

ASX Release

2020 Half Year Financial Report & Interim Dividend

Thursday, 27 February 2020

Highlights

- The Company's portfolio returned 20.1% for the half-year ended 31 December 2019
- Fully franked, 2.5 cents per share dividend declared (**Interim Dividend**)
- Shareholders can elect to participate in the Dividend Reinvestment Plan (**DRP**) by 25 March 2020

Absolute Equity Performance Fund Limited ACN 608 552 496 (ASX:**AEG**) (the **Company**) today announced its results for the half year ended 31 December 2019.

Investment operations over the half-year ended 31 December 2019 resulted in an operating profit before tax of \$19,637,772 (2018: loss of \$7,307,345) and an operating profit after tax of \$16,575,834 (2018: loss of \$4,716,045).

NTA backing for each ordinary share at 31 December 2019 after tax amounted to \$1.18 (2018: \$1.11) per share. NTA backing for each ordinary share at 31 December 2019 before tax amounted to \$1.19 (2018: \$1.09).

The Board has declared an Interim Dividend of 2.5 cents per share and confirmed that the DRP will operate with respect to this Dividend. This represents a 25% increase over the 2019 interim dividend.

The Interim Dividend, which will be fully franked, will trade ex-entitlement on 17 March 2020 and will be paid on 23 April 2020.

This announcement has been authorised for release to ASX by the Board of Directors of Absolute Equity Performance Fund Limited.

ENDS

For more information please contact:

Lisa Dadswell
Company Secretary
lisa.dadswell@boardroomlimited.com.au

ABSOLUTE EQUITY PERFORMANCE FUND LIMITED

ABN 17 608 552 496

**Appendix 4D
Interim Financial Report
for the half-year ended 31 December 2019**

Half-Year Report

The Half-Year Report for Absolute Equity Performance Fund Limited (“AEG” or “the Company”) is for the reporting period from 1 July 2019 to 31 December 2019.

| Results | 31 December 2019 \$ | 31 December 2018 \$ | up/ down | % movement |
|---|------------------------------|------------------------------|-------------|---------------|
| Revenue from ordinary activities | 29,529,196 | 1,544,473 | up | 1811.93 |
| Profit/ (Loss) before tax for the period | 19,637,772 | (7,307,345) | up | 368.74 |
| Profit/ (Loss) from ordinary activities after tax attributable to members | 16,575,834 | (4,716,045) | up | 451.48 |

All comparisons are to the half-year ended 31 December 2018.

Dividends

A fully franked final dividend of 2.5 cents per share and a fully franked special dividend of 1.5 cents per share in respect of the year ended 30 June 2019 were both paid on 11 October 2019.

Since the end of the half-year, the Company has declared a fully franked interim dividend of 2.5 cents per share to be paid on 23 April 2020. The record date for entitlement of the interim dividend is 18 March 2020 and the ex-dividend date is 17 March 2020.

Dividend Reinvestment Plan

The Company’s Dividend Reinvestment Plan (“DRP”) will operate in relation to the interim dividend. The DRP has been structured to take account of the relationship between the market price of the Company’s shares and the Company’s net tangible asset value (“NTA”) per share at the relevant time when dividends are being invested.

If the prevailing share price is greater than or equal to NTA per share, DRP Participants will be issued new shares. If the prevailing share price is less than the NTA per share, dividends subject to the DRP may be used to cause the acquisition of the Company’s shares on-market and if additional shares are required to satisfy DRP Participants, issue new shares. The last day for the receipt of an election notice for participation in the DRP is 25 March 2020.

