

**ASX Release**

**2019 Half-Year Financial Report & Interim Dividend**

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**Wednesday, 27 February 2019**

**Highlights**

- Fully franked 2 cents per share dividend declared (**Interim Dividend**)
- Shareholders can elect to participate in the Dividend Reinvestment Plan (**DRP**) by 8 April 2019.

Absolute Equity Performance Fund Limited ACN 608 552 496 (ASX:AEG) (the **Company**) today announced its results for the half-year ended 31 December 2018.

Investment operations over the half-year ended 31 December 2018 resulted in an operating loss before tax of \$7,307,345 (2017: profit of \$2,146,355) and an operating loss after tax of \$4,716,045 (2017: profit of \$1,517,601).

NTA backing for each ordinary share at 31 December 2018 after tax amounted to \$1.11 (2017: \$1.12) per share. NTA backing for each ordinary share at 31 December 2018 before tax amounted to \$1.09 (2017: \$1.11).

The Board has declared an Interim Dividend of 2 cents per share and confirmed that the DRP will operate with respect to this dividend.

The Interim Dividend, which will be fully franked, will trade ex-entitlement on 20 March 2019 and will be paid on 23 April 2019.

**ENDS**

**For more information please contact:**

Lisa Dadswell  
Company Secretary  
[lisa.dadswell@boardroomlimited.com.au](mailto:lisa.dadswell@boardroomlimited.com.au)

**ABSOLUTE EQUITY PERFORMANCE FUND LIMITED**

**ABN 17 608 552 496**

**Appendix 4D  
Interim Financial Report  
for the half-year ended 31 December 2018**

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## Half-Year Report

The Half-Year Report for Absolute Equity Performance Fund Limited (“AEG” or “the Company”) is for the reporting period from 1 July 2018 to 31 December 2018.

<b>Results</b>	<b>31 December 2018</b>	<b>31 December 2017</b>	<b>up/ down</b>	<b>% movement</b>
	<b>\$</b>	<b>\$</b>		
Revenue from ordinary activities	1,544,473	9,746,662	down	(84.15)
(Loss)/ Profit before tax for the period	(7,307,345)	2,146,356	down	(440.45)
(Loss)/ Profit from ordinary activities after tax attributable to members	(4,716,045)	1,517,601	down	(410.76)

*All comparisons are to the half-year ended 31 December 2017.*

### Dividends

A fully franked final dividend in respect of the year ended 30 June 2018 of 2.5 cents per shares was paid on 19 October 2018.

Since the end of the half-year, the Company has declared a fully franked interim dividend of 2.0 cents per share to be paid on 23 April 2019. The record date for entitlement of the interim dividend is 21 March 2019 and the ex-dividend date is 20 March 2019.

### Dividend Reinvestment Plan

The Company’s Dividend Reinvestment Plan (“DRP”) will operate in relation to the interim dividend. The DRP has been structured to take account of the relationship between the market price of the Company’s shares and the Company’s net tangible assets (“NTA”) per share at the relevant time when dividends are being invested.

If the prevailing share price is greater than or equal to NTA per share, DRP Participants will be issued new shares. If the prevailing share price is less than the NTA per share, the Company may affect the acquisition of the securities on-market and if additional securities are required to satisfy DRP Participants, issue new shares.

The last day for the receipt of an election notice for participation in the DRP is 8 April 2019.

### Net Tangible Assets

<b>NTA per share</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
- before tax	\$1.09	\$1.11
- after tax	\$1.11	\$1.12

## Interim Results Commentary

The Company's Portfolio produced a return of -6.09% for the six months ended 31 December 2018. Over longer time periods, the annual returns have been:

1 year	2.29%
2 years	10.88%
Since inception*	2.80%

\* NTA performance since listing (at \$1.065 after listing-related expenses in December 2015). Includes the hypothetical re-investment of dividends.

Total shareholder return, as measured by share price movement and dividends paid over the six months to 31 December 2018, was -2.08%. Volatility of returns was 15.6% over the full calendar year.

As financial markets became more focussed on the US Federal Reserve tightening monetary policy, equity markets became more volatile, leading to greater variation in the Portfolio's returns. The Company's Investment Strategy uses leverage to enhance returns which amplifies the volatility of the underlying long and short portfolios. The Portfolio was managed within defined parameters with net exposure (long positions offset by short positions) averaging 1.25%, gearing averaging 4.56 times the NTA and the number of pairs averaging 31.

