



Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 31 August 2018

Net Tangible Assets Per Share (NTA)

NTA before tax	\$1.259
NTA after tax	\$1.223

\$ currency notation refers to Australian Dollars.

Portfolio Performance

The Company's Portfolio produced an unusual but welcome return of 10.22% in August. We always emphasise the variability that comes from a focus on short-term returns and suggest investors think of one to two years as a more useful time frame to judge performance.

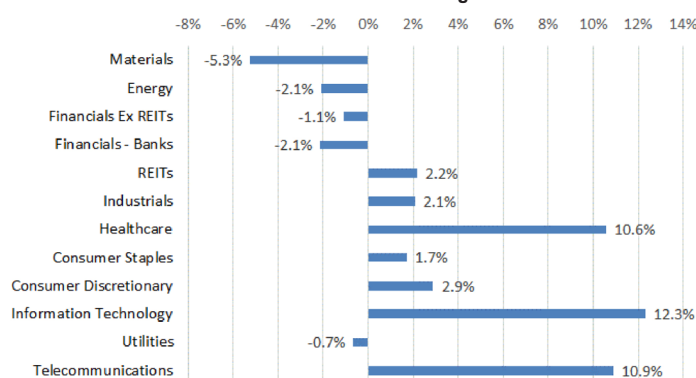
This month we have highlighted the best three pairs (long and short matched positions) in the table on the right, however the good result was equally driven by another half a dozen pairs. There was only one notable negative pair. Both the long and short books made a positive contribution, which reflected a favourable company reporting season in which we enjoyed a strong hit rate in terms of hits and misses versus market expectations.

Market Observations

Consistent with recent trends, August was another month in which US share markets contrasted with their offshore counterparts. Where the S&P 500 Index and Nasdaq Composite Index posted solid gains to close at record levels (S&P 500 +3.0%, Nasdaq Composite +5.7%), share markets in Europe gave back their July bounce with falls of -2% to -4% driven by continued concerns regarding the outlook for trade between the US and other major economies. Asian markets too were subdued with Japan +1.4% (Nikkei Index) but the rest of Asia down -1.4% (MSCI Asia ex Japan Index).

Locally, the Australian share market managed a small gain of +0.6% (S&P/ASX 200 Index). Across the market there were strong sector performances from Healthcare, Information Technology and Telecommunications, as shown in the chart below. However, the overall return of the market was held back by falls across Materials, Energy and Financials.

S&P/ASX200 Sector Returns - August 2018



Source: Bloomberg

NTA* Performance

1 month	10.22%
3 months	6.26%
12 months	27.76%
Since inception (annualised)	7.85%

*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	\$1.230
NTA* per share	\$1.259
Dividend yield [†] (fully franked)	3.66%
Shares on issue	101,264,236
NTA*	\$127,480,709

*Before tax.

[†]Dividends paid over the past 12 months divided by share price stated above.

Portfolio Snapshot

Long exposure	Month End	51.5%
Short exposure	Month End	-48.5%
Net market exposure	Month End	3.0%
Gross market exposure*	Month End	\$570,500,811
Leverage factor (x NTA)	Month End	4.5
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	TPG Telecom (TPG)	Short	Telstra (TLS)
Long	ALS Limited (ALQ)	Short	Aurizon (AZJ)
Long	Bluescope Steel (BSL)	Short	Sims Metal (SGM)

Least Profitable Pair for the Month

Long	Origin Energy (ORG)	Short	AGL Energy (AGL)
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Contact Details

Company	Absolute Equity Performance Fund Limited (ACN 608 552 496)
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Email	info@aepfund.com.au
Website	www.aepfund.com.au

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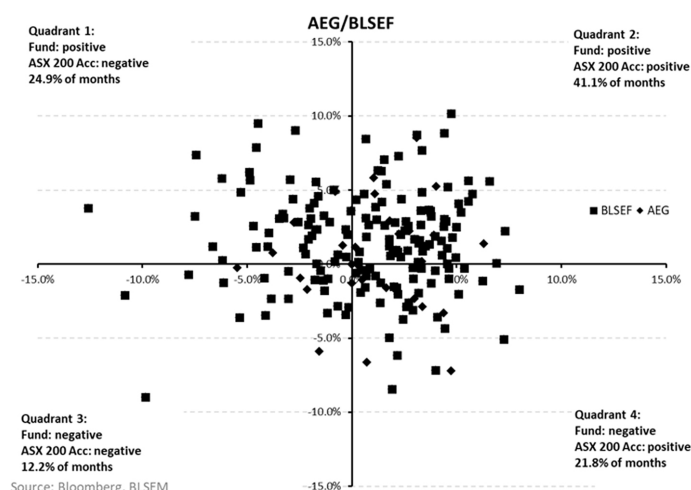
Investment Strategy Analysis *(extract from our 2018 Annual Report)*

Returns and Correlations against the Share Market

Although the Company started investing in December 2015, the underlying Investment Strategy is the same as run by the Investment Manager for 16 years. Over this time, the monthly returns of the Investment Strategy against the Australian share market (not our benchmark but used for comparison) are shown in the chart below. Each point on the chart plots the monthly return of the Investment Strategy against the return of the share market for the same month.

