

# Bennelong Kardinia Absolute Return Fund

## Monthly performance report

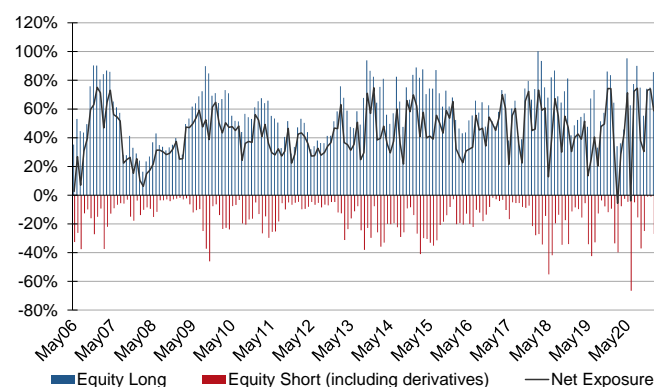
As at 31 March 2021

### Fund at a glance

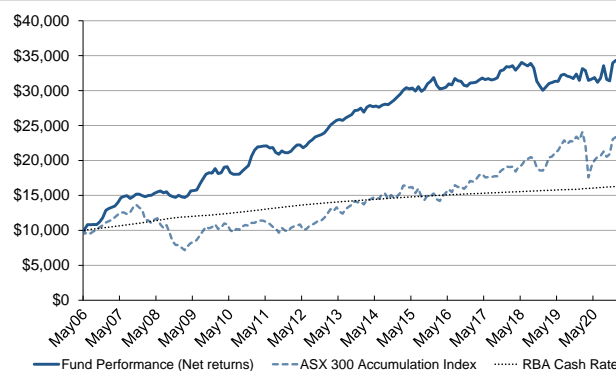
Fund facts	
Strategy	Long-short Australian equity
Process	Fundamental stock selection based on analysis of the macroeconomic environment, company and operating environment, quality of management and valuation
Objective	To achieve consistent positive returns through an investment cycle, with an overarching philosophy of capital protection
Strategy FUM	AUD 88.9 million
Inception date	1 May 2006
Unit price: daily series	1.1499
Unit price: monthly series	1.3506
Fund managers	Kristiaan Rehder, CFA® Stuart Larke, CFA®
Investment Specialist	Mark Burgess, CFA®
Annualised return	8.75%
Total return since inception	249.46%
Annualised standard deviation	7.63%
Sharpe ratio (RFR=RBA cash)	0.71
Percentage of positive months since inception	67.60%

### Fund in review

#### Portfolio exposure analysis



### Fund performance



Source: Kardinia Capital

Timeframe	Fund return	RBA Cash Rate + 2% (Perf Fee hurdle)*
1 month	(0.36%)	0.18%
6 months	10.60%	1.06%
1 year	11.14%	2.21%
3 years p.a.	2.01%	1.78%
5 years p.a.	2.88%	1.69%
Since inception p.a.	8.75%	3.36%

Note: Performance results are presented net of all transaction costs, investment management and performance fees and all other costs incurred by the Fund. Performance is the total return of the fund (assuming re-investment of distributions) and is quoted based on hard-close unit prices, without including the impact of buy/sell spreads. The inception date of the Fund is 1 May 2006.

\*The Performance Fee Hurdle is the RBA cash rate plus 2%. Prior to 2 December 2019 it was the RBA Cash Rate.

Largest holdings	Sector	%
National Aust Bank	Financials	9.2%
Commonwealth Bank	Financials	5.2%
BHP	Materials	4.0%
Beach Petroleum	Materials	3.6%
Macquarie Group	Financials	3.5%
Bluescope Steel	Materials	3.5%
Flight Centre	Cons. Discretionary	3.5%
Cyprium Metals	Materials	3.4%
Vicinity Centres	Real Estate	3.3%
Harvest Technology	Info Tech	3.2%

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### Market and fund commentary

The Bennelong Kardinia Absolute Return Fund fell 0.36% in March, below the market return (S&P/ASX300 Accumulation Index +2.30%).