There was no change to the investment team, and no change in responsibilities within the team.

### Fundamental Performance of Companies in the Portfolio

As the Portfolio carries close to zero net exposure to the equity market (our long and short portfolios are almost equal in size), the direction of the market has little influence on returns. This is demonstrated by the low correlation of returns with the share market and other asset classes. The driver of our returns comes entirely from the relative performance of the companies in the Portfolio.

Over 2018, we experienced a favourable balance of positive company results and announcements for the long positions, and negative to the short positions. In the first half of the year, favourable fundamental news was reflected in positive performance of the Portfolio which was up 8.93% for the six months to 30 June 2018. As volatility hit markets and our Portfolio in the second half of the year, favourable fundamental news was not reflected in performance, which was a disappointing -6.09%.

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Nonetheless we were, on average, on the favourable side of earnings revisions. Instead of driving performance, it has been embedded in the overall valuation of the Portfolio such that:

- The P/E difference for the long and short portfolios has now contracted to 0.5 points, having started the year at a 2 point premium for the long compared to the short
- Forecast earnings growth is 7% greater for the long portfolio, consistent with history
- Return on Equity is 6.3% higher for the long portfolio, consistent with history.

Factor Snapshot	Comparison Index	Longs	Shorts	Net
Number Of Stocks	100	30	37	-7
Initial Portfolio Weight	100	50.2	-49.8	0.2
<b>Aggregate Statistics</b>				
P/E	15.5	14.6	14.1	0.5
Yield	4.5	3.5	5.2	-1.8
Price / Book	2.0	2.5	1.5	1.0
Return On Equity	13.1	17.3	11.0	6.3
Forecast Earnings Growth	12.4	8.3	1.3	7.0
Forecast Dividend Growth	5.6	10.4	2.8	7.6

In addition, volatility over the last six months has led to the market favouring more defensive companies over cyclicals and growth companies. Whilst we do not deliberately position for sector thematics one way or the other, the market's appetite for defensives has affected performance of some of our pairs.

*This report is based on the half-year interim report which has been subject to an independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A.*

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**Absolute Equity Performance Fund Limited**

ABN 17 608 552 496

**Interim Financial Report  
for the half-year ended 31 December 2018**

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**Corporate Directory**

<b>Directors</b>	Marc Fisher Graham Hand Andrew Reeve-Parker	Chairman & Non-Independent Director Independent Director Independent Director
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<b>Secretaries</b>	Jeff Phillips and Lisa Dadswell
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<b>Investment Manager</b>	Bennelong Long Short Equity Management Pty Limited Level 1 9 Queen Street Melbourne Victoria 3000
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<b>Registered Office</b>	Absolute Equity Performance Fund Limited Level 12, Grosvenor Place 225 George Street Sydney NSW 2000 Telephone: (02) 8016 2819
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<b>Auditor</b>	Pitcher Partners Level 22 MLC Centre 19 Martin Place Sydney NSW 2000 Telephone: (02) 9221 2099
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<b>Share Register</b>	Boardroom Pty Limited Level 15, 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600 Fax: (02) 9279 0664
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<b>Stock Exchange</b>	Australian Securities Exchange (ASX) The home exchange is Sydney ASX code: AEG
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**Directors' Report**

The Directors present their report together with the condensed interim financial report of Absolute Equity Performance Fund Limited ("the Company") for the half-year ended 31 December 2018.

Absolute Equity Performance Fund Limited is a Company limited by shares and is incorporated in Australia.

**Directors**

The following persons held office as Directors during the period and up to the date of this report:

Marc Fisher	Chairman & Non-Independent Director
Graham Hand	Independent Director
Andrew Reeve-Parker	Independent Director

**Principal Activity**

The Company was established to provide investors with the opportunity to invest in a diversified portfolio of Australian listed equities, with the aim of achieving positive returns regardless of share market performance, through an "equity market neutral" style of investing. The Company's objective is to deliver absolute returns through capital growth and income regardless of market movements.

There have been no significant changes in the Company's principal activities during the period and no change is anticipated in the future.

**Review of Operations**

The Company invests predominantly in S&P/ASX100 and other large capitalisation Australian listed companies. The investment will seek to provide long-term capital growth with, when possible, a steady dividend yield, franked to the maximum extent possible.

Investment operations over the half-year ended 31 December 2018 resulted in an operating loss before tax of \$7,307,345 (2017: profit of \$2,146,355) and an operating loss after tax of \$4,716,045 (2017: profit of \$1,517,601).

