



Bennelong Long Short Equity Fund

Monthly Performance Update

As at 31 March 2024

Portfolio Performance

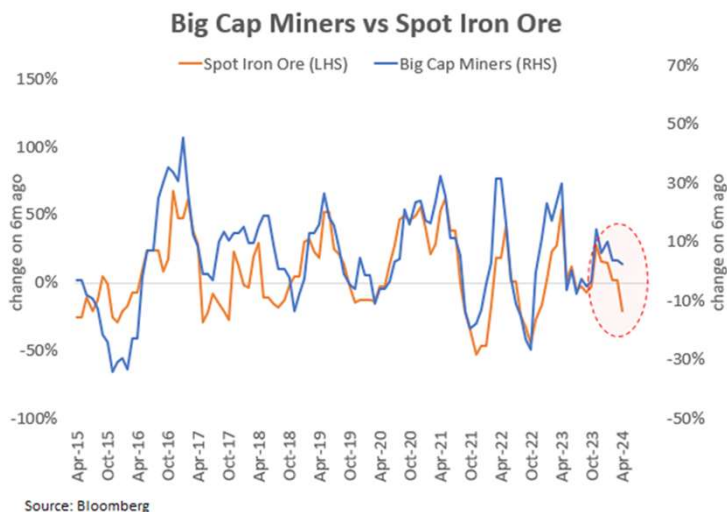
The fund returned 1.86% for March. Positive and negative returns were spread across all sectors. Following an eventful reporting season there was a lot less company news.

Our top pair was long ResMed / short Ansell. The return was driven by RMD, which continued to recover following the anti-obesity drug driven correction. Data from Eli Lilly's Surmount trial, investigating weight loss drugs and sleep apnea, is due imminently. It will likely have some influence on the debate about whether weight loss drugs are considered complementary, or a threat to CPAP. Our second-best pair was long ALS Ltd / short Aurizon. ALS announced three acquisitions and a small downgrade at the end of the month. Despite the downgrade, ALS drove the return of the pair with stronger base metal and gold prices, and improving capital raisings by junior miners, boosting the outlook for its Geochem division.

Long Lynas / short Alumina was our bottom pair. LYC remains in the doldrums with rare earths prices weak as China continues to increase production, putting pressure on western world attempts to fund and expand production. Alumina/Alcoa had a strong bounce in response to the stronger aluminum price and following consummation of their merger. Our other negative pairs made little negative contribution and had no notable news.

Market Observations

March saw most share markets gain in the low single digits to finish the first quarter of calendar 2024 up in the high single digits (on a price index basis). The local ASX 200 gained similarly over the month (up +3%) with sector performance bookended by Consumer Discretionary at +0.6% and REITs at +10%. The Materials sector, which is dominated by the big cap miners (BHP, RIO, FMG) did well to gain +2% despite the -20% fall in the price of iron ore to below US\$100/t. As per the following chart, historically the big cap miners have closely tracked the ups and downs of spot iron ore but have recently disconnected. Elsewhere, government bond yields were down modestly, gold rallied +9% and Bitcoin surged another +15% to a new record of US\$70k.



Fund statistics

Fund NAV A\$M	Month End	\$118.1
Gross exposure A\$M	Month End	\$520.8
Fund leverage (x NAV)	Month End*	4.3
Average fund leverage (x NAV)	Since inception	4.3
Fund volatility (annualised)	Month	12.2%
Fund volatility (annualised)	Rolling 12 months	9.7%
Positive months %	Rolling 6 months	67%
Positive months %	Since inception	62%
Sharpe Ratio (basis RBA Cash)	Month	1.5
Sharpe Ratio (basis RBA Cash)	Rolling 12 months	0.8
Long exposure	Month End	51.4%
Short exposure	Month End	-48.6%
Fund performance (composite)	Since inception \$1.00	\$13.84

*Gearing calculated subject to variations in accruals.