Net Tangible Assets

| NTA per share | 31 December 2019 \$ | 31 December 2018 \$ |
|---------------|---------------------------|---------------------------|
| - before tax | 1.19 | 1.09 |
| - after tax | 1.18 | 1.11 |

Interim Results Commentary

Company Performance

The Company's portfolio produced a return of 20.06% for the six month's ended 31 December 2020.

| Portfolio Returns per annum | |
|-----------------------------|--------|
| 1 Year | 14.94% |
| 2 Years | 8.43% |
| 3 Years | 12.22% |
| Since Inception* | 5.65% |

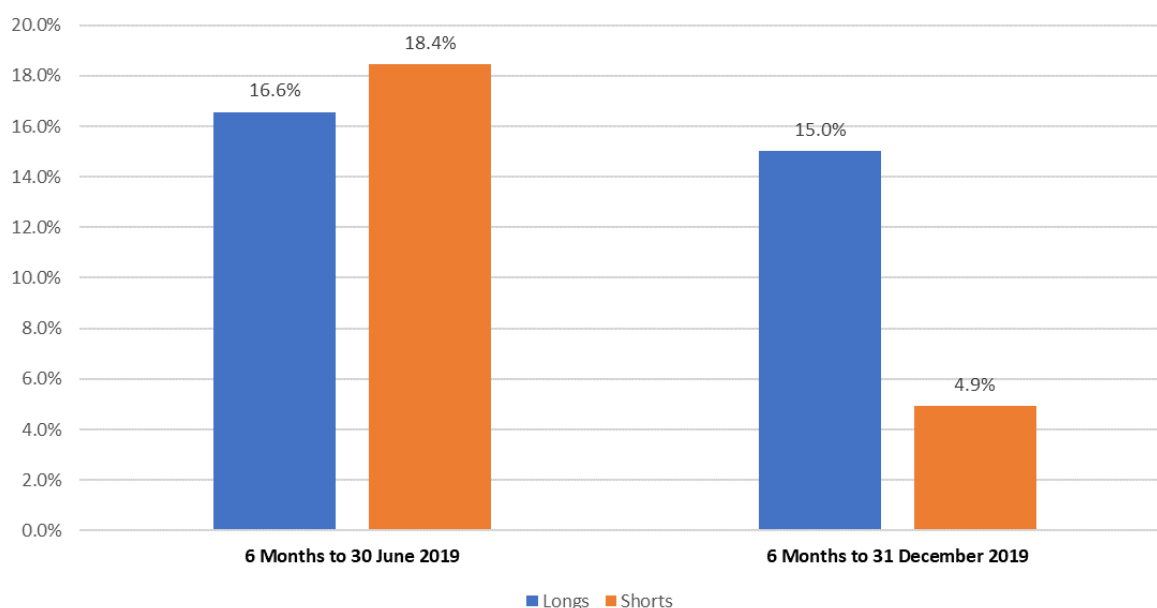
* Net Tangible Assets performance since listing (at \$1.065 after listing-related expenses in December 2015). Includes the hypothetical re-investment of Dividends.

Total shareholder return, as measured by share price movement and dividends paid over the six months to December 2019, was +29.96%. The Portfolio was managed within defined parameters with net exposure (long positions offset by short positions) averaging 0.91%, gearing averaging 4.58 and the number of pairs averaging 30. There was no change to the investment team, and no change in responsibilities within the team.

