



Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 30 September 2020

Net Tangible Assets Per Share

NTA before tax	\$1.370
NTA after tax	\$1.296

\$ currency notation refers to Australian Dollars.

Performance Commentary

Portfolio performance was -3.32% for September. Half our pairs made a positive contribution. The top and bottom three pairs made a similar offsetting contribution, with the net contribution slightly negative. The negative return was a result of a broad spread across the fifteen negative pairs. It was also spread across sectors with no one sector standing out.

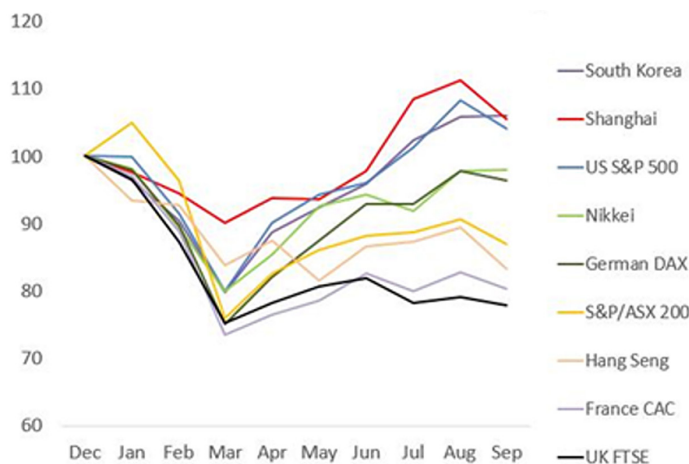
A2M/CCL was our second bottom pair. A2M had a very disappointing downgrade. It has come soon after the full year result and following director and executive share sales, which is not satisfactory.

The top and bottom pairs for the month were NWL/IFL and PBH/SKC. IFL and PBH both dominated each pair's return and made the same offsetting contribution. IFL completed its large capital raising for the MLC acquisition. The retail component failed, with a 3% take up rate, so the stock went to the underwriters. PBH also completed its very successful capital raise with a 92% take up rate for the retail entitlement. PBH's softer performance for the month was likely a result of the significant positive return last month.

Market Observations

Equity markets sold off over the month in the low to mid-single digits. Interestingly the declines were not isolated to those markets (namely the US and China) that have risen the most since the March lows. Even markets like the UK and France, which have struggled for any meaningful recovery, were sold off further in September, presumably fuelled by concerns of resurging COVID-19 infections ahead of winter in the Northern Hemisphere. The below chart shows the progress of major offshore equity markets during calendar year 2020.

World Share Markets (Local Currency)
Calendar 2020 (Index 100)



Source: Bloomberg

NTA* Performance

1 month	-3.32%
3 months	10.27%
12 months	37.66%
Since inception (annualised)	8.88%

*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	\$1.34
NTA* per share	\$1.370
Dividend yield [†]	3.81%
Grossed up dividend yield [†]	5.44%
Shares on issue	92,095,812
NTA*	\$126,151,408

* Before tax. [†]Last two semi-annual dividends paid, divided by the share price stated above. This yield was fully franked at a rate of 30%.

Most Profitable Pairs for the Month

Long	Netwealth (NWL)	Short	IOOF (IFL)
Long	Aristocrat (ALL)	Short	Tabcorp (TAH)

Least Profitable Pairs for the Month

Long	PointsBet (PBH)	Short	SkyCity (SKC)
Long	A2 Milk (A2M)	Short	Coca-Cola Amatil (CCL)
Long	Mineral Resources (MIN)	Short	BHP (BHP)

Portfolio Snapshot

Long exposure	Month End	49.4%
Short exposure	Month End	-50.6%
Net market exposure	Month End	-1.2%
Gross market exposure*	Month End	\$548,162,992
Leverage factor (x NTA)	Month End	4.3
Average leverage factor (x NTA)	Since Inception	4.6

* Sum of long and short positions in the Portfolio

Contact Details

Company	Absolute Equity Performance Fund Limited (ACN 608 552 496)
Address	Level 12, Grosvenor Place, 225 George St, Sydney, NSW 2000
Phone Number	02 8016 2819
Email	info@aepfund.com.au
Website	www.aepfund.com.au

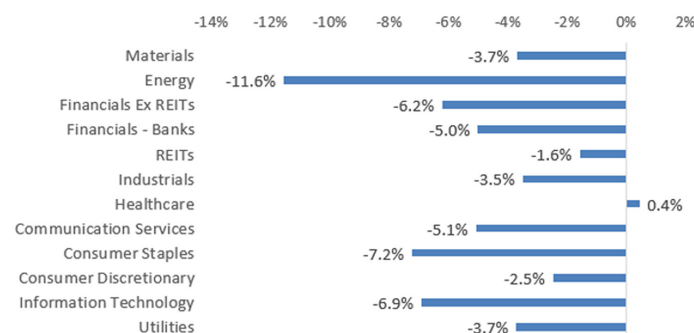
Absolute Equity Performance Fund Limited

Monthly NTA and Performance Update

As at 30 September 2020

As shown, Australia also had a soft September with a fall of -4% (ASX 200 Index) and is now -13% calendar year to date. The sell-off was broad based with all sectors declining except for Healthcare (+0.4%) which was helped by a 3% fall in the A\$/US\$ (healthcare stocks on the ASX have a relatively high exposure to currency vs other defensive sectors of the ASX).

