



# Bennelong Avoca Emerging Leaders Fund

## Monthly performance update

As at 31 January 2012

### At a glance

Feature	Fund fact
Benchmark	S&P ASX Small Ordinaries Index
Investment objective	3-5% p.a. above benchmark measured over rolling 5-year periods
Expected ex-ante tracking error	4-8%
Stock numbers	34
Active stock limit	6% +/-
Fund size	\$10.8m

### Performance in review

The portfolio returned +0.85% relative to the S&P ASX Small Ordinaries Index. Our top three performers this month were Flight Centre, SMS Technology and NRW Holdings, adding 51pts, 34pts and 31pts respectively. Flight Centre should continue to benefit from a high Australian dollar and as the market bought risk in January, it rebounded after being one of our top three detractors in December. We bought more of both Flight Centre and NRW in late December and early January. Adelaide Brighton, New Hope Coal and Sedgman cost us 33pts, 27pts and 19pts respectively.

Timeframe	Fund return	Benchmark	Value added
1 month	8.60%	7.75%	+0.85%
3 month	-1.11%	-0.71%	-0.40%
Since inception*	-6.37%	-5.61%	-0.76%

NB: performance figures are net of investment fees, administration fees and gross of any earnings tax

\*Inception date 1 July 2011

### Strategy in review

In early December 2011, the European Central Bank announced a great deal for investors. The ECB would lend banks money for 3 years at 1%, and accept lower standards on the collateral banks must pledge in exchange for the loan. In late December 2011, 523 banks took up the offer and borrowed €489 billion. At a keystroke, demand for risky assets globally increased. In addition, more cheap loans were promised in late February. The solution to the European Crisis was simple. European Banks - who would not lend to each other, because no-one knew who was solvent due to losses on exposures to insolvent Governments - have been lent 'freshly printed' money to buy more debt from insolvent Governments, to ensure banks are not insolvent.

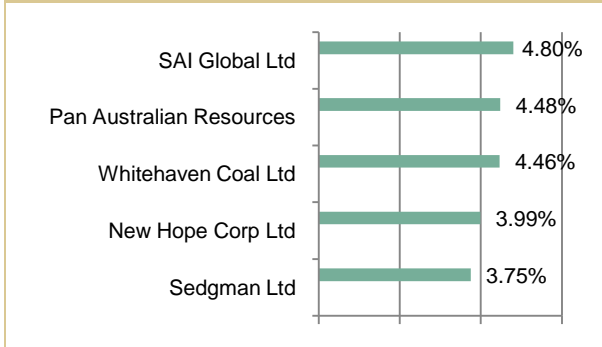
We do not make our investment decisions based on predicting the market's reaction to possible Government/Central Bank's announcements. Our simple systems at Avoca showed that certain stocks were cheap, these happened to be riskier stocks. We increased our exposure to them in late December/early January, the market bought risk in January, we outperformed.

### Top 10 holdings

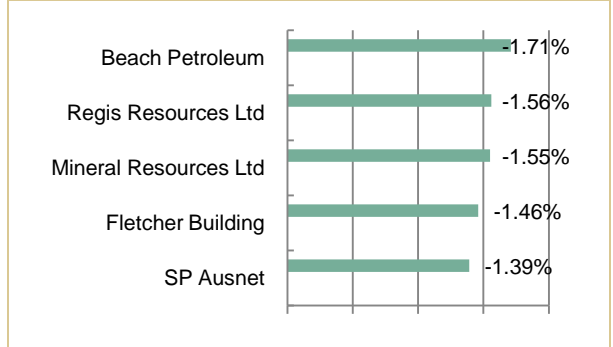
Stock name	Portfolio weight
SAI Global Ltd	5.77%
Bradken	4.55%
Pan Australian Resources	4.41%
Whitehaven Coal	4.40%
Flight Centre Ltd	3.94%
New Hope Coal	3.94%
Sedgman Ltd	3.92%
NRW Holdings	3.92%
Ardent Leisure Groups	3.58%
Adelaide Brighton	3.57%

**Portfolio analysis**

**Five largest overweighted stocks**



**Five largest underweighted stocks**



**Contact details**

For more information, visit [www.bennfundsmanagement.com.au](http://www.bennfundsmanagement.com.au) or call 1800 895 388.

The Fund is managed by Avoca Investment Management, a Bennelong Funds Management boutique.

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