

ASX Release

2021 Half Year Financial Report & Interim Dividend

Friday, 26 February 2021

Highlights

- The Company's portfolio returned 20.1% for the half-year ended 31 December 2020.
- Fully franked 2.6 cents per share dividend declared (**Interim Dividend**)
- Shareholders can elect to participate in the Dividend Reinvestment Plan (**DRP**) by 24 March 2021

Absolute Equity Performance Fund Limited ACN 608 552 496 (ASX:**AEG**) (the **Company**) today announced its results for the half year ended 31 December 2020.

Investment operations over the half-year ended 31 December 2020 resulted in an operating profit before tax of \$3,540,377 (2019: \$19,637,772) and an operating profit after tax of \$3,068,513 (2019: 16,575,834).

NTA backing for each ordinary share at 31 December 2020 after tax was \$1.24 (2019: \$1.18) per share. NTA backing for each ordinary share at 31 December 2020 before tax was \$1.28 (2019: \$1.19).

The Board has declared an Interim Dividend of 2.6 cents per share and confirmed that the **DRP** will operate with respect to the Interim Dividend.

The Interim Dividend, which will be fully franked, will trade ex-entitlement on 16 March 2021 and will be paid on 27 April 2021.

This announcement has been authorised for release to ASX by the Board of Directors of Absolute Equity Performance Fund Limited.

ENDS

For more information please contact:

Lisa Dadswell
Company Secretary
lisa.dadswell@boardroomlimited.com.au

ABSOLUTE EQUITY PERFORMANCE FUND LIMITED

ABN 17 608 552 496

**Appendix 4D
Interim Financial Report
for the half-year ended 31 December 2020**

For personal use only

Half-Year Report

The Half-Year Report for Absolute Equity Performance Fund Limited ("AEG" or "the Company") is for the reporting period from 1 July 2020 to 31 December 2020.

| Results | 31 December 2020 \$ | 31 December 2019 \$ | up/ down | % movement |
|-------------------------------------------------------------------|------------------------------|------------------------------|-------------|---------------|
| Revenue from ordinary activities | 11,625,554 | 29,529,196 | down | (60.63) |
| Profit before tax for the period | 3,540,377 | 19,637,772 | down | (81.97) |
| Profit from ordinary activities after tax attributable to members | 3,068,513 | 16,575,834 | down | (81.49) |

All comparisons are to the half-year ended 31 December 2019.

Dividends

A fully franked final dividend of 2.6 cents per share in respect of the year ended 30 June 2020 was paid on 14 September 2020.

Since the end of the half-year, the Company has declared a fully franked interim dividend of 2.6 cents per share to be paid on 22 April 2021. The record date for entitlement of the interim dividend is 17 March 2021 and the ex-dividend date is 16 March 2021.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan ("DRP") will operate in relation to the interim dividend. The DRP has been structured to take account of the relationship between the market price of the Company's shares and the Company's net tangible asset value ("NTA") per share at the relevant time when dividends are being invested.

If the prevailing share price is greater than or equal to NTA per share, DRP Participants will be issued new shares. If the prevailing share price is less than the NTA per share, dividends subject to the DRP may be used to cause the acquisition of the Company's shares on-market and if additional shares are required to satisfy DRP Participants, issue new shares. The last day for the receipt of an election notice for participation in the DRP is 24 March 2021.

Net Tangible Assets

| NTA per share | 31 December 2020 \$ | 31 December 2019 \$ |
|---------------|---------------------------|---------------------------|
| - before tax | 1.28 | 1.19 |
| - after tax | 1.24 | 1.18 |

Non-Binding Proposal from Investment Manager

On 13 July 2020, the Company had received a non-binding proposal from Bennelong Long Short Equity Management Pty Limited ("the Company's Manager"). The proposal detailed an amalgamation of the Company and an unlisted managed investment scheme, Bennelong Market Neutral Fund ("BMNF"); which is managed by the Company's Manager. The proposal is designed to eliminate the share price discount due to the difference between the Company's net tangible asset position and its current share price.

On 4 November 2020, the Company signed a non-binding head of agreement ("HoA") with the Company's Manager and BMNF in this regard. The proposed transaction is subject to shareholder approval and involves the Company disposing of its entire portfolio, returning proceeds to shareholders and terminating the Investment Management Agreement with the Company's Manager. Eligible shareholders of the Company will be offered the opportunity to either convert their investment into units in BMNF, a fund which has the same Investment Manager and investment strategy as the Company or receive a distribution of cash.

