

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

As at 31 March 2018

### Net Tangible Assets Per Share (NTA)

|                             |         |
|-----------------------------|---------|
| NTA before tax ex-dividend* | \$1.108 |
| NTA before tax pre-dividend | \$1.128 |
| NTA after tax ex-dividend   | \$1.108 |

\*This is after the deduction of a 2.0 cent per share dividend which Shareholders on the Company's register as of 3 April 2018 are entitled to. This dividend is payable on 2 May 2018. \$ currency notation refers to Australian Dollars.

### Portfolio Performance

The Portfolio delivered a steady performance over March 2018 with a return of +0.76%. In a weak share market, the positive return came predominantly from the short portfolio's contribution. However, the long portfolio also outperformed the market with several positions defying the market trend and closing higher. Portfolio performance broadly reflected trends set by the reporting season.

In terms of pairs, the strongest contribution came from long Macquarie Bank / short Bendigo and Adelaide Bank with the latter weak following a soft interim result and the commencement of the Royal Commission into financial services. Long ALS Limited / short Aurizon also contributed strongly with Aurizon weighed down by concerns over the regulatory outlook for the rail network business. On the negative side, long Crown / short SkyCity was the weakest pair with SkyCity up modestly in a declining market. Contribution from negative pairs was minimal.

### Market Observations

World share markets continued to run into profit taking and a risk reassessment during the month, fuelled partly by global trade tensions. Most markets saw declines of -2% to -4% (US S&P 500 Index -2.7%, MSCI Europe -2.4%, Japan Nikkei Index -4.1%, MSCI Asia ex Japan -1.8%), and when combined with the sell-off in February, now means all the major offshore indices are negative over the calendar year to date. In Australia, despite having significantly lagged the strength in offshore markets over January (as well as longer periods), the market still declined a heavy -4.3% in March (S&P/ASX 200 Index) and -5.0% for the quarter, its worst three-month start to a calendar year in a decade. The weakness in the local market during the month was broad-based with all sectors down except listed property which closed flat.

### NTA\* Performance

|                              |        |
|------------------------------|--------|
| 1 month                      | 0.76%  |
| 3 months                     | 1.89%  |
| 12 months                    | 14.18% |
| Since inception (annualised) | 3.54%  |

\*Before tax. These calculations are unaudited and intended to illustrate the performance of the investment portfolio minus corporate expenses. They are calculated including dividends. 'Since inception (annualised)' is annualised NTA performance since listing at \$1.065 after listing related expenses

### Company Details

|                       |                  |
|-----------------------|------------------|
| ASX code              | AEG              |
| Listing date          | 16 December 2015 |
| Share price           | \$1.060          |
| NTA* per share        | \$1.108          |
| Shares on issue       | 101,264,236      |
| NTA*                  | \$112,200,773    |
| Market capitalisation | \$107,340,090    |

\*Before tax, ex-dividend

### Portfolio Snapshot

|                                 |                 |               |
|---------------------------------|-----------------|---------------|
| Long exposure                   | Month End       | 51.0%         |
| Short exposure                  | Month End       | -49.0%        |
| Net market exposure             | Month End       | 2.0%          |
| Gross market exposure*          | Month End       | \$521,493,668 |
| Leverage factor (x NTA)         | Month End       | 4.6           |
| Average leverage factor (x NTA) | Since Inception | 4.7           |

\*Sum of long and short positions in the portfolio.

### Most Profitable Pairs for the Month

|      |                   |       |                    |
|------|-------------------|-------|--------------------|
| Long | Macquarie (MQG)   | Short | Bendigo Bank (BEN) |
| Long | ALS Limited (ALQ) | Short | Aurizon (AZJ)      |

### Least Profitable Pair for the Month

|      |             |       |               |
|------|-------------|-------|---------------|
| Long | Crown (CWN) | Short | SkyCity (SKC) |
|------|-------------|-------|---------------|

### Contact Details

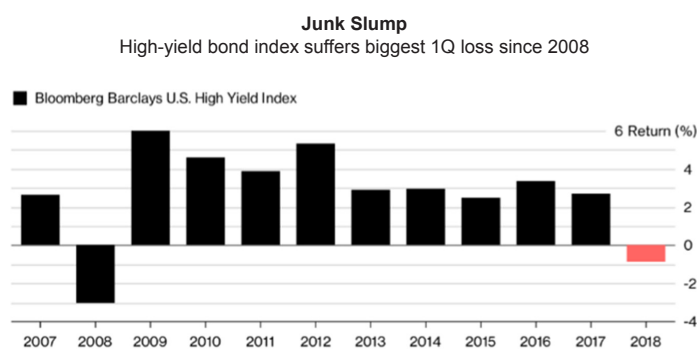
|              |  |
|--------------|--|
| Company      | Absolute Equity Performance Fund Limited (ACN 608 552 496)   |
| Address      | Level 12, Grosvenor Place, 225 George St, Sydney, NSW 2000   |
| Phone Number | 03 8639 1291   |
| Email        | <a href="mailto:info@aepfund.com.au">info@aepfund.com.au</a> |
| Website      | <a href="http://www.aepfund.com.au">www.aepfund.com.au</a>   |

# Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 31 March 2018

## Market Observations *continued*

Markets are taking a different attitude to risk as conditions change, most notably the end of loose monetary policy settings and heightened geopolitical tensions. The chart below shows that the US high yield bond market had its worst first quarter total return (yield plus capital gain) since the GFC.



Note: Bars show 1Q in all years

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     |
|------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|---------|
| 2018 | 1.27%  | -0.15% | 0.76%  |        |       |        |        |        |        |        |        |        | 1.89%   |
| 2017 | 4.91%  | 2.06%  | 0.17%  | 5.83%  | 2.80% | 1.15%  | -1.28% | -6.62% | 3.61%  | 5.26%  | -1.58% | 2.93%  | 20.19%  |
| 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% |

\*Before tax. These calculations are unaudited and intended to illustrate the performance of the investment portfolio minus corporate expenses. They are calculated on a pre-dividend NTA basis. 'Since inception (annualised)' is annualised NTA performance since listing at \$1.065 after listing related expenses



## 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.