

## Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 30 April 2017

### Net Tangible Assets (NTA)

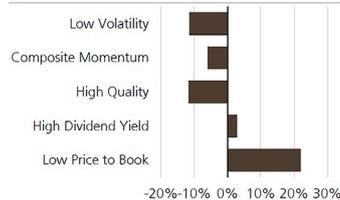
NTA before tax	\$1.070
NTA after tax	\$1.087

Since the outstanding Loyalty Options have a \$1.10 strike, conversions when the NTA is less than \$1.10 will not result in NTA dilution. \$ currency notation refers to Australian Dollars.

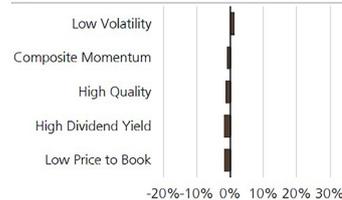
### Performance

April portfolio performance was strong at +5.83%. Contributions were broad-based with a high ratio of profit-making pairs (19 out of 30) versus loss-making. We continue to observe performance being driven by stock fundamentals, meaning stocks are rising and falling based on their earnings delivery. This compares to a prior period where stocks were more captive to thematic factors. The UBS Equity Strategy team recently put this observation in context, as shown in their charts below. The second half of 2016 (the left chart) saw large divergences in returns for stock categories. Low multiple stocks performed strongly while stocks classified otherwise performed poorly (e.g. high quality). In 2017 to date, however, returns for various stock classifications have shown little divergence, meaning the market is not being swayed significantly by themes or styles.

Factor Performance 2H CY16



Factor Performance YTD



Source: UBS

### Market Commentary

World share markets recorded generally small positive returns during April 2017. Markets traded down over the first three weeks but then recovered with help from a wave of solid earnings results among US corporates (S&P 500 Index +0.9%, Nasdaq Composite +2.3%), while Europe (MSCI Europe Index +1.3%) was buoyed by developments in the French presidential election. Asian markets shook off heightened geopolitical tensions in North Korea to also finish positive (MSCI Asia ex Japan Index +2.1%), and Japan was also up (Nikkei Index +1.5%) with help from Yen weakness and an upbeat statement on economic conditions by the Bank of Japan.

The Australian share market also managed an increase with the S&P/ASX 200 Index up +1.0% and is now up +5.9% year to date (including dividends). Most sectors delivered steady increases of 2-3% over the month, the exceptions being Telecommunication Services and Consumer Staples which saw declines owing to heightened competition issues and weak trading updates. The Energy sector also took a hit following the Federal Government's announcement late in the month to impose restrictions on east coast gas exports.

### NTA\* Performance

1 month	5.83%
Year to date	13.50%
Since inception	0.51%

\*Before tax. 'Year to date' is Calendar Year 2017. 'Since inception' is NTA performance since listing at 1.065 after listing related expenses

### Company Details

ASX codes	Shares: AEG , Options: AEGO
Listing date	16 December 2015
Share price	\$1.020
NTA* per share	\$1.070
Market capitalisation	\$94,256,189
Shares on issue	92,408,028
Options on issue	70,515,907
Option expiry date	16 November 2017

\*Before tax

### Portfolio Snapshot

Long exposure	Month End	51.2%
Short exposure	Month End	-48.8%
Net market exposure	Month End	2.4%

### Most Profitable Pairs for the Month

Long	Harvey Norman (HVN)	Short	Myer (MYR) / Metcash (MTS)
Long	Aristocrat (ALL)	Short	Tabcorp (TAH)
Long	Ramsay Health Care (RHC)	Short	Primary (PRY) / Healthscope (HSO)

### Least Profitable Pairs for the Month

Long	BlueScope Steel (BSL)	Short	Sims Metal (SGM)
Long	QBE (QBE)	Short	Suncorp (SUN)
Long	TPG Telecom (TPM)	Short	Telstra (TLS)

