

Atlantic Pacific Australian Equity Fund

ARSN 158 861 155



Fund Report and Commentary - 31 July 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 ¹	5.08%	n/a	n/a	n/a	6.23%
Index	5.20%	n/a	n/a	n/a	2.76%
Relative	-0.12%	n/a	n/a	n/a	3.47%

Key Fund Data

Unit Price (Mid)	1.0623	\$10,000	Min. Investment
ICR	2.2%	\$5,000	Add. Investment
Performance Fee ²	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%	5.08%						6.23%

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 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

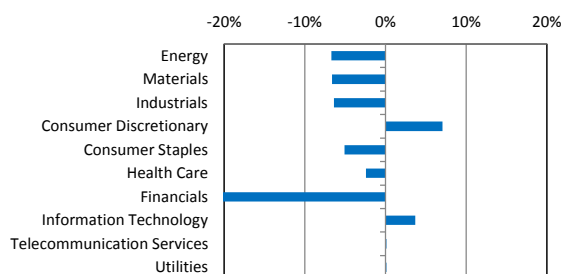
Over the month, markets traversed many different phases. From the outset, direction remained hard to predict with the overhang of the previous two months dwelling on investor's minds. This changed rapidly with dovish comments by major Northern Hemisphere Central banks. This resulted in 4 days of very fast markets accounting for over 60% of the month's gains. We fared quite well in this environment as most of the cyclical and consumer discretionary exposure we had accumulated over the previous month, rallied very strongly including Fortescue Metals (FMG), JB Hi-Fi (JBH), Premier Investments (PMV) and Slater & Gordon (SGH). After this period, the market moved into an uncannily low volatility period. At one point, the market traded within a range of 1% over 5 consecutive trading days. Through this period we had adjusted downwards the net market exposure of the portfolio by selling significant outperformers in the mid cap space, including AWE (AWE), STW Communications (SGN) and Slater & Gordon (SGH) as well as using SPI futures to reduce market exposure. A reduction in exposure enabled accumulation in various lagging banks, relative to the heavyweight Commonwealth Bank (CBA) including new positions in NAB (NAB) and Westpac (WBC). Towards the end of the month, further dovish commentary, but this time from our own Central Bank Governor, saw further gains, dominated by Australian Banks, Telcos and Large Cap Resources. In other words, investors were buying the market, more than attempting to select companies on their own merits. We underperformed in a relative sense through this period as some of our outperforming names peeled off somewhat. However, the net result this month is that we matched the market return. During the month of July, a number of companies pre-reported. Mining services remain troubled by falling revenues and margins. We remain of the view the current rally is not sustainable and are not participating in this "fast money" value trade. We remain exposed to companies that are likely to have positive revisions, rather than relying on sudden changes in investor sentiment.

Outlook

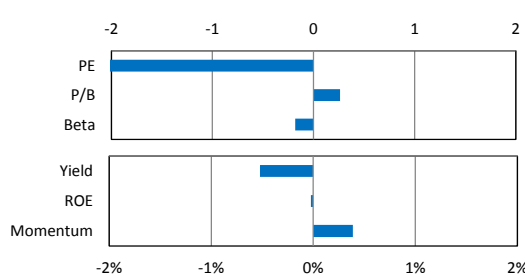
Fund exposure continues to build on a number of themes which we expect to provide both relative and absolute performance through the reporting season. We expect to see increased volatility, as we move closer to key reporting dates, particularly the Australian Banks given their valuations are at historical highs. They need to deliver on cost cutting efforts seen over the past year, given muted credit growth and general business uncertainty, as well as confirm payout levels, which are unlikely to surprise on the upside. The offset to this which may provide general buying support are relative dividend yields to interest rate settings, which currently suggest negative real yields on term deposits. Under this scenario, it would appear necessary for many investors still in cash to move into equities. From a bottom up perspective, there are a number of sectors that remain priced for perfection leading into the reporting season. We are tending to avoid these names as the asymmetry from an event perspective is on the downside. From a macro point of view, global markets remain fixated on US Federal Reserve Policy. We are very sensitive to these events and remain firmly focussed on reducing downside volatility in the Fund.

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

Sector Exposure



Factor Exposure



Contributors to Performance

Contributor	Contribution (%)
Fortescue Metals	0.60%
JB Hi-Fi	0.46%
Premier Investments	0.42%
Slater & Gordon	0.42%
Computershare	-0.17%
QBE Insurance	-0.15%
Boral	-0.10%
Sigma Pharmaceuticals	-0.08%

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 12 August 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