

Atlantic Pacific Australian Equity Fund

ARSN 158 861 155



Fund Report and Commentary - 31 March 2014

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	1.25%	2.32%	3.73%	n/a	21.73%
Index	0.29%	2.09%	5.58%	n/a	13.65%
Relative	0.96%	0.23%	-1.85%	n/a	8.08%

Key Fund Data

Unit Price (Mid)	1.2173	\$10,000	Min. Investment
MER	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%	6.72%	3.51%	1.92%	-3.03%	2.58%	18.97%
2014	-2.67%	3.83%	1.25%										2.32%

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 1 February 2014, may be obtained from www.oneinvestment.com.au/atlantic or from APSEC Funds Management directly.

2. Performance Fees are charged where the Fund's gross 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 1 February 2014. The gross performance fee is effective from 1 April 2013 as per the continuous disclosure found on www.oneinvestment.com.au/atlantic.

Fund Activity

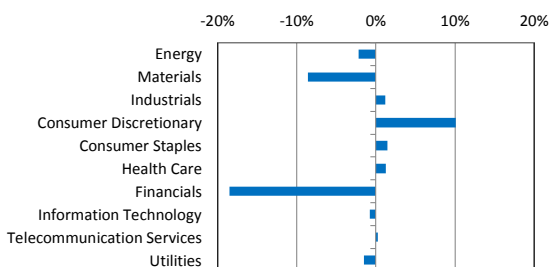
After a significant rally over the preceding month, the Australian share market generally took a breather through the month with no real direction evident despite political uncertainty with Russia. The low for the market was near -1%. In terms of activity, the Fund was positively exposed to a number of retail names which reported well. In particular, our investment in Kathmandu (KMD) has been supported by continuing momentum in earnings. The Fund was also exposed to Premier Investments (PMV), after accumulating exposure near lows throughout the month of February 2014. Premier Investments has been an outstanding investment for the Fund over the past 9 months with two entries at low points and subsequent price performance generating large profits. However, unlike PMV's last report where there remained uncertainty with respect to some of their Australian businesses and change in strategy out of Asia and into the UK for the Smiggles brand, this time around it appeared they hit every major milestone we had expected. The market has subsequently caught up on the pricing of PMV's shares and it will remain a core holding for the Fund. Interestingly, while we had seen the potential for the global development of their Smiggles brand some time ago, it is only now receiving the attention it deserves. The Fund also acquired a number of companies that have recently been sold down relative to the market, with no apparent reason for the re-pricing. This included re-entering into Asciano (AIO) as well as FlexiGroup (FXL) in the latter stages of the month. The Fund has also acquired a position in Iluka Minerals (ILU) after what appears to be potentially a low point in their terminal markets. It is expected that cash flow levels will rebound strongly over the coming year which should translate into higher dividends. Also of note, was the Fund's investment in iCar Asia (ICQ). The company has embarked upon a strategy of dominating internet car sales in Malaysia, Indonesia and Thailand. They have recently started their dealer monetisation program, and with the help of Car Sales' (CRZ) dealer software, should be able to penetrate this market efficiently and effectively. While we remain uncertain on how quickly revenue can be captured in these markets by ICQ, the upside could potentially be enormous. It's important to have positions like these in the portfolio and sized according to liquidity.

Outlook

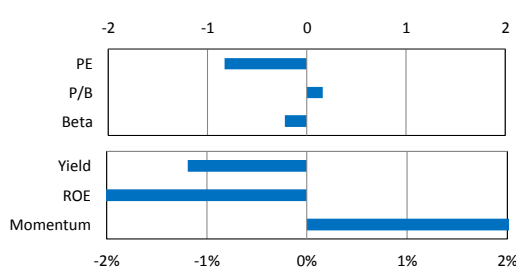
As we noted last month, after a strong reporting period for most companies in Australia with retail companies confirming the trajectory in March 2014, the outlook for Australian markets is positive. We had written many months ago that had earnings momentum not remained positive over the medium term given mid range valuations, then it would be difficult to foresee any major support for equities. The positive momentum in earnings has now materialised. In addition and importantly, the cyclical upswing in employment occurring across the eastern seaboard bodes well for higher household income which will drive the consumer moving forward. After a significant period of household savings post GFC, the low point or sideways movement in consumer expenditure is high. Markets are expected over the medium term, notwithstanding a material macro or geo-political shock, to continue edging up. While there has to be some recognition of the removal of monetary accommodation, the underlying forces globally and particularly in the US with their cyclical upswing continuing, would support continued investment in equities.

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

Sector Exposure



Factor Exposure



Company Contributors to Performance

Positive
iCar Asia
Kathmandu
Premier Investments
Tassal Group
Negative
McMillan Shakespeare
Slater & Gordon
Wesfarmers

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 31 March 2014.

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

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, 151 Castlereagh Street, Sydney, NSW, 2000, (+61 2) 8356 9356