

Absolute Equity Performance Fund Limited Monthly NTA and Performance Update

As at 30 November 2020

NTA Per Share and Share Price

NTA before tax	\$1.319
NTA after tax	\$1.261
Share price	\$1.310

\$ currency notation refers to Australian Dollars.

Performance Commentary

The November Portfolio return was -3.05%. Over the last couple of months the market has been experiencing a reversal in momentum. That is presenting headwinds for some of our pairs, given the returns we have enjoyed in the last year. Our bottom pairs in November were all very positive in the preceding year. To some extent their performance reflects the market chasing laggards in the midst of a booming market.

The Energy and Bank sectors experienced the greatest momentum reversal having been the two weakest sectors in the year to end October and the two strongest in November. That was not a big influence on the portfolio which had a modest positive return from its Energy pairs, and a modest negative return from our one Bank pair. The Tech sector was a laggard during the month, however our one Tech pair, XRO/TNE, was our top contributor.

XRO and TNE both reported full year results. We considered XRO to be the stronger result of the two, however XRO has also been buoyed by the surprise inclusion in the MSCI (index). REH/BLD, FBU was amongst our weakest pairs. FBU upgraded forecasts with trading stronger than had been feared. BLD announced the sale of its 50% share of USG Boral for a good price and reported a mixed Q1 trading update.

Market Observations

Share markets rallied very strongly in November helped by promising COVID-19 vaccine trial results from Pfizer and Moderna alongside a backdrop of continued supportive liquidity conditions. Markets also embraced the results of the US election indicating a likely combination of Democratic House and Republican Senate. All the major share markets gained in the double digits with Europe the standout (Germany 15%, France 20%, Spain 25%), noting this region has lagged the Americas and Asia throughout 2020. The only markets to rise less than double digits were Hong Kong and China. The Australian market, despite contending with a sharp escalation in trade tensions with China, gained +10% with help from global markets and the RBA lowering the cash rate and announcing its inaugural A\$100bn QE program.

To put the strength of the month in perspective, the following chart shows that the S&P 500 Index had its best November in its history.

NTA* Performance

1 month	-3.05%
3 months	-6.89%
12 months	18.77%
Since inception (annualised)	7.76%

*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 [†]	3.89%
Grossed up dividend yield [†]	5.56%
Shares on issue	92,095,812
NTA*	\$121,492,477

* 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	Xero (XRO)	Short	Technology One (TNE)
Long	Mineral Resources (MIN)	Short	BHP (BHP)
Long	Pointsbet (PBH)	Short	SkyCity (SKC)

Least Profitable Pairs for the Month

Long	Qantas (QAN)	Short	Flight Centre (FLT)
Long	Reece (REH)	Short	Boral (BLD) / Fletcher Building (FBU)
Long	Netwealth (NWL)	Short	IOOF (IFL)

Portfolio Snapshot

Long exposure	Month End	50.5%
Short exposure	Month End	-49.5%
Net market exposure	Month End	1.0%
Gross market exposure*	Month End	\$542,370,063
Leverage factor (x NTA)	Month End	4.5
Average leverage factor (x NTA)	Since Inception	4.6

* Sum of long and short positions in the Portfolio

Contact Details

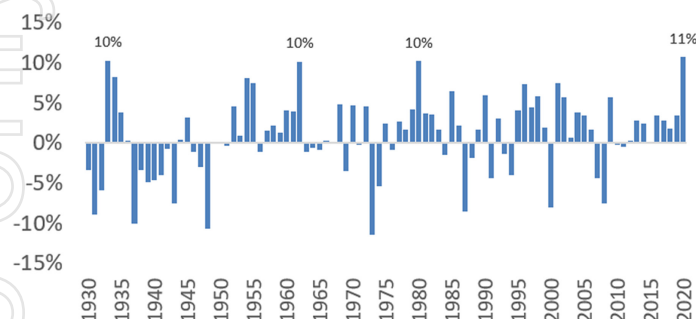
Company	Absolute Equity Performance Fund Limited (ACN 608 552 496)
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Phone Number	02 8016 2819
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Website	www.aepfund.com.au

