



Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 30 November 2016

Net Tangible Assets (NTA)

| | |
|----------------|---------|
| NTA before tax | \$0.975 |
| NTA after tax | \$1.021 |

Since the outstanding Loyalty Options have a \$1.10 strike, conversions when the NTA is less than \$1.10 will not result in NTA dilution. \$ currency notation refers to Australian Dollars.

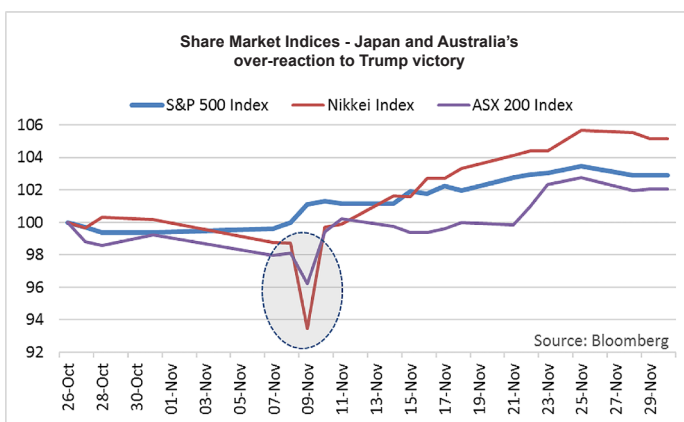
Performance

The Portfolio under-performed during November 2016 with a return of -2.32%. Similar to last month, the Portfolio featured an even mix of winning and losing pairs with no particular position having a disproportionate impact on return. A trend evident in the Portfolio was the market's rotation out of higher quality and defensive names toward lesser quality companies on lower multiples or with cyclical potential. As readers would know, our Company does not deliberately position itself on these thematics, but we accept that our preference to be long businesses with better growth prospects (relative to the short book) often means our long book trades at a price-premium to the short book. This exposes the Portfolio to under-performance if either the premium becomes stretched or sentiment changes.

For an investment team with over 80 years of collective investment experience, we have not found success in trying to second guess changes in market sentiment. To this end, we have no plans to adjust our current positions unless justified by changes in our assessment of the fundamental outlook.

Market Commentary

November 2016 will be remembered for the stunning US election upset in which Donald Trump was elected the 45th President of the United States of America. Perhaps equally as surprising were the reactions of financial markets. Initially, panic selling and a flight to safety hit Australian and Asian markets, followed quickly by a rally after witnessing a more measured response when US share markets began trading. As shown in the below chart, the S&P 500 Index continued to rally post Trump's win to be up +3.4% for the month overall.



The rally in the US didn't extend to all other offshore markets, with European markets flat to down (UK FTSE 100 Index -2.5%, German DAX Index -0.2%), while Asia was mixed with Japan up (Nikkei Index +5.1%) but other markets down (MSCI ex Asian Index -2.9%).

NTA* Performance

| | |
|-----------------|--------|
| 1 month | -2.32% |
| Since inception | -8.41% |

*Before tax

Company Details

| | |
|-----------------------|-----------------------------|
| ASX codes | Shares: AEG , Options: AEGO |
| Listing date | 16 December 2015 |
| Share price | \$1.050 |
| NTA* per share | \$0.975 |
| Market capitalisation | \$97,028,429 |
| Shares on issue | 92,408,028 |
| Options on issue | 70,515,907 |
| Option expiry date | 17 November 2017 |

*Before tax

Portfolio Snapshot

| | | |
|---------------------|-----------|--------|
| Long exposure | Month End | 51.2% |
| Short exposure | Month End | -48.8% |
| Net market exposure | Month End | 2.4% |

Most Profitable Pairs for the Month

| | | | |
|------|-------------------------|-------|---------------------|
| Long | Qantas (QAN) | Short | Flight Centre (FLT) |
| Long | Adelaide Brighton (ABC) | Short | Boral (BLD) |
| Long | Iluka (ILU) | Short | Downer (DOW) |

