

Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 31 May 2017

Net Tangible Assets (NTA)

NTA before tax	\$1.100
NTA after tax	\$1.108

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

The Portfolio delivered another solid return over May of +2.80%. Performance comprised a majority of profitable pairs versus loss making pairs. We continue to observe fundamentals reigning over market thematics, noting during May there was a lot of stock specific news flow as a number of companies updated the market on business conditions, especially at a large broker conference. There were also a few companies reporting financial results for the period to 31 March 2017 (e.g. Aristocrat, ALS, CSR, Dulux, James Hardie, Orica) or hosting their Annual General Meetings.

Market Commentary

Most world share markets managed gains during May, although Australia's S&P/ASX 200 Index declined 3.4%, as shown below.

Share Market Price Indices	May 2017	Calendar YTD
USA (S&P 500 Index)	1.2%	7.7%
Europe (MSCI Europe Index)	0.8%	7.4%
Japan (Nikkei Index)	2.4%	2.8%
Rest of Asia (MSCI ex Japan Index)	4.1%	20.2%
Australia (S&P ASX 200 Index)	-3.4%	1.0%

Source: Bloomberg

The main driver of the Australian market's decline was a sharp sell-off in the banking sector, down -11.5% for the month and the only sector to be down calendar year to date. The S&P/ASX 200 is heavily weighted toward the Financials sector (about 35% of the Index, more than double that sector weighting in the S&P 500 Index), of which 75% comprises Australia's four major banks. To illustrate the clout of the banks on overall market performance, the chart on the following page plots the returns of the S&P/ASX 200 Banks Index (horizontal axis) against the S&P/ASX 200 Index (vertical axis) since the year 2000. It shows that when banks post positive returns, so does the broader market, and vice versa.

NTA* Performance

1 month	2.80%
Year to date	16.68%
Since inception	3.33%

*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	\$1.080
NTA* per share	\$1.100
Market capitalisation	\$99,800,670
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	51.1%
Short exposure	Month End	-48.9%
Net market exposure	Month End	2.2%

Most Profitable Pairs for the Month

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

Least Profitable Pairs for the Month

Long	BlueScope Steel (BSL)	Short	Sims Metal (SGM)
Long	Carsales.com (CAR)	Short	News Corp (NWS)

Contact Details

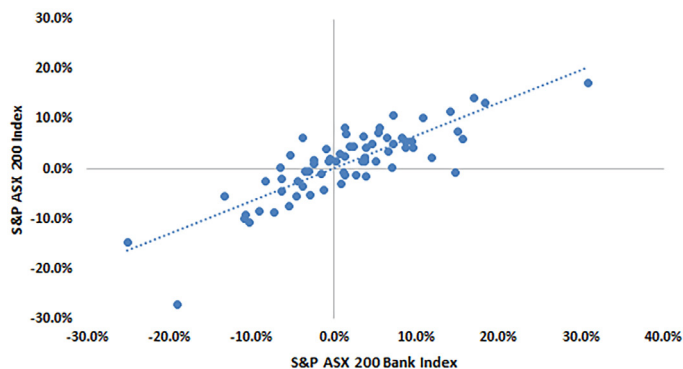
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3m returns of the S&P/ASX Banks Index vs S&P/ASX 200 Index
(Period from 31/05/2000 to 31/05/2017)



Source: Bloomberg

Outlook

Our view that equity markets are fully valued remains unchanged. We acknowledge market valuations will be well-supported in an era of accommodative monetary policy settings, but with share prices having soaked up these benefits, gains increasingly rely on earnings delivery.

We will provide an update on the 12 month performance of world share markets in our next monthly newsletter, after the end of financial year 2016-17.

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%	2.80%								16.68%
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

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