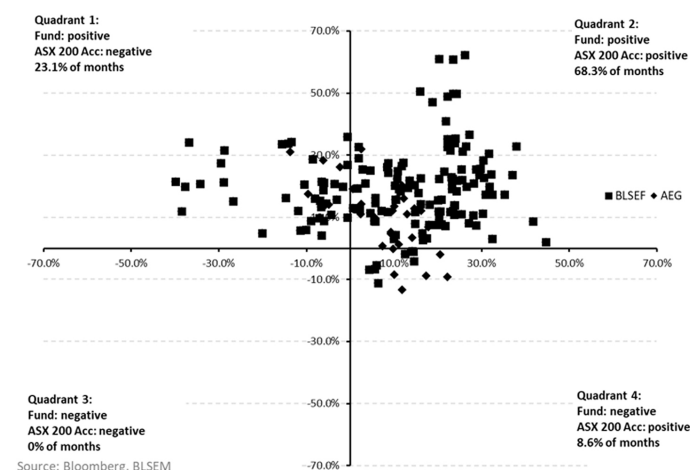
The chart below demonstrates the lack of correlation of returns, highlighted by the points in quadrants 1 and 4, when the direction of the Investment Strategy's return is opposite to the market. We regard this lack of correlation as a key attraction of the Company. Points above the horizontal axis are positive returns and 65% of monthly Investment Strategy returns have been positive. Points to the right of the vertical axis are positive share market returns.

AEG/BLSEF vs S&P/ASX200 Accumulation Index – Monthly Returns
Period Ending 30 June 2018



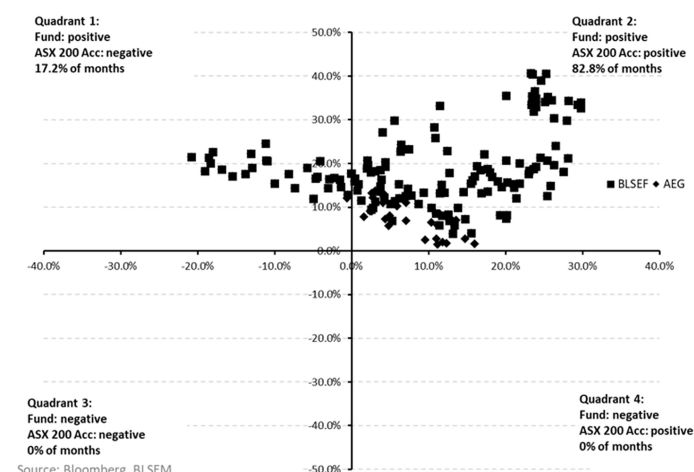
The following chart shows returns for rolling 12-month periods. There have been 186 12-month periods over the 16-year history of the Investment Strategy. The clear distinction with the prior chart is that over a more appropriate 12-month period for measuring returns, the number and depth of negative periods for the Investment Strategy dramatically shrinks. There have been no 12-month periods in the history of the Investment Strategy with a negative return when the share market has been negative, in quadrant 3. It is the absence of "directional" bets due to the market neutral/sector neutral technique which has helped to limit the duration and depth of negative periods.

AEG/BLSEF vs S&P/ASX200 Accumulation Index – Rolling 12 Month Returns
Period Ending 30 June 2018



Furthermore, using rolling 2-year periods to assess returns shows there have been no negative returns for the Investment Strategy. The share market has delivered a negative return in 17% of the 174 periods, with the largest over a 24-month period for the share market of -21%.

AEG/BLSEF vs S&P/ASX200 Accumulation Index – Rolling 24 Month Returns
Period Ending 30 June 2018



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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

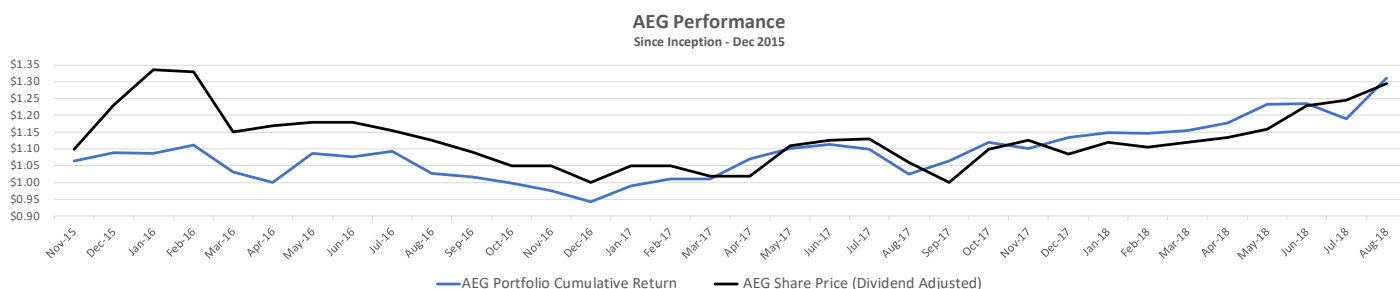
Company Secretaries

Jeff Phillips

Lisa Dadswell

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	1.27%	-0.15%	0.76%	1.98%	4.75%	0.08%	-3.67	10.22%					15.65%
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%
2015	-	-	-	-	-	-	-	-	-	-	-	2.25%	2.25%

*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.



*These calculations are unaudited. 'AEG Portfolio Cumulative Return' is intended to illustrate the performance of the investment portfolio net of corporate expenses and manager fees, and including the hypothetical reinvestment of dividends.



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.