

ASX Release

## Net Tangible Asset Backing per Share

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Friday, 9 April 2021

In accordance with ASX Listing Rule 4.12, **Absolute Equity Performance Fund Limited** ACN 608 552 496 (ASX:AEG) advises that the following calculations have been made as at 31 March 2021.

Net Tangible Asset backing per Ordinary Share, <b>before</b> providing for estimated tax – <i>ex-dividend</i>	\$1.051
Net Tangible Asset backing per Ordinary Share, <b>after</b> providing for estimated tax – <i>ex-dividend</i>	\$1.065

The calculation of the above amounts has been made in accordance with the definition of net tangible asset backing in Chapter 19 of the Listing Rules and is subject to review by the Company's external auditor.

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

Please refer to the Company's "Monthly NTA and Performance Update" released separately, for further information.

**ENDS**

**For more information please contact:**

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

As at 31 March 2021

### NTA Per Share and Share Price

NTA before tax ( <i>ex-dividend</i> )	\$1.051
NTA after tax ( <i>ex-dividend</i> )	\$1.065
Share price	\$1.000

\$ currency notation refers to Australian Dollars.

### Performance Commentary

The rotation into leveraged cyclical which hit the fund in February continued into the first half of March. The Portfolio stabilised in the second half of March but still finished down -6.13%. Contribution was spread across half a dozen sectors with none standing out. Contribution from the top and bottom pairs was similar in magnitude, what drove the return was that we had 7 positive pairs versus 12 negatives.

Many of our pairs feature higher growth and lower operating leverage (higher returns and margins) in the long. The shift in appetite for leverage and cyclical exposure since mid-February has been particularly sharp and caused our short portfolio to outperform the market. As a consequence, relative value for a number of our pairs has moved in our favour.

Our top pair was ALL/SGR with the return entirely due to Aristocrat. As casinos reopen in the US they are being met with enthusiastic patrons. Aristocrat's casino-based product continues to perform significantly better than competitors. In addition, their digital division is performing especially well.

Our second-best pair JBH/SUL was in our bottom 3 pairs in February and the contribution was reversed this month, which is indicative of market volatility and liquidity driving some stock prices, rather than fundamentals.

Our bottom pair was PBH/SKC with both stocks making a negative contribution. PointsBet is in a very dynamic stage in its life and during the month made an acquisition and negotiated market access to additional states with existing partner Penn National. PBH is volatile given it is early stage. We are attracted to the very large opportunity in the US as the sports betting market opens up, and the company is demonstrating great skill in execution. Our position size in the portfolio balances the opportunity with the volatility.

Our second bottom pair was TPG/TLS. During the month David Teoh, the founder and Chairman of TPG retired. TLS made a more negative contribution for us than TPG, with the market seeming to assume Teoh's departure would spark a reduction in competitive intensity in mobiles.

### Market Observations

World share markets overall continued to move higher in March, capping off a solid first quarter for calendar 2021. Australia also managed to gain for the month and quarter but fell short of US and European markets mainly driven by profit taking in the big cap miners and tech stocks.

### NTA\* Performance

1 month	-6.13%
3 months	-15.81%
12 months	-8.15%
Since inception ( <i>annualised</i> )	3.25%

\*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>	5.10%
Grossed up dividend yield <sup>†</sup>	7.29%
Shares on issue	92,095,812
NTA* ( <i>ex-dividend</i> )	\$96,803,916

\* 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	Aristocrat Leisure (ALL)	Short	Star Entertainment (SGR)
Long	JB Hi-Fi (JBH)	Short	Super Retail (SUL)
Long	BlueScope Steel (BSL)	Short	Sims (SGM)

### Least Profitable Pairs for the Month

Long	PointsBet (PBH)	Short	SkyCity (SKC)
Long	TPG Telecom (TPG)	Short	Telstra (TLS)
Long	CSL (CSL)	Short	Sonic Healthcare (SHL)

### Portfolio Snapshot

Long exposure	Month End	51.5%
Short exposure	Month End	-48.5%
Net market exposure	Month End	+3.0%
Gross market exposure*	Month End	\$427,122,641
Leverage factor ( <i>x NTA</i> )	Month End	4.4
Average leverage factor ( <i>x NTA</i> )	Since Inception	4.6

\* Sum of long and short positions in the Portfolio

### Contact Details

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# Absolute Equity Performance Fund Limited

