Atlantic Pacific
Australian Equity Fund

ARSN 158 861 155

Fund Report and Commentary - 31 July 2014

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

Period	1 mth	3 mth	6 mth	1 yr	Inception (June 2013) Cumulative	Inception (June 2013) Per Annum
Fund Return[1]	3.15%	2.43%	9.87%	19.8%	27.2%	22.9%
Index	4.40%	3.54%	10.93%	16.5%	19.8%	16.7%
Outperformance	-1.25%	-1.11%	-1.06%	3.2%	7.5%	6.2%

Key Fund Data

Unit Price (Mid)	1.1597	$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%	2.04%	-0.42%	-0.28%	3.15%						6.94%

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 ("Fund") asset values have been calculated using unaudited price and income estimates for the month being reported.
2. Performance Fees are charged where the Fund's gross performance (before fees and expenses) exceeds the performance of the S&P/ASX 200 Accumulation Index by 3%pa and the Fund's High water mark.

Fund Activity

The Australian equity market returned 4.40% for the month of July 2014 which once again was significantly uncorrelated with US and European equity markets. While the month prior to the reporting season is generally muted due to a wait and see approach by most fund managers, the Australian equity market went into overdrive in the last week of the month, which appeared to be driven across Asia. China, for example, rallied strongly returning over 7% for the month, driven by better manufacturing data. From a sector based perspective, large cap resource companies performed strongly through the month after reporting very strong volumes and cost control, though peculiarly not in unison with the rest of Asia in the latter part of the month. Due to the Fund's underweight to resource companies, this led to underperformance relative to the market. Notwithstanding, the Fund's underweight to resource companies will remain in place as, over the medium term, we believe the impact from lower iron ore and copper prices will overshadow the great work the large resource companies have done on cost extraction and cash flow conversion. Activity for the month was focussed on buying companies in the lead up to the reporting season where share prices have been lagging. A new position in Magellan Financial Group (MFG) was entered under $11. MFG presented as a significant laggard in the sector and we were happy to accumulate near support. Unlike other asset managers who are buying capacity to improve operating leverage to equity markets, MFG are performing strongly from organic asset flows. We prefer this dynamic and expect future flows to remain strong over the coming years. Further, in our view, the company is the cheapest in their market segment. Towards the end of the month MFG reported strong inflows leading to strong performance. Making money quickly from a new position is always gratifying, but our thesis on MFG is long term in nature and accordingly should remain a core position in the Fund. A new position in CSL Limited (CSL) was also entered. We have been positively biased towards the company for a long time, but we have been patient as to when we should buy. More recently, there had been doubts over the company's ability to continue growing due to renewed competitor activity which had led to share price underperformance. This was a perfect opportunity to buy a high quality company at a reasonable price. At the time of writing, CSL has reported a standout result and the performance of the company's shares has been very strong. In light of the comments above regarding our underweight to resource names due to continued concerns of falling iron ore prices, we initiated a position in BlueScope Steel (BSL) which uses iron ore as an input to steel making ie BSL is positively exposed to falling iron ore prices. BSL are likely to report strong earnings in August and with the tailwind of improved Australian non-residential construction activity, should benefit disproportionately over the coming years. Our last addition to the portfolio this month was M2 Group (MTU). This company has been making significant strides over the past year bedding down acquisitions. Given recent indications of strong subscriber numbers across their telecommunications products, they stand to benefit significantly over the medium term. Further, they remain the cheapest mid-capitalisation telecommunications company with the potential to achieve a significant re-rating if they deliver on their recent acquisitions. This re-rating, should they execute, would be similar in order to other companies (iiNet:IIN, TPG Telecom:TPG) who have executed on acquisitions successfully.