Fundamental Performance of Companies in the Portfolio

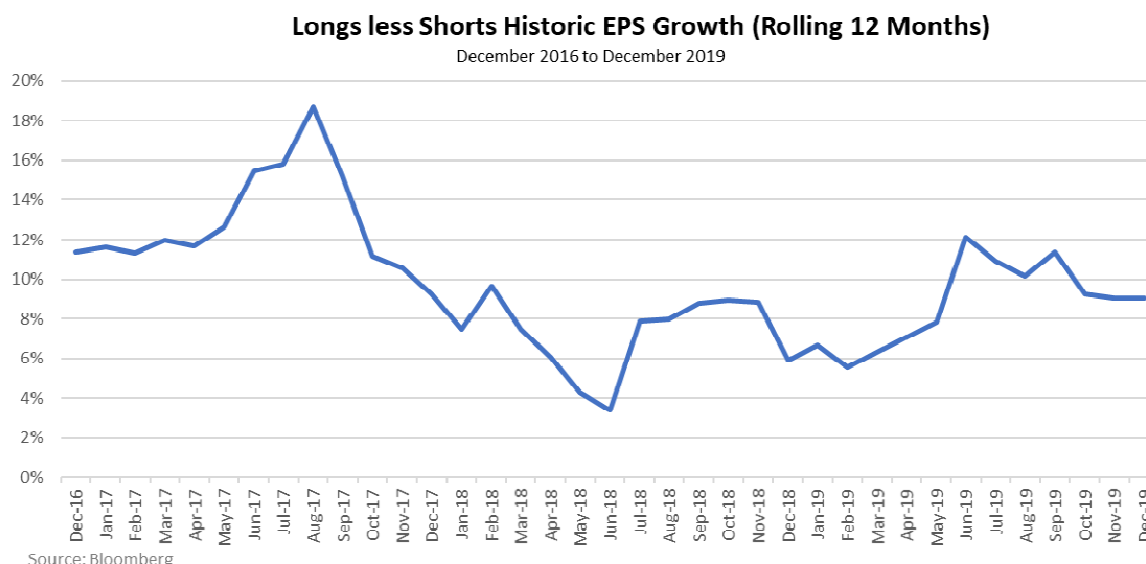
As the Portfolio carries close to zero net exposure to the equity market (our long and short portfolios are almost equal in size), the direction of the market has little influence on returns. This is demonstrated by the lack of correlation of returns with the share market and other asset classes. The driver of our returns comes entirely from the relative performance of the long versus short companies in each of our pair positions. Over calendar year 2019, we experienced a favourable balance of positive company results and announcements for our long portfolio, and negative for our short portfolio yet it was a tale of two halves in terms of portfolio returns. For the 6 months to 30 June 2019 the portfolio return was -4.27% with the subsequent 6 months to 31 December 2019 returning 20.06%. The performance of the long and short portfolios for the two halves of the calendar year is shown in the chart below. Throughout the year the long portfolio financial results progressively improved relative to the short portfolio, and this positive fundamental performance drove progressively improving portfolio returns.

Long/Short Portfolio Returns - 2019CY



Interim Results Commentary (continued)

Below we show the difference between the historic earnings growth of the long and short portfolios. We assess a broad range of issues when assessing companies and predicting next year's EPS is not high on our list of priorities. However, its delivery indicates when you are on the right track. Given the way we construct our portfolio, a difference between the two portfolios of 5-10% is significant. It is also evident that this gap increased through 2019, reflecting improving fundamental financial results.



On Market Buy-back

On 17 June 2019, the Company announced it intended to undertake an on-market share buy-back of up to 10% of the Company's issued share capital or approximately 10.2 million ordinary shares within the next 12 months.

The Company appointed Morgans Financial Limited to act on behalf of the Company in relation to the share buy-back process and the buy-back commenced on 1 July 2019.

Since 1 July 2019, a total of 5,389,256 shares have been bought back. The share buy-back programme remains in place and the Company will keep the market informed of the buy-back's progress in accordance with the ASX Listing Rules.

This report is based on the half-year interim report which has been subject to an independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A.

Absolute Equity Performance Fund Limited

ABN 17 608 552 496

Interim Financial Report for the half-year ended 31 December 2019

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Corporate Directory

| | |
|---------------------------|---|
| Directors | <div> <div>Marc Fisher</div> <div>Graham Hand</div> <div>Andrew Reeve-Parker</div> <div>Raymond Da Silva Rosa</div> </div> <div> <div>Chairman & Non-Independent Director</div> <div>Independent Director (resigned 26 November 2019)</div> <div>Independent Director</div> <div>Independent Director (appointed 26 November 2019)</div> </div> |
| Secretaries | Lisa Dadswell and Jeff Phillips |
| Investment Manager | <div>Bennelong Long Short Equity Management Pty Limited</div> <div>Level 1</div> <div>9 Queen Street</div> <div>Melbourne Victoria 3000</div> |
| Registered Office | <div>Absolute Equity Performance Fund Limited</div> <div>Level 12, Grosvenor Place</div> <div>225 George Street</div> <div>Sydney NSW 2000</div> <div>Telephone: (02) 8016 2819</div> |
| Auditor | <div>Pitcher Partners</div> <div>Level 16, Tower 2 Darling Park</div> <div>201 Sussex Street</div> <div>Sydney NSW 2000</div> <div>Telephone: (02) 9221 2099</div> |
| Share Register | <div>Boardroom Pty Limited</div> <div>Level 12, 225 George Street</div> <div>Sydney NSW 2000</div> <div>Telephone: (02) 9290 9600</div> <div>Fax: (02) 9279 0664</div> |
| Stock Exchange | <div>Australian Securities Exchange (ASX)</div> <div>The home exchange is Sydney</div> <div>ASX code: AEG</div> |

