



Bennelong Long Short Equity Fund

Monthly Performance Update

As at 29 February 2024

Portfolio Performance

The return for February was 6.35%. The fund had a material number of very good results in both the long and short portfolios, and this followed a favourable experience with upgrades and downgrades leading into reporting season. Good financial results translated into fund return, as macro and liquidity issues play a second fiddle to company fundamentals. Unfortunately, the return was significantly crimped by Saint-Gobain launching a bid for CSR (short).

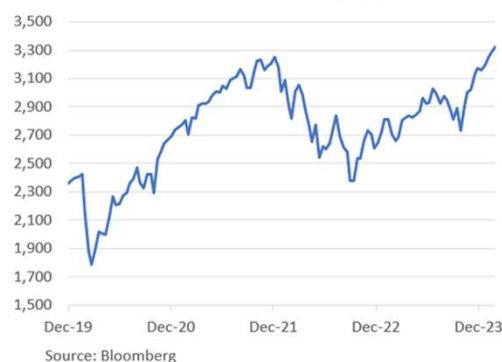
Our top pair was long Goodman / short Stockland. GMG reported a very strong result, upgraded, and increased the scope of the data centre opportunity. Long Mineral Resources / short Fortescue was our second-best pair. MIN reported a result ahead of consensus. Perhaps more importantly MIN is shortly going to start generating revenue from one of its many, significant, growth investments - the large Onslow iron ore project. In addition lithium prices are showing signs of troughing following a very steep decline. FMG was weaker as the iron ore price fell 10%. Long Light & Wonder / short Treasury was our third best pair. LNW produced another strong result with all parts of the business producing strong growth. TWE had a low-quality result with poor cashflow and plenty of work to do in the second half to achieve their guidance. We have significantly reduced our position leading into the possible removal of Chinese tariffs on Australian wine.

Our bottom pair was Long James Hardie / short CSR. The key news was Saint-Gobain launching a knock-out bid for CSR. We think the Australian building industry is nearer the end of working through the bulge in housing completions which was created by disruption, and surge in commencements, during COVID. It has inflated margins and extended the cycle for building materials companies. Consequently Saint-Gobain are paying a peak multiple for peak margins on peak volumes. Long Worley / short Downer was our second bottom pair. WOR made a notable positive contribution following their result, however that was more than offset by DOW. We had anticipated DOW might downgrade with their result, and that did not happen.

Market Observations

Share markets reached new highs in February, eclipsing the peaks of two years ago when markets were being maximum stimulated via monetary and fiscal stimulus policy. Other than the UK and Australia which were flat, all the major market indices gained over the month (notably Japan +8%, China +8%, South Korea +6% and US Nasdaq +6%). Helpful for markets was supportive corporate profits – for example, 64% of S&P 500 companies beat Dec qtr estimates according to analysis by JP Morgan. Also of help was a late month update of the PCE deflator index (the Fed's preferred inflation measure) which matched expectations for a rise of 2.8% on year ago, thus validating the view that it's only a matter of 'when' rather 'if' policy rates are reduced this year.

MSCI World Price Index (US\$)



Fund statistics

Fund NAV A\$M	Month End	\$117.6
Gross exposure A\$M	Month End	\$508.2
Fund leverage (x NAV)	Month End*	4.3
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	21.4%
Fund volatility (annualised)	Rolling 12 months	9.8%
Positive months %	Rolling 6 months	50%
Positive months %	Since inception	62%
Sharpe Ratio (basis RBA Cash)	Month	3.4
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	0.5
Long exposure	Month End	51.7%
Short exposure	Month End	-48.3%
Fund performance (composite)	Since inception \$1.00	\$13.58

*Gearing calculated subject to variations in accruals.

Top spreads for the month

Long	Goodman (GMG)	Short	Stockland (SGP)
Long	Mineral Resources (MIN)	Short	Fortescue (FMG)
Long	Light & Wonder (LNW)	Short	Treasury Wine Estates (TWE)

Bottom spreads for the month

Long	James Hardie (JHX)	Short	CSR (CSR)
Long	Worley (WOR)	Short	Downer EDI (DOW)
Long	ALS (ALQ)	Short	Aurizon (AZJ)

Performance

1 month	6.35%
3 months	6.67%
Fiscal YTD	6.17%
12 months	8.79%
Since inception (compound p.a.)	12.54%