Asset backing for each ordinary share at 31 December 2018 after tax was \$1.11 (2017: \$1.12) per share. Asset backing for each ordinary share at 31 December 2018 before tax was \$1.09 (2017: \$1.11).

**Dividend**

Dividends paid or declared for payment during the period are as follows:

Final fully franked dividend of 2.5 cents per share paid on 19 October 2018  
Interim fully franked dividend of 2.0 cents per share to be paid on 23 April 2019

**Events Occurring after the Reporting Period**

Since the end of the half-year, the Company has declared a fully franked interim dividend of 2.0 cents per share to be paid on 23 April 2019. The record date for entitlement of the interim dividend is 21 March 2019 and the ex-dividend date is 20 March 2019.

Apart from the above, no other matter or circumstance has occurred subsequent to period end that would materially affect the half-year financial report.

**Rounding of Amounts to Nearest Dollar**

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar unless otherwise specified.

**Auditor's Independence Declaration**

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 3 of this financial report.

This report is made in accordance with a resolution of the Board of Directors.



Marc Fisher  
Chairman

Sydney  
27 February 2019

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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF ABSOLUTE EQUITY PERFORMANCE FUND LIMITED  
ABN 17 608 552 496**

In relation to the independent auditor's review for the half-year ended 31 December 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Absolute Equity Performance Limited during the period.



SCOTT WHIDDETT  
Partner

PITCHER PARTNERS  
Sydney

27 February 2019

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**Absolute Equity Performance Fund Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the half-year ended 31 December 2018**

**Statement of Profit or Loss and Other Comprehensive Income**

	Note	31 December 2018 \$	31 December 2017 \$
<b>Investment Income from Ordinary Activities</b>			
Net realised gains on disposal of investments		4,166,446	2,458,840
Net unrealised (losses)/ gains on market value movement of investments		(7,062,849)	3,878,056
Interest income received		648,866	519,340
Dividend income received		<u>3,792,010</u>	<u>2,890,426</u>
<b>Total Income</b>		<b><u>1,544,473</u></b>	<b><u>9,746,662</u></b>
<b>Expenses</b>			
Management fees		(892,788)	(798,661)
Performance fees		-	(398,874)
Administration fees		(18,650)	(18,324)
Prime broker fees		(4,109)	(5,451)
Stock loan fees		(579,486)	(531,511)
Dividends paid on borrowed stock		(6,743,716)	(5,386,928)
Legal fees		-	(3,474)
Brokerage commission		(159,717)	(210,705)
Accounting fees		(17,045)	(43,330)
Share registry fees		(33,095)	(33,046)
Tax fees		(11,649)	(8,140)
Directors' fees		(43,280)	(47,500)
Secretarial fees		(16,128)	(21,515)
ASX fees		(57,771)	(55,638)
Audit fees		(27,565)	(27,454)
Other expenses		<u>(246,819)</u>	<u>(9,755)</u>
<b>Total Expenses</b>		<b><u>(8,851,818)</u></b>	<b><u>(7,600,306)</u></b>
<b>(Loss)/ Profit Before Income Tax</b>		<b><u>(7,307,345)</u></b>	<b><u>2,146,356</u></b>
Income tax benefit/ (expense)		<u>2,591,300</u>	<u>(628,755)</u>
<b>(Loss)/ Profit for the Period After Income Tax</b>		<b><u>(4,716,045)</u></b>	<b><u>1,517,601</u></b>
<b>Other Comprehensive Income</b>			
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the Period</b>		<b><u>(4,716,045)</u></b>	<b><u>1,517,601</u></b>
		<b>Cents</b>	<b>Cents</b>
<b>(Loss)/ Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic and diluted (loss)/ earnings per share	7	<b>(4.65)</b>	1.60

The above Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

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**Absolute Equity Performance Fund Limited**  
**Statement of Financial Position**  
**As at 31 December 2018**

