

ASX Release

## 2021 Preliminary Financial Report & Final Dividend

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Monday, 30 August 2021

**Absolute Equity Performance Fund Limited** ACN 608 552 496 (ASX:AEG) (the **Company**) today announces its Preliminary Financial Report for the year ended 30 June 2021.

Investment operations for the year ended 30 June 2021 resulted in an operating profit before tax of \$551,888 (2020: \$28,996,359) and an operating profit after tax of \$1,440,245 (2020: \$23,808,096).

NTA backing for each ordinary share at 30 June 2021 after tax was \$1.19 (2020: \$1.19). NTA backing for each ordinary share at 30 June 2021 before tax was \$1.22 (2020: \$1.27).

The Board has declared a final dividend of 2.6 cents per share (**Final Dividend**). The Final Dividend, which will be fully franked, will trade ex-entitlement on Tuesday, 14 September 2021 and will be paid on Friday, 15 October 2021. The Dividend Reinvestment Plan (**DRP**) will operate with respect to this Final Dividend.

In accordance with ASX Listing Rule 3.13.1, the Company advises that it is anticipating that the next Annual General Meeting will be held on Tuesday, 30<sup>th</sup> November 2021. An election of Directors will be held at this AGM pursuant to ASX Listing Rule 14.5. If the meeting proceeds on this date, the closing date for the receipt of Director nominations is Wednesday, 13<sup>th</sup> October 2021. Any nominations must be received in writing no later than 5.00pm (Sydney time) on Wednesday, 13<sup>th</sup> October 2021 at the Company's registered office.

This announcement has been authorised for release to ASX by the Board of Directors of the Company.

**ENDS**

**For more information please contact:**

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Company Secretary  
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**Absolute Equity Performance Fund Limited**

ABN 17 608 552 496

**Appendix 4E - Preliminary Financial Report  
for the year ended 30 June 2021**

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**Absolute Equity Performance Fund Limited**  
**Appendix 4E – Preliminary Financial Report**  
**For the year ended 30 June 2021**

**Preliminary Report**

This preliminary report is for the reporting period from 1 July 2020 to 30 June 2021.

**Results for Announcement to the Market \***

	<b>2021</b>	<b>2020</b>	<b>up/ (down)</b>	<b>% mv't</b>
	\$	\$	\$	
Revenue from ordinary activities	14,617,645	48,603,871	(33,986,226)	(69.92)
Profit/ (Loss) before tax for the year	551,888	28,996,359	(28,444,471)	(98.10)
Profit/ (Loss) from ordinary activities after tax attributable to members	1,440,245	23,808,096	(22,367,851)	(93.95)

\* All comparisons are for the year ended 30 June 2020.

**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.

A fully franked interim dividend of 2.6 cents per share was paid on 22 April 2021.

Subsequent to year end, the Company ("AEG") has declared a fully franked final dividend of 2.6 cents per share to be paid on 15 October 2021. The record date for entitlement of the final dividend is 15 September 2021 and the ex-dividend date is 14 September 2021.

**Dividend Re-Investment 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 22 September 2021.

**Net Tangible Assets**

<b>NTA per share</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
- before tax	\$1.22	\$1.27
- after tax	\$1.19	\$1.19

**Investment Strategy and Review**

The Company's portfolio of investments delivered a return of 0.7% for the 12 months ended 30 June 2021. Total shareholder return, as measured by share price movement and dividends paid over the course of the year, was 4.9%.

This year, the Company paid a fully franked dividend yield of 4.7%, equivalent to a grossed-up yield of 6.8%.

AEG remains a unique offering on the ASX and is not comparable with often highly directional strategies employed by some listed investment companies. Our Portfolio is market neutral and domestic in nature and offers an attractive diversification opportunity for investors.

The Investment Strategy seeks to limit market risk by constructing a long/short market neutral portfolio via a series of matching pairs of predominantly S&P/ASX100 companies. Company selection is based on fundamental analysis. The Portfolio is diversified and typically comprises 30 to 35 pairs of stocks. Company pairs are generally in similar industries or sectors, thus limiting the Portfolio's exposure to general market direction. The Investment Strategy produces returns that are uncorrelated with equities and has been able to profit in rising and falling markets.