Least Profitable Pairs for the Month

| | | | |
|------|---------------------|-------|--------------------|
| Long | Harvey Norman (HVN) | Short | Myer (MYR) |
| Long | CSL (CSL) | Short | Sonic Health (SHL) |
| Long | Oil Search (OSH) | Short | Santos (STO) |

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 |

Absolute Equity Performance Fund Limited

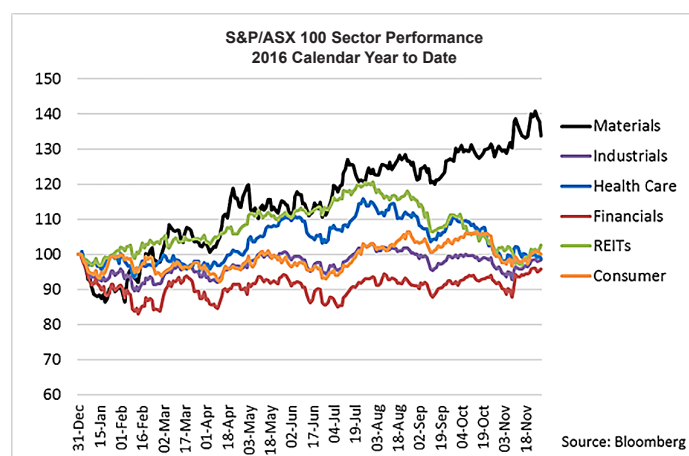
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As at 30 November 2016

Market Commentary - continued

Australia fared relatively well with a gain of +2.3% (S&P/ASX 200 Index). Much of our market's rise for the month came from the major banks, which found support from a steepened yield curve and rotation out of other interest rate sensitive sectors.

Mining stocks again moved higher, but not in lock-step with the strong rises in commodity prices (iron ore +12%, hard coking coal +20%), perhaps indicating the gains seen in commodities this year are becoming over-extended. To put the rally of the resources sector in context, the below chart shows that the Materials Index (which is dominated by the large cap mining stocks) has risen almost 40% this year while all other major sectors (Financials, Industrials, Health Care, REITs, Consumer) are broadly flat (+/-3%).



Global bond markets continued to sell-off in price over November (yields were higher for all major markets) with Trump's election win fuelling speculation of both further rate normalisation of the yield curve and inflationary pressures from possible future fiscal and protectionist measures.

Outlook

At the time of writing, the S&P/ASX200 Index is up 3% over the calendar year. In recent months, earnings forecasts have recovered to bring the valuation of the market down from a demanding price-to-earnings ratio of 17x in August to now 15.5x. However, much of this recovery in earnings has been driven by the resources sector, the sustainability of which has to be questioned given the extent of price recovery. For example, spot hard coking pricing recently moved above US\$300/tonne, a level not seen since January 2011 when three-quarters of Queensland's coal mines were impacted by flooding. In our view, a broader-based recovery in earnings (including the Financials and Industrials sectors) needs to occur for the S&P/ASX200 to break out of its current range-bound status.

Monthly Table of NTA* Performance

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|--------|-------|--------|--------|-------|--------|-------|--------|--------|--------|--------|-------|---------|
| 2016 | -0.23% | 2.28% | -7.20% | -2.89% | 8.53% | -0.92% | 1.38% | -5.90% | -1.06% | -1.73% | -2.32% | | -10.42% |
| 2015 | - | - | - | - | - | - | - | - | - | - | - | 2.25% | 2.25% |

*Before tax. Past performance is not a reliable indicator of future performance.



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.

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

| | |
|----------------|--------------------------|
| Richard Fish | Senior Portfolio Manager |
| Sam Shepherd | Senior Portfolio Manager |
| Sam Taylor | Senior Analyst |
| 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

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|------------------------|
| Marc Fisher (Chairman) |
| Graham Hand |
| Andrew Reeve-Parker |

Company Secretaries

| |
|---------------|
| Jeff Phillips |
| Tai Phan |