



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

As at 31 January 2018

### Net Tangible Assets (NTA)

NTA before tax	\$1.122
NTA after tax	\$1.123

\$ currency notation refers to Australian Dollars.

### Portfolio Performance

The Company's Portfolio returned +1.27% for January 2018 and the majority of pair positions were profitable. Performance was positive despite the significant headwind of a very strong \$A/\$US. The Company is net long \$US-exposed companies and in the short term, currency swings can influence performance. In the long run, company fundamentals overwhelm currency.

In a quiet month for company news the most notable was a strong quarterly profit update from Resmed which contributed to our long Resmed / short Ansell pair being amongst our strongest pairs. Long JB Hi-Fi / short Super Retail was also rewarded, driven by industry feedback that some retailers had experienced better Christmas sales than feared. The pair has been profitable over 12 months, particularly since Amazon announced it will start a local business. Long BlueScope Steel / short Sims Metal was our weakest pair following recent months of strong positive contribution.

### Market Observations

After capping off a strong 2017, world share markets started 2018 with some of the strongest January gains seen in years.

January Index Price Return	S&P 500	Nasdaq Composite	MSCI Europe	MSCI Asia ex Japan	Nikkei	S&P/ASX 200
2007	1.4%	2.0%	2.0%	-1.3%	0.9%	1.8%
2008	-6.1%	-9.9%	-11.6%	-14.0%	-11.2%	-10.9%
2009	-8.6%	-6.4%	-3.6%	-5.6%	-9.8%	-4.9%
2010	-3.7%	-5.4%	-2.9%	-6.1%	-3.3%	-6.2%
2011	2.3%	1.8%	1.6%	-1.1%	0.1%	0.2%
2012	4.4%	8.0%	3.7%	10.7%	4.1%	5.1%
2013	5.0%	4.1%	2.7%	1.6%	7.2%	4.9%
2014	-3.6%	-1.7%	-1.8%	-5.1%	-8.5%	-3.0%
2015	-3.1%	-2.1%	7.2%	2.5%	1.3%	3.3%
2016	-5.1%	-7.9%	-6.3%	-7.7%	-8.0%	-5.5%
2017	1.8%	4.3%	-0.4%	6.2%	-0.4%	-0.8%
2018	5.6%	7.4%	1.6%	7.5%	1.5%	-0.5%

Source: Bloomberg

The exception to this January increase in 2018 was Australia where the S&P/ASX 200 Index fell -0.5%. While the local market started the month well and held up alongside overseas markets, ongoing weakness in the \$US (in turn pushing up the \$A) alongside a marked increase in long-term government yields weighed on several sectors in Australia.

Overall, the picture of the Australian market lagging the performance of offshore markets continues the recent trend and is in large part a reflection of the composition of our market. The chart below shows returns since the GFC and displays a trend which has accelerated recently.

### NTA\* Performance

1 month	1.27%
3 months	2.59%
12 months	16.02%
Since inception (annualised)	3.52%

\*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

### Company Details

ASX code	AEG
Listing date	16 December 2015
Share price	\$1.080
NTA* per share	\$1.122
Market capitalisation	\$109,365,375
Shares on Issue	101,264,236

\*Before tax ex-dividend

### Portfolio Snapshot

Long exposure	Month End	50.6%
Short exposure	Month End	-49.5%
Net market exposure	Month End	1.1%

### Most Profitable Pairs for the Month

Long	JB Hi-Fi (JBH)	Short	Super Retail (SUL)
Long	Resmed (RMD)	Short	Ansell (ANN)
Long	Xero (XRO)	Short	MYOB (MYO)

### Least Profitable Pairs for the Month

Long	BlueScope Steel (BSL)	Short	Sims Metal (SGM)
Long	James Hardie (JHX)	Short	CSR Ltd (CSR)
Long	Qantas Airways (QAN)	Short	Flight Centre (FLT)

### Contact Details

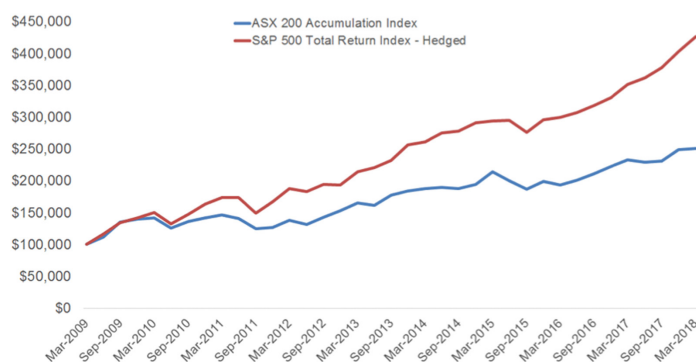
Company	Absolute Equity Performance Fund Limited (ACN 608 552 496)
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Website	<a href="http://www.aepfund.com.au">www.aepfund.com.au</a>

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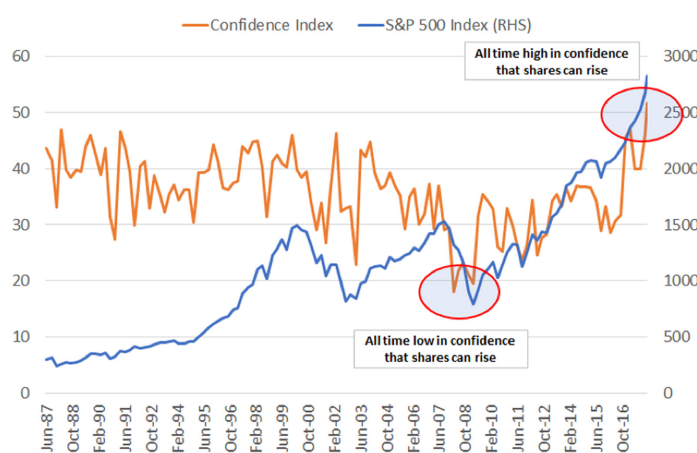
## Market Observations *continued*

**Australia vs US: Total Return Comparison (in A\$)**  
31 March 2009 to 31 January 2018



We note the US share market was not the only thing hitting an all-time high in January 2018. The US Conference Board Share Market Confidence Index (a long-running survey of 3,000 US households asking their confidence about a rise in the US share market over the coming 12 months) reached a record high.

**USA - Share Market Confidence Index**



## 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
<b>2018</b>	1.27%												<b>1.27%</b>
<b>2017</b>	4.91%	2.06%	0.17%	5.83%	2.80%	1.15%	-1.28%	-6.62%	3.61%	5.26%	-1.58%	2.93%	<b>20.19%</b>
<b>2016</b>	-0.23%	2.28%	-7.20%	-2.89%	8.53%	-0.92%	1.38%	-5.90%	-1.06%	-1.73%	-2.32%	-3.31%	<b>-13.39%</b>

\*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

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