**Statement of Financial Position**

	<b>Note</b>	<b>31 December 2018</b>	<b>30 June 2018</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Cash and cash equivalents		108,781,762	115,685,640
Trade and other receivables		550,031	1,452,954
Financial assets at fair value through profit or loss	<b>3</b>	240,202,003	282,440,948
Deferred tax asset		<u>11,222,163</u>	<u>10,744,971</u>
<b>Total Assets</b>		<b><u>360,755,959</u></b>	<b>410,324,513</b>
<b>Liabilities</b>			
Trade and other payables		482,131	4,064,458
Financial liabilities at fair value through profit or loss	<b>3</b>	238,516,745	275,432,026
Deferred tax liability		<u>9,552,599</u>	<u>11,666,707</u>
<b>Total Liabilities</b>		<b><u>248,551,475</u></b>	<b>291,163,191</b>
<b>Net Assets</b>		<b><u>112,204,484</u></b>	<b><u>119,161,322</u></b>
<b>Equity</b>			
Issued capital	<b>5</b>	109,402,527	109,111,714
Accumulated losses		(7,797,370)	(142,946)
Profits reserve	<b>6</b>	<u>10,599,327</u>	<u>10,192,554</u>
<b>Total Equity</b>		<b><u>112,204,484</u></b>	<b><u>119,161,322</u></b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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**Absolute Equity Performance Fund Limited**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2018**

**Statement of Changes in Equity**

	Note	Issued Capital \$	Profits Reserve \$	(Accumulated Losses) \$	Total equity \$
<b>Balance at 1 July 2018</b>		109,111,714	10,192,554	(142,946)	119,161,322
(Loss) for the period		-	-	(4,716,045)	(4,716,045)
Other comprehensive income for the period		-	-	-	-
Transfer of profits during the period	6	-	2,938,379	(2,938,379)	-
<u>Transactions with owners:</u>					
Dividend paid		-	(2,531,606)	-	(2,531,606)
Shares issued on dividends re-invested		290,813	-	-	290,813
<b>Balance at 31 December 2018</b>		<b><u>109,402,527</u></b>	<b><u>10,599,327</u></b>	<b><u>(7,797,370)</u></b>	<b><u>112,204,484</u></b>
<b>Balance at 1 July 2017</b>		99,369,885	5,270,628	(142,946)	104,497,567
Profit for the period		-	-	1,517,601	1,517,601
Other comprehensive income for the period		-	-	-	-
Transfer of profits during the period	6	-	1,645,675	(1,645,675)	-
<u>Transactions with owners:</u>					
Dividend paid		-	(2,531,606)	-	(2,531,606)
Shares issued on exercise of options		9,741,829	-	-	9,741,829
<b>Balance at 31 December 2017</b>		<b><u>109,111,714</u></b>	<b><u>4,384,697</u></b>	<b><u>(271,020)</u></b>	<b><u>113,225,391</u></b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Absolute Equity Performance Fund Limited**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2018**

**Statement of Cash Flows**

	<b>31 December 2018</b>	<b>31 December 2017</b>
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Proceeds from sale of investments	66,696,180	93,674,649
Payment for investments	(64,690,349)	(94,514,914)
Interest received	632,988	510,614
Dividends received	4,505,421	3,375,487
Dividends paid on borrowed stock	(6,871,518)	(5,568,368)
Interest paid	(17,045)	(43,330)
Management fees paid	(905,063)	(786,328)
Performance fees paid	(2,775,531)	(885,803)
Payment for other expenses	(1,238,168)	(965,933)
<b>Net Cash (Used in) Operating Activities</b>	<b><u>(4,663,085)</u></b>	<b><u>(5,203,926)</u></b>
<b>Cash Flows from Financing Activities</b>		
Shares issued on options exercised	-	9,741,829
Dividend paid	(2,240,793)	(2,531,606)
<b>Net Cash Provided by Financing Activities</b>	<b><u>(2,240,793)</u></b>	<b><u>7,210,223</u></b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents Held</b>	<b>(6,903,878)</b>	<b>2,006,297</b>
Cash and cash equivalents at the beginning of the financial period	<u>115,685,640</u>	<u>95,920,765</u>
Cash and cash equivalents at end of financial period	<b><u>108,781,762</u></b>	<b><u>97,927,062</u></b>
<b>Non Cash Financing Activities</b>		
Dividends reinvested	<b><u>290,813</u></b>	<b><u>-</u></b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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**1 Significant Accounting Policies**

The principal accounting policies adopted in the preparation of these condensed interim financial statements are set out below.

The condensed interim financial statements were authorised for issue on 27 February 2019 by the Board of Directors.

**Basis of Preparation**

These condensed interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim financial statements have been prepared on an accrual basis, and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar unless otherwise specified.