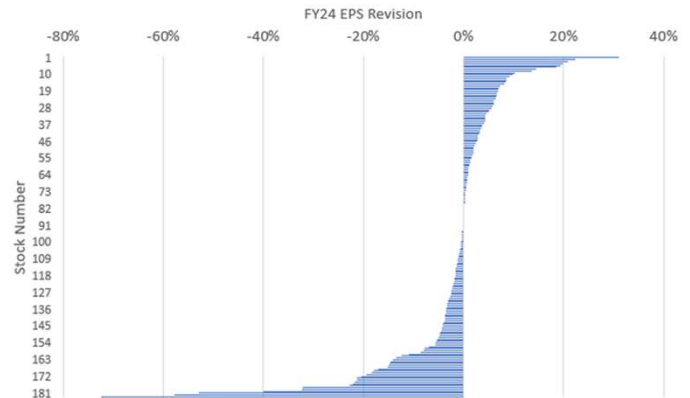
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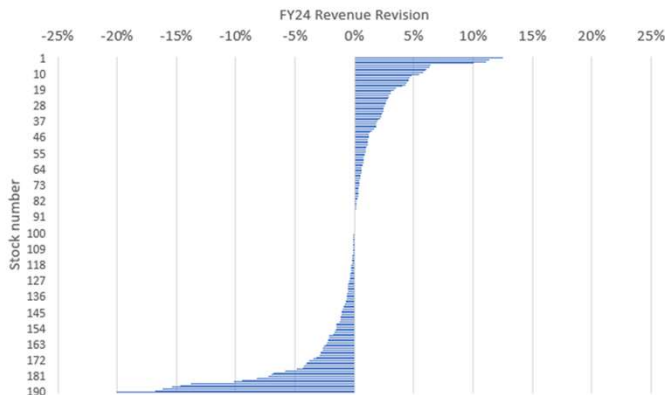
The ASX 200 had a flat month. The tech sector was a standout, up 19%, as was the consumer discretionary sector (+9%). For both sectors, share prices were supported by generally better earnings results and outlook statements than expected. Results elsewhere were more hit and miss (eg Healthcare, Consumer Staples, Financials) and, when combined with weaker iron ore pricing weighing down the big cap miners (BHP, RIO, FMG), was reason why the overall market stalled unlike offshore peers. Reflecting on reporting season, like the last two reporting seasons, we observed reasonably balanced revisions to sales estimates but a skew to downgrades at EBIT (reflecting cost pressures) and even more so at EPS (due to higher interest costs).

ASX 200 FY24 EPS Revisions
(31 Jan '24 to 29 Feb '24)



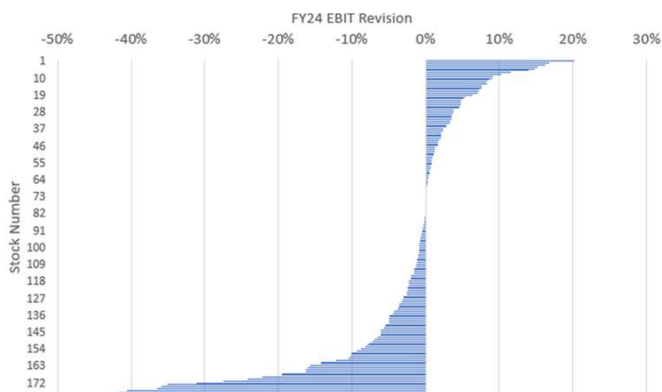
Source: Bloomberg

ASX 200 FY24 Revenue Revisions
(31 Jan '24 to 29 Feb '24)



Source: Bloomberg

ASX 200 FY24 EBIT Revisions
(31 Jan '24 to 29 Feb '24)



Source: Bloomberg



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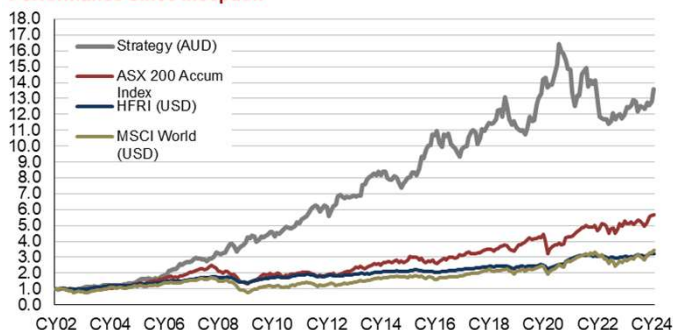
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Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2024	1.73%	6.35%											8.19%
2023	2.21%	4.25%	-0.73%	1.69%	2.46%	-0.93%	-4.55%	2.55%	-0.57%	-0.86%	3.16%	-1.40%	7.15%
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\$208m
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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