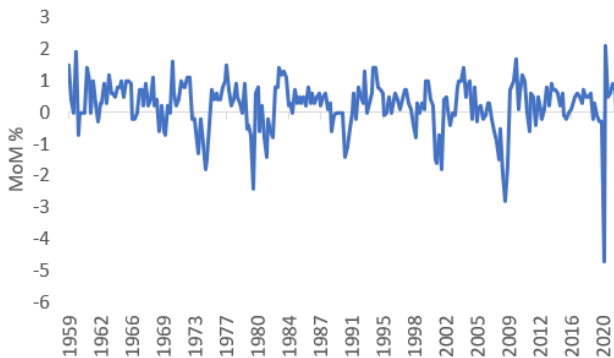
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Equity markets continue to wrestle with a variety of mixed signals at present. Weak forward economic indicators (see next chart) alongside interest rate futures pricing are suggestive that market-friendly rate cuts are around the corner. If history is any guide, such a backdrop depicts a positive outlook for returns (see second chart).

US Conference Board Leading Index



Source: Bloomberg

What Happens to Stocks After Last Fed Rate Hike?

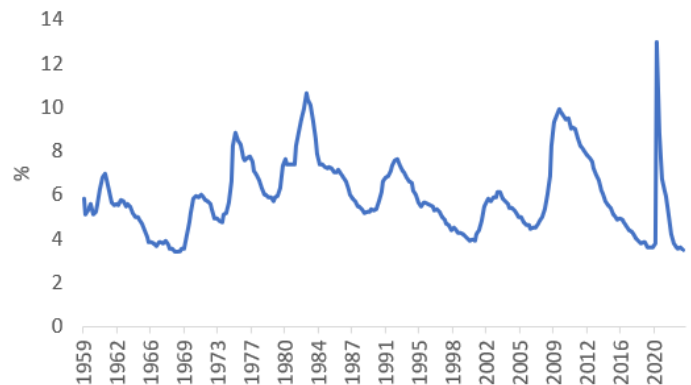
S&P 500 average return one year after the final rise in borrowing costs



Source: Strategas Research

The flipside is the understandable view that stimulus doesn't happen without there being a need to stimulate. As per the following two charts, employment conditions remain robust in the US with record low unemployment and elevated job vacancies. These conditions are supporting wage inflation where the Atlanta Fed Wage Growth tracker rose to 6.4% in March, having previously peaked at 6.7% in mid-2022 before dipping to 6.1% over January and February. There is no precedent to Fed rate cuts when the unemployment rate is 3.5%.

US Unemployment Rate



Source: Bloomberg

US Job Openings



Source: Bloomberg



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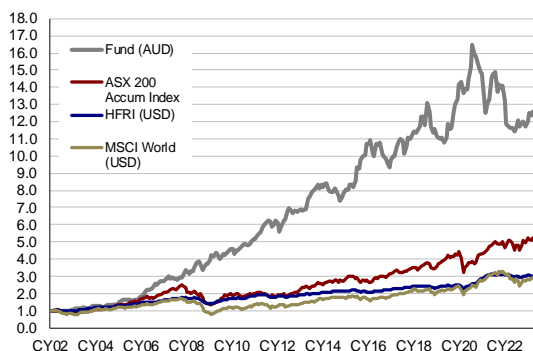
Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2023	2.21%	4.25%	-0.73%	1.69%									7.56%
2022	-6.38%	-10.22%	-1.23%	-0.42%	-0.13%	-2.05%	1.24%	4.43%	-3.22%	1.87%	0.75%	-2.27%	-17.00%
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



Fund Summary

Strategy	Market Neutral, Pairs	Domicile	Australia
Manager	Bennelong Long Short Equity Management Pty Ltd	AUM	A\$239.0m
Status	Open	Currency	AUD
Inception Date	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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