Directors' Report

The Directors present their report together with the interim financial report of Absolute Equity Performance Fund Limited ("the Company") for the half-year ended 31 December 2019.

Absolute Equity Performance Fund Limited is a Company limited by shares and is incorporated in Australia.

Directors

The following persons held office as Directors during the period and up to the date of this report:

| | |
|-----------------------|---|
| Marc Fisher | Chairman & Non-Independent Director |
| Graham Hand | Independent Director (resigned 26 November 2019) |
| Andrew Reeve-Parker | Independent Director |
| Raymond Da Silva Rosa | Independent Director (appointed 26 November 2019) |

Principal Activity

The Company was established to provide investors with the opportunity to invest in a diversified portfolio of Australian listed equities, with the aim of achieving positive returns regardless of share market performance, through an "equity market neutral" style of investing. The Company's objective is to deliver absolute returns through capital growth and income regardless of market movements.

There have been no significant changes in the Company's principal activities during the period and no change is anticipated in the future.

Updated Share Trading Policy

The Company announced on 11 November 2019 that it had adopted an updated Share Trading Policy ("Policy"). The Policy is contained within the Company's Corporate Governance Charter and is summarized as follows:

- The Policy applies to persons defined as "Restricted Persons" of the Company
- Restricted Persons must restrict their buying and selling of the Company's shares within the Company trading window established by the Policy
- Restricted persons are the Board of Directors, Directors and Company Secretary of any subsidiary of the Company, any person who is entitled to receive equity performance rights and/or options as part of any equity incentive-based scheme of the Company, any executives and the Company Secretary
- Restricted persons are prohibited from dealing in the Company's shares during each period of five trading days immediately prior to and until the trading day after the results for the half year or full year are released to the market by way of ASX announcement and during each period of three trading days before the announcement of a dividend or any other capital management initiative that might have a material impact on the share price

Review of Operations

The Company invests predominantly in S&P/ASX100 and other large capitalisation Australian listed companies. The investment will seek to provide long-term capital growth with, when possible, a steady dividend yield, franked to the maximum extent possible.

Investment operations over the half-year ended 31 December 2019 resulted in an operating profit before tax of \$19,637,772 (2018: loss of \$7,307,345) and an operating profit after tax of \$16,575,834 (2018: loss of \$4,716,045).

Asset backing for each ordinary share at 31 December 2019 after tax was \$1.18 (2018: \$1.11) per share. Asset backing for each ordinary share at 31 December 2019 before tax was \$1.19 (2018: \$1.09).

Dividend

Dividends paid or declared for payment during the period are as follows:

Final fully franked dividend of 2.5 cents per share paid on 11 October 2019
Fully franked special dividend of 1.5 cents per share paid on 11 October 2019
Interim fully franked dividend of 2.5 cents per share to be paid on 23 April 2020

Events Occurring after the Reporting Period

Since the end of the half-year, the Company has declared a fully franked interim dividend of 2.5 cents per share to be paid on 23 April 2020. The record date for entitlement of the interim dividend is 18 March 2020 and the ex-dividend date is 17 March 2020.

Apart from the above, no other matter or circumstance has occurred subsequent to the period end that would materially affect the half-year financial report.

Rounding of Amounts to Nearest Dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar unless otherwise specified.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 4 of this financial report.

This report is made in accordance with a resolution of the Board of Directors.