The Company has sought, in good faith, to negotiate a binding implementation agreement with the Company's Manager. The negotiations have been unsuccessful. The Independent Board Committee (appointed by the Company to negotiate with the Company Manager) informed the Company Manager that the HoA has been terminated on 26 February 2021. As such, the non-binding proposal received on 13 July 2020 will not proceed.

This report is based on the half-year interim report which has been subject to an independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A.

Absolute Equity Performance Fund Limited

ABN 17 608 552 496

**Interim Financial Report
for the half-year ended 31 December 2020**

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Corporate Directory

| | |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors | <div> <div>Marc Fisher</div> <div>Chairman & Non-Independent Director</div> <div>Andrew Reeve-Parker</div> <div>Independent Director</div> <div>Raymond Da Silva Rosa</div> <div>Independent Director</div> <div>Peter Lanham</div> <div>Independent Director (appointed 29 January 2021)</div> </div> |
| Secretary | Lisa Dadswell |
| Investment Manager | <div>Bennelong Long Short Equity Management Pty Limited</div> <div>Level 1</div> <div>9 Queen Street</div> <div>Melbourne Victoria 3000</div> |
| Registered Office | <div>Absolute Equity Performance Fund Limited</div> <div>Level 12, Grosvenor Place</div> <div>225 George Street</div> <div>Sydney NSW 2000</div> <div>Telephone: (02) 8016 2819</div> |
| Auditor | <div>Pitcher Partners</div> <div>Level 16, Tower 2 Darling Park</div> <div>201 Sussex Street</div> <div>Sydney NSW 2000</div> <div>Telephone: (02) 9221 2099</div> |
| Share Register | <div>Boardroom Pty Limited</div> <div>Level 12, 225 George Street</div> <div>Sydney NSW 2000</div> <div>Telephone: (02) 9290 9600</div> <div>Fax: (02) 9279 0664</div> |
| Share Exchange | <div>Australian Securities Exchange (ASX)</div> <div>The home exchange is Sydney</div> <div>ASX code: AEG</div> |

Directors' Report

The Directors present their report together with the interim financial report of Absolute Equity Performance Fund Limited ("the Company") for the half-year ended 31 December 2020.

Absolute Equity Performance Fund Limited is a Company limited by shares and is incorporated in Australia.

Directors

The following persons held office as Directors during the period and up to the date of this report:

| | |
|-----------------------|--------------------------------------------------|
| Marc Fisher | Chairman & Non-Independent Director |
| Andrew Reeve-Parker | Independent Director |
| Raymond Da Silva Rosa | Independent Director |
| Peter Lanham | Independent Director (appointed 29 January 2021) |

Principal Activity

The Company was established to provide investors with the opportunity to invest in a diversified portfolio of Australian listed equities, with the aim of achieving positive returns regardless of share market performance, through an "equity market neutral" style of investing. The Company's objective is to deliver absolute returns through capital growth and income regardless of market movements.

There have been no significant changes in the Company's principal activities during the period and no change is anticipated in the future.

Review of Operations

The Company invests predominantly in S&P/ASX100 and other large capitalisation Australian listed companies. The investment will seek to provide long-term capital growth with, when possible, a steady dividend yield, franked to the maximum extent possible.

Investment operations over the half-year ended 31 December 2020 resulted in an operating profit before tax of \$3,540,377 (2019: \$19,637,772) and an operating profit after tax of \$3,068,513 (2019: 16,575,834).

Asset backing for each ordinary share at 31 December 2020 after tax was \$1.24 (2019: \$1.18) per share. Asset backing for each ordinary share at 31 December 2020 before tax was \$1.28 (2019: \$1.19).

Non-Binding Proposal from Investment Manager

On 13 July 2020, the Company had received a non-binding proposal from Bennelong Long Short Equity Management Pty Limited ("the Company's Manager"). The proposal detailed an amalgamation of the Company and an unlisted managed investment scheme, Bennelong Market Neutral Fund ("BMNF"); which is managed by the Company's Manager. The proposal is designed to eliminate the share price discount due to the difference between the Company's net tangible asset position and its current share price.

On 4 November 2020, the Company signed a non-binding head of agreement ("HoA") with the Company's Manager and BMNF in this regard. The proposed transaction is subject to shareholder approval and involves the Company disposing of its entire portfolio, returning proceeds to shareholders and terminating the Investment Management Agreement with the Company's Manager. Eligible shareholders of the Company will be offered the opportunity to either convert their investment into units in BMNF, a fund which has the same Investment Manager and investment strategy as the Company or receive a distribution of cash.

