

Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 30 June 2022

NTA Per Share and Share Price

NTA before tax	\$0.938
NTA after tax	\$0.991
Share price	\$0.85

\$ currency notation refers to Australian Dollars.

Manager Performance Commentary

Portfolio performance was -1.54% for June. In a very weak share market, which fell -8.8% (ASX200) for the month, we experienced positive returns in REITs, Consumer Discretionary, Consumer Staples, Financials and Healthcare, and negative returns in Energy, Industrials, IT and Materials.

Our top two pairs were RMD/ANN and CSL/SHL. Both of these pairs had been impaired by COVID. They are now recovering. Industry feedback for ResMed is that device sales are growing well after being recently held back by semi-conductor availability. Earnings expectations for ANN are being crimped by raw materials inflation and growing concerns about the economic outlook. Industry feedback for CSL is that US plasma collections (which were severely affected by COVID) are back to pre-COVID levels. WOR/DOW was our third best pair with DOW facing the headwinds of wage inflation and slowing activity.

Our weakest pair was MIN/FMG, BHP with the negative return entirely due to MIN. MIN was weak due to two broker reports promoting a more bearish view of lithium, based on a theory of more supply response than the market is forecasting. The lithium price has been exceptionally strong in the last year and it will fall over time, but MIN will still produce excellent returns given its low cost position and production growth.

Our third weakest pair was PBH/SKC, driven by SKC bouncing from a low point. During the month PBH announced a strategic investor - Susquehanna. Susquehanna is a very sophisticated financial markets operator with capability in sports betting. We anticipate they will be a strong partner for PBH.

Fund returns have been relatively stable since the Fed started raising rates. As the market focuses more on the consequence of financial tightening for the economy, we think the dependable earnings of our long portfolio will become more attractive.

Market Observations

Share markets suffered sizable falls during June, capping off a weak fiscal 2022. Similar to the events of May, the major indices faltered in the face of continued strong inflation data that has obliged central banks to take a more urgent and aggressive stance on monetary policy tightening. On 7 June the RBA surprised markets with a 50bps lift in the cash rate and then in mid-June the US Fed increased its policy rate by 75bps, its largest individual increase since November 1994. The sharp change in policy settings can be demonstrated by the change in forecast policy rates. Only 6 months ago the consensus among US Fed officials was for the rate to be +0.9% by December 2022. The forecast is now +3.4%. If today's policy rate projections for 2023 and 2024 eventuate, then policy rates will be at levels not seen since before the 2008-09 GFC.

NTA* Performance

1 month	-1.54%
3 months	-2.17%
12 months	-21.32%
Since inception (annualised)	1.23%

*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
Dividend yield [†]	6.12%
Grossed up dividend yield [†]	8.74%
Shares on issue	90,264,949
NTA*	\$84,674,442

* 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	ResMed (RMD)	Short	Ansell (ANN)
Long	CSL (CSL)	Short	Sonic Healthcare (SHL)
Long	Worley (WOR)	Short	Downer EDI (DOW)

Least Profitable Pairs for the Month

Long	Mineral Resources (MIN)	Short	BHP (BHP) / Fortescue Metals (FMG)
Long	Santos (STO)	Short	Woodside Energy (WDS)
Long	PointsBet (PBH)	Short	SkyCity Entertainment (SKC)

Portfolio Snapshot

Long exposure	Month End	51.3%
Short exposure	Month End	-48.7%
Net market exposure	Month End	2.6%
Gross market exposure*	Month End	\$319,042,828
Leverage factor (x NTA)	Month End	3.8
Average leverage factor (x NTA)	Since Inception	4.5

* Sum of long and short positions in the Portfolio

Contact Details

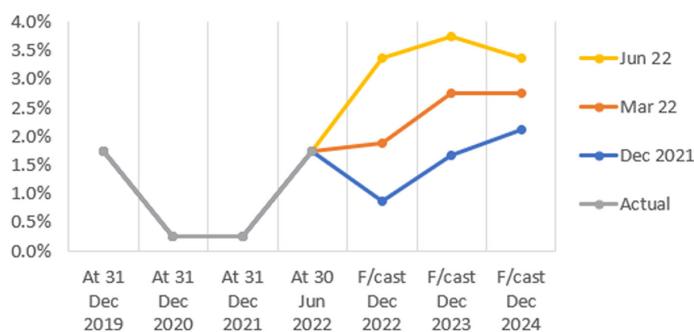
Company	Absolute Equity Performance Fund Limited (ACN 608 552 496)
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Phone Number	02 8016 2819
Email	info@aepfund.com.au
Website	www.aepfund.com.au