Marc Fisher
Chairman

Sydney
27 February 2020

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**Auditor's Independence Declaration
To the Directors of Absolute Equity Performance Fund Limited
ABN 17 608 552 496**

In relation to the independent auditor's review of Absolute Equity Performance Fund Limited for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



S M Whiddett
Partner

Pitcher Partners
Sydney

27 February 2020

Absolute Equity Performance Fund Limited
Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2019

Statement of Profit or Loss and Other Comprehensive Income

| | Note | 31 December 2019 \$ | 31 December 2018 \$ |
|--|------|---------------------------|---------------------------|
| Investment Income from Ordinary Activities | | | |
| Net realised gains on disposal of investments | | 3,010,078 | 4,166,446 |
| Net unrealised (losses)/ gains on market value movement of investments | | 22,664,917 | (7,062,849) |
| Interest income received | | 286,752 | 648,866 |
| Dividend income received | | <u>3,567,449</u> | <u>3,792,010</u> |
| Total Income | | <u>29,529,196</u> | <u>1,544,473</u> |
| Expenses | | | |
| Management fees | | (852,684) | (892,788) |
| Performance fees | | (2,127,257) | - |
| Administration fees | | (25,278) | (18,650) |
| Prime broker fees | | (3,648) | (4,109) |
| Stock loan fees | | (543,578) | (579,486) |
| Dividends paid on borrowed stock | | (5,918,854) | (6,743,716) |
| Legal fees | | (3,427) | - |
| Brokerage commission | | (155,377) | (159,717) |
| Accounting fees | | (18,843) | (17,045) |
| Share registry fees | | (30,879) | (33,095) |
| Tax fees | | (12,155) | (11,649) |
| Directors' fees | | (58,660) | (43,280) |
| Secretarial fees | | (15,397) | (16,128) |
| ASX fees | | (52,910) | (57,771) |
| Audit fees | | (39,358) | (27,565) |
| Other expenses | | <u>(33,119)</u> | <u>(246,819)</u> |
| Total Expenses | | <u>(9,891,424)</u> | <u>(8,851,818)</u> |
| Net Income/ (Loss) Before Income Tax | | <u>19,637,772</u> | <u>(7,307,345)</u> |
| Income tax (expense)/ benefit | | <u>(3,061,938)</u> | <u>2,591,300</u> |
| Net Income/ (Loss) for the Period After Income Tax | | <u>16,575,834</u> | <u>(4,716,045)</u> |
| Other Comprehensive Income | | | |
| Other comprehensive income for the period, net of tax | | <u>-</u> | <u>-</u> |
| Total Comprehensive Income/ (Loss) for the Period | | <u>16,575,834</u> | <u>(4,716,045)</u> |
| | | Cents | Cents |
| Earnings/ (Loss) per share for profit attributable to the ordinary equity holders of the Company: | | | |
| Basic and diluted earnings/ (loss) per share | 6 | 16.78 | (4.65) |

The above Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Absolute Equity Performance Fund Limited
Statement of Financial Position
As at 31 December 2019

Statement of Financial Position

| | Note | 31 December 2019 \$ | 30 June 2019 \$ |
|--|-------------|------------------------------------|--------------------------------|
| Assets | | | |
| Cash and cash equivalents | | 107,525,669 | 96,796,138 |
| Trade and other receivables | | 327,268 | 1,814,260 |
| Financial assets at fair value through profit or loss | 3 | 267,907,653 | 237,739,364 |
| Deferred tax asset | | <u>16,181,318</u> | <u>16,751,390</u> |
| Total Assets | | <u>391,941,908</u> | <u>353,101,152</u> |
| Liabilities | | | |
| Trade and other payables | | 2,679,507 | 649,370 |
| Financial liabilities at fair value through profit or loss | 3 | 257,317,152 | 231,819,884 |
| Deferred tax liability | | <u>17,221,976</u> | <u>14,730,110</u> |
| Total Liabilities | | <u>277,218,635</u> | <u>247,199,364</u> |
| Net Assets | | <u>114,723,273</u> | <u>105,901,788</u> |
| Equity | | | |
| Issued capital | 5 | 105,728,484 | 109,525,108 |
| Accumulated losses | | (12,192,471) | (12,192,471) |
| Profits reserve | | <u>21,187,260</u> | <u>8,569,151</u> |
| Total Equity | | <u>114,723,273</u> | <u>105,901,788</u> |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Absolute Equity Performance Fund Limited
Statement of Changes in Equity
For the half-year ended 31 December 2019

