Bennelong Long Short Equity

Performance report | 31 August 2026

Bennelong Long Short Equity Fund

Net returns

	1 month	3 months	Fiscal YTD	1 year	Since inception[1] p.a.
Fund	5.55 %	1.79 %	0.13 %	-16.50 %	11.01%

Performance figures are net of fees and expenses. Past performance is not indicative of future performance.

Executive Summary

The Fund had a good month, reflecting overall supportive financial results from the August profit reporting season. We experienced a high hit rate of positive fundamental news flow across the long and short books. With fundamentals our focus, we regard August as a critical month to judge our theses and positioning.

For the August 2026 reporting season, our scoring of the results for each position (taking account of what was delivered by each stock, the quality of delivery, forward earnings revisions, outlook commentary and post-result management meetings) was generally favourable.

This month we introduce Pair Focus, a feature providing greater insight into the fundamental research and relative value thinking behind individual/pair positions in the Fund.

Portfolio Commentary

Fund returns were driven entirely by reporting season updates with factor drivers limited. Annualised volatility was within target, and substantially lower than prior periods, due to increased pair numbers, higher correlations within pairs, and reduced gearing.

60% of pairs contributed positively with the median return of positive pairs >2x the negative contributors. Two pairs contributed >1% return with our worst pairs modest detractors.

Overall, it was pleasing to be on the right side of the results delivered and we remain optimistic the Fund is working its way back toward achieving solid returns for investors.

Fund statistics

Fund NAV A$M	Month End	$22.9
Gross exposure A$M	Month End	$58.3
Gross leverage (x NAV)	Month End[2]	2.5
Net Exposure	Month End	2.9%
Long Exposure	Month End	51.5%
Short Exposure	Month End	-48.5%
Number of Active Pairs	Month End	37
Positive Pair Contribution %	Month	59.5%
Positive Sector Contribution%	Month	60.0%
Realised volatility	(Month, Annualised)	8.0%
Realised volatility (annualised)	(Rolling 12 Months)	18.2%
Strategy performance[1] (composite)	Since inception $1.00	$13.02

Representative Contributors

Long	Short
CSL (CSL)	Medibank (MPL)
Treasury Wines (TWE)	Endeavour (EDV)
Telix Pharmaceuticals (TLX)	Sonic Health Care (SHL)

Representative Detractors

Long	Short
ResMed (RMD)	Ansell (ANN)
Sims (SGM)	Cleanaway (CWY)
Megaport (MP1)	NextDC (NXT)

Representative Contributors

CSL / MPL – Long CSL / short MPL was a strong contributor. The fund was active buying CSL sub $100 earlier in the year and the stock is now trading back at $170. Our research indicated CSL's key immunoglobulin division would return to solid growth, and this was confirmed by management at the August profit update. Our short position in MPL is based on the thesis that it has over earned during a period of depressed claims inflation once described as structural but, as per RHC's recent financial result, is proving cyclical. With MPL struggling to grow its top-line, higher claims inflation will challenge earnings delivery in the period ahead.

TWE / EDV – Long Treasury Wine Estates / short Endeavour Group was a strong contributor over the month and a good example of what we look for in our pair's strategy. The common threads to these stocks are they both sell alcohol, and they are both turnaround stories under relatively new management. But their commonalities end there. The key difference is that TWE is currently earning well below its full potential while EDV is not.

We go into further detail on investment thesis for TWE/EDV in our Pair focus at the end of this monthly report.

TLX / SHL – Long TLX / short SHL was another good contributor. We think things are coming together for TLX. The company is recording outstanding growth with its core prostate radiodiagnostic platform (Illucix & Gozellix) and is building a leading global radiopharma business with multiple growth drivers. SHL has been a long-term short position (+10 years) for the fund and a very good funding hedge for various healthcare longs over that period. While SHL is a good operator of pathology labs, it struggles to grow earnings (which again was demonstrated in its FY26 result) due to structural reimbursement headwinds overwhelming the benefits of volume growth.

