

Bennelong ex-20 Australian Equities Fund

Performance update

As at 28 February 2019

Net client returns (after fees and expenses)

	1 mth	3 mths	1 Year	3 years pa	5 years pa	10 years pa	Since Inception** pa
Fund	3.90%	3.25%	-1.79%	8.51%	9.30%	na	11.86%
Benchmark*	5.30%	9.58%	4.86%	13.23%	10.25%	na	8.01%
Value added	-1.41%	-6.32%	-6.65%	-4.72%	-0.95%	na	+3.85%

Performance figures are net of fees and expenses. 'Value added' calculation does not use rounded performance figures.

*S&P/ASX 300 Accumulation Index excluding S&P/ASX 20 Leaders Index

**Inception date is 2 November 2009

Portfolio positioning

Portfolio Sector Allocation			
Sector	Fund Weight	Benchmark* Weight	Active Weight
Discretionary	27.1%	9.4%	17.7%
Health Care	15.9%	7.5%	8.4%
REIT's	21.5%	14.5%	7.0%
Consumer Staples	10.1%	5.4%	4.8%
Liquidity	4.4%	0.0%	4.4%
Communication	2.2%	3.1%	-0.9%
Industrials	9.7%	11.6%	-1.9%
Utilities	0.0%	4.6%	-4.6%
IT	0.0%	5.4%	-5.4%
Financials	3.5%	11.9%	-8.5%
Energy	0.0%	8.9%	-8.9%
Materials	5.6%	17.7%	-12.2%

Source: BAEP. *Benchmark is as for the Fund

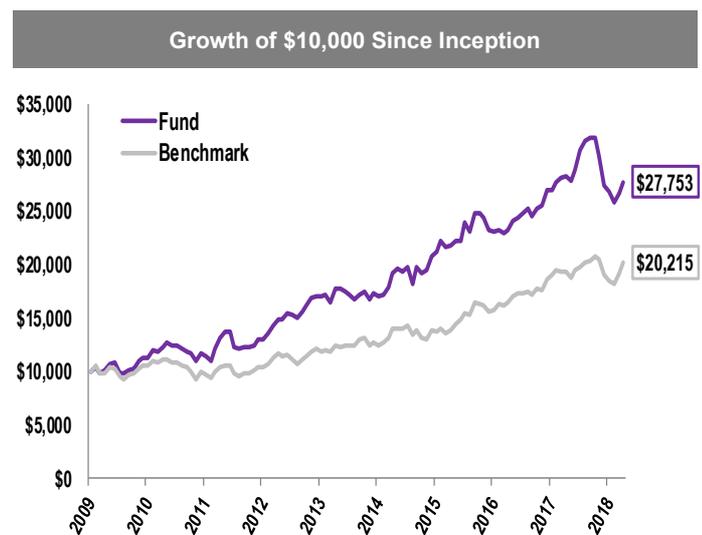
Top Holdings
Aristocrat Leisure
Goodman
Reliance Worldwide

Portfolio characteristics

	Fund	Benchmark*	
Return on Equity	13.6%	10.8%	Premium Quality
Debt/Equity	30.1%	33.0%	
Sales Growth	12.1%	4.5%	Superior Growth
EPS Growth	13.6%	9.3%	
Price/Earnings	22.1x	16.5x	Reasonable Valuation
Dividend Yield	2.5%	3.8%	
Beta	0.92	1	
Active Share	83%	na	Genuinely Active
No. of Stocks	22	273	

Source: BAEP. *Benchmark is as for the Fund.

Long-term performance



Source: BAEP. Inception date is 2 November 2009.



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Recent performance

The Fund had a relatively decent month in February, although note the market was even stronger as it continued to recover from its sell-off late last year.

After Fed talk, US-Sino trade negotiations and other macro factors have driven markets in recent times, the February reporting season focused investors back on corporate profits. Pleasingly, the portfolio performed well over the month. Most stocks in the portfolio reported strong numbers and generally positive outlooks.

By far the largest detractor to performance was Reliance Worldwide. The company reported decent half year results and reaffirmed full year earnings guidance. The market reacted positively to the result and initially sent its shares higher. The founding family took this as an opportunity to sell its remaining 10% stake in the company. Given the size of the block of shares sold, the discounted sale price, and the implications of an insider selling out, the sell-down weighed on the company's share price. On the latter point, we note the family has been selling down ever since it sold a much larger stake in the company's IPO in 2016 at a share price half of where it trades now. Ultimately, it will be the company's operating performance that will determine shareholders' returns from here. And on this, we can confirm there remains strong momentum in the company's core business, and the large acquisition made last year of John Guest is performing well.