Statement of Changes in Equity

| | Issued Capital \$ | Profits Reserve \$ | (Accumulated Losses) \$ | Total equity \$ |
|---|----------------------------------|-----------------------------------|--|--------------------------------|
| Balance at 1 July 2019 | 109,525,108 | 8,569,151 | (12,192,471) | 105,901,788 |
| Profit for the period | - | - | 16,575,834 | 16,575,834 |
| Other comprehensive income for the period | - | - | - | - |
| Transfer of profits during the period | - | 16,575,834 | (16,575,834) | - |
| <u>Transactions with owners:</u> | | | | |
| Dividend paid | - | (3,957,725) | - | (3,957,725) |
| Shares bought-back | (3,796,624) | - | - | (3,796,624) |
| Balance at 31 December 2019 | <u>105,728,484</u> | <u>21,187,260</u> | <u>(12,192,471)</u> | <u>114,723,273</u> |
| Balance at 1 July 2018 | 109,111,714 | 10,192,554 | (142,946) | 119,161,322 |
| (Loss) for the period | - | - | (4,716,045) | (4,716,045) |
| Other comprehensive income for the period | - | - | - | - |
| Transfer of profits during the period | - | 2,938,379 | (2,938,379) | - |
| <u>Transactions with owners:</u> | | | | |
| Dividend paid | - | (2,531,606) | - | (2,531,606) |
| Shares issued on dividends re-invested | 290,813 | - | - | 290,813 |
| Balance at 31 December 2018 | <u>109,402,527</u> | <u>10,599,327</u> | <u>(7,797,370)</u> | <u>112,204,484</u> |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Absolute Equity Performance Fund Limited
Statement of Cash Flows
For the half-year ended 31 December 2019

Statement of Cash Flows

| | 31 December 2019 \$ | 31 December 2018 \$ |
|---|------------------------------------|------------------------------------|
| Cash Flows from Operating Activities | | |
| Proceeds from sale of investments | 47,517,551 | 66,696,180 |
| Payment for investments | (25,888,252) | (64,690,349) |
| Interest received | 324,316 | 632,988 |
| Dividends received | 4,372,058 | 4,505,421 |
| Dividends paid on borrowed stock | (6,043,794) | (6,871,518) |
| Interest paid | (18,843) | (17,045) |
| Management fees paid | (836,346) | (905,063) |
| Performance fees paid | - | (2,775,531) |
| Payment for other expenses | (936,414) | (1,238,168) |
| Net Cash Provided by / (Used in) Operating Activities | 18,490,276 | (4,663,085) |
| Cash Flows from Financing Activities | | |
| Shares bought-back | (3,796,624) | - |
| Dividend paid | (3,957,725) | (2,240,793) |
| Net Cash (Used in) Financing Activities | (7,754,349) | (2,240,793) |
| Net Increase / (Decrease) in Cash and Cash Equivalents Held | 10,735,927 | (6,903,878) |
| Cash and cash equivalents at the beginning of the financial period | 96,796,137 | 115,685,640 |
| Effect of foreign currency exchange rate changes on cash and cash equivalents | (6,395) | - |
| Cash and cash equivalents at end of financial period | 107,525,669 | 108,781,762 |
| Non Cash Financing Activities | | |
| Dividends reinvested | - | 290,813 |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Significant Accounting Policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below.

The interim financial statements were authorised for issue on 27 February 2020 by the Board of Directors.

Basis of Preparation

These interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar unless otherwise specified.

