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Absolute Equity Performance

Absolute Equity Performance Fund Limited
Monthly NTA and Performance Update

As at 31 October 2020

NTA Per Share and Share Price	
NTA before tax	$1.361
NTA after tax	$1.290
Share price	$1.345

$ currency notation refers to Australian Dollars.

Performance Commentary

October return was -0.67%. Performance was largely attributed to the top and bottom pairs with many of the pairs in between contributing nothing. Volatility settled down during the month. Volatility has been elevated since March when it hit extreme levels.

Our top pair was QAN/FLT. During the month Jayne Hrdlicka was appointed CEO of Virgin, which, in conjunction with private equity ownership, ought to result in a more rational domestic aviation industry than it was with Virgin's prior ownership structure and management. We anticipate Flight Centre's recovery will be constrained by the significant shop closures and an extended wait for international travel.

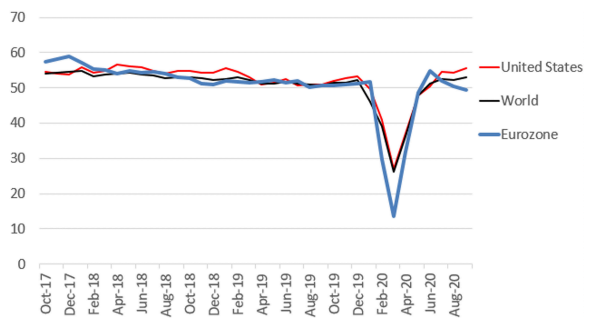
Our second-best pair, NWL/IFL has been a very strong contributor this year. Both reported quarterly flows with Netwealth strong and IOOF weak.

During the month we had a takeover announced in both the long and the short portfolio. Link received a bid from private equity elevating LNK/CPU to our third best pair. In the short portfolio Coca-Cola Amatil was bid for by Coca-Cola European Partners which led to A2M/CCL being our bottom pair. The timing of the CCL bid was unfortunate as we were in the process of closing the pair following A2M's downgrade in the prior month. Consequently, our position size was smaller than normal, but it was still enough to sting.

Market Observations

Share markets tried but failed to recover from their sell-off in September, posting low to mid-single digit declines for October. Markets had started the month with gains but the momentum faded owing to negative news flow such as uncertainty over the size and timing of new fiscal stimulus in the US, some further setbacks to vaccine trials underway (hitting sectors such as airlines, hotels, restaurants), and resurging cases of COVID-19 in Europe prompting renewed lockdowns that are weighing on already subdued lead economic indicators such as PMI surveys (see chart below). Despite the risk-off tone across equities, safe haven assets such as gold and bonds were little changed.

Composite PMIs (Monthly)



Source: Bloomberg

NTA* Performance	
1 month	-0.67%
3 months	4.51%
12 months	26.03%
Since inception *(annualised)*	8.57%

*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†	3.79%
Grossed up dividend yield†	5.42%
Shares on issue	92,095,812
NTA*	$125,308,735

* 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	Qantas (QAN)	Short	Flight Centre (FLT)
Long	Netwealth (NWL)	Short	IOOF (IFL)
Long	Link Administration (LNK)	Short	Computershare (CPU)

Least Profitable Pairs for the Month			
Long	A2 Milk (A2M)	Short	Coca-Cola Amatil (CCL)
Long	Carsales.com (CAR)	Short	Nine Entertainment (NEC)

Portfolio Snapshot		
Long exposure	Month End	50.9%
Short exposure	Month End	-49.1%
Net market exposure	Month End	1.8%
Gross market exposure*	Month End	$528,070,318
Leverage factor *(x NTA)*	Month End	4.2
Average leverage factor *(x NTA)*	Since Inception	4.6

* Sum of long and short positions in the Portfolio

Contact Details	
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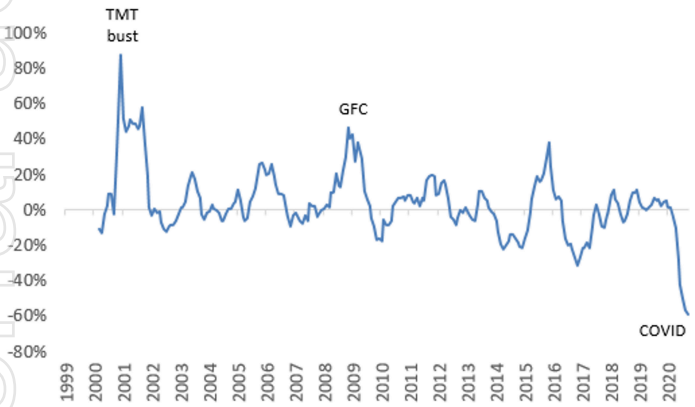
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Australia defied the offshore weakness with a gain of +1.9% (ASX 200 index). However, the rise was narrowly driven via the Bank (+7.5%) and Information Technology (+9%) sectors, with the former helped by the Federal Government announcing a relaxation of responsible lending obligations previously seen as a constraint on credit growth.

Wage supplements, fiscal stimulus and other measures to compensate for lockdowns and restricted movement are distorting measures of economic activity. A good example is the collapse in the number of companies entering administration. The consequence is a high level of uncertainty regarding prospects for the economy when temporary measures are withdrawn. The RBA's final interest rate cut, guidance on the duration of effective zero interest rates and quantum of QE is an indication of their concern.

Australian Companies Entering Administration (Rolling Quarter on PCP)



Source: ASIC

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

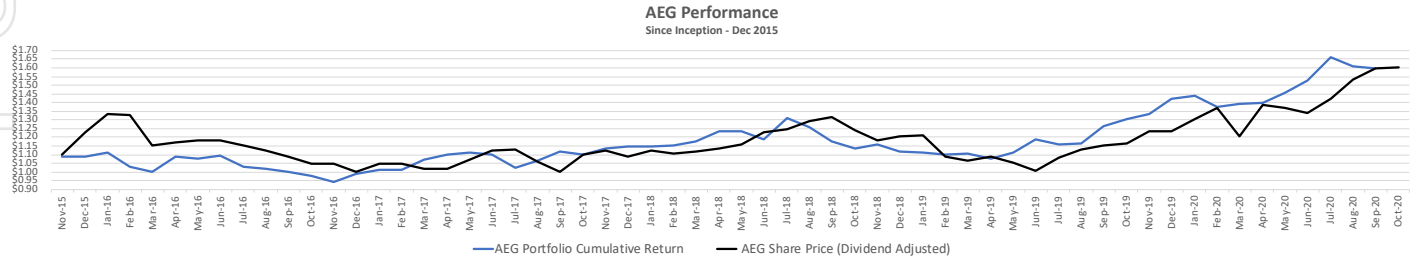
Marc Fisher (Chair)

Andrew Reeve-Parker

Raymond Da Silva Rosa

	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%	-0.67%			**19.74%**
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.

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Bennelong Long Short Equity

Important Disclaimer

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