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**Absolute Equity Performance Fund Limited**  
**Appendix 4E - Preliminary Financial Report**  
**For the year ended 30 June 2021 (continued)**

**Non-Binding Proposal from Investment Manager**

On 13 July 2020, the Company 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 was 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 was subject to shareholder approval and involved 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 would 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.

On 26 February 2021, the HoA was terminated and as such the proposal did not proceed.

**On Market Buy-back**

On 12 July 2021, 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 9.2 million ordinary shares within the next 12 months.

The Company appointed Morgans Financial Limited to act on behalf of the Company in relation to the share buy-back process and the earliest date of commencement is 28 July 2021.

**Audit**

This Appendix 4E is based on the 2021 Annual Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.



Marc Fisher  
Chairman

Sydney  
30 August 2021

**Absolute Equity Performance Fund Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2021**

**Statement of Profit or Loss and Other Comprehensive Income**

	Note	30 June 2021 \$	30 June 2020 \$
<b>Investment income from ordinary activities</b>			
Net realised gains/ (losses) on disposal of investments		30,553,322	(3,428,989)
Net unrealised (losses)/ gains on fair value movement of investments		(21,524,876)	44,938,130
Interest income received		24,472	325,261
Dividend income received		<u>5,564,727</u>	<u>6,769,469</u>
<b>Net income</b>		<b><u>14,617,645</u></b>	<b><u>48,603,871</u></b>
<b>Expenses</b>			
Management fees		(1,776,343)	(1,763,595)
Performance fees		(150,050)	(4,535,827)
Administration fees		(52,212)	(51,098)
Prime broker fees		(10,301)	(9,085)
Stock loan fees		(1,184,104)	(1,143,028)
Dividends paid on borrowed stock		(9,358,247)	(11,033,489)
Legal fees		(209,105)	(3,427)
Brokerage commission		(515,513)	(623,838)
Interest expense		(293,249)	-
Accounting fees		(89,991)	(18,843)
Share registry fees		(44,099)	(49,325)
Tax fees		(36,707)	(15,730)
Directors' fees		(95,000)	(95,000)
Secretarial fees		(33,371)	(34,257)
ASX fees		(56,995)	(55,752)
Audit fees		(74,974)	(68,344)
Other expenses		<u>(85,496)</u>	<u>(106,874)</u>
<b>Total expenses</b>		<b><u>(14,065,757)</u></b>	<b><u>(19,607,512)</u></b>
<b>Profit before income tax</b>		<b><u>551,888</u></b>	<b><u>28,996,359</u></b>
Income tax benefit/ (expense)	2	<u>888,357</u>	<u>(5,188,263)</u>
<b>Profit for the period after income tax</b>		<b><u>1,440,245</u></b>	<b><u>23,808,096</u></b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<b><u>1,440,245</u></b>	<b><u>23,808,096</u></b>
			<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic and diluted earnings per share	11	<b>1.56</b>	24.51

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

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**Absolute Equity Performance Fund Limited**  
**Statement of Financial Position**  
**As at 30 June 2021**

**Statement of Financial Position**

	Note	30 June 2021	30 June 2020
		\$	\$
<b>Assets</b>			
Cash and cash equivalents	3	102,100,037	118,093,156
Trade and other receivables	4	1,151,068	2,510,275
Financial assets at fair value through profit or loss	5	240,805,494	258,721,204
Deferred tax asset	2	-	20,771,512
<b>Total assets</b>		<b>344,056,599</b>	400,096,147
<b>Liabilities</b>			
Trade and other payables	6	1,071,520	5,170,056
Financial liabilities at fair value through profit or loss	5	230,670,165	257,538,506
Deferred tax liability	2	2,278,627	23,938,496
<b>Total liabilities</b>		<b>234,020,312</b>	286,647,058
<b>Net Assets</b>		<b>110,036,287</b>	113,449,089
<b>Equity</b>			
Issued capital	7	99,540,708	99,604,773
Accumulated losses	8	(25,682,528)	(12,192,471)
Profits reserve	8	36,178,107	26,036,787
<b>Total Equity</b>		<b>110,036,287</b>	113,449,089