(a) New and Amended Accounting Standards not Adopted

AASB 16: *Leases* is applicable to annual reporting periods beginning on or after 1 January 2019. This standard does not have a material impact on the Company's financial statements.

No other new accounting standards and interpretations that are available for early adoption but not yet adopted at 31 December 2019, will result in any material change in relation to the financial statements of the Company.

| 31 December | 31 December |
|--------------------|--------------------|
| 2019 | 2018 |
| \$ | \$ |

2 Dividends

(a) Dividends Paid

2019 fully franked final dividend of 2.5 cents per share and special dividend of 1.5 cents per share (2018: 2.5 cents)

| | |
|-------------------------|-------------------------|
| 3,957,725 | 2,531,606 |
| <u>3,957,725</u> | <u>2,531,606</u> |

(b) Dividends Not Recognised at the End of the Period

Since period end, the Directors have declared an interim dividend of 2.5 cents per share, fully franked based on tax paid at 30%. The aggregate amount of the dividend with an ex-date of 17 March 2020 and a record date of 18 March 2020, expected to be paid on 23 April 2020 out of the profits reserve at 31 December 2019, and based on the current shares on issue but not recognised as liability at year end, is:

| | |
|-------------------------|-------------------------|
| <u>2,405,995</u> | <u>2,030,176</u> |
|-------------------------|-------------------------|

(c) Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan ("DRP") will operate in relation to the interim dividend. The DRP has been structured to take account of the relationship between the market price of the Company's shares and the Company's net tangible asset value ("NTA") per Share at the relevant time when dividends are being invested.

If the prevailing share price is greater than or equal to NTA per share, DRP participants will be issued new shares. If the prevailing share price is less than the NTA per share, the Company will buy the securities on-market and if additional securities are required to satisfy DRP Participants, issue new shares.

The enrolment deadline for participation in the DRP is 25 March 2020.

3 Fair Value Measurements

The Company measures and recognises its financial assets and liabilities at fair value through profit or loss ("FVTPL") on a recurring basis.

(a) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(i) Recognised Fair Value Measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 31 December 2019.

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|--|--------------------|---------------|---------------|--------------------|
| Financial assets at FVTPL- | | | | |
| Australian listed equity securities | 267,907,653 | - | - | 267,907,653 |
| Total financial assets | 267,907,653 | - | - | 267,907,653 |
| Financial liabilities at FVTPL- | | | | |
| Australian listed equity securities sold short | 257,317,152 | - | - | 257,317,152 |
| Total financial liabilities | 257,317,152 | - | - | 257,317,152 |

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|--|--------------------|---------------|---------------|--------------------|
| At 30 June 2019 | | | | |
| Financial assets at FVTPL | | | | |
| Australian listed equity securities | 237,739,364 | - | - | 237,739,364 |
| Total financial assets | 237,739,364 | - | - | 237,739,364 |
| Financial liabilities at FVTPL | | | | |
| Australian listed equity securities sold short | 231,819,884 | - | - | 231,819,884 |
| Total financial liabilities | 231,819,884 | - | - | 231,819,884 |

There were no transfers between levels for recurring fair value measurements during the period.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Recognised Fair Value Measurements

The carrying amounts of all financial instruments are reasonable approximations of the respective instrument's fair value.

4 Segment Information

The Company has only one reportable segment. The Company is engaged solely in investment activities, deriving revenue from dividend income, interest income and from the sale of its investments.

5 Issued Capital

| | 31 December 2019 | | 30 June 2019 | |
|--------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | No of shares | \$ | No of shares | \$ |
| (a) Share Capital | | | | |
| Ordinary shares | <u>97,662,067</u> | <u>105,728,484</u> | <u>101,629,036</u> | <u>109,525,108</u> |