### Contact Details

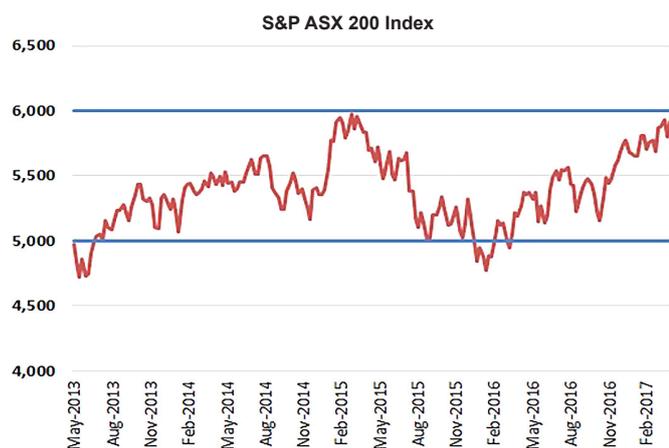
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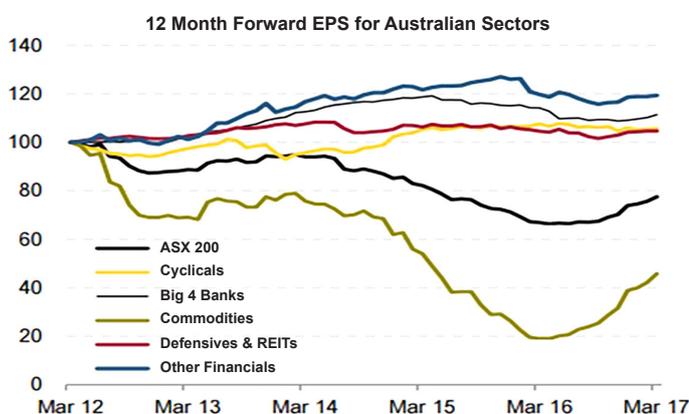
As at 30 April 2017

## Outlook

As shown in the below chart, the S&P/ASX200 has staged a strong recovery over the last 12 months and is now trading toward the top-end of its range of the last several years. We make no call as to the potential for a sustained move above its current level, but naturally question the logic given the lack of earnings progress outside the resources and commodities sector (see second chart below).



Source: Bloomberg



Source: Company Data, Credit Suisse Estimates

## Investment Objective

The Absolute Equity Performance Fund Limited aims to generate positive returns regardless of the overall equity market performance, through employing a 'market neutral' equity strategy.

## Investment Manager

Bennelong Long Short Equity Management Pty Ltd.

## Investment Team

Sam Shepherd	Portfolio Manager
Sam Taylor	Head of Research
Steven Lambeth	Senior Analyst
Justin Hay	Senior Analyst
Daniel Sanelli	Analyst

## Company Overview

The Company's portfolio of investments is managed by Bennelong Long Short Equity Management Pty Ltd, using the same market neutral investment strategy behind the award winning Bennelong Long Short Equity Fund.

## Directors

Marc Fisher (Chairman)  
Graham Hand  
Andrew Reeve-Parker

## Company Secretaries

Jeff Phillips  
Tharun Kuppanda

## Monthly Table of NTA\* Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	4.91%	2.06%	0.17%	5.83%									13.50%
2016	-0.23%	2.28%	-7.20%	-2.89%	8.53%	-0.92%	1.38%	-5.90%	-1.06%	-1.73%	-2.32%	-3.31%	-13.39%
2015	-	-	-	-	-	-	-	-	-	-	-	2.25%	2.25%

\*Before tax. Past performance is not a reliable indicator of future performance.



## Important Disclaimer

This monthly report has been prepared by Absolute Equity Performance Fund Limited with commentary provided by the Investment Manager, Bennelong Long Short Equity Management Pty Ltd (ABN 63 118 724 173). This document has been prepared for the purpose of providing general information only. It is not an offer or invitation for subscription or purchase, or a recommendation of any financial product and is not intended to be relied upon by investors in making an investment decision. This report does not take into account individual investors' investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this report is accurate, its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance.