

# Atlantic Pacific Australian Equity Fund

ARSN 158 861 155



## Fund Report and Commentary - 30 June 2013

### Fund Return vs the S&P/ASX 200 Accumulation Index after All Fees before Tax

	1 mth	3 mth	6 mth	1 yr	Inception
Fund Return <sup>1</sup>	1.09%	n/a	n/a	n/a	1.09%
Index	-2.32%	n/a	n/a	n/a	-2.32%
Relative	3.41%	n/a	n/a	n/a	3.41%

### Key Fund Data

Unit Price (Mid)	1.0109	\$10,000	Min. Investment
ICR	2.2%	\$5,000	Add. Investment
Performance Fee <sup>2</sup>	15%	1 Jun 13	Fund Commenced
Buy/Sell Spread	0.20%	30 Jun	Income Distribution

### Fund Return by Month after All Fees before Tax

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2013	n/a	n/a	n/a	n/a	n/a	1.09%							1.09%

1. Fund Returns are prepared on a mid unit price basis after management and performance fees inclusive of GST. Distributions are assumed to be re-invested at the mid unit price. Individual tax is not taken into account in deriving Fund Returns. In calculating the NTA, the Atlantic Pacific Australian Equity Fund ("APAEF") asset values have been calculated using unaudited price and income estimates for the month being reported. The Fund Returns data in this table relates to a period of less than 12 months. ASIC Regulatory Guide 53 states that data relating to a period of less than 12 months will usually be insufficient to assist prospective investors to make a decision as to whether to invest in an investment vehicle. Accordingly, the Responsible Entity recommends that prospective investors obtain and read a copy of the PDS for the Fund before deciding whether to invest in the APAEF. A copy of the PDS and Additional PDS, dated 4 March 2013, may be obtained from [www.oneinvestment.com.au/atlantic](http://www.oneinvestment.com.au/atlantic) or from APSEC Funds Management directly.

2. Performance Fees are charged where the Fund's performance exceeds the performance of the S&P/ASX 200 Accumulation Index by 3%pa and the Fund's High water mark. Further information is provided in the PDS dated 4 March 2013.

### Fund Activity

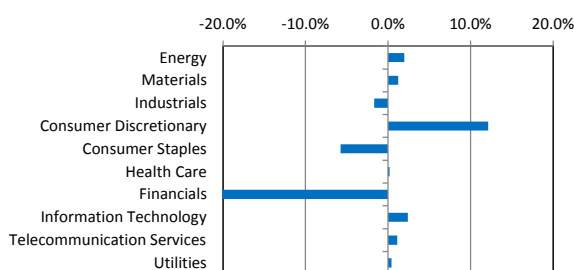
This is the first report for the Atlantic Pacific Australian Equity Fund. The month was busy from all aspects ranging from the investment process to our operational procedures, which we believe will underpin our ability to add value. On the investment front, we had been relatively patient gaining exposure given the environment we had entered. Essentially, we entered a down market which provided us with the opportunity to selectively accumulate core names at very good levels. Most of our core names have rallied through the month, enabling the fund to post a positive return of 1.09% in a market down over 2%. This patience in targeting the right price for investments is central to our belief that this discipline will bring outperformance for unit holders over the long term. In some respects this also provides us with a greater ability to preserve capital. The foundations for Fund positioning were built upon our expectations as to how companies will report leading into the next reporting season. Companies that were accumulated within 1-2% of recent price trading ranges include ANZ (Australia and New Zealand Banking Group), AWE (AWE), CGF (Challenger) and PMV (Premier Investments). Other companies we have purchased on-trend where we believe outperformance will continue into the next reporting season. These names include AMC (Ammcor), JBH (JB HiFi) and SGH (Slater & Gordon). The fund remains very liquid, in the sense the entire portfolio can be liquidated within hours, and this will continue to be the case for the ensuing period. While we could move down the risk curve to exploit valuation anomalies in the micro-cap space, we have chosen to remain in the very liquid space in order to avoid large downside price gaps, if they were to eventuate. We have positioned the portfolio in a conservative fashion, with around 25 names at end of month, across a broad spread of industries. To date we have focussed upon value, price entry and potential outperformance leading into the next reporting season. This will continue over the coming months as well.

### Outlook

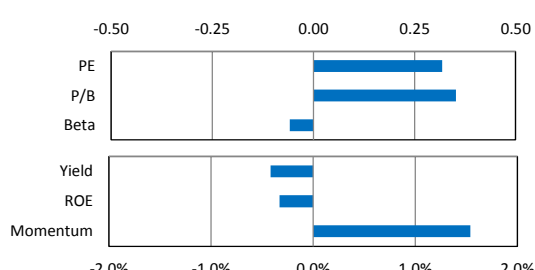
Fund exposure continues to build on a number of themes which we expect to provide both relative and absolute performance. With only a month to go until the next reporting season, we are focussing on company earnings likely to continue to surprise on the upside relative to market expectations. This is driven by underlying organic growth as well as translation benefits from a weaker AUD. Further, value opportunities with respect to the Australian interest rate cycle are being actively reviewed for portfolio inclusion. As with the month of May 2013, we are being selective in terms of price levels, where there is no identifiable catalyst for outperformance. Management of downside macro-economic risk remains a key focus with net exposure management via futures. Index Futures provide a cheap and quick alternative to selling individual names to hedge equity market risk and we expect they will continue to be an important risk management tool given our expectation of continued higher levels of volatility.

### Fund Positioning relative to the S&P/ASX 200 Index

#### Sector Exposure



#### Factor Exposure



### Contributors to Performance

Positive	
0.25%	Premier Investments
0.24%	ANZ Banking Group
0.21%	Westpac Banking
0.21%	Asciano
Negative	
-0.21%	Fortescue Metals
-0.17%	Orica
-0.13%	BHP Billiton
-0.11%	DUET

### Disclaimer

In preparing this document, APSEC Funds Management Pty Ltd, as the Investment Manager of the APAEF, did not take into account the investment objectives, financial situation and particular needs of any individual person. Investors should consider, with or without the assistance of an advisor, whether the information is appropriate in the light of their personal financial circumstances. APSEC Funds Management Pty Ltd ACN 152 440 723 (APSECFM) is a corporate authorised representative (CAR: 411859) of APSEC Compliance and Administration AFSL 345 443 ACN 142 148 409. Information in this document is current as at 9 July 2013.

APSECFM believes that the information contained in this document is accurate when issued. APSECFM does not warrant that such information or advice is accurate, reliable, complete or up-to-date, and to the fullest extent permitted by law, disclaims all liability of APSECFM and its associates. This document should be regarded as general information only rather than advice. It has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider its appropriateness, having regard to their objectives, financial situation and needs. Each person should obtain the relevant Product Disclosure Statement (PDS) relating to the APAEF and consider that PDS carefully before making any decision about the APAEF.

The information contained in this document must not be copied or disclosed in whole or in part without the prior written consent of APSECFM, and APSECFM accept no liability whatsoever for the actions of third parties in this respect. It is presented for informational purposes only and is not to be construed as a solicitation or an offer or recommendation to buy or sell any securities. While due care and attention has been exercised in the preparation of the information, APSECFM gives no representation or warranty, either express or implied, as to the accuracy, completeness or reliability of that information. Any opinions expressed in this document may be subject to change. APSECFM is not obliged to update the information. The information must not be used by recipients as a substitute for the exercise of their own judgment and investigation. Neither APSECFM nor any of their directors, employees or agents accept any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, this document.

Neither One Managed Investment Funds Limited (OMIFL) ABN 47 117 400 987 AFSL 297042 the Responsible Entity of the APAEF, nor APSECFM guarantees the performance of the APAEF or the repayment of any investor's capital. To the extent permitted by law, neither OMIFL nor APSECFM, including their employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this document. Past performance is not indicative of future performance.

Prepared by: APSEC Funds Management Pty Ltd

Lvl 4, 24-30 Springfield Avenue, Potts Point, NSW, 2011

(+612) 8356 9356