The Company has sought, in good faith, to negotiate a binding implementation agreement with the Company's Manager. The negotiations have been unsuccessful. The Independent Board Committee (appointed by the Company to negotiate with the Company Manager) informed the Company Manager that the HoA has been terminated on 26 February 2021. As such, the non-binding proposal received on 13 July 2020 will not proceed.

Coronavirus ("Covid-19")

The Covid-19 pandemic remains a major global issue, and is likely to have ongoing impact on the market value of equity markets and future earnings from assets. The Directors will continue to review the situation, and the Company's investment portfolio as new information emerges.

Dividend

Dividends paid or declared for payment during the period are as follows:

Fully franked dividend of 2.6 cents per share paid on 14 September 2020

Interim fully franked dividend of 2.6 cents per share to be paid on 22 April 2021

Events Occurring after the Reporting Period

Since the end of the half-year, the Company has declared a fully franked interim dividend of 2.6 cents per share to be paid on 22 April 2021. The record date for entitlement of the interim dividend is 17 March 2021 and the ex-dividend date is 16 March 2021.

The Company terminated the Heads of Agreement with the Company's Manager on 26 February 2021. As such, the non-binding proposal received on 13 July 2020 will not proceed and the Company will continue in the current structure.

Peter Lanham was appointed as a Non-Executive Director of the Company on 29 January 2021.

Apart from the above, no other matter or circumstance has occurred subsequent to the period end that would materially affect the half-year financial report.

Rounding of Amounts to Nearest Dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar unless otherwise specified.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 4 of this financial report.

This report is made in accordance with a resolution of the Board of Directors.



Marc Fisher
Chairman

Sydney
26 February 2021

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**Auditor's Independence Declaration
To the Directors of Absolute Equity Performance Fund Limited
ABN 17 608 552 496**

In relation to the independent auditor's review of Absolute Equity Performance Fund Limited for the period ended 31 December 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



C I Chandran
Partner

Pitcher Partners
Sydney

26 February 2021

Absolute Equity Performance Fund Limited
Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2020

Statement of Profit or Loss and Other Comprehensive Income

| | Note | 31 December 2020 \$ | 31 December 2019 \$ |
|--------------------------------------------------------------------------------------------------|------|---------------------------|---------------------------|
| Investment Income from Ordinary Activities | | | |
| Net realised gains on disposal of investments | | 17,960,412 | 3,010,078 |
| Net unrealised (losses)/ gains on market value movement of investments | | (9,113,862) | 22,664,917 |
| Interest income received | | 19,498 | 286,752 |
| Dividend income received | | <u>2,759,506</u> | <u>3,567,449</u> |
| Total Income | | <u>11,625,554</u> | <u>29,529,196</u> |
| Expenses | | | |
| Management fees | | (957,813) | (852,684) |
| Performance fees | | (914,956) | (2,127,257) |
| Administration fees | | (25,902) | (25,278) |
| Prime broker fees | | (3,145) | (3,648) |
| Stock loan fees | | (685,174) | (543,578) |
| Dividends paid on borrowed stock | | (4,697,743) | (5,918,854) |
| Interest paid | | (156,949) | - |
| Legal fees | | (101,940) | (3,427) |
| Brokerage commission | | (230,836) | (155,377) |
| Accounting fees | | (77,110) | (18,843) |
| Share registry fees | | (19,347) | (30,879) |
| Tax fees | | (29,871) | (12,155) |
| Directors' fees | | (47,500) | (58,660) |
| Secretarial fees | | (16,689) | (15,397) |
| ASX fees | | (30,492) | (52,910) |
| Audit fees | | (47,929) | (39,358) |
| Other expenses | | <u>(41,781)</u> | <u>(33,119)</u> |
| Total Expenses | | <u>(8,085,177)</u> | <u>(9,891,424)</u> |
| Net Income Before Income Tax | | <u>3,540,377</u> | <u>19,637,772</u> |
| Income tax expense | | <u>(471,864)</u> | <u>(3,061,938)</u> |
| Net Income for the Period After Income Tax | | <u>3,068,513</u> | <u>16,575,834</u> |
| Other Comprehensive Income | | | |
| Other comprehensive income for the period, net of tax | | <u>-</u> | <u>-</u> |
| Total Comprehensive Income for the Period | | <u>3,068,513</u> | <u>16,575,834</u> |
| | | Cents | Cents |
| Earnings per share for profit attributable to the ordinary equity holders of the Company: | | | |
| Basic and diluted earnings per share | 6(a) | 3.33 | 16.78 |