Key contributors and detractors for the month:

Positive Contributors	Basis Points	Negative Contributors	Basis Points
Cyprium Metals	+104	Zip Co	-56
NAB	+50	Fortescue	-45
Bluescope Steel	+48	Proteomics	-41
Graincorp	+46	Nickel Mines	-38
Pentanet	+31	Short Book	-37

Cyprium Metals is an emerging Australian copper developer, having recently purchased the Nifty copper mine from Metals X. The company also has some promising exploration assets. We are positive on the outlook for copper given improving global demand and limited new supply.

The best sectors for the month were Consumer Discretionary (+7.0%), Utilities (+6.8%) and REITs (+6.6%) while Materials (-3.0%), Information Technology (-2.9%) and Energy (flat) lagged.

### COVID-19

Safety concerns have emerged with the AstraZeneca COVID-19 vaccine, which is the backbone of the Australian Government's vaccination effort. As a result, the Government has backed away from its target to have the country fully vaccinated by October 2021. We continue to monitor these developments closely.

### Fund performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.32%	1.86%	-0.36%										1.83%
2020	5.40%	-0.86%	-4.32%	0.63%	0.73%	-2.15%	1.90%	5.63%	-5.88%	-0.70%	8.21%	1.07%	9.13%
2019	1.66%	1.55%	0.46%	0.55%	-0.03%	2.82%	0.42%	-0.83%	-0.35%	-0.73%	2.04%	-2.84%	4.68%
2018	-0.16%	0.56%	-1.90%	1.56%	1.78%	-0.77%	-0.68%	1.08%	-1.93%	-5.71%	-2.18%	-2.02%	-10.12%
2017	0.12%	0.25%	1.04%	0.89%	-0.75%	0.48%	-0.65%	0.34%	0.66%	3.18%	0.35%	1.43%	7.53%
2016	-3.42%	-1.78%	0.30%	0.52%	1.60%	-0.47%	2.95%	-1.02%	-0.22%	-1.85%	-0.37%	1.45%	-2.44%
2015	1.44%	1.90%	1.24%	-0.59%	0.41%	-1.49%	2.20%	-2.27%	1.14%	2.45%	1.16%	1.74%	9.60%
2014	-2.12%	2.69%	0.87%	-0.63%	0.36%	-0.66%	1.07%	0.56%	-0.31%	1.22%	1.13%	1.53%	5.77%
2013	2.21%	2.36%	1.42%	1.34%	0.40%	-0.46%	1.31%	0.96%	0.93%	2.17%	0.15%	1.11%	14.76%
2012	1.08%	2.30%	1.82%	0.04%	-1.79%	1.38%	2.30%	1.38%	1.85%	0.68%	0.71%	1.07%	13.52%
2011	4.25%	2.13%	0.23%	0.37%	0.11%	-1.41%	0.31%	-3.23%	-1.19%	2.31%	-1.16%	-0.13%	2.42%
2010	-3.82%	0.66%	4.36%	0.36%	-4.38%	-1.33%	0.03%	0.09%	2.49%	2.19%	2.02%	6.84%	9.33%
2009	-1.46%	-0.68%	1.79%	4.56%	0.34%	0.54%	5.31%	4.41%	3.86%	1.21%	-0.28%	3.59%	25.47%
2008	-1.00%	1.12%	0.17%	1.93%	1.33%	0.87%	-1.72%	1.02%	-3.20%	-1.29%	-0.81%	2.04%	0.30%
2007	2.04%	1.28%	1.45%	3.74%	4.95%	1.21%	0.65%	-2.62%	1.76%	2.36%	-0.02%	-1.34%	16.36%
2006					1.53%	6.54%	-0.06%	0.32%	-0.22%	3.65%	5.50%	8.72%	28.67%

Globally, more than 797 million doses have been administered across 154 countries. This compares to the 128 million confirmed COVID-19 cases. India and Brazil have recently seen a major spike in COVID cases.