Top spreads for the month

Long	ResMed (RMD)	Short	Ansell (ANN)
Long	ALS (ALQ)	Short	Aurizon (AZJ)
Long	Mineral Resources (MIN)	Short	Fortescue (FMG)

Bottom spreads for the month

Long	Lynas (LYC)	Short	Alumina (AWC)
Long	Macquarie (MQG)	Short	Bendigo Bank (BEN) / AMP (AMP)
Long	James Hardie (JHX)	Short	CSR (CSR) / Amcor (AMC)

Performance

1 month	1.86%
3 months	10.20%
Fiscal YTD	8.15%
12 months	11.64%
Since inception (compound p.a.)	12.58%



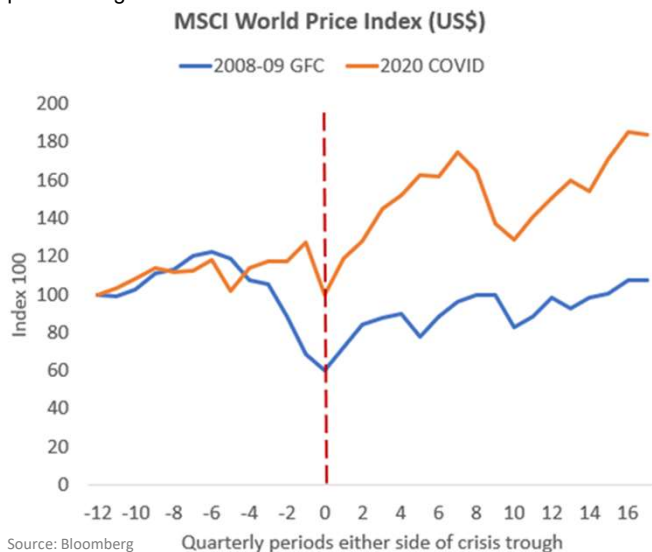
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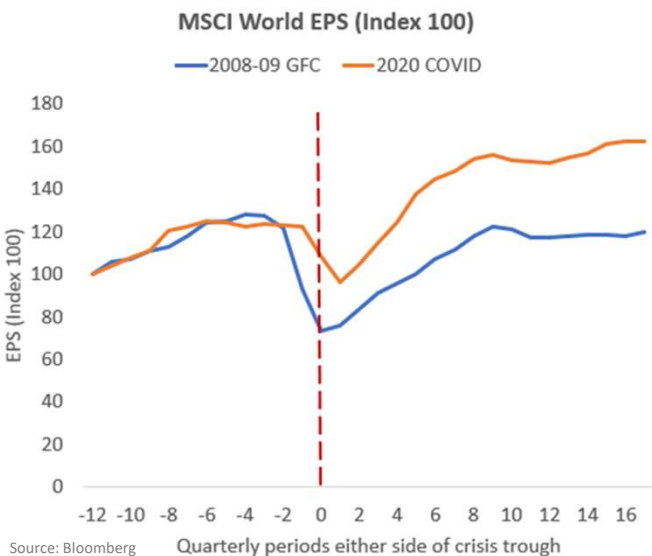
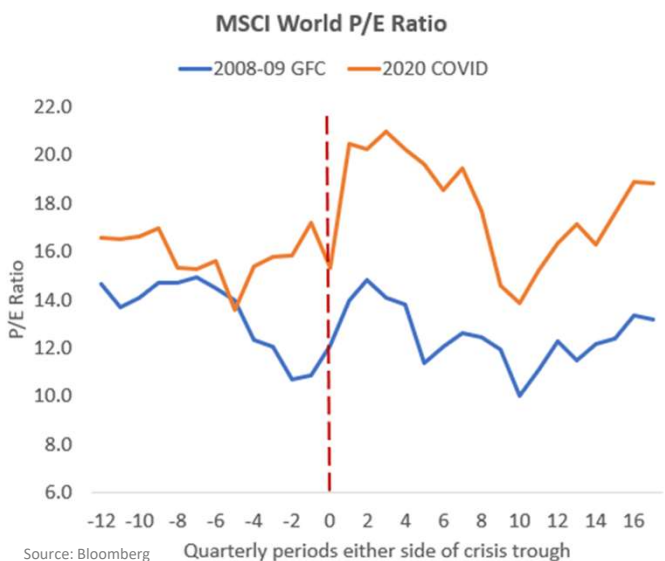
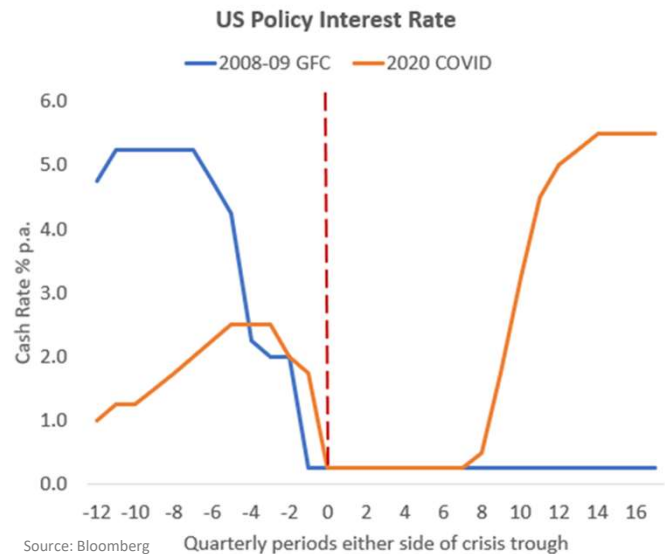
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March 2024 is the four-year anniversary since the outbreak of COVID-19. At their nadir, developed world equities were down -34% from their recent highs. What was the subsequent recovery like and how did it play out versus the prior major market meltdown being the 2008-09 GFC? The below charts are our attempt to show the difference. For all charts, the dotted line represents the trough period (i.e. March 2009 for the GFC and March 2020 for COVID). As shown, with hindsight, COVID was a far less significant setback for equity markets than was the GFC. To begin, share prices today are 40% higher than immediately pre-COVID. This compares to the GFC where share prices four years post the trough were still below their pre GFC high.

