

Key Points:

Research driven, market and sector neutral, "pairs" trading strategy investing primarily in large cap stocks from the ASX/S&P100 Index, with more than 20-years' track record and annualised net returns of +12.84%.

The Fund was originally launched by Portfolio Manager Richard Fish in 2002 who subsequently built an investment team of five, while Bennelong Funds Management provided infrastructure, operational and compliance functions. Sam Shepherd, who joined the team in 2012, assumed the role of CIO in 2017.

The Fund's Investment history commenced in February 2002 and includes returns such as 11.95% in 2008, 20.6% in 2011 and 2.51% in 2018, all of which were negative years for the ASX200.

The Fund's returns across its investment history indicates the strategy's ability to provide positive returns in volatile and negative markets and significantly outperform the broader market.

Management Company Overview:

The Bennelong Long Short Equity Fund (the "Fund") is an Australian Absolute Return fund established in 2002 by Richard Fish. BLSEM staff control 60% of the investment manager with the remainder owned by Bennelong Funds Management (BFM).

In May 2012 Sam Shepherd joined the firm from Credit Suisse, where he ran the Melbourne institutional equities desk. Shepherd's 24-year experience also covers JP Morgan and Norwich Investment Management. In June 2017 he assumed the role of CIO.

Shepherd is supported by Sam Taylor (Head of Research) and Senior Analysts Steven Lambeth and Justin Hay.

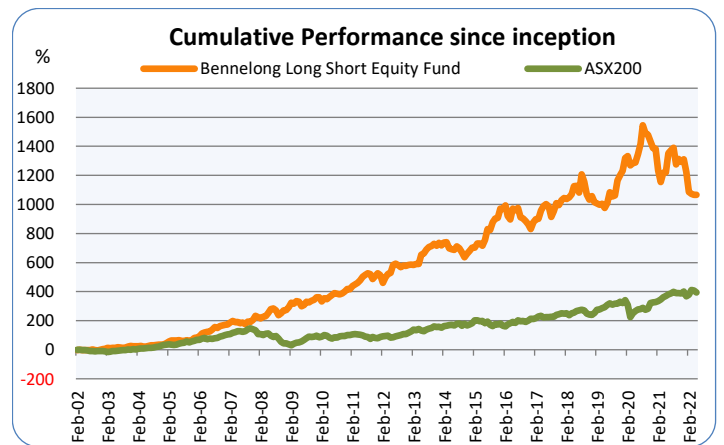
Sam Taylor has 18 years' industry experience, including 11 years with BLSEM. Prior to joining Bennelong, Sam was a Partner at Ocean Financial Group where he was an equity portfolio manager for high net worth individuals, and prior to that had investment advisory roles at Hartleys Ltd and Intersuisse Ltd. Sam has a Bachelor of Business (Banking & Finance).

Stephen Lambeth joined BLSEM as Senior Investment Analyst in August 2014 and has over 14 years' experience. His previous roles include Senior Investment Analyst at JCP Investment



Key Performance Statistics	Bennelong	Index*
May-22	-0.13	-2.60
Annualised Return	12.84	8.17
Latest 3 Months	-1.77	3.21
Latest 6 Months	-16.33	1.44
Latest 12 Months	-11.68	4.84
Latest 24 Months p.a.	-8.37	15.95
Latest 36 Months p.a.	2.71	7.85
Latest 60 Months p.a.	1.36	8.84
% Positive Months (Since Inception)	62.70	63.52
Best Month	10.59	10.21
Worst Month	-10.22	-20.65
Largest Drawdown (Since Inception)	-29.14	-47.19
Average +ve Return	3.32	3.00
Average -ve Return	-2.67	-3.21
Annualised Standard Deviation (Since Inception)	13.12	13.29
Downside Deviation (Since Inception)	7.91	9.86
Sharpe Ratio (Since Inception)	0.74	0.41
Sortino Ratio (Since Inception)	1.12	0.47

*Index is ASX200 Total Return adjusted since Fund's Inception



Performance - Net of Fees (%)														Bennelong Long Short Equity Fund
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
2022	-6.38	-10.22	-1.23	-0.42	-0.13	-	-	-	-	-	-	-	-17.44%	
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	37.14%	
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	22.46%	
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%	

Partners, Senior Investment Manager with Wallara Asset Management and Investment Consultant with Towers Perrin's Asset Consulting Practice.

Justin Hay joined BLSEM in August 2016 and has over 18 years of experience in the securities industry, including six years in London working for Goldman Sachs International. Prior to joining Bennelong, Justin worked as Senior Analyst at Optimal Fund Management Australia and, prior to that role, as Executive Director – Institutional Research Sales with Goldman Sachs Australia.

