



17 November 2017

Chairman's Address

Good Morning and welcome to the Annual General Meeting of Absolute Equity Performance Fund Limited. My name is Marc Fisher and I am your Chairman.

Before we begin with the formalities of the day, I would like to start by introducing those present with me. We have my fellow Non-Executive Directors; Graham Hand and Andrew Reeve Parker accompanied by our co-corporate secretary, Tharun Kuppana. Also joining us is Sam Shepherd from Bennelong Long Short Equity Management. Sam as you will know is the Portfolio Manager for AEG and will make a short presentation in due course and will be available to answer any questions you may have about our Investment Strategy.

In addition, we have Scott Whiddett with us, a Partner from Pitcher Partners, Sydney. Scott oversees AEG's accounts and audit process. Similarly, I may turn to Scott to address technical queries in relation to our financials.

We decided to host this year's AGM in Sydney to hopefully meet more of you. Last year we were in Melbourne - where our investment management team is based - so thank you to Sam for traveling to be with us and everyone else who made it here today.

I would also like to thank those of you who have dialled-in to join us.

This is our second AGM and it has been an eventful year since I addressed you last November with Sam taking over the sole leadership role in managing the Portfolio. Performance this calendar year has been strong with the portfolio returning 18.66% on a pre-tax NTA basis, exceeding the long term annualised net returns of the strategy of 16.50% over almost 15 years*.

Recent performance generated sufficient profit reserves to afford us the ability to pay our maiden dividend of 2.5c fully franked (at 30%), on 6 December 2017.

It is the Board's intention going forward to efficiently pay out franking credits via fully franked dividends on a semi-annual basis, subject to the Company having adequate profit reserves to do so. Availability of franking credits is dependent on receipt of franked dividends from the investment portfolio and the payment of tax by the Company. We will also target a stable level of dividend subject to the same caveats.

Although we have decided not to operate a Dividend Reinvestment Plan (DRP) for our maiden dividend, we do intend to announce a new DRP in the coming months that will operate for future dividends, hopefully affording our shareholders the best of both worlds - namely fully franked dividends and the efficient reinvestment in an absolute return strategy where the goal should be long term capital appreciation. The DRP will not be dilutive to the NTA and we will likely include the option to buy back shares from the market, should that option be deemed more favourable to Shareholders at the time. This we believe represents the current best practice in terms of a DRP. When the time comes to review the new DRP, we would welcome any questions you may have and certainly encourage participation in the Plan.

Shareholder engagement also continues to be an important focus for the Company. We currently achieve this through a mixture of:

- Weekly NTA estimates
- Monthly NTA and performance updates (via Newsletter)
- Annual reports and half yearly profit announcements
- Periodic roadshows when the Investment Manager meets with key stakeholders
- AEG's website (www.aepfund.com.au)
- Phone calls and emails to shareholders

We welcome comments and feedback – so please feel free to call or email us with your suggestions.

Another landmark was reached for AEG yesterday. We saw the expiry of the options issued at IPO. Using approximate numbers, of the 72 million options that vested in June 2016, we saw 9 million exercised – a conversion rate of 12.5%.

It our belief that the due to technical factors associated with option exercise (i.e. share price anchored to the strike price of the options), the shares may now represent the best value we have seen to date given recent strength in performance of the portfolio as reflected by our most recent pre-tax NTA estimate of \$1.15.

We remain proud to have been able to bring this unique investment strategy to market and are all optimistic about the future and hope we can return your commitment and trust in us, with commensurate performance.

I would now like to hand over to Sam Shepherd - Portfolio Manager of BLSEM, the Investment Manager of our Portfolio.

ENDS

For more information please contact:

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