### Market Performance

Global markets were generally stronger than the Australian market (Euro Stoxx 50 +7.9%, S&P500 +4.4%, FTSE 100 +4.2%, MSCI Asia ex Japan -1.8%).

Bond yields rose in the US (10yr +31bp to 1.74%) but fell in Australia (10yr -10bp to 1.79%) as the Reserve Bank of Australia continue its Quantitative Easing program. The RBA bought \$18.5b of Australian Commonwealth Government Bonds and now owns 13% of the outstanding market. The AUD/USD fell 1% to US\$0.76.

US, China and European economic data were all mixed. In Australia, house prices rose 2.6% in March, the fastest pace since 1988 and job vacancies are at a record high, although we expect some increase in unemployment given JobKeeper only ended in March.

Commodity prices were generally weaker with iron ore down US\$9/t to US\$165/t and Brent oil down 1% to US\$57/bbl. Copper was down 2% to US\$4.00/lb while gold fell 2% to US\$1707/oz.

We kept our net market exposure relatively steady at 68.4% (87.1% long and 18.7% short) with new positions including Cyprium and Webjet offset by reduced positions in some resource holdings and the sale of Independence Group. We maintain a bias towards stocks that benefit from a re-opening of economies scenario, with Banks, Resources and Technology the largest sector weights.

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### Contact details

For more information, contact Client Experience on 1800 895 388 (AU) or 0800 442 304 (NZ), or visit [kardiniacapital.com.au](http://kardiniacapital.com.au)

### How to invest

The Fund is open to investors directly via the PDS (available at [kardiniacapital.com.au](http://kardiniacapital.com.au)), or a range of platforms.

### Platforms

AMP: Elements Investment, Elements Pension, My North, North, Portfolio Care, Portfolio Care eWrap, PPS, Weathview eWrap Inv	
Asgard: Master Trust, eWrap, Employee Super, Infinity	Macquarie Wrap: IDPS, Super
BT: Wrap, Super Wrap, Assemble	Netwealth: Super Service, Wrap Service, IDPS
CFS: FirstChoice, FirstWrap, IX	Oasis: Dominion
Hub 24: Super, IDPS	Powerwrap: Super, Pension, Smartwrap
Asgard: Master Trust, eWrap, Employee Super, Infinity	Wealthtrac
IOOF: Portfolio Services	Wealth O2

### Notes:

1. Kardinia Capital is an investment manager that invests solely in Australian and New Zealand securities.
2. The Bennelong Kardinia Absolute Return Fund (Fund) was launched on 1 May 2006 by another trustee, and the above performance data relates to this strategy. Bennelong Funds Management Ltd (Bennelong) assumed responsibility as replacement trustee on 16 August 2011 – for performance history relating to this date, please contact Client Experience on 1800 895 388 (AU) or 0800 442 304 (NZ) or [client.services@bennelongfunds.com](mailto:client.services@bennelongfunds.com). Mark Burgess and Kristiaan Rehder were employed by the previous trustee and became employees of Kardinia Capital Pty Limited (Kardinia), which has been engaged by Bennelong to manage the Fund, in August 2011. Kardinia has applied the same investment philosophy and strategy in respect of the Fund. Past performance is not a reliable indicator of future performance.
3. Valuations are computed and stated in Australian dollars and are provided by independent service provider Apex Fund Services (Sydney) Pty Limited (Apex).
4. Performance results are presented net of all transaction costs, investment management and performance fees and all other costs incurred by the Fund. Performance is the total return of the fund (assuming re-investment of distributions) and is quoted based on hard-close unit prices, without including the impact of buy/sell spreads.
5. A complete and detailed list of performance results including a presentation is available upon request.
6. Please note that performance data for the Fund is historical data based on the main series using a monthly unit pricing methodology. For those who are invested in the daily series please contact Client Experience (1800 895 388 or [client.experience@bennelongfunds.com](mailto:client.experience@bennelongfunds.com)) to request your performance history.

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