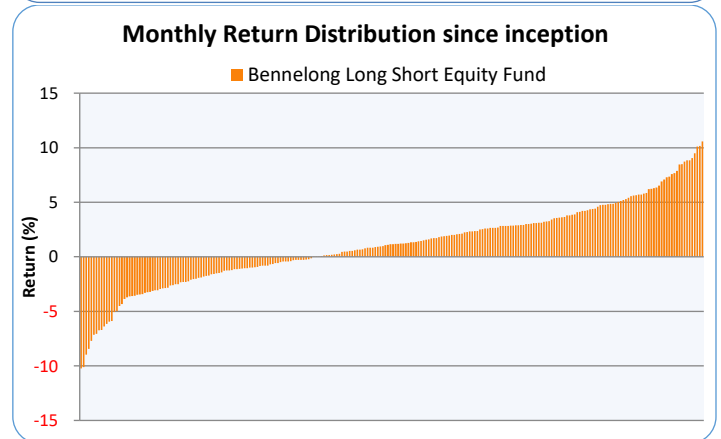
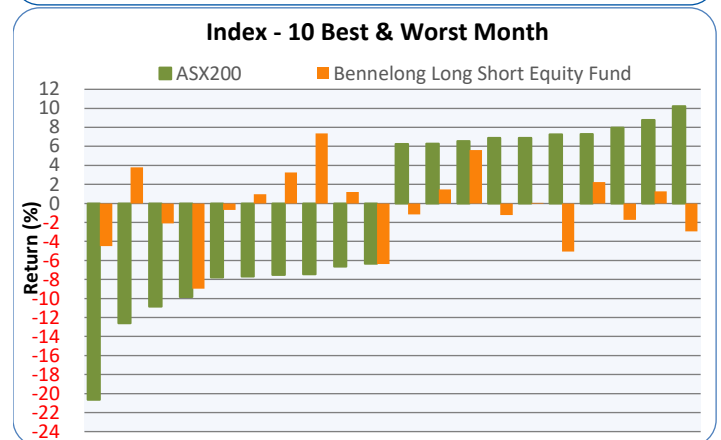
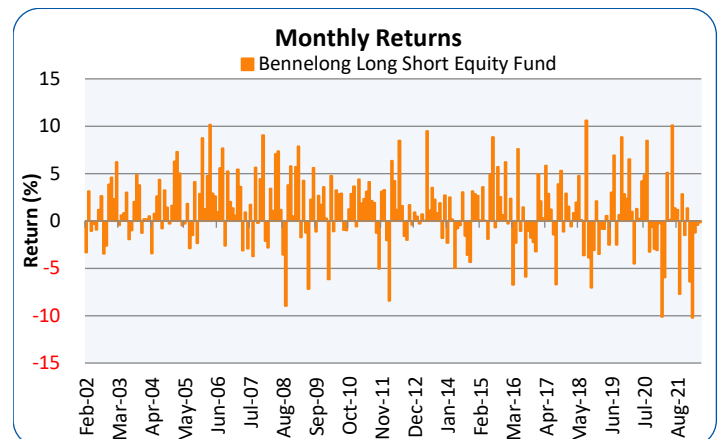
Investment Strategy:

The Fund only invests in ASX listed stocks, primarily within the top 100 by market capitalisation, using a disciplined "pairs trading" approach while remaining broadly market neutral on a cost basis.

Typically, the Fund will hold 35 pairs (giving a total of around 70 stocks) each selected from the same market sector. On average each pair makes up only 3% of the overall portfolio, with a range of between 2 and 5%, and at the time of the initial investment each pair is broadly dollar neutral.

Each pair will contain one or more long and short positions each of which will have been thoroughly researched and analysed by the investment team. Ideally each stock's position will make a positive return to the portfolio, however it is the relative performance of each position in the pair that is critical to the performance of the pair as a whole.

As a result, the "pair" and therefore the Fund can make positive returns even if each stock moves in the same direction, provided the long position is more profitable than the short one. However, if neither side of the trade is profitable, strict controls are required to ensure losses are limited.



Performance Commentary

- The Fund's strong historical performance indicates an ability to generate high annualised returns whilst preserving capital across the market cycle. Since inception, the Fund has produced an annualised return of +12.84% versus the ASX200 Accumulation Index's return of +8.17% for performance over the same period.
- These significant returns have been achieved with slightly lower volatility than the broader market.
- During the height of the GFC when the market fell over 47%, the Fund's drawdown was 12.22%.
- The Fund has a low correlation to the ASX200's worst months, frequently providing excellent positive returns when the market falls sharply.