The above Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Absolute Equity Performance Fund Limited
Statement of Financial Position
As at 31 December 2020

Statement of Financial Position

| | | 31 December 2020 | 30 June 2020 |
|------------------------------------------------------------|-------------|-----------------------------|---------------------------|
| | Note | \$ | \$ |
| Assets | | | |
| Cash and cash equivalents | | 117,196,704 | 118,093,156 |
| Trade and other receivables | | 344,918 | 2,510,275 |
| Financial assets at fair value through profit or loss | 3 | 264,497,883 | 258,721,204 |
| Deferred tax asset | | - | 20,771,512 |
| Total Assets | | <u>382,039,505</u> | <u>400,096,147</u> |
| Liabilities | | | |
| Trade and other payables | | 1,732,369 | 5,170,056 |
| Financial liabilities at fair value through profit or loss | 3 | 262,609,262 | 257,538,506 |
| Deferred tax liability | | 3,638,848 | 23,938,496 |
| Total Liabilities | | <u>267,980,479</u> | <u>286,647,058</u> |
| Net Assets | | <u>114,059,026</u> | <u>113,449,089</u> |
| Equity | | | |
| Issued capital | 5 | 99,540,688 | 99,604,773 |
| Accumulated losses | | (24,054,261) | (12,192,471) |
| Profits reserve | | 38,572,599 | 26,036,787 |
| Total Equity | | <u>114,059,026</u> | <u>113,449,089</u> |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Absolute Equity Performance Fund Limited
Statement of Changes in Equity
For the half-year ended 31 December 2020

Statement of Changes in Equity

| | Issued Capital \$ | Profits Reserve \$ | (Accumulated Losses) \$ | Total equity \$ |
|-------------------------------------------|----------------------------------|-----------------------------------|----------------------------------------|--------------------------------|
| Balance at 1 July 2020 | 99,604,773 | 26,036,787 | (12,192,471) | 113,449,089 |
| Profit for the period | - | - | 3,068,513 | 3,068,513 |
| Other comprehensive income for the period | - | - | - | - |
| Transfer of profits during the period | - | 14,930,303 | (14,930,303) | - |
| <u>Transactions with owners:</u> | | | | |
| Dividend paid | - | (2,394,491) | - | (2,394,491) |
| Shares bought-back | (64,085) | - | - | (64,085) |
| Balance at 31 December 2020 | <u>99,540,688</u> | <u>38,572,599</u> | <u>(24,054,261)</u> | <u>114,059,026</u> |
| Balance at 1 July 2019 | 109,525,108 | 8,569,151 | (12,192,471) | 105,901,788 |
| Profit for the period | - | - | 16,575,834 | 16,575,834 |
| Other comprehensive income for the period | - | - | - | - |
| Transfer of profits during the period | - | 16,575,834 | (16,575,834) | - |
| <u>Transactions with owners:</u> | | | | |
| Dividend paid | - | (3,957,725) | - | (3,957,725) |
| Shares bought-back | (3,796,624) | - | - | (3,796,624) |
| Balance at 31 December 2019 | <u>105,728,484</u> | <u>21,187,260</u> | <u>(12,192,471)</u> | <u>114,723,273</u> |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

| | 31 December 2020 \$ | 31 December 2019 \$ |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Cash Flows from Operating Activities | | |
| Proceeds from sale of investments | 119,891,153 | 47,517,551 |
| Payment for investments | (110,754,889) | (25,888,252) |
| Interest received | 20,702 | 324,316 |
| Dividends received | 3,876,170 | 4,372,058 |
| Dividends paid on borrowed stock | (4,433,377) | (6,043,794) |
| Interest paid | (126,345) | (18,843) |
| Management fees paid | (959,833) | (836,346) |
| Performance fees paid | (4,535,827) | - |
| Payment for other expenses | (1,415,630) | (936,414) |
| Net Cash Provided by Operating Activities | <u>1,562,124</u> | <u>18,490,276</u> |
| Cash Flows from Financing Activities | | |
| Shares bought-back | (64,085) | (3,796,624) |
| Dividend paid | (2,394,491) | (3,957,725) |
| Net Cash (Used in) Financing Activities | <u>(2,458,576)</u> | <u>(7,754,349)</u> |
| Net (Decrease)/ Increase in Cash and Cash Equivalents Held | <u>(896,452)</u> | <u>10,735,927</u> |
| Cash and cash equivalents at the beginning of the financial period | 118,093,156 | 96,796,137 |
| Effect of foreign currency exchange rate changes on cash and cash equivalents | - | (6,395) |
| Cash and cash equivalents at end of financial period | <u>117,196,704</u> | <u>107,525,669</u> |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Significant Accounting Policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below.

