

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

As at 31 March 2022

### NTA Per Share and Share Price

NTA before tax	\$0.959
NTA after tax	\$1.005
Share price	\$0.88

\$ currency notation refers to Australian Dollars.

### Manager Performance Commentary

Performance was weak for the first two weeks of the month as markets continued to anticipate and position for the Fed's first rate hike in years. Uncertainty was replaced with reality when the Fed announced a 25bp increase on the 15th and our portfolio has bounced strongly since, however did not completely recover the early decline and finished down -1.23%. Inflation and interest rates have dominated markets for some time and so we are encouraged that the portfolio has stabilised following the hike.

JBH/SUL was our top pair with JBH upgrading sales only one month after a strong result which also triggered upgrades. Uncharacteristically in a sales update, JBH also highlighted strong profitability. JBH inventory is well controlled, whilst many other retailers, including SUL, look to be carrying excess inventory. ALQ/AZJ was our second best with ALQ providing a strong upgrade to FY22 profit guidance. Both Geochemistry and Life Sciences are performing well. MIN/BHP, FMG was our third top pair with MIN generating the return. MIN announced exceptional flow test results on its first ever well in the Perth Basin. We remain very positive about MIN, particularly their lithium assets which are ramping up currently.

JHX/CSR was our bottom pair with the negative return evenly split. Rising interest rates, mortgage rates and inflation have raised concerns about home affordability in the US and triggered a sharp correction in home builders in the US which has weighed on JHX. BSL/SGM was our second bottom pair. The Ukraine war has sparked a spike in ferrous scrap price, pig iron price and steel price - as Ukraine and Russia were material exporters of pig iron and steel. BSL and SGM are both exposed to this, however BSL has recently lagged SGM, and all steel producers. We have closed our third bottom pair, ORI/IPL.

### Market Observations

World share markets steadied somewhat during March despite the continued headwinds of high inflation, rising bond yields and war between Russia and Ukraine. As per the below chart, performances were mixed with US markets up while European markets were flat. In Asia, China was a notable laggard (-6%), weighed down by demand concerns following fresh lock-down measures to contain COVID, while Japan was up +5% with help from a weaker Yen boosting export competitiveness. The local share market was a standout performer (ASX 200 Index +6%) and featured gains across all sectors (see second chart below). Government bonds continued to sell off (yields higher) and currency markets were volatile. On the latter, the Australian dollar enjoyed strong gains versus a number of currencies over the month, presumably a reflection upon strengthening terms of trade via rising commodity prices.

### NTA\* Performance

1 month	-1.23%
3 months	-17.15%
12 months	-6.63%
Since inception (annualised)	1.63%

\*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>	5.91%
Grossed up dividend yield <sup>†</sup>	8.44%
Shares on issue	90,264,949
NTA*	\$86,552,684

\* 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	JB Hi-Fi (JBH)	Short	Super Retail (SUL)
Long	ALS (ALQ)	Short	Aurizon (AZJ)
Long	Mineral Resources (MIN)	Short	BHP (BHP) / Fortescue Metals (FMG)

### Least Profitable Pairs for the Month

Long	James Hardie (JHX)	Short	CSR (CSR)
Long	BlueScope Steel (BSL)	Short	Sims (SGM)
Long	Orica (ORI)	Short	Incitec Pivot (IPL)

### Portfolio Snapshot

Long exposure	Month End	51.6%
Short exposure	Month End	-48.4%
Net market exposure	Month End	3.2%
Gross market exposure*	Month End	\$354,957,056
Leverage factor (x NTA)	Month End	4.1
Average leverage factor (x NTA)	Since Inception	4.5

\* Sum of long and short positions in the Portfolio

### Contact Details

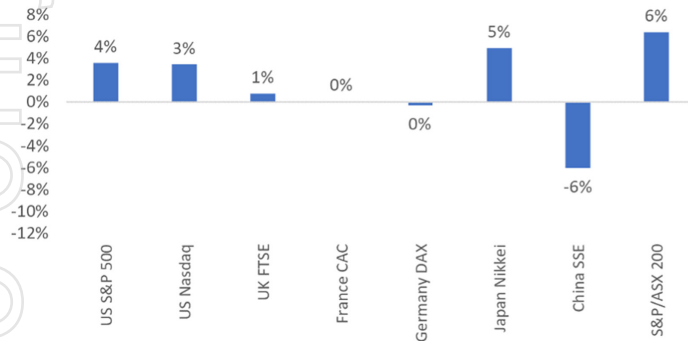
Company	Absolute Equity Performance Fund Limited (ACN 608 552 496)
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Phone Number	02 8016 2819
Email	<a href="mailto:info@aepfund.com.au">info@aepfund.com.au</a>
Website	<a href="http://www.aepfund.com.au">www.aepfund.com.au</a>