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

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**Absolute Equity Performance Fund Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**

**Statement of Changes in Equity**

	Note	Issued Capital \$	Profits Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2020</b>		99,604,773	26,036,787	(12,192,471)	113,449,089
Profit for the period	8	-	-	1,440,245	1,440,245
Other comprehensive income for the period		-	-	-	-
<u>Transactions with owners:</u>					
Transfer of profits during the period	8	-	14,930,302	(14,930,302)	-
Dividend paid	9	-	(4,788,982)	-	(4,788,982)
Shares bought-back	7	(64,065)	-	-	(64,065)
<b>Balance at 30 June 2021</b>		<b><u>99,540,708</u></b>	<b><u>36,178,107</u></b>	<b><u>(25,682,528)</u></b>	<b><u>110,036,287</u></b>
<b>Balance at 1 July 2019</b>		<u>109,525,108</u>	<u>8,569,151</u>	<u>(12,192,471)</u>	<u>105,901,788</u>
Profit for the period	8	-	-	23,808,096	23,808,096
Other comprehensive income for the period		-	-	-	-
<u>Transactions with owners:</u>					
Transfer of profits during the period	8	-	23,808,096	(23,808,096)	-
Dividend paid	9	-	(6,340,460)	-	(6,340,460)
Shares bought-back	7	(9,920,335)	-	-	(9,920,335)
<b>Balance at 30 June 2020</b>		<u>99,604,773</u>	<u>26,036,787</u>	<u>(12,192,471)</u>	<u>113,449,089</u>

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

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**Absolute Equity Performance Fund Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2021**

**Statement of Cash Flows**

	Note	30 June 2021	30 June 2020
		\$	\$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		244,665,900	291,523,567
Payment for investments		(244,076,069)	(245,648,794)
Interest received		25,794	399,208
Dividends received		6,316,173	6,504,973
Dividends paid on borrowed stock		(8,950,656)	(11,223,116)
Interest paid		(271,887)	(18,843)
Management fees paid		(1,783,816)	(1,745,062)
Performance fees paid		(4,535,827)	-
Payment for other expenses		<u>(2,529,684)</u>	<u>(2,222,043)</u>
<b>Net cash (used in)/ provided by operating activities</b>	<b>10</b>	<b><u>(11,140,072)</u></b>	<b>37,569,890</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(4,788,982)	(6,340,460)
Shares bought-back		<u>(64,065)</u>	<u>(9,920,334)</u>
<b>Net cash (used in) financing activities</b>		<b><u>(4,853,047)</u></b>	<b>(16,260,794)</b>
<b>Net (decrease)/ increase in cash and cash equivalents held</b>		<b>(15,993,119)</b>	<b>21,309,096</b>
Cash and cash equivalents at beginning of financial year		118,093,156	96,796,138
Effect of foreign currency exchange rate changes on cash and cash equivalents		<u>-</u>	<u>(12,078)</u>
<b>Cash and cash equivalents at end of financial year</b>	<b>3</b>	<b><u>102,100,037</u></b>	<b><u>118,093,156</u></b>
<b>Non cash financing activities</b>			
Dividends reinvested		<u>-</u>	<u>-</u>

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

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**Absolute Equity Performance Fund Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

**1 Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements have been consistently applied unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, where applicable, cash flow information, "held-for-trading" financial assets and certain other financial assets and liabilities, which have been measured at fair value.

The accounting policies are consistent with those applied in the 30 June 2020 Annual Report.

This preliminary report was authorised by the Directors on 30 August 2021.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>2 Income Tax (Benefit)/ Expense</b>		
<b>(a) Numerical Reconciliation of Income Tax Benefit/ (Expense) to Prima Facie Tax Payable</b>		
Prima facie tax on profit/ (loss) before income tax at 30% (2020: 30%)	165,567	8,698,907
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franked dividends receivable	227,772	(206,329)
Imputation credit gross up	545,201	495,461
Foreign income withholding tax gross up	4,097	15,313
Prior year losses now recouped	-	(2,163,550)
Imputation credits and foreign income tax offset converted to tax loss	<u>(1,830,994)</u>	<u>(1,651,539)</u>
<b>Income tax (benefit)/ expense</b>	<b><u>(888,357)</u></b>	<b><u>5,188,263</u></b>
The applicable weighted average effective tax rates are as follows:	160.97%	17.89%
The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year.		
<b>Total income tax expense results from:</b>		
Deferred tax liability	(6,503,445)	9,208,385
Deferred tax asset	<u>5,615,088</u>	<u>(4,020,122)</u>
<b>Income tax (benefit)/ expense</b>	<b><u>(888,357)</u></b>	<b><u>5,188,263</u></b>
<b>Net deferred tax liability/ (asset)</b>		
Deferred tax asset	(15,156,424)	(20,771,512)
Deferred tax liability	<u>17,435,051</u>	<u>23,938,496</u>
<b>Closing balance</b>	<b><u>2,278,627</u></b>	<b><u>3,166,984</u></b>

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**Absolute Equity Performance Fund Limited**  
**Notes to the Financial Statements**  
For the year ended 30 June 2021 (continued)

	2021 \$	2020 \$
<b>2 Income Tax Expense/ (Benefit) (continued)</b>		
The composition of the Company's deferred tax asset and liability is as follows:		
<b>(i) Deferred Tax Assets</b>		
<b>The balance comprises temporary differences attributable to:</b>		
Revenue losses	15,163,783	6,201,737
Capitalised costs	<u>(7,359)</u>	<u>14,569,775</u>
	<b><u>15,156,424</u></b>	<b><u>20,771,512</u></b>
<b>Movements:</b>		
Opening balance	20,771,512	16,751,390
Charged/credited:		
- to profit or loss	(5,615,088)	4,020,122
- directly to equity	<u>-</u>	<u>-</u>
<b>Closing balance</b>	<b><u>15,156,424</u></b>	<b><u>20,771,512</u></b>
<b>(ii) Deferred Tax Liabilities</b>		
<b>The balance comprises temporary differences attributable to:</b>		
Fair value adjustments	17,333,046	23,838,829
Accruals	<u>102,005</u>	<u>99,667</u>
	<b><u>17,435,051</u></b>	<b><u>23,938,496</u></b>
<b>Movements:</b>		
Opening balance	23,938,496	14,730,110
Charged/credited:		
- to profit or loss	<u>(6,503,445)</u>	<u>9,208,386</u>
<b>Closing balance</b>	<b><u>17,435,051</u></b>	<b><u>23,938,496</u></b>
<b>3 Cash and Cash Equivalents</b>		
<b>Current</b>		
Cash at bank	<b><u>102,100,037</u></b>	<b><u>118,093,156</u></b>
<b>4 Trade and Other Receivables</b>		
<b>Current</b>		
Dividends receivable	554,594	1,306,040
GST receivable	76,458	44,248
Unsettled trades	481,622	1,114,134
Other receivables	<u>38,394</u>	<u>45,853</u>
	<b><u>1,151,068</u></b>	<b><u>2,510,275</u></b>

Receivables are non-interest bearing and unsecured. Dividend income is recognised on the ex-dividend date. The majority of the Company's receivables arise from unsettled trades at year end which are generally settled three days after trade date.

The loss allowance for trade receivables are measured at an amount equal to lifetime expected credit loss. No loss allowance was recognised in respect to receivables as there are no expected credit losses.

