



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

As at 28 February 2017

### Net Tangible Assets (NTA)

NTA before tax	\$1.010
NTA after tax	\$1.045

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

Portfolio performance was solid over the month with a net return of +2.06%. Similar to last month, we observed company fundamentals having more influence over performance than broader market events. Indeed, the outcomes of the February profit reporting season dominated the performance of most stocks, and it was encouraging to see the Company on the correct side of the results across a majority of our pairs. In terms of the top and bottom contributors (see table for details), please note that, as is often the case, these positions when netted together only account for a small portion of overall return (for example, they are six pairs listed in a portfolio total of 31).

### Market Commentary

US share markets rallied again in February 2017 (S&P 500 Index +3.7%) following a positive January. Alongside the obvious 'Trump bump' sentiment, US markets continued to firm due to supportive corporate and economic data without concern such data is hastening the timing of further interest rate hikes by the Federal Reserve. Elsewhere, European shares posted solid gains (MSCI Europe +2.5%) despite some political jitters in the UK and France, while Asia posted increases across the major exchanges of between 0.5% and 2.5%.

The Australian share market also gained in February with the S&P/ASX 200 Index +1.6%. Other than understandable profit-taking in the Materials and Energy sectors as commodity prices paused (except iron ore, up 10%), the only other sector to decline for the month was Telecommunications on the back of a poor interim earnings result from heavy-weight, Telstra. Otherwise it was a solid month for local shares. In part, this reflected a generally benign profit reporting season where earnings forecasts generally lived up to expectations.

### NTA\* Performance

1 month	2.06%
Year to Date	7.07%

\*Before tax. 'Year to Date' is Calendar Year 2017

### Company Details

ASX codes	Shares: AEG , Options: AEGO
Listing date	16 December 2015
Share price	\$1.050
NTA* per share	\$1.010
Market capitalisation	\$97,028,429
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	Aristocrat (ALL)	Short	Tabcorp (TAH)
Long	ResMed (RMD)	Short	Ansell (ANN)
Long	Qantas (QAN)	Short	Flight Centre (FLT)

### Least Profitable Pairs for the Month

Long	Iluka (ILU)	Short	Orica (ORI) / Downer (DOW)
Long	Brambles (BXB)	Short	Amcor (AMC)
Long	Magellan (MFG)	Short	Perpetual (PPT)

### Contact Details

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As at 28 February 2017

### Outlook

The US S&P 500 Index has rallied almost 15% since Trump's election victory in early November. Accordingly, the forward P/E multiple of the S&P 500 is now over 18x (its highest level since the unwind of the early 2000s tech bubble). The Relative Strength Index (a momentum indicator) has moved into the mid-70s, which is historically a sign the market is overbought. It's as though the issues plaguing markets a year ago, such as China's growth challenges, US policy rate normalisation and European fiscal reform, no longer exist. Yet such issues have far from disappeared. Instead, where markets tend to focus on one thing at a time, the only conversation in town right now is the pro-stimulus potential of the Trump administration. We offer no intelligence on what may eventuate, but find the strength of market reaction curious given policy initiatives thus far are well short on details.

### 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

Richard Fish	Senior Portfolio Manager
Sam Shepherd	Senior Portfolio Manager
Sam Taylor	Senior Analyst
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 Kupanda

### Monthly Table of NTA\* Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	4.91%	2.06%											7.07%
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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