

Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 31 October 2017

Net Tangible Assets (NTA)

NTA before tax	\$1.119
NTA after tax	\$1.135

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

Performance during the month reflected a broad spread of positive contributions across two-thirds of the Portfolio. Losing pairs made small negative contributions with long Ramsay / short Primary and Healthscope the only losing pair of significance. Long BlueScope / short Sims Metal was the biggest contributor driven by a recovery in BlueScope from a depressed level. The steel market in Asia continues to be positive, plus the government passed new anti-dumping legislation to refresh previously ineffective regulation. Steel dumping was one of the components of the downgrade to guidance at the time of the result. Elsewhere, AGM trading updates have been broadly positive for the Portfolio.

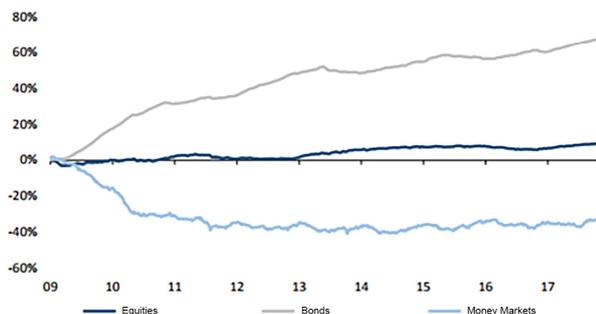
Market Commentary

Driven by the continued evidence of a strengthening economic pulse and absent inflationary pressures, all share markets around the world posted solid gains for October. In the US, the S&P 500 Index was up +2.2%, reaching another record high. European equities advanced 1.5% overall (MSCI Europe Index) with the French and German exchanges up +3%. Asian markets posted strong gains with the Japan Nikkei Index +8.1% and the rest of Asia +4.2% (MSCI Asia ex Japan).

The Australian share market delivered a much-needed bounce, with the S&P/ASX 200 Index rising +4.0%. It had been flat since the start of the year, significantly lagging offshore markets. Gains were broad-based with the major sectors advancing between 2% and 6%. Also helping the market was a fall in the Australian dollar against the major currencies.

It would be expected with stronger fundamentals and improved risk appetite that flows to equities would be larger than bonds. However, Deutsche Bank's chart below shows allocations to each asset class (equities, bonds, money markets) have remained in similar patterns in recent years. We interpret this as large pools of money sitting idle in low (even negative) yielding assets.

Cumulative flows into key asset classes (as % of NAV) since 2009



Source: EPFR Global, Deutsche Bank calculations

NTA* Performance

1 month	5.26%
3 months	1.84%
12 months	12.08%
Since inception (annualised)	2.62%

*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	\$1.100
NTA* per share	\$1.119
Market capitalisation	\$102,730,630
Shares on issue	93,391,482
Options on issue	69,532,453
Option expiry date	16 November 2017

*Before tax

Portfolio Snapshot

Long exposure	Month End	50.5%
Short exposure	Month End	-49.5%
Net market exposure	Month End	1.0%

Most Profitable Pairs for the Month

Long	BlueScope Steel (BSL)	Short	Sims Metal (SGM)
Long	James Hardie (JHX)	Short	CSR (CSR)
Long	Macquarie (MQG)	Short	Bendigo Bank (BEN)

Least Profitable Pair for the Month

Long	Ramsay Health (RHC)	Short	Primary (PRY) / Healthscope (HSO)
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Contact Details

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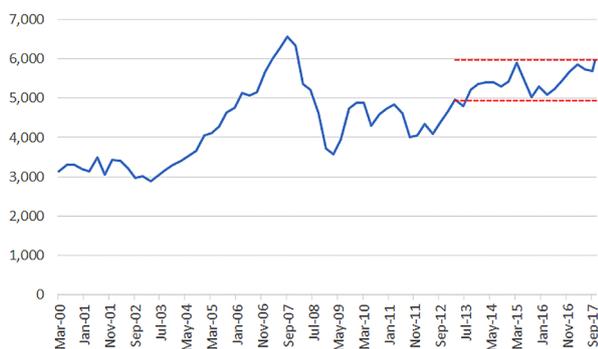
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Outlook

Share markets remain well bid with improved earnings and sentiment overcoming any valuation concerns from the inevitable policy normalisation. The recent rally in the local market has taken it to the upper bound of its trading range of between 5,000 and 6,000 for the last four years. It remains to be seen whether the improved world economic backdrop can take our market out of this range and toward its pre-GFC peak within the next 12 months.

S&P/ASX 200 Price Index



Source: Bloomberg

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 (Chair)
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%	1.15%	-1.28%	-6.62%	3.61%	5.26%			18.66%
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.



Important Disclaimer

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