**(a) New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period**

Accounting Standards and Interpretations issued by the AASB that are mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the Company, are discussed below:

In accordance with its application requirements, the Company adopted AASB 9 from 1 July 2018. All of the Company's investments in financial assets continued to be accounted for at fair value through profit or loss under AASB 9. Accordingly, first time application of AASB 9 had no impact on the Company's accounting for its investments in financial assets. On initial application of AASB 9, the Company also adopted the expected credit loss impairment model. The adoption had no material impact on the carrying amounts of the Company's receivables.

<b>31 December</b>	<b>31 December</b>
<b>2018</b>	<b>2017</b>
\$	\$

**2 Dividends**

**(a) Dividends Paid**

2018 final dividend (fully franked) of 2.5 cents per share (2017: 2.5 cents)	2,531,606	2,531,606
	<b>2,531,606</b>	<b>2,531,606</b>

**(b) Dividends Not Recognised at the End of the Period**

Since period end, the Directors have declared an interim dividend of 2.0 cents per share, fully franked based on tax paid at 30%. The aggregate amount of the dividend with an ex-date of 20 March 2019 and a record date of 21 March 2019, expected to be paid on 23 April 2019 out of the profits reserve at 31 December 2018, but not recognised as liability at year end, is:

<b>2,030,176</b>	<b>2,025,286</b>
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**(c) Dividend Reinvestment Plan**

The Company's Dividend Reinvestment Plan ("DRP") will operate in relation to the interim dividend. The DRP has been structured to take account of the relationship between the market price of the Company's shares and the Company's net tangible asset value ("NTA") per Share at the relevant time when dividends are being invested.

If the prevailing share price is greater than or equal to NTA per share, DRP participants will be issued new shares. If the prevailing share price is less than the NTA per share, the Company may affect the acquisition of securities on-market and if additional securities are required to satisfy DRP Participants, issue new shares.

The enrolment deadline for participation in the DRP is 8 April 2019.

### 3 Fair Value Measurements

The Company measures and recognises its financial assets and liabilities at fair value through profit or loss ("FVTPL") on a recurring basis.

#### (a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

#### (i) Recognised Fair Value Measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 31 December 2018.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at FVTPL</b>				
Australian listed equity securities	240,202,003	-	-	240,202,003
<b>Total financial assets</b>	<b>240,202,003</b>	-	-	<b>240,202,003</b>

#### Financial liabilities at FVTPL

Australian listed equity securities sold short	238,516,745	-	-	238,516,745
<b>Total financial liabilities</b>	<b>238,516,745</b>	-	-	<b>238,516,745</b>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>At 30 June 2018</b>				
<b>Financial assets at FVTPL</b>				
Australian listed equity securities	282,440,948	-	-	282,440,948
<b>Total financial assets</b>	<b>282,440,948</b>	-	-	<b>282,440,948</b>
<b>Financial liabilities at FVTPL</b>				
Australian listed equity securities sold short	275,432,026	-	-	275,432,026
<b>Total financial liabilities</b>	<b>275,432,026</b>	-	-	<b>275,432,026</b>

There were no transfers between levels for recurring fair value measurements during the period.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### (ii) Recognised Fair Value Measurements

The carrying amounts of all financial instruments are reasonable approximations of the respective instrument's fair value.

### 4 Segment Information

The Company has only one reportable segment. The Company is engaged solely in investment activities, deriving revenue from dividend income, interest income and from the sale of its investments.

**5 Issued Capital**

	31 December 2018		30 June 2018	
	No of shares	\$	No of shares	\$
<b>(a) Share Capital</b>				
Ordinary shares	<u>101,508,804</u>	<u>109,402,527</u>	<u>101,264,236</u>	<u>109,111,714</u>
<b>(b) Movements in Ordinary Share Capital</b>				
<b>31 December 2018</b>		<b>Number of shares</b>	<b>Application price</b>	<b>\$</b>
Opening balance at 1 July 2018		101,264,236		109,111,714
Shares issued on dividends re-invested	(c)	<u>244,568</u>	\$1.10	<u>290,813</u>
<b>Closing balance</b>		<u><b>101,508,804</b></u>		<u><b>109,402,527</b></u>
<b>30 June 2018</b>		<b>Number of shares</b>	<b>Application price</b>	<b>\$</b>
Opening balance at 1 July 2017		92,408,028		99,369,885
Options exercised for \$1.10 per share	(d)	<u>8,856,208</u>	\$1.10	<u>9,741,829</u>
<b>Closing balance</b>		<u><b>101,264,236</b></u>		<u><b>109,111,714</b></u>

**(c) Dividend Reinvestment Plan**

Under the terms of the DRP, 244,568 ordinary shares were acquired on-market for DRP participants at \$1.189 per share. These shares were applied to the holdings of the DRP participants as at the dividend payment date of 19 October 2018.

