

Bennelong Kardinia Absolute Return Fund

Monthly performance update

As at 30 November 2011

At a glance

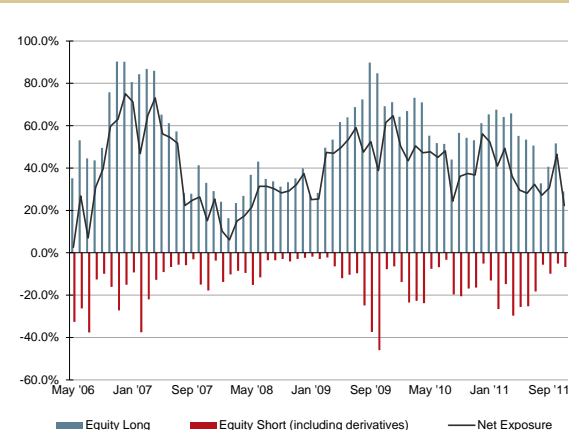
Fund facts

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
FUM	AUD 19.5 million
Inception date	1 May 2006
Unit price	1.1299
Fund managers	Mark Burgess, CFA Kristiaan Rehder, CFA
Annualised return	14.33%
Return since inception	111.26%
Annualised standard deviation	8.89%
Sharpe ratio (RFR=RBA cash)	1.01
Percentage of positive months	70.15%

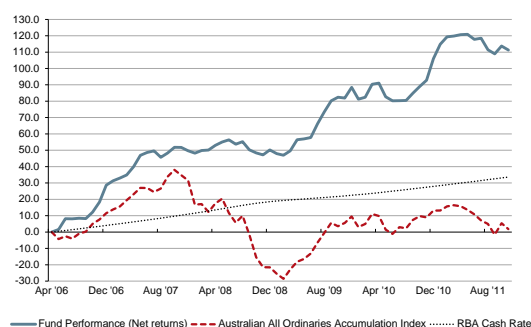
The Fund's objective is to achieve double digit annual rates of return through an investment cycle, with an overarching philosophy of capital protection

Fund in review

Portfolio exposure analysis



Fund performance



Market and fund commentary

The Australian equity market (All Ordinaries Accumulation Index) fell 3.43% in November, with the European sovereign debt crisis continuing to dominate the headlines. Greece, Italy and Spain all replaced their Prime Ministers in quick succession. The Australian dollar traded erratically, falling from US\$1.054 to US\$0.97, before ending the month 2.4% lower at US\$1.029.

After the recent run of soft domestic economic data and a benign 3Q inflation report, the Reserve Bank of Australia cut the official cash rate 25 basis points to 4.5%. Whilst most US economic readings surprised on the upside, Chinese data revealed moderating activity. This weighed on commodity prices, with Resources (-6.3%) significantly underperforming Industrials (-2.2%). Defensive sectors REITs (+2.6%), Healthcare (+2.2%), Telcos (+1.9%) and Utilities (+1.7%) held up well whilst Materials (-6.4%), Financials (-4.9%) and Energy (-4.3%) lagged.

The Bennelong Kardinia Absolute Return Fund fell 1.16% in November. National Australia Bank, BHP Billiton and Whitehaven Coal were all significant drags on performance, whilst short positions in a number of smaller resources stocks and a long position in Transurban worked well. The Funds' net equity market exposure was progressively reduced to 22.3% (29.0% long and 6.7% short).

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Fund performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	4.25%	2.13%	0.23%	0.37%	0.11%	(1.41%)	0.31%	(3.23%)	(1.19%)	2.31%	(1.16%)		2.55%
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%	9.34%
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%)	1.11%	0.17%	1.93%	1.33%	0.87%	(1.72%)	1.02%	(3.20%)	(1.28%)	(0.81%)	2.04%	0.30%
2007	2.04%	1.28%	1.45%	3.74%	4.95%	1.20%	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%	28.65%

Contact details

For more information, contact Mark Burgess or Kristiaan Rehder on 03 9621 1624 or visit www.kardiniacapital.com.au

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. Bennelong Funds Management Ltd (Bennelong) assumed responsibility as replacement trustee on 16 August 2011. Performance information prior to 16 August 2011 relates to the previous trustee. 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 intends to apply 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, TMF Fund Administrators (Australia) Pty Ltd.
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 exit unit prices, without including the impact of buy/sell spreads.
5. The Fund's benchmark is the RBA cash rate. Since inception annualised compound return is 14.33%; annualised compound benchmark return is 5.32%.
6. A complete and detailed list of performance results including a presentation is available upon request.

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