The interim financial statements were authorised for issue on 26 February 2021 by the Board of Directors.

Basis of Preparation

These interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. The interim financial statements of the Company also comply with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar unless otherwise specified.

Going Concern

On 4 November 2020, the Company signed a non-binding head of agreement ("HoA") with the Company's Manager and BMNF in this regard. The proposed transaction is subject to shareholder approval and involves the Company disposing of its entire portfolio, returning proceeds to shareholders and terminating the Investment Management Agreement with the Company's Manager. Eligible shareholders of the Company will be offered the opportunity to either convert their investment into units in BMNF, a fund which has the same Investment Manager and investment strategy as the Company or receive a distribution of cash.

The Company terminated the Heads of Agreement with the Company's Manager on 26 February 2021. As such, the non-binding proposal received on 13 July 2020 will not proceed and the Company will continue in the current structure.

The Directors have continued to adopt the going-concern basis in preparing the financial statements.

New and Amended Accounting Standards Adopted

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

New and Amended Accounting Standards not Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and have not been early adopted in preparing these condensed financial statements. None of these are expected to have a material effect on the financial statements of the Company.

| | 31 December 2020 \$ | 31 December 2019 \$ |
|-------------------------------------------------------------------------------|---------------------------|---------------------------|
| 2 Dividends | | |
| (a) Dividends Paid | | |
| 2020 fully franked final dividend of 2.6 cents per share (2019: 4.0 cents) | 2,394,491 | 3,957,725 |
| | <u>2,394,491</u> | <u>3,957,725</u> |

| | 31 December 2020 \$ | 31 December 2019 \$ |
|--|---------------------------|---------------------------|
|--|---------------------------|---------------------------|

2 Dividends (continued)

(b) Dividends Not Recognised at the End of the Period

Since period end, the Directors have declared an interim dividend of 2.6 cents (2019: 2.5 cents) per share, fully franked based on tax paid at 30%. The aggregate amount of the dividend with an ex-date of 16 March 2021 and a record date of 17 March 2021, expected to be paid on 22 April 2021 out of the profits reserve at 31 December 2020, and based on the current shares on issue but not recognised as liability at year end, is:

| | |
|------------------|------------------|
| <u>2,394,491</u> | <u>2,405,995</u> |
|------------------|------------------|

(c) Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan ("DRP") will operate in relation to the interim dividend. The DRP has been structured to take account of the relationship between the market price of the Company's shares and the Company's net tangible asset value ("NTA") per Share at the relevant time when dividends are being invested.

If the prevailing share price is greater than or equal to NTA per share, DRP participants will be issued new shares. If the prevailing share price is less than the NTA per share, the Company will buy the securities on-market and if additional securities are required to satisfy DRP Participants, issue new shares.

The enrolment deadline for participation in the DRP is 24 March 2021.

3 Fair Value Measurements

The Company measures and recognises its financial assets and liabilities at fair value through profit or loss ("FVTPL") on a recurring basis.

(a) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised Fair Value Measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value.

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|------------------------------------------------|--------------------|---------------|---------------|--------------------|
| At 31 December 2020 | | | | |
| Financial assets at FVTPL | | | | |
| Australian listed equity securities | 264,497,883 | - | - | 264,497,883 |
| Total financial assets | <u>264,497,883</u> | <u>-</u> | <u>-</u> | <u>264,497,883</u> |
| Financial liabilities at FVTPL | | | | |
| Australian listed equity securities sold short | 262,609,262 | - | - | 262,609,262 |
| Total financial liabilities | <u>262,609,262</u> | <u>-</u> | <u>-</u> | <u>262,609,262</u> |
| At 30 June 2020 | | | | |
| Financial assets at FVTPL | | | | |
| Australian listed equity securities | 258,721,204 | - | - | 258,721,204 |
| Total financial assets | <u>258,721,204</u> | <u>-</u> | <u>-</u> | <u>258,721,204</u> |
| Financial liabilities at FVTPL | | | | |
| Australian listed equity securities sold short | 257,538,506 | - | - | 257,538,506 |
| Total financial liabilities | <u>257,538,506</u> | <u>-</u> | <u>-</u> | <u>257,538,506</u> |

3 Fair Value Measurements (continued)

(i) Recognised Fair Value Measurements (continued)

There were no transfers between levels for recurring fair value measurements during the period.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The carrying amounts of all financial instruments are reasonable approximations of the respective instrument's fair value.