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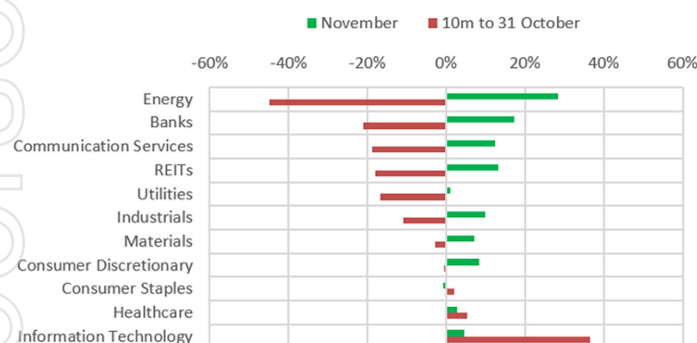
S&P 500 November Price Change



Source: Bloomberg

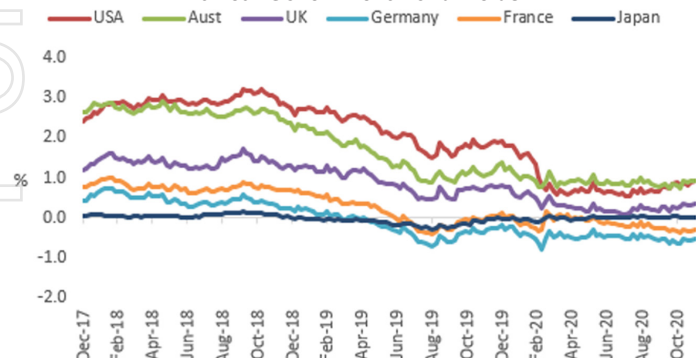
A notable feature for equities during November was a recovery in cyclical sectors and those sectors sold off the most during the year. This can be illustrated via our local market where, as per the following chart, those sectors rallying the strongest over the month (e.g. Energy +28%, Banks +17%) were down the most in the prior 10-month period to 31 October. Also observe from the chart that while the Information Technology sector (and to a lesser extent Healthcare) lagged during the month, it did not outright decline. This outcome is consistent with the overall support being provided to equity market valuations via central bank buying programs that are continuing to hold down yields, including Australia where the RBA has started a program to buy A\$100bn of 5 to 10-year government bonds over the next 6 months.

ASX 200 Sector Performances



Source: Bloomberg

10 Year Government Bond Yields



Source: Bloomberg

Global equity markets are now trading higher for the calendar year to date, as measured by the MSCI World Index, which is up 9.5% CYTD. Alongside this recovery has been an extreme change in sentiment from oversold to now nearing overbought. This is shown in the next chart with the MSCI World Index price level on the top panel and its weekly relative strength index (a measure of momentum) on the bottom panel.

MSCI World Index
Price Level vs. Relative Strength Index (RSI)



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)
Andrew Reeve-Parker
Raymond Da Silva Rosa

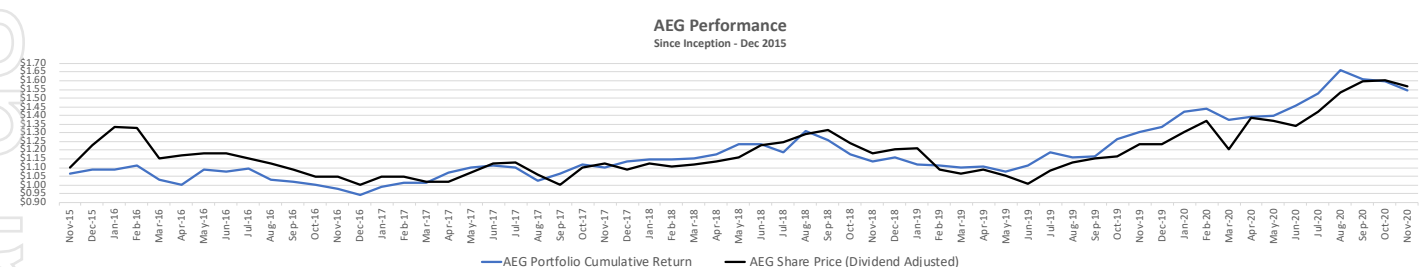
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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	6.68%	1.23%	-4.44%	1.21%	0.34%	4.31%	4.80%	8.83%	-3.32%	-0.67%	-3.05%		16.09%
2019	-3.51%	-0.84%	-0.90%	0.52%	-2.53%	3.04%	6.99%	-2.29%	0.56%	8.50%	2.88%	2.31%	14.94%
2018	1.27%	-0.15%	0.76%	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

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