

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

As at 31 July 2022

### NTA Per Share and Share Price

NTA before tax	\$0.949
NTA after tax	\$0.998
Share price	\$0.910

\$ currency notation refers to Australian Dollars.

### Manager Performance Commentary

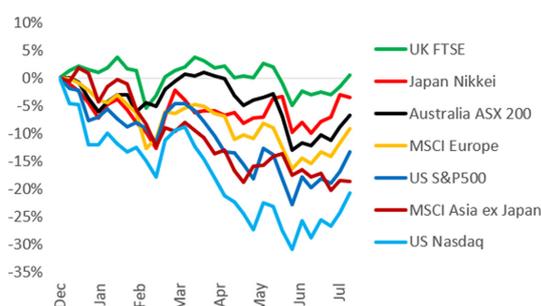
The Portfolio return was 1.15% in July with strong returns in our mining pairs, somewhat offset by weaker returns in our financials pairs. Our top pair was PBH/SKC. The main influence on the pair was market tailwinds for higher growth stocks contributing to a bounce in PBH. Second was MIN/FMG - BHP, all of whom reported quarterly results. While MIN's quarterly production was in-line, the market was positively surprised by the quantum of first-time earnings contribution from toll production of lithium hydroxide from its Mt Marion asset. MIN also made reference to toll conversion of Wodgina spodumene to lithium hydroxide which offers a further material contribution to earnings in the short term and is not in market forecasts. Our third best pair was ILU/RIO with ILU reporting a strong quarterly via volumes and pricing exceeding estimates. RIO quarterly was a bit soft, and the dividend disappointed.

Contribution from our bottom three pairs was small and there was little company news. Our bottom pair was RHC/MPL, with no news for either.

### Market Observations

Share markets bounced in July to claw back some of the losses experienced thus far in calendar 2022. The US Nasdaq was strongest at +12% and the US S&P 500 Index gained +9%. European markets saw gains ranging from mid to high single digits, while the UK was up +4% and is the only share market with its head above water calendar year to date. Asian markets were a mixed bag with Japan and South Korea up +5% each but Hong Kong and China fell -8% and -4%. Locally, the ASX 200 Index gained +6% and featured double digit gains from banks, REITS and tech stocks, offset by weakness in the mining and energy sectors. As per the following chart, notwithstanding July's bounce, share markets remain well down calendar year to date (the exception being the UK at +1%).

Share Market Indices Price Return CYTD



Source: Bloomberg

### NTA\* Performance

1 month	1.15%
3 months	-0.60%
12 months	-21.44%
Since inception (annualised)	1.38%

\*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 <sup>†</sup>	5.71%
Grossed up dividend yield <sup>†</sup>	8.16%
Shares on issue	90,264,949
NTA*	\$85,650,177

\* Before tax. <sup>†</sup>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	PointsBet (PBH)	Short	SkyCity Entertainment (SKC)
Long	Mineral Resources (MIN)	Short	BHP (BHP) / Fortescue Metals (FMG)
Long	Iluka Resources (ILU)	Short	Rio Tinto (RIO)

### Least Profitable Pair for the Month

Long	Ramsay Health Care (RHC)	Short	Medibank (MPL)
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### Portfolio Snapshot

Long exposure	Month End	51.2%
Short exposure	Month End	-48.8%
Net market exposure	Month End	2.4%
Gross market exposure*	Month End	\$378,244,019
Leverage factor (x NTA)	Month End	4.4
Average leverage factor (x NTA)	Since Inception	4.5

\* Sum of long and short positions in the Portfolio

### Contact Details

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Website	<a href="http://www.aepfund.com.au">www.aepfund.com.au</a>

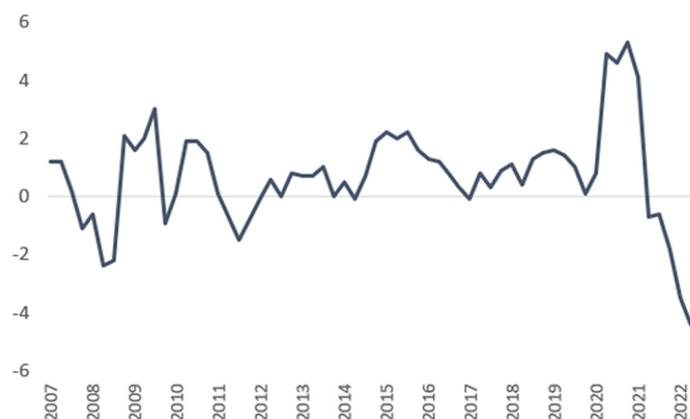
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July's rally did not reflect evidence of an improving economic backdrop. June consumer inflation hit new highs in the US and Europe, further depressing the already negative trend in real wages (see following chart). Lead indicators of activity also remained weak, and the International Monetary Fund cut its global growth projections for 2022 and 2023, describing the outlook as "gloomy and more uncertain".