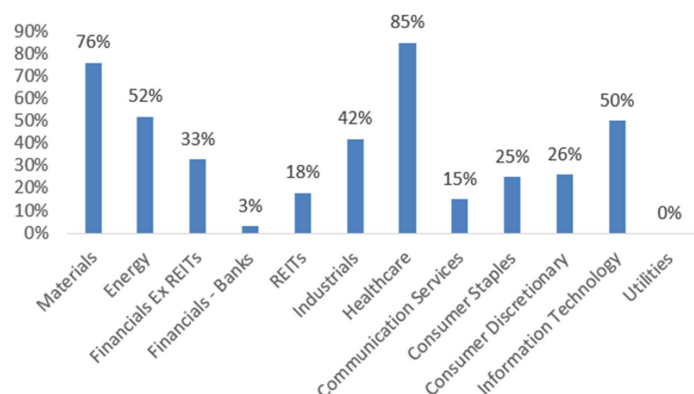
ASX 200 Sector Returns - September 2020



Source: Bloomberg

If one is to attribute part of the recent weakness in offshore markets to a resurgence in infections (forcing lockdowns and thus hindering economic recovery), then why isn't Australia out-performing given the virus is under control? Moreover, Australia's fiscal position is much stronger than most (Government debt to GDP ~50% vs most of western world >100%), and ASX companies have generally solid balance sheet positions (net debt / market cap is ~50% vs ~80% in USA). We offer three observations as to why the Australian market isn't doing better. Firstly, many ASX companies indeed do earn revenue offshore, thus are exposed to what is happening offshore.

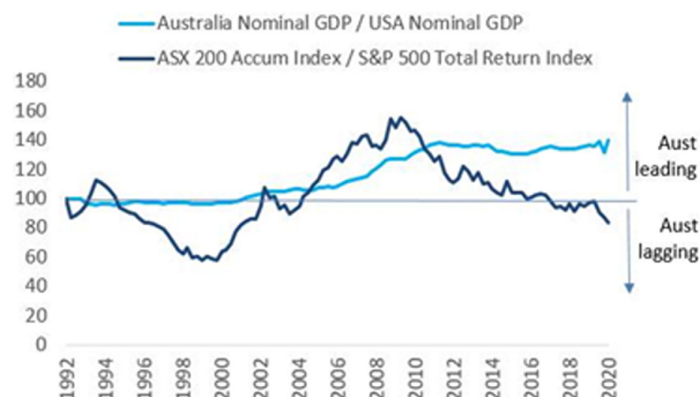
ASX Sector % Revenue from Offshore



Source: Bloomberg

Secondly, the economic performance of a country does not translate neatly to the performance of its sharemarket. A comparison of Australia vs the USA makes this clear. As per the next chart, over a near 30-year time period, Australia's GDP has grown materially ahead of the US, yet our sharemarket has under-performed. In other words, just because the Australian economy looks better positioned to weather COVID than many overseas peers, doesn't mean the share market will do likewise.

Australia vs USA (Local Currency)
June 1992 to June 2020 (Index 100)



Source: Bloomberg

Finally, and contrasting somewhat with the comments about ASX offshore exposures, we observe that a stock's share price performance is as much driven by its idiosyncrasies (assets, strategy, management, balance sheet) as it is the economic environment it operates within. Some examples are shown below in which the better performing stock this calendar year has in fact been the one with exposure to offshore while its domestic peer has performed poorly.

ASX 200 Stocks - Price Return Calendar Year to September 2020

Offshore*	Domestic
Macquarie Group -13%	Westpac -30%
Aristocrat -11%	Tabcorp -26%
James Hardie 19%	Fletcher Building -27%
Dominos 51%	Coca Cola Amatil -14%

*Majority of revenue earned outside of Australia & New Zealand

Source: Bloomberg

This commentary was provided by Bennelong Long Short Equity Management Pty Ltd.

Absolute Equity Performance Fund Limited

Monthly NTA and Performance Update

As at 30 September 2020

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)

Andrew Reeve-Parker

Raymond Da Silva Rosa

Company Secretary

Lisa Dadswell

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

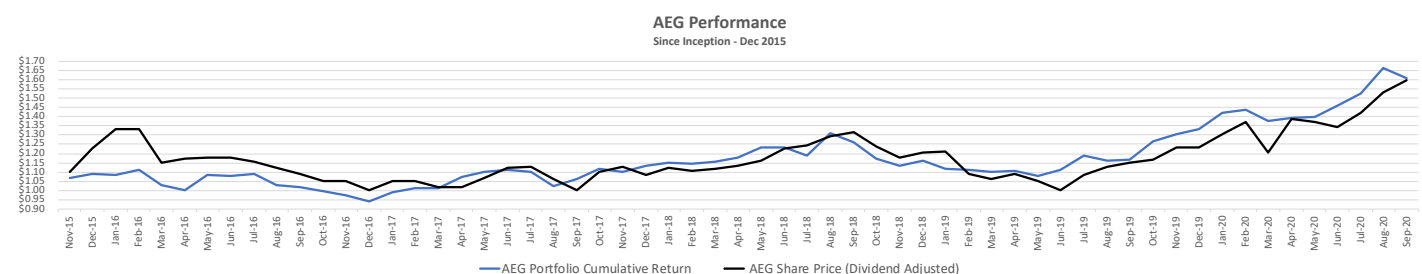
Bennelong Long Short Equity Management Pty Ltd.

Investment Team

Sam Shepherd	Portfolio Manager
Sam Taylor	Head of Research
Steven Lambeth	Senior Analyst
Justin Hay	Senior Analyst
Daniel Sanelli	Analyst

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	6.68%	1.23%	-4.44%	1.21%	0.34%	4.31%	4.80%	8.83%	-3.32%				20.54%
2019	-3.51%	-0.84%	-0.90%	0.52%	-2.53%	3.04%	6.99%	-2.29%	0.56%	8.50%	2.88%	2.31%	14.94%
2018	1.27%	-0.15%	0.76%	1.98%	4.75%	0.08%	-3.67	10.22%	-3.87%	-6.90%	-3.16%	2.05%	2.29%
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.