For share prices to track earnings is anything but surprising. But it is (arguably) surprising for prices to have outpaced earnings post COVID despite the higher interest rate backdrop. As shown below, unlike in the aftermath of the GFC where monetary policy remained highly stimulatory, the US policy interest rate today is 5.50%. To the extent interest rate settings influence discount rates, today's higher policy rate has not stopped markets deciding to price the MSCI World Index today on a P/E ratio of 19x vs 16-17x pre COVID.



Similarly for earnings, COVID as a crisis was short-lived given earnings have recovered to be 30% above their pre COVID levels. Compare to the GFC where earnings were still lagging pre-crisis levels four years (ie 16 quarters) post the bottom.





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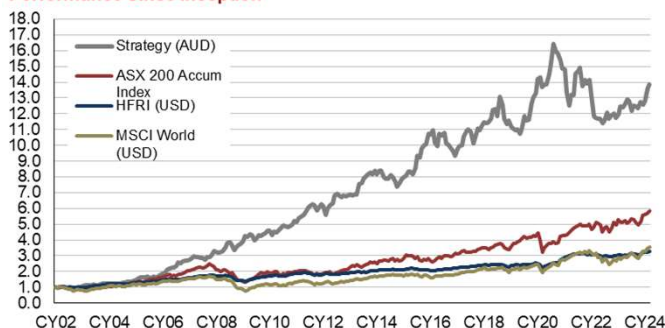
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Calendar year performance

% change cal yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2024	1.73%	6.35%	1.86%										10.20%
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\$208.5m
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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