## Monthly NTA and Performance Update

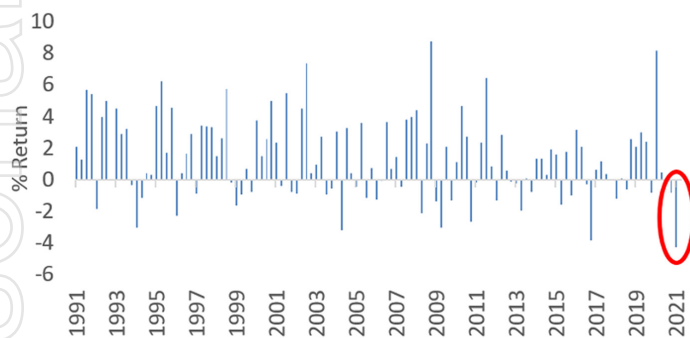
As at 31 March 2021

Share Market Price Indices	Jan 2021	Feb 2021	Mar 2021	Qtr
US S&P 500	-1.1%	2.6%	4.2%	5.8%
US Nasdaq	1.4%	0.9%	0.4%	2.8%
UK FTSE	-0.8%	1.2%	3.6%	3.9%
France CAC	-2.7%	5.6%	6.4%	9.3%
Germany DAX	-2.1%	2.6%	8.9%	9.4%
Japan Nikkei	0.8%	4.7%	0.7%	6.3%
Hong Kong HSI	3.9%	2.5%	-2.1%	4.2%
China SSE	0.3%	0.7%	-1.9%	-0.9%
Australia ASX 200	0.3%	1.0%	1.8%	3.1%

Source: Bloomberg

With vaccine roll-outs underway and COVID moving further into the background, markets are increasingly focusing on the shape of economic recovery. Of key debate remains the prospect that the combined effects of reopening alongside continued strong fiscal and monetary policy stimulus will stoke consumer price inflation. Such concerns have been evident in bond markets where long-dated bond yields moved higher again in March, resulting in one of the worst ever quarterly periods of performance for investors in US 10-year government bonds.

Barclays US Treasury Index (Quarterly Return)



Source: Bloomberg

Whether reopening and stimulus leads to higher consumer inflation remains to be seen. Some commentators simply point to the unprecedented level of money supply growth as reason for an inevitable breakout. Also in favour of higher inflation is the prospect that there is pent up demand to spend on those things previously restricted due to COVID.

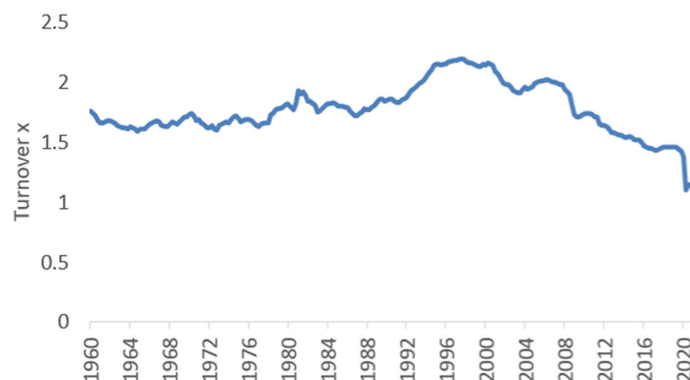
US M2 Money Supply Growth



Source: Bloomberg

Working against higher inflation are high and rising private sector and government indebtedness, technology driven productivity, and demographic change. Such issues are manifesting in the continued decline of money velocity – a measure of turnover of the money base. Indeed, a recent Bloomberg survey of US households noted a majority (52%) have dedicated their stimulus cheques to bolster their finances via saving and debt reduction (vs discretionary spending), a finding that aligns with record low loan defaults.

US M2 Velocity of Money



Source: Bloomberg

US Credit Card Delinquencies



Source: Bloomberg

# Absolute Equity Performance Fund Limited

## Monthly NTA and Performance Update

As at 31 March 2021

### 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  
Peter Lanham

### 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

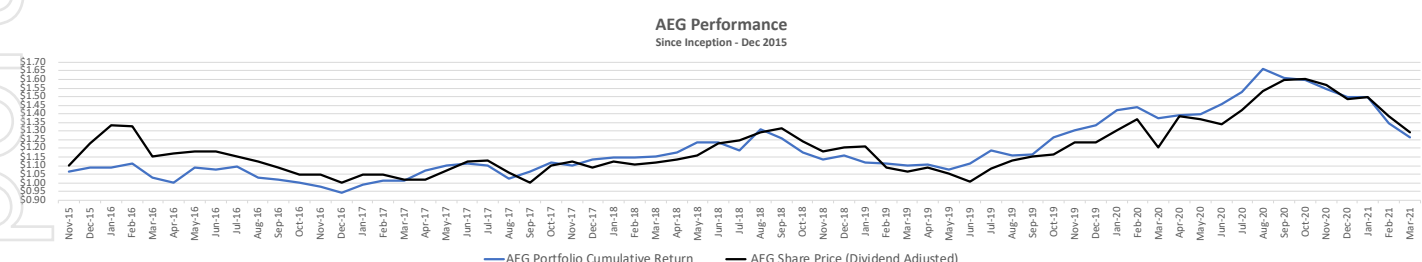
Bennelong Long Short Equity Management Pty Ltd.

### Investment Team

Sam Shepherd	Portfolio Manager
Sam Taylor	Head of Research
Steven Lambeth	Senior Analyst
Justin Hay	Senior Analyst
Daniel Sanelli	Analyst

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-0.22%	-10.12%	-6.13%										-15.81%
2020	6.68%	1.23%	-4.44%	1.21%	0.34%	4.31%	4.80%	8.83%	-3.32%	-0.67%	-3.05%	-3.01%	12.60%
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

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.