Otherwise, there were no particularly worrisome results across the portfolio. Other large detractors actually reported reasonable results, but their shares underperformed in a strong upmarket. Aristocrat Leisure was one of the largest detractors and did not report results in February (it reports in May in respect of its half year that ends 30 April).

Some strong performers for the Fund over the month were IDP Education, Fisher & Paykel Healthcare and Goodman Group. They are all global businesses that again reported strong growth.

Current positioning

The common theme across the portfolio is quality and growth, consistent with our investment philosophy. The Fund remains heavily weighted towards global business franchises such as Aristocrat Leisure, Goodman Group and Reliance Worldwide. Including these exposures, the portfolio is well diversified across a range of different industries.

Overall, we like how the portfolio is currently positioned, and are optimistic on future returns.

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About BAEP

Bennelong Australian Equity Partners (BAEP) is a boutique fund manager focused on Australian equities. It was founded in 2008 in partnership with Bennelong Funds Management. BAEP is a genuinely active fund manager with a consistent, disciplined and proven investment approach.

BAEP's investment philosophy is to selectively invest:

- in high quality companies;
- with strong growth outlooks; and
- underestimated earnings momentum and prospects.

BAEP's investment process is research-intensive with a focus on proprietary field research and is supported by macro-economic and quantitative insights.

About the Fund

The Bennelong ex-20 Australian Equities Fund typically holds 20-35 stocks across all but the top 20 stocks of the Australian share market.

Benefits of the Fund

- BAEP is an award winning and highly rated equities fund manager with an experienced and performance-orientated team.
- BAEP is a genuinely active and high conviction fund manager.
- The Fund is managed in accordance with BAEP's robust, disciplined and proven investment philosophy and process.
- In comparison to the typical domestic core equity portfolio, the Fund offers genuine diversification and greater exposure to the rich opportunity set outside of the largest 20 stocks.
- The Fund has a long term track record of adding value by outperforming the market over the long term.

Contact details

For more information, call 1800 895 388 (AU) or 0800 442 304 (NZ) or visit baep.com.au

The Fund at a glance

Feature	Fund fact
APIR code	BFL0004AU
Benchmark	S&P/ASX 300 Accumulation Index excluding S&P/ASX 20 Leaders Index
Investment objective	4% p.a. above benchmark measured over rolling 3-year periods
Investment manager	Bennelong Australian Equity Partners (BAEP)
Active stock limit	± 10%
Cash limit	0-10%
Inception date	2 November 2009
Recommended investment period	Long term (five years plus)
Buy/sell spread	+/-0.25%
Entry/exit fees	Nil
Management Fee	0.95% p.a. of Net Asset Value of the Fund
Performance Fee	15% of any amount by which the Fund's return is greater than the return generated by the S&P/ASX 300 Accumulation Index excluding S&P/ASX 20 Leaders Index

How to invest

The Fund is open to investors directly via the PDS, available on our website, or via a range of platforms.

Platforms

AMP (Advantage, iAccess, Investment Service, My North, North, Pension Service, Portfolio Advantage, Portfolio Care, Portfolio Care eWrap, PPS, Summit, Synergy, Wealthview eWrap Inv)	IOOF (AET, IPS, Lifetrack, Portfolio Services, SuperWrap, Pursuit Select, Pursuit Select (PIS), Employer Super, TPS)
ANZ (Grow, PortfolioOne)	Hub24 (Super, IDPS)
AON	JBWere
Asgard (Master Trust, eWrap, Employee Super, Infinity)	Linear
Australian Unity (Lifeplan Investment Bond)	Macquarie Wrap (IDPS, Super)
Bridges TPS	MLC (Navigator, Wrap)
BT (Wrap, Super Wrap, Panorama)	Netwealth (Super Service, Wrap Service, IDPS)
CFS (FirstChoice, FirstWrap, IX)	Oasis (Wealthtrac, Dominion, Matrix, Mentor)
Credit Suisse	Powerwrap (Super, Pension, Smartwrap)
Federation	