The DRP has been structured to take account of the relationship between the market price of the Company's shares and the Company's NTA per Share at the relevant time when dividends are being invested.

If the prevailing share price is greater than or equal to NTA per share, DRP participants will be issued new shares. If the prevailing share price is less than the NTA per share, the Company may buy the securities on-market and if additional securities are required to satisfy DRP Participants, issue new shares.

**(d) Shares Issued on Options Exercised**

The Company's Loyalty Options, which vested on 16 June 2016, were quoted by ASX and commenced trading on 16 December 2015 (ASX: AEGO). The Loyalty Options were exercisable at \$1.10 and expired on 16 November 2017.

During the year ended 30 June 2018, 8,856,208 ordinary shares of the Company were issued on the exercise of options. 65,295,482 of the Company's Loyalty Options expired unexercised.

	31 December 2018 \$	30 June 2018 \$
<b>6 Profits Reserve and Accumulated Losses</b>		
<b>(a) Profits Reserve</b>	<u><b>10,599,327</b></u>	<u><b>10,192,554</b></u>
<b>Movements:</b>		
Opening balance	10,192,554	5,270,628
Dividends paid	(2,531,606)	(4,556,892)
Transfer of profits during the period	<u>2,938,379</u>	<u>9,478,818</u>
Balance as at the end of the period	<u><b>10,599,327</b></u>	<u><b>10,192,554</b></u>
<b>(b) Accumulated Losses</b>	<u><b>(7,797,370)</b></u>	<u><b>(142,946)</b></u>
<b>Movements:</b>		
Opening balance	(142,946)	(142,946)
(Loss)/ Profit for the period	(4,716,045)	9,478,818
Transfer of profits during the period	<u>(2,938,379)</u>	<u>(9,478,818)</u>
Balance as at the end of the period	<u><b>(7,797,370)</b></u>	<u><b>(142,946)</b></u>

	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
<b>7 (Loss)/ Earnings per Share</b>		
(Loss)/ Profit after income tax used in the calculation of basic and diluted earnings per share	<u>(4,716,045)</u>	<u>1,517,601</u>
	<b>Cents</b>	<b>Cents</b>
<b>(a) Basic (Loss)/ Earnings per Share</b>		
Basic and diluted (loss)/ earnings per share attributable to the ordinary equity holders of the Company	<u>(4.65)</u>	<u>1.60</u>
<b>(b) Weighted Average Number of Shares Used as Denominator</b>	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted (loss)/ earnings per share	<u>101,361,266</u>	<u>94,912,512</u>

As at the end of the period, there are no outstanding securities that are potentially dilutive in nature for the Company.

**8 Events Occurring After the Reporting Period**

Since the end of the half-year, the Company has declared a fully franked interim dividend of 2.0 cents per share to be paid on 23 April 2019. The record date for entitlement of the interim dividend is 21 March 2019 and the ex-dividend date is 20 March 2019.

Apart from the dividend declared, the Directors are not aware of any other events subsequent to period end that would materially affect the half-year financial report.

**9 Contingencies and Commitments**

The Company had no material contingent liabilities or commitments as at 31 December 2018.

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**Directors' Declaration**

In accordance with a resolution of the Directors of Absolute Equity Performance Fund Limited, the Directors of the Company declare that:

- (a) the financial statements and notes, as set out on pages 4 to 11 are in accordance with the *Corporations Act 2001* and:
  - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and any other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the period ended on that date.
- (b) In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Marc Fisher  
Chairman

Sydney  
27 February 2019

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF ABSOLUTE EQUITY PERFORMANCE FUND LIMITED  
ABN: 17 608 552 496**

**Report on the Interim Financial Report**

We have reviewed the accompanying interim financial report of Absolute Equity Performance Fund Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the company.

**Directors' Responsibility for the Interim Financial Report**

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of Absolute Equity Performance Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the interim financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF ABSOLUTE EQUITY PERFORMANCE FUND LIMITED  
ABN 17 608 552 496**

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Absolute Equity Performance Fund Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



SCOTT WHIDDETT  
Partner

27 February 2019



PITCHER PARTNERS  
Sydney

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