Absolute Equity Performance Fund Limited

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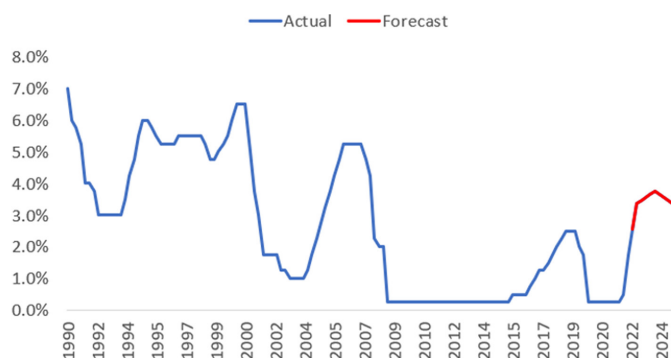
As at 30 June 2022

**US Fed Board Members
Policy Rate Forecasts**



Source: Bloomberg

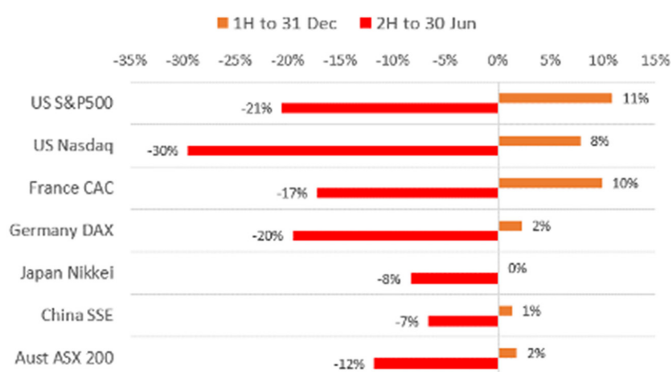
US Federal Reserve Target Policy Rate



Source: Bloomberg

The influence of monetary policy settings on financial markets could not have been more evident than over fiscal 2022. The chart below shows fiscal 2022 was a tale of two halves with solid share market returns in the first half when conditions were supportive, followed by poor returns in the second half when conditions turned restrictive.

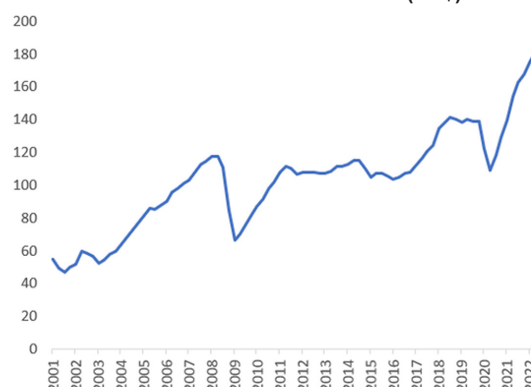
**Share Price Indices
Half Year Returns for Fiscal 2022**



Source: Bloomberg

Notwithstanding significant falls in share prices that have now priced in tighter financial conditions, the outlook for the equity market remains challenging given the backdrop of elevated earnings and a deteriorating economic outlook. On the former, the next chart shows the forward 12m EPS of the MSCI World Index. Earnings growth for this index has historically averaged ~5% p.a. but increased to 10% p.a. during the COVID period.

MSCI World 12m Forward EPS (US\$)



Source: Bloomberg

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.

Company Secretary

Lisa Dadswell

Directors

Marc Fisher (Chair)

Will Harrison

Daniel Liptak

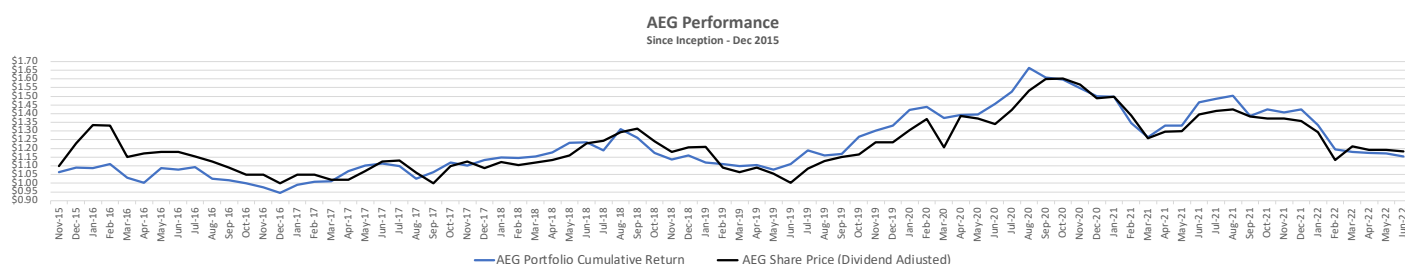
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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-6.23%	-10.55%	-1.23%	-0.45%	-0.19%	-1.54%							-18.95%
2021	-0.22%	-10.12%	-6.13%	5.33%	0.13%	10.08%	1.30%	1.09%	-7.70%	2.78%	-1.31%	1.25%	-5.12%
2020	6.68%	1.23%	-4.44%	1.21%	0.34%	4.31%	4.80%	8.83%	-3.32%	-0.67%	-3.05%	-3.01%	12.60%
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.