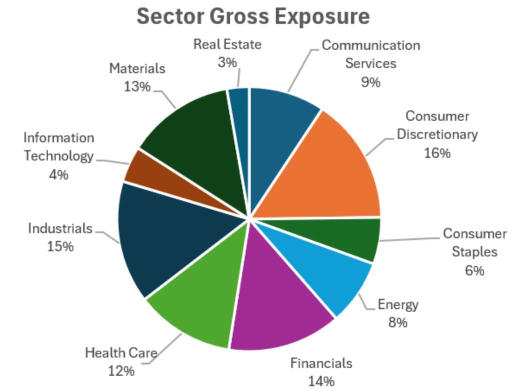
Representative Detractors

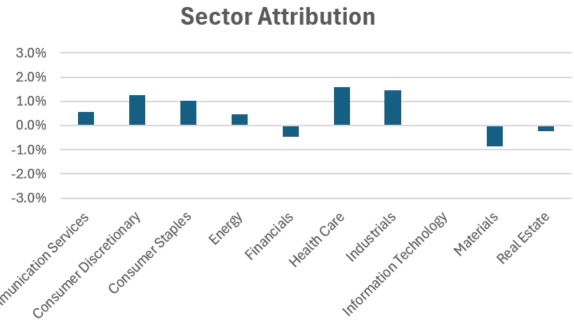
RMD / ANN – Long ResMed / short Ansell has been a long-term pair of the Fund and very profitable. However, like every pair, P&L experience has been volatile at times (for example, when ResMed sold off 30% in 2023 from unfounded worries about GLP1s, or when Ansell rallied in 2021 following a one-off boom in demand for gloves due to COVID-19). Most recently, the financial results delivered over August were more favourable for Ansell with upgrades in the high single digits from a solid result and bullish FY27 earnings guidance under new CEO, Nathalie Ahlström. ResMed also had a good result and provided similar growth guidance (a first for the company following a CFO change), but the reception was more muted (share price up 10% over the month vs Ansell +20%). Given ANN's inferior track record versus RMD, and taking account of both stocks trading on the same P/E of 18x (vs RMD historically a 30%+ premium), we are maintaining the position for now but will revisit our ANN analysis.

SGM / CWY – Long SGM/ short CWY was a modest detractor. Our thesis partly played out but we didn't get the result we were looking for. We have been short CWY due to poor cash flow conversion and poor earnings quality – generally a good indicator of earnings risk. This played out with CWY downgrading its FY27 earnings outlook at its August update however, on the same day the company received a conditional, non-binding indicative proposal from EQT which caused the stock to rally.

MP1 / NXT – Long MP1/Short NXT was a modest detractor. Both stocks are seeing strong demand for their respective services (MP1 - network, compute, NXT - data centres). Our attraction to the pair reflects the relativities of management credentials, funding profiles, unit economics, and valuation. Under CEO Michael Reid MP1 has transformed itself from a niche network service business to a prominent AI infrastructure service business with stronger growth and higher rates of return. Our issue with NXT is not data centres. It is the vague returns reported that do not reconcile with company guidance and the significant leverage being deployed. The pair was a modest negative contributor.

Contribution Range	Number of Pairs
>1%	2
0–1%	20
-1–0%	15
<-1%	0





Pair Focus – Long TWE / Short EDV

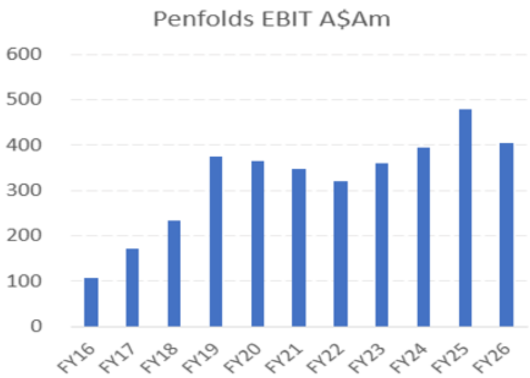
Long TWE

We were short Treasury Wine Estates for a number of years. TWE had a poor track record of over-promising and under-delivering, channel overstocking and poor capital allocation, particularly through US acquisitions. Despite substantial investment, returns on capital deteriorated and earnings made little progress.

Earlier this year we closed the short and subsequently established a long position. Two things changed: valuation and management. The share price had fallen materially and new CEO Sam Fischer began addressing legacy issues, including excess channel inventory, while taking a more disciplined approach to capital allocation.

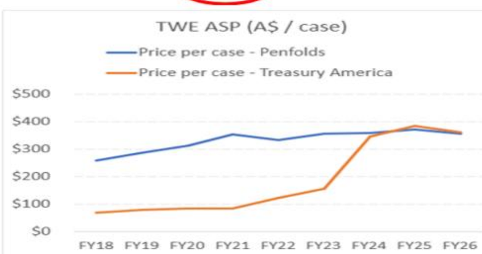
Importantly, underneath TWE's historical problems sits Penfolds, one of the world's leading luxury wine brands. Penfolds has demonstrated considerable resilience through COVID and Chinese tariffs and today generates the majority of TWE's earnings. We believe the value of Penfolds and TWE's luxury inventory provides substantial support for the current valuation.

We also see recovery potential in the Americas. TWE spent approximately A$2.6bn acquiring US wine businesses between FY16 and FY24, yet current earnings are well below what we believe these assets can ultimately generate. While US wine consumption remains challenging, the portfolio has been materially high-graded towards luxury brands with significantly higher average selling prices. As channel inventory and distributor disruption normalise, we expect earnings to recover from depressed levels.



Source: Company Accounts

	TWE Americas	Penfolds	Duckhorn
Cases m	1.9	2.9	2.0
ASP per case	359	356	310
EBITS Margin	16%	40%	30%



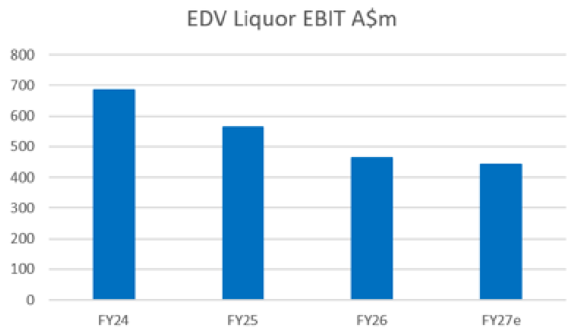
Source: Company Accounts

Short EDV

Our short thesis on Endeavour Group centres on Dan Murphy's, historically one of Australia's strongest retail brands. In our view, the business lost focus on the fundamentals that built its competitive advantage — range, price and value — while pursuing initiatives including vertical integration and owned brands. The customer proposition became less clear and EDV lost market share, particularly to more convenient neighbourhood retailers.

New management has recognised these issues and is refocusing the business, but we expect the turnaround to take time and require investment. Rebuilding customer trust and restoring the value proposition will not happen quickly, particularly against a structurally challenging backdrop of declining alcohol consumption in Australia.

The earnings consequences are already evident. As the chart below shows, Liquor EBIT has fallen materially since FY24 and is expected to decline again in FY27.



Source: Company Accounts

Why pair TWE with EDV?

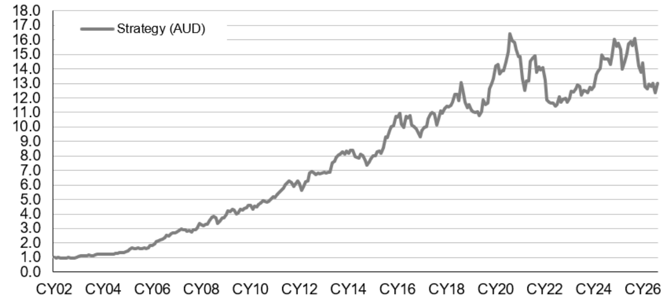
Both companies are exposed to alcohol consumption and are undergoing management-led turnarounds, but we see materially different earnings trajectories. TWE is currently earning below its potential as it works through channel inventory issues and restructures its portfolio. In contrast, we believe Endeavour Group is earning closer to its potential with subdued consumer demand and cost pressures constraining earnings growth.

Despite this difference, TWE currently trades on approximately 15x forward earnings compared with 17x for EDV. We therefore see an attractive relative opportunity: TWE offers depressed earnings with recovery potential and valuable luxury brands, while EDV faces a more mature earnings profile at a higher valuation.

Calendar year performance[3]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2026	4.87%	-11.58%	-1.26%	2.80%	-1.28%	1.66%	-5.13%	5.55%					-5.41%
2025	1.40%	-2.79%	-8.74%	3.59%	4.02%	4.14%	1.07%	-1.71%	3.34%	-6.96%	-5.22%	-3.13%	-11.49%
2024	1.73%	6.35%	1.86%	1.57%	6.44%	-1.85%	-0.06%	0.02%	-2.38%	3.97%	7.55%	-2.90%	23.88%
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%

Performance since inception[1] of Strategy



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Strategy summary

Strategy	Market Neutral, Pairs	Domicile	Australia	Status	Open
AUM	A$51.2m	Currency	AUD	Manager	Bennelong Long Short Equity Management Pty Ltd

1 Since inception of the strategy (February 2002) return is a composite of net returns of the Bennelong Long Short Equity Fund (Wholesale Fund) since July 2008 and the net returns of the Bennelong Securities Long Short Equity Fund (Managed Account) from February 2002 to June 2008.

2 Gearing calculated subject to variations in accruals.

3 The returns highlighted in bold are net returns of the Bennelong Long Short Equity Fund (pretax). 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.

The Fund is managed by Bennelong Long Short Equity Management Pty Limited, a Bennelong Funds Management boutique.