Outlook

At the time of writing, the Australian reporting season is upon us and we are busily digesting thousands of numbers and looking for embedded clues from company reports and management teams. While the market has started off August 2014 slowly driven by further geopolitical noise ranging from Ukraine to humanitarian efforts in Iraq, we believe these events are most likely transitory and are focussed on buying quality companies as cheap as we can. We have already seen stellar results and will report on these in more detail next month. On the macro front, we made reference to the fact that the European Central Bank (ECB) continues to avoid policy to assist in the reflation of their economies. While some believe they are making inroads, there remains very little evidence to support the notion that their actions are having any impact on economic activity at an aggregate level. With the likelihood of Germany moving into a recessionary state increasing (due to their propensity to save ie not spending), it now appears Europe will move into a Japan-like era of deflation. This is concerning on a number of fronts, not the least of which is that the European community represents the largest trading block in the world. While equity markets in Europe have retraced significantly due to geopolitical concerns as well, we must be vigilant with respect to the Fund's exposure to European product markets. On the international front, we have tended to be overweight to various thematics related to the US and UK so in general the Fund should be insulated somewhat from any further reductions in economic activity in Europe.

See the final page of this report for important information, including warnings.

Prepared by: APSEC Funds Management Pty Ltd

Lvl 4, 151 Castlereagh Street, Sydney, NSW, 2000, (+61 2) 8356 9356

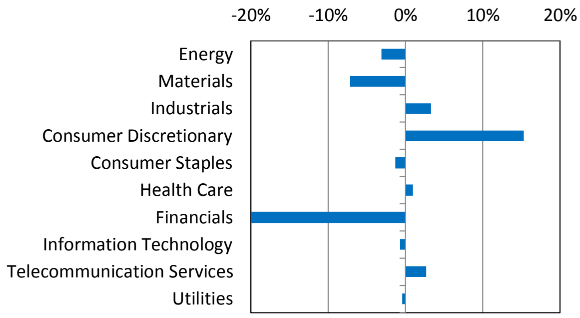
Atlantic Pacific
Australian Equity Fund

ARSN 158 861 155

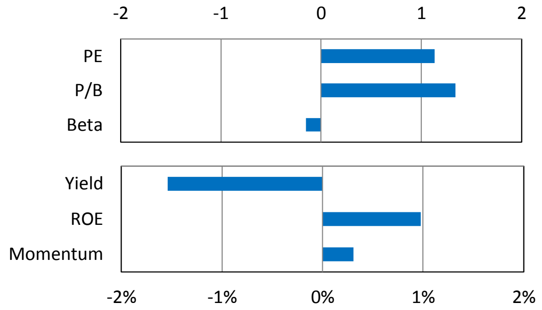
Fund Report and Commentary - 31 July 2014

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

Sector Exposure



Factor Exposure



Company Contributors to Performance

Positive

Flexigroup
JB Hi-fi
Magellan Financial
Premier Investments

Negative

High Peak Royalties

Disclaimer

APSEC Funds Management Pty Ltd ACN 152 440 723 (APSECFM) is a corporate authorised representative (CAR: 411859) of APSEC Compliance and Administration Pty Limited (AFSL 345 443 ACN 142 148 409). APSECFM is the investment manager of the Atlantic Pacific Australian Equity Fund (ARSN 158 861 155) (Fund).

One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) is the responsibility entity of Fund (OMIFL). OMIFL has not been involved in the preparation of this fund report and takes no responsibility for its content. Investors should consider the product disclosure statement (PDS) issued by OMIFL before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it is important investors obtain and read a copy of the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. A copy of the PDS & Additional PDS (Dated 1 February 2014) and continuous disclosures may be obtained from www.oneinvestment.com.au/atlantic or www.apsecfm.com.au.

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. In preparing this document, APSECFM did not take into account the investment objectives, financial situation and particular needs of any individual person.

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. 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.

OMIFL and APSECFM do not guarantee the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither OMIFL nor APSECFM, including their directors, senior executives, 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. Information in this document is current as at 31 Jul 2014.

Prepared by: APSEC Funds Management Pty Limited

Lvl 4, 151 Castlereagh Street, Sydney, NSW, 2000, (+61 2) 8356 9356