

Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 31 July 2017

Net Tangible Assets (NTA)

NTA before tax	\$1.099
NTA after tax	\$1.118

Since the outstanding Loyalty Options have a \$1.10 strike, option exercises when the NTA is greater than \$1.10 will result in NTA dilution. \$ currency notation refers to Australian Dollars.

Performance

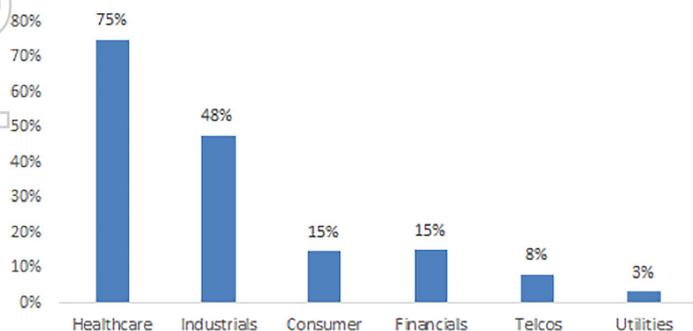
The Portfolio recorded a negative return of -1.28% for July. The strong Australian dollar is a near-term headwind for the Company as the long portfolio is overweight to US dollar-exposed companies relative to the short portfolio. This is an outcome of our fundamental stock picking process. In the long term, company fundamentals overwhelm currency fluctuation, however it can influence short-term share price action. Long Qantas / short Flight Centre was the weakest of our loss-making pairs. Flight Centre updated guidance to the top of its recently-downgraded guidance range, which triggered a relief rally. At the same time, Qantas had a weak month, following a very strong six months. Long JB Hi-Fi / short Super Retail has been a profitable pair since before the disclosure of Amazon's launch in Australia and was the Company's top pair during the month.

Market Commentary

World share markets were mixed during July. The US managed its fourth consecutive monthly gain (S&P 500 Index +1.9%), aided by generally solid corporate earnings results and a weaker exchange rate (US Dollar Index -2.9%). Europe was lacklustre with the UK rising modestly (FTSE 100 Index +0.5%) but France and Germany fell (France 40 Index -0.5%, German DAX Index -1.7%). Asian markets featured Japan down (Nikkei Index -0.5%) but the rest of Asia was strong (MSCI Asia ex Japan Index +4.9%).

The Australian share market did a rare thing and closed at exactly its same level as at the beginning of the month (S&P/ASX 200 Index opened and closed at 5,721 points). Behind this flat performance were divergent returns across sectors. The standout laggard sector was Healthcare, down -7.5%, in large part due to the appreciation of the Australian dollar (up 4.1% against the US dollar). As shown in the chart below, the Healthcare sector is the largest in terms of exposure to revenues earned offshore. Other sectors posting falls included Utilities, Telecommunications, Consumer Discretionary and Industrials. Levelling up the market were positive returns from Financials and Materials with the latter helped by a decent rally in commodity prices.

ASX Sectors - % Revenue Earned Offshore



NTA* Performance

1 month	-1.28%
3 months	2.65%
12 months	0.62%
Since inception (annualised)	1.89%

*Before tax. *Since inception (annualised) is annualised 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	\$1.130
NTA* per share	\$1.099
Market capitalisation	\$104,432,372
Shares on issue	92,418,028
Options on issue	70,505,907
Option expiry date	16 November 2017

*Before tax

Portfolio Snapshot

Long exposure	Month End	50.7%
Short exposure	Month End	-49.3%
Net market exposure	Month End	1.4%

Most Profitable Pairs for the Month

Long	JB Hi-Fi (JBH)	Short	Super Retail Group (SUL)
Long	Carsales.com (CAR)	Short	Computershare (CPU)

Least Profitable Pair for the Month

Long	Qantas Airways (QAN)	Short	Flight Centre (FLT)
Long	Aristocrat (ALL)	Short	Tabcorp (TAH)

Contact Details

Company	Absolute Equity Performance Fund Limited (ACN 608 552 496)
Address	Level 12, Grosvenor Place, 225 George St, Sydney, NSW 2000
Phone Number	03 8639 1291
Email	info@aepfund.com.au
Website	www.aepfund.com.au

Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 31 July 2017

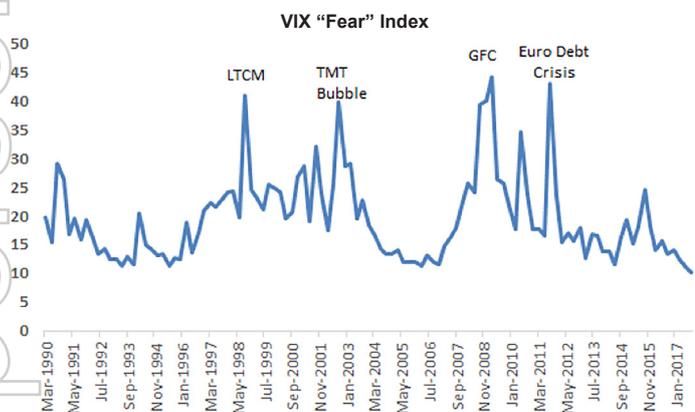
The Australian dollar rallied over the month towards US80c, which compares to its long term average (post the floating of our currency in December 1983) of approximately US76c.



Outlook

Our outlook for markets remains cautious. The infamous VIX Index or 'fear index' (formerly, the Chicago Board Options Exchange Volatility Index) reached its lowest level in its 27 year history. Is such complacency justified? Not according to Howard Marks at Oaktree Capital, who in his latest memo noted:

"The uncertainties are unusual in terms of number, scale and insolubility in areas including secular economic growth; the impact of central banks; interest rates and inflation; political dysfunction; geopolitical trouble spots; and the long-term impact of technology."



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%	2.80%	1.15%	-1.28%						16.51%
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. NTA performance since listing at \$1.065 after listing related expenses. Past performance is not a reliable indicator of future performance.

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



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.

