



MGD Wealth Portfolio Solutions - Manager Spotlight

April 2011 - Bennelong Long Short Equity Management

About the Manager

Bennelong Long Short Equity Management (BLSEM) is a Melbourne based hedge fund manager established in 2002. BLSEM is 80% owned by CIO Richard Fish and 20% by Bennelong Funds Management, a wholly owned subsidiary of the Bennelong Group.

About the Fund

BLSEM is a market neutral Australian equity fund which applies a qualitative stock selection process to construct a diversified portfolio of paired securities based on relative value, investing primarily in the S&P/ASX 100 universe. In essence, the manager buys cheap stocks and sell expensive stocks on a paired basis i.e. Long Westpac Short ANZ.

Why we have chosen Bennelong

The managers edge lies in its consistent ability to uncover both cheap and expensive stocks on a relative value/pairs basis, coupled with Richard Fish's significant experience in the Australian equity market.

Philosophy on investing

BLSEM's investment philosophy is that "investing should be kept simple"our underlying philosophy is that "good" companies will outperform others."

They believe that markets are inefficient in the short term but that over the long term stocks trade up/down to fair value. They aim to pair overvalued stocks with undervalued stocks to reduce risk and profit from this mean reversion.

Investment process

The process of identifying "good" or "bad" companies seems to be mostly qualitative rather than systematic. Potential pairs ("good" and "bad" companies) are based more on fundamental/qualitative reasons than GICS* sectors or correlations. Identifying quality is more important to the process than looking for value, and ideas come from the sell side, from reading company announcements, industry contacts and generally "being in the market". Positions tend to be held long term, since it is expected that the "good" companies' dominance will persist, and the share price will outperform "bad" companies over the long term.

Investment talent

Richard Fish, Director

Richard has extensive experience in financial markets with specialist Australian equities capabilities. He commenced working with the Bennelong Group in 2001, where he designed, implemented and managed their Long Short Equity Fund, now managing the fund on behalf of Bennelong and external investors. Prior to this, Richard worked in Portfolio Manager and dealer roles with National Asset Management Limited. His professional history encompasses positions with high profile investment banks including ANZ McCaughan Securities Limited, Bain Securities (Deutsche Bank AG) and MacNab Clarke & Partners (CS First Boston).

Sam Taylor, Analyst

Sam has worked with the Bennelong Group since 2006 in both an analyst and portfolio manager capacity. Currently, Sam is responsible for qualitative and quantitative research, thematic macro and industry research, and fund attribution and reporting. Previously, Sam was Partner at Ocean Financial Group where he was Equity Portfolio Manager for high net worth individuals. Sam's professional history also includes investment advisory roles at Hartleys Ltd and Intersuisse Ltd.

What is short selling?

Short selling is the selling of a stock an investor doesn't own, in anticipation of buying that stock back later at a lower price.

BLSEM's strategy entails selling "bad" companies at high prices, and then buying back the stock after the prices have fallen and benefiting from the difference.

To learn more about Bennelong Long Short Equity Management visit: www.bennfundsmangement.com.au

*GICS (Global Industry Classification Standard).