(b) Movements in Ordinary Share Capital

| 31 December 2019 | Number of shares | Application price | \$ |
|--|-----------------------------|------------------------------|---------------------------|
| Opening balance at 1 July 2019 | 101,629,036 | | 109,525,108 |
| Shares issued on dividends re-invested * | - | | - |
| Shares bought-back (c) | <u>(3,966,969)</u> | | <u>(3,796,624)</u> |
| Closing balance at 31 December 2019 | <u>97,662,067</u> | | <u>105,728,484</u> |
| 30 June 2019 | Number of shares | Application price | \$ |
| Opening balance at 1 July 2018 | 101,264,236 | | 109,111,714 |
| Shares issued on dividends re-invested (d) | 244,568 | \$1.189 | 290,813 |
| Shares issued on dividends re-invested (d) | <u>120,232</u> | <u>\$1.007</u> | <u>122,581</u> |
| Closing balance at 30 June 2019 | <u>101,629,036</u> | | <u>109,525,108</u> |

* As the share price for the Company was less than the Company's NTA at the time of the final dividend payment on 11 October 2019, cash available for distribution as dividends on shares subject to the dividend reinvestment plan was used to acquire the Company's shares on-market and therefore no new shares were issued.

(c) Share Buy-Back

On 17 June 2019, the Company announced it intended to undertake an on-market share buy-back of up to 10% of the Company's issued share capital or approximately 10.2 million ordinary shares within the next 12 months. The share buy-back commenced on 1 July 2019 and during the period ended 31 December 2019, 3,966,969 shares have been bought-back. The shares bought-back were subsequently cancelled.

(d) Dividend Reinvestment Plan

Under the terms of the DRP, 244,568 and 120,232 ordinary shares were acquired on-market for DRP participants at \$1.189 and \$1.007 per share respectively. These shares were applied to the holdings of the DRP participants as at the dividend payment dates of 19 October 2018 and 23 April 2019.

The DRP has been structured to take account of the relationship between the market price of the Company's shares and the Company's NTA per Share at the relevant time when dividends are being invested.

If the prevailing share price is greater than or equal to NTA per share, DRP participants will be issued new shares. If the prevailing share price is less than the NTA per share, dividends subject to the Plan may be used to cause the acquisition of the Company's shares on-market and if additional shares are required to satisfy DRP Participants, issue new shares.

| | 31 December 2019 \$ | 31 December 2018 \$ |
|--|------------------------------------|------------------------------------|
| 6 Earnings/ (Loss) per Share | | |
| Profit/ (Loss) after income tax used in the calculation of basic and diluted earnings per share | <u>16,575,834</u> | <u>(4,716,045)</u> |
| | Cents | Cents |
| (a) Basic Earnings/ (Loss) per Share | | |
| Basic and diluted earnings/ (loss) per share attributable to the ordinary equity holders of the Company | <u>16.78</u> | <u>(4.65)</u> |
| (b) Weighted Average Number of Shares Used as Denominator | No. of shares | No. of shares |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/ (loss) per share | <u>98,782,310</u> | <u>101,361,266</u> |

As at the end of the period, there are no outstanding securities that are potentially dilutive in nature for the Company.

7 Events Occurring After the Reporting Period

Since the end of the half-year, the Company has declared a fully franked interim dividend of 2.5 cents per share to be paid on 23 April 2020. The record date for entitlement of the interim dividend is 18 March 2020 and the ex-dividend date is 17 March 2020.

Apart from the dividend declared, the Directors are not aware of any other events subsequent to period end that would materially affect the half-year financial report.

8 Contingencies and Commitments

The Company had no material contingent liabilities or commitments as at 31 December 2019.

Directors' Declaration

In accordance with a resolution of the Directors of Absolute Equity Performance Fund Limited, the Directors of the Company declare that:

- (a) the financial statements and notes, as set out on pages 5 to 12 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and any other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the period ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Marc Fisher
Chairman

Sydney
27 February 2020

**Independent Auditor's Review Report
to the Members of Absolute Equity Performance Fund Limited
ABN 17 608 552 496**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Absolute Equity Performance Limited ("the company"), which comprises the statement of financial position as at 31 December 2019, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of Absolute Equity Performance Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the half-year financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.


Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Absolute Equity Performance Fund Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



S M Whiddett
Partner



Pitcher Partners
Sydney

27 February 2020