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**Absolute Equity Performance Fund Limited**  
**Notes to the Financial Statements**  
For the year ended 30 June 2021 (continued)

**5 Financial Assets and Liabilities at Fair Value through Profit or Loss**

	2021 \$	2020 \$
<b>Current</b>		
Financial assets at fair value through profit or loss are all held for trading and include the following:		
Australian listed equity securities	<u>240,805,494</u>	<u>258,721,204</u>
Financial liabilities at fair value through profit or loss are all held for trading and include the following:		
Australian listed equity securities sold short	<u>230,670,165</u>	<u>257,538,506</u>

Changes in fair values of financial assets and liabilities are measured at fair value through profit or loss and recorded as income in the Statement of Profit or Loss and Other Comprehensive Income.

When the Company sells securities it does not possess, it has to cover this short position by acquiring securities at a later date and is therefore exposed to price risk of those securities sold short. The sales agreement is usually settled by delivering borrowed securities. However, the Company is required to return those borrowed securities at a later date.

**6 Trade and Other Payables**

<b>Current</b>		
Management fees payable	144,365	151,838
Performance fees payable	150,050	4,535,827
Dividend payable on borrowed stock	609,971	202,380
Unsettled trades	-	118,495
Other payables	167,134	161,516
	<u>1,071,520</u>	<u>5,170,056</u>

Trade and other payables are usually paid within 30 days of recognition

**7 Issued Capital**

	30 June 2021		30 June 2020	
	No of shares	\$	No of shares	\$
<b>(a) Share Capital</b>				
Ordinary shares	<u>92,095,812</u>	<u>99,540,708</u>	<u>92,152,920</u>	<u>99,604,773</u>
<b>(b) Movements in ordinary share capital</b>				
<b>30 June 2021</b>				
	<b>Number of shares</b>		<b>Application price</b>	<b>\$</b>
Opening balance at 1 July 2020	92,152,920			99,604,773
Shares issued on dividends re-invested *	-			-
Shares bought-back	(c) (57,108)			(64,065)
<b>Closing balance</b>	<u>92,095,812</u>			<u>99,540,708</u>
<b>30 June 2020</b>				
Opening balance at 1 July 2019	101,629,036			109,525,108
Shares issued on dividends re-invested *	-			-
Shares bought-back	(c) (9,476,116)			(9,920,335)
<b>Closing balance</b>	<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 interim dividend payment on 22 April 2021, 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 year ended 30 June 2021, 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.

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**Absolute Equity Performance Fund Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021 (continued)**

**7 Issued Capital (continued)**

**(d) Capital Risk Management**

The Company's policy is to maintain a strong capital base so as to maintain Shareholder and market confidence. The overall strategy remains unchanged.

To achieve this, the Directors monitor the weekly NTA estimates, monthly NTA results, investment performance, the Company's Indirect Cost Ratio and share price movements. The Board is focused on maximising returns to Shareholders with active capital management a key objective of the Company.

The Company is not subject to any externally imposed capital requirements.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>8 Profits Reserve and Accumulated Losses</b>		
<b>(a) Profits Reserve</b>		
Profits reserve	<u><b>36,178,107</b></u>	<u>26,036,787</u>
<b>Movements:</b>		
Opening balance	26,036,787	8,569,151
Transfer of profits during the year	14,930,302	23,808,096
Dividends paid	<u>(4,788,982)</u>	<u>(6,340,460)</u>
Balance as at the end of the year	<u><b>36,178,107</b></u>	<u>26,036,787</u>
<b>(b) Accumulated Losses</b>		
Accumulated losses	<u><b>(25,682,528)</b></u>	<u>(12,192,471)</u>
<b>Movements:</b>		
Opening balance	(12,192,471)	(12,192,471)
Profit/ (Loss) for the year	1,440,245	23,808,096
Transfer of profits during the year	<u>(14,930,302)</u>	<u>(23,808,096)</u>
Balance as at the end of the year	<u><b>(25,682,528)</b></u>	<u>(12,192,471)</u>
<b>9 Dividends</b>		
<b>(a) Dividends Paid</b>		
Interim fully franked dividend of 2.6 cents per share (2020: 2.5 cents)	2,394,491	2,382,735
2020 fully franked final dividend of 2.6 cents per share (2019: 4.0 cents)	<u>2,394,491</u>	<u>3,957,725</u>
	<u><b>4,788,982</b></u>	<u>6,340,460</u>