# Absolute Equity Performance Fund Limited

## Monthly NTA and Performance Update

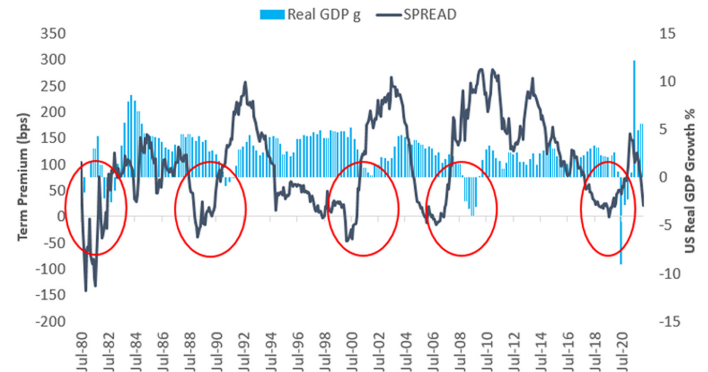
As at 31 March 2022

Share Market Indices - March 2022



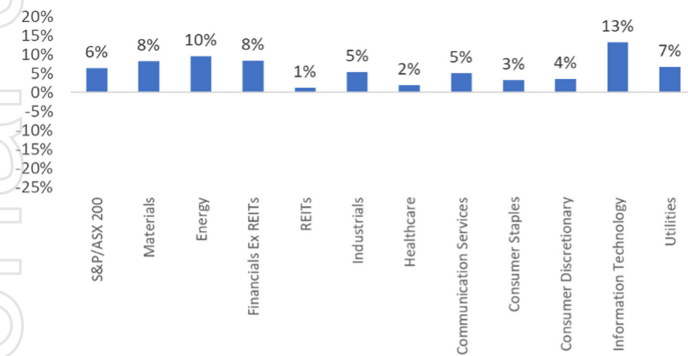
Source: Bloomberg

US Term Premium\* vs Real GDP Growth



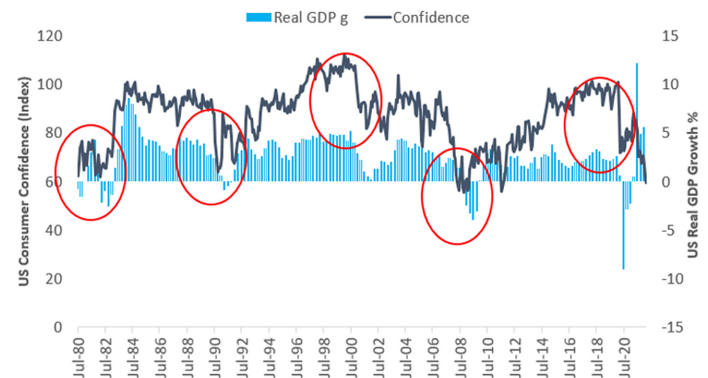
Source: Bloomberg. \* US Term Premium = US 10 Year Gov't Bond Yield less 2 Year Gov't Bond Yield

ASX200 Sector Returns - March 2022



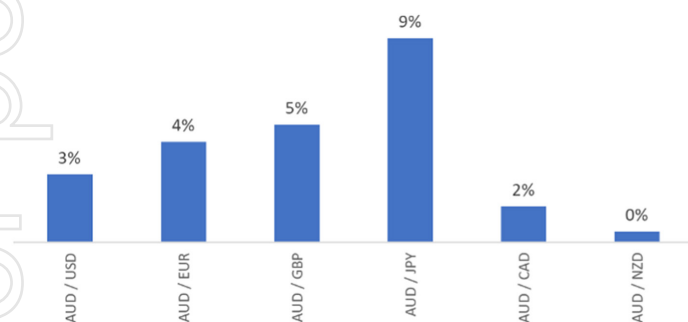
Source: Bloomberg

US Consumer Confidence vs US Real GDP Growth



Source: Bloomberg

Currency - Australian Dollar



Source: Bloomberg

Markets are struggling for direction in the face of tightening central bank policy agendas around the world and associated potential for looming economic slowdown. Various data is warning of contraction – for example the flattening US yield curve, and the collapse in consumer confidence. Unlike prior hiking cycles in which the Fed could respond to growth concerns by tempering its rate-hike program, the difference this time is the need to address inflation stubbornly holding at 40-year highs.

# Absolute Equity Performance Fund Limited

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As at 31 March 2022

### 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

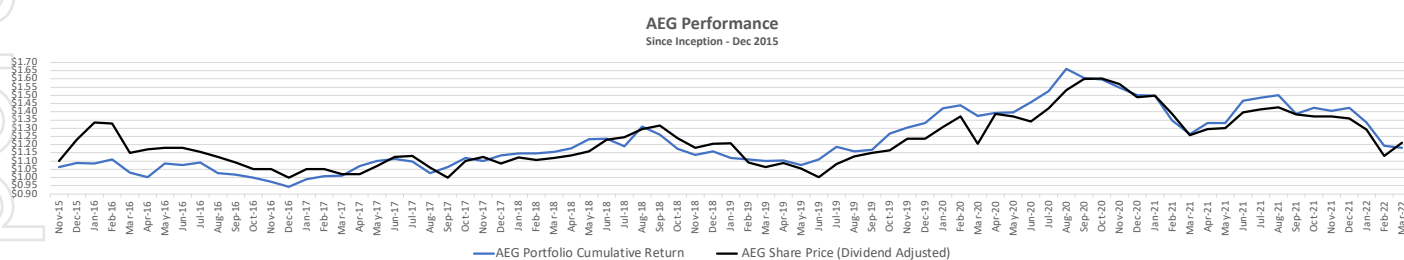
Lisa Dadswell

### Directors

Marc Fisher (Chair)  
Will Harrison  
Daniel Liptak

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-6.23%	-10.55%	-1.23%										-17.15%
2021	-0.22%	-10.12%	-6.13%	5.33%	0.13%	10.08%	1.30%	1.09%	-7.70%	2.78%	-1.31%	1.25%	-5.12%
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.