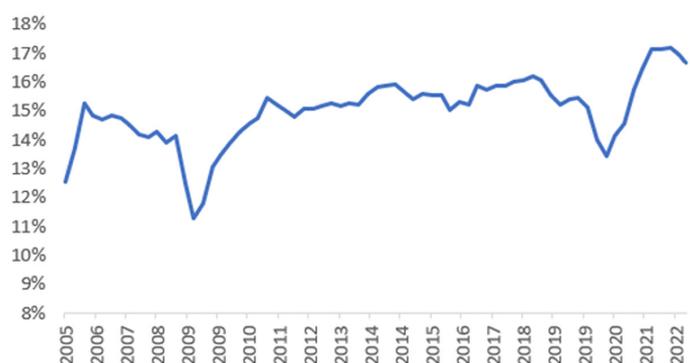
US Real Wages Growth (% pa)



Source: Bloomberg

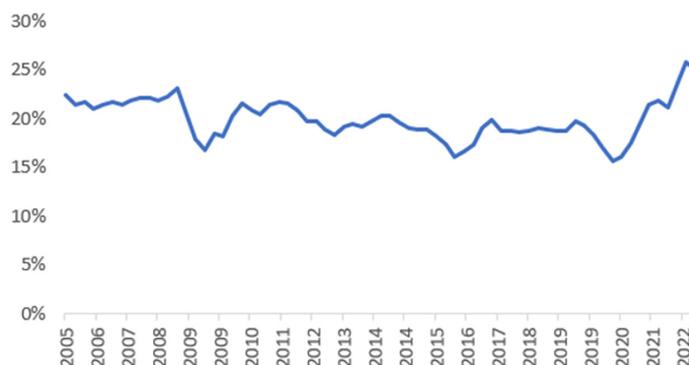
The coming month will be news-flow rich given the August profit reporting season. Whilst top-line drivers of revenue are always of focus, this round of results will involve equally as much attention on cost pressures and resultant implications for profit margins, noting expectations look elevated relative to historical levels (see following charts of US and Australian markets). Interest costs and debt funding arrangements will also gain attention now that interest rates are rising.

US S&P 500 Index EBIT Margin (12m fwd)



Source: Bloomberg

ASX 200 Index EBIT Margin (12m fwd)



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

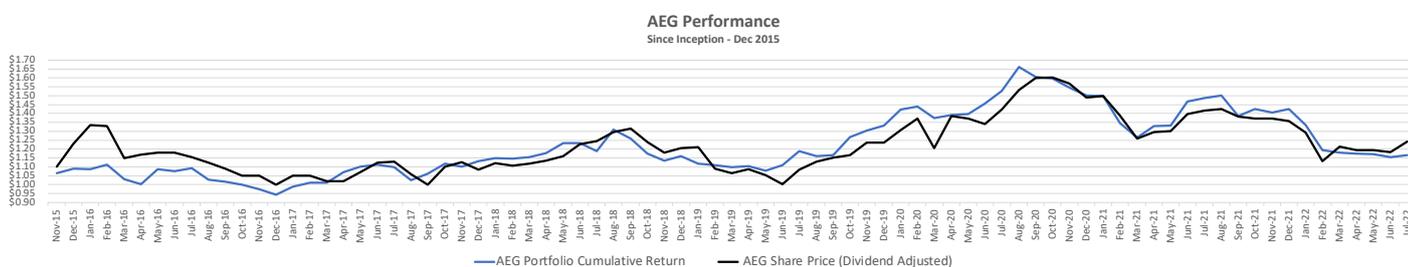
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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2022</b>	-6.23%	-10.55%	-1.23%	-0.45%	-0.19%	-1.54%	1.15%						<b>-18.02%</b>
<b>2021</b>	-0.22%	-10.12%	-6.13%	5.33%	0.13%	10.08%	1.30%	1.09%	-7.70%	2.78%	-1.31%	1.25%	<b>-5.12%</b>
<b>2020</b>	6.68%	1.23%	-4.44%	1.21%	0.34%	4.31%	4.80%	8.83%	-3.32%	-0.67%	-3.05%	-3.01%	<b>12.60%</b>
<b>2019</b>	-3.51%	-0.84%	-0.90%	0.52%	-2.53%	3.04%	6.99%	-2.29%	0.56%	8.50%	2.88%	2.31%	<b>14.94%</b>
<b>2018</b>	1.27%	-0.15%	0.76%	1.98%	4.75%	0.08%	-3.67%	10.22%	-3.87%	-6.90%	-3.16%	2.05%	<b>2.29%</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>
<b>2015</b>	-	-	-	-	-	-	-	-	-	-	-	2.25%	<b>2.25%</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.



\*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.