**(b) Dividends not recognised at the End of the Financial Year**

Since year end, the Directors have declared a final dividend of 2.6 cents per share, fully franked based on tax paid at 30%. The aggregate amount of the dividends with an ex-dividend date of 14 September 2021 and a record date of 15 September 2021, expected to be paid on 15 October 2021 out of the profits reserve at 30 June 2021, but not recognised as liability at year end, is:

	<u><b>2,394,491</b></u>	<u>2,394,491</u>
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**(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, 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 22 September 2021.

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**Absolute Equity Performance Fund Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021 (continued)**

**9 Dividends (continued)**

**(d) Dividend Franking Account**

The franked portions of the final dividends recommended after 30 June 2021 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Opening balance of franking account	1,438,072	2,503,872
Franking credits on dividends received	1,817,337	1,651,539
Franking credits on dividends paid	<u>(2,052,421)</u>	<u>(2,717,339)</u>
Closing balance of franking account	<b><u>1,202,988</u></b>	<b><u>1,438,072</u></b>
Franking credits on dividends receivable	214,577	973,818
Adjustments for tax payable/refundable in respect of the current period's profits and the receipt of dividends	<u>-</u>	<u>-</u>
Franking credits available for subsequent reporting years	<b><u>1,417,565</u></b>	<b><u>2,411,890</u></b>
Impact on the franking account of dividends proposed or declared before the financial report authorised for issue but not recognised as a distribution to equity holders during the year *	<u>(1,026,210)</u>	<u>(1,026,210)</u>
Franking credits available after dividends declared post-balance date	<b><u>391,355</u></b>	<b><u>1,385,680</u></b>

\* The dividends to be paid on 15 October 2021 will utilise \$391,355 of the above franking credits based on the current shares on issue.

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax

**10 Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities**

Profit for the year	1,440,245	23,808,096
Unrealised losses/ (gains) on market value movement	21,524,876	(44,950,208)
Unrealised foreign exchange losses	-	12,076
Change in operating assets and liabilities:		
Decrease/ (Increase) in trade and other receivables	726,696	(201,213)
(Increase)/ Decrease in investments held for trading	(29,963,492)	49,310,685
(Decrease)/ Increase in trade and other payables	(3,980,040)	4,402,191
(Decrease)/ Increase in deferred taxes	<u>(888,357)</u>	<u>5,188,263</u>
Net cash (outflow)/ inflow from operating activities	<b><u>(11,140,072)</u></b>	<b><u>37,569,890</u></b>

**11 Earnings per Share**

Profit after income tax used in the calculation of earnings per share	<b><u>1,440,245</u></b>	<b><u>23,808,096</u></b>
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**Cents**

**(a) Basic Earnings per Share**

Basic earnings per share attributable to the ordinary equity holders of the Company	<u>1.56</u>	<u>24.51</u>
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**(b) Weighted Average Number of Shares used as Denominator**

**No. of shares**

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b><u>92,096,015</u></b>	<b><u>97,140,554</u></b>
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As at the end of the year, there are no outstanding securities that are potentially dilutive in nature for the Company.

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**Notes to the Financial Statements**  
**For the year ended 30 June 2021 (continued)**

**12 Contingencies and Commitments**

The Company had no material contingent liabilities or commitments as at 30 June 2021 (2020: nil).

**13 Events Occurring after the Reporting Year**

Subsequent to year-end, the Company declared a fully franked final dividend of 2.6 cents per share, to be paid on 15 October 2021.

On 12 July 2021, 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 9.2 million ordinary shares within the next 12 months.

The Company appointed Morgans Financial Limited to act on behalf of the Company in relation to the share buy-back process and the earliest date of commencement is 28 July 2021.

Apart from the above, no other matter or circumstance has occurred subsequent to year-end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

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