The final portfolio construction is therefore subject to strict risk limits and controls, and the portfolio is subject to continuous review and adjustment.

The strategy is deceptively simple and efficient as it allows the investment team to focus on the relatively small, stable, and well researched group of top 100 ASX stocks. However, market neutral "pairs" trading is notoriously difficult to execute profitably on a consistent long term basis, and analysis of the past

history and performance of the Fund is indicative of the investment team's knowledge and ability.

Fundamental Research & Analysis

The fundamental research and formation of a view on sectors and individual stocks is focused on the top 100 ASX stocks. Information and initial ideas are generated from a range of sources including broker research and ASX notices.

The nucleus of the idea may come as a result of stock specific views, or may be driven from an overall sector view. In addition to the team's extensive market experience, industry contacts provide the genesis of ideas which help to identify opportunities.

Ideas and potential opportunities are researched in detail using fundamental analysis to determine both the absolute and relative value of stocks which make up the sector in question. An

internal matrix and analysis system has been developed to thoroughly test and analyse stocks within the sector prior to selecting the “pair” that will be used to implement the trade.

Investment Risk & Processes

The Fund uses no derivatives and has no currency exposure.

The Fund has no hard stop loss limits, instead relying on the small average position size per stock (1.5%) and per pair (3%) to limit exposure. Where practical pairs are always held within the same sector to limit cross sector risk, and positions can be held for months or years.

In addition to the investment team's undoubted skill and knowledge of their market universe, the Fund's performance is driven by the ability to make positive returns from both the long and short side of the paired stocks in question. However, this can have the opposite effect when neither side performs as expected.

The Fund can also gear up to 5 times NAV, and is frequently geared to 4 times NAV (2 times long, plus 2 times short), which is high compared to some of the Fund's peers. Gearing can significantly increase returns on profitable trades, but can also amplify losses on losing positions, and should therefore be used judiciously.

The Fund's historical performance has certainly been enhanced by the use of gearing, and while this does create some increased risk, the team's market knowledge and experience has successfully managed the performance over a sufficient length of time and through significant market volatility, particularly during 2008. As such this supports the view that the gearing levels are suitable and appropriate considering the other risk limits and processes in place.

Operational and Business Risk

Operational and business risk is considerably reduced as a result of the umbrella of Bennelong Funds Management, which has interests in a variety of fund management offerings and provides the Fund with back office, operational and compliance functions.

Bennelong Funds Management has an excellent track record in finding, nurturing and developing investment teams and providing the infrastructure and support to allow them to focus on their specific strategy implementation.

Portfolio Manager Sam Shepherd, along with Head of Research Sam Taylor, Investment Analysts Stephen Lambeth and Justin Hay offer significant depth and structure providing core company research and portfolio analysis, and thus serve to significantly reduce the Fund's reliance on any one person. In summary, the size and structure of the portfolio, and the liquidity of the top 100 stocks in which the Fund normally invests, and the level of knowledge and research coverage coupled with the experience of the investment team, has significantly reduced these concerns.

Naturally there are no guarantees of future performance, but investors should take significant comfort from a well-developed investment strategy, implemented by a professional and experienced team, and backed by an efficient administrative and compliance back office.

Fish remains a shareholder at reduced levels, with the balance of his equity being acquired by the remaining members of the team.

Structure, Terms & Conditions and Fees

Bennelong Funds Management Ltd (ACN 111 214 085) is an Australian company which was registered with ASIC on 1 October 2004. The company holds AFS Licence number 296806 issued on 8th March 2006. The minimum investment is \$500,000 with no lock up or exit restrictions with a redemption notice of 30 days.

These is a 1.5% p.a. management fee, payable monthly, with a 20% annual performance fee subject to a high-water mark.

The Fund is structured as an Australian Unit Trust, with no offshore version. The Fund is currently soft closed and as such open to existing investors only.

The Bennelong Market Neutral Fund, which has the same strategy and liquidity is available for retail investors as an ASX LIC.

Bennelong Long Short Equity Fund Key Terms

Strategy	Equity Market Neutral
Domicile	Australia
Investor Type	Wholesale only
Min. Investment	A\$500,000
Additional Investment	A\$500,000
Management Fee	1.5% p.a
Performance Fee	20% p.a, with high water mark
Hurdle	No
Min. Term	No minimum
Redemption	Monthly
Inception Date	Feb-02
Fund Size	A\$193.01 million
Manager's Total FUM	+\$8.0 bn (Bennelong Funds Managm't)
Status	Soft Closed

Service Providers

Custodian and Prime Broker:	UBS
Administrator:	TMF Fund Services
Auditors:	Deloitte Touche Tohmatsu
Legal:	DLA Piper

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