4 Segment Information

The Company has only one reportable segment. The Company is engaged solely in investment activities, deriving revenue from dividend income, interest income and from the sale of its investments.

5 Issued Capital

| | 31 December 2020 | | 30 June 2020 | |
|------------------------------------------------|--------------------------|-------------------|--------------------------|--------------------------|
| | No of shares | \$ | No of shares | \$ |
| (a) Share Capital | | | | |
| Ordinary shares | <u>92,095,812</u> | <u>99,540,688</u> | <u>92,152,920</u> | <u>99,604,773</u> |
| (b) Movements in Ordinary Share Capital | | | | |
| 31 December 2020 | | | | |
| | Number of shares | | Application price | \$ |
| Opening balance at 1 July 2020 | 92,152,920 | | | 99,604,773 |
| Shares bought-back (c) | (57,108) | | | (64,085) |
| Closing balance at 31 December 2020 | <u>92,095,812</u> | | | <u>99,540,688</u> |
| 30 June 2020 | | | | |
| | Number of shares | | Application price | \$ |
| Opening balance at 1 July 2019 | 101,629,036 | | | 109,525,108 |
| Shares issued on dividends re-invested * | - | | | - |
| Shares bought-back | (9,476,116) | | | (9,920,335) |
| Closing balance at 30 June 2020 | <u>92,152,920</u> | | | <u>99,604,773</u> |

* As the share price for the Company was less than the Company's NTA at the time of the final and interim dividend payments on 11 October 2019 and 23 April 2020 respectively, cash available for distribution as dividends on shares subject to the dividend reinvestment plan was used to acquire the Company's shares on-market and therefore no new shares were issued.

(c) Share Buy-Back

On 17 June 2019, the Company announced it intended to undertake an on-market share buy-back of up to 10% of the Company's issued share capital or approximately 10.2 million ordinary shares within the next 12 months. The share buy-back commenced on 1 July 2019 and during the period ended 31 December 2020, 57,108 shares have been bought-back. The shares bought-back were subsequently cancelled. Under this buy-back arrangement, a total of 9,533,224 shares were bought back.

| | 31 December 2020 \$ | 31 December 2019 \$ |
|------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| 6 Earnings per Share | | |
| Profit after income tax used in the calculation of basic and diluted earnings per share | <u>3,068,513</u> | <u>16,575,834</u> |
| | Cents | Cents |
| (a) Basic Earnings per Share | | |
| Basic and diluted earnings per share attributable to the ordinary equity holders of the Company | <u>3.33</u> | <u>16.78</u> |
| (b) Weighted Average Number of Shares Used as Denominator | No. of shares | No. of shares |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share | <u>92,096,323</u> | <u>98,782,310</u> |

As at the end of the period, there are no outstanding securities that are potentially dilutive in nature for the Company.

7 Events Occurring After the Reporting Period

Since the end of the half-year, the Company has declared a fully franked interim dividend of 2.6 cents per share to be paid on 22 April 2021. The record date for entitlement of the interim dividend is 17 March 2021 and the ex-dividend date is 16 March 2021.

The Company terminated the Heads of Agreement with the Company's Manager on 26 February 2021. As such, the non-binding proposal received on 13 July 2020 will not proceed and the Company will continue in the current structure.

Peter Lanham was appointed as a Non-Executive Director of the Company on 29 January 2021.

Apart from the above, the Directors are not aware of any other events subsequent to period end that would materially affect the half-year financial report.

8 Contingencies and Commitments

The Company had no material contingent liabilities or commitments as at 31 December 2020.

Directors' Declaration

In accordance with a resolution of the Directors of Absolute Equity Performance Fund Limited, the Directors of the Company declare that:

- (a) the financial statements and notes, as set out on pages 5 to 12 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and any other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the period ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Marc Fisher
Chairman

Sydney
26 February 2021

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**Independent Auditor's Review Report
To the Members of Absolute Equity Performance Fund Limited
ABN 17 608 552 496**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Absolute Equity Performance Fund Limited ("the Company") which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Absolute Equity Performance Fund Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



C I Chandran
Partner



Pitcher Partners
Sydney

26 February 2021