Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

Fund Report and Commentary - 31 March 2016

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

						Inception (June 2013)	
Period	1 mth	3 mth	6 mth	1 yr	2 yr (pa)	Cumulative	Per Annum
Fund Return[1]	3.46%	-1.72%	4.1%	1.2%	10.2%	47.8%	14.8%
Index	4.73%	-2.75%	3.6%	-9.6%	1.6%	17.3%	5.8%
Outperformance	-1.28%	1.02%	0.6%	10.8%	8.6%	30.5%	9.0%

Key Fund Data

APIR Code	OMF0003AU		
Ex Unit Price (Mid)	1.2993	$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%	2.27%	-2.89%	3.63%	1.05%	2.56%	14.06%
2015	2.62%	5.60%	-0.66%	-1.82%	0.88%	-5.58%	3.80%	0.81%	-0.67%	4.71%	0.11%	1.06%	10.85%
2016	-3.01%	-2.06%	3.46%										-1.72%

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. Past performance is not indicative of future performance.
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 performed strongly rising 4.73% over the month of March 2016. Generally it was one way traffic for most of the month despite entering from a somewhat bearish tone. The first four days effectively made the month with the banking sector recovering from the lows of the prior month as well as resource companies ripping once again over the first couple of weeks. Once again the manic volatility of last month in the resources space was evident with BHP Billiton (BHP), rising almost 25% to settle up only 8%. In part, this price behaviour was driven by iron ore and oil markets reverting from lows as well as speculation of OPEC production being capped. In all, the speculation that is evident in commodity markets despite aggregate output globally downgraded continually this year, appears a little overzealous. In the case of the iron ore price, this is now being affected by an increased speculative element entering chinese commodity markets. Given the closed nature of their economy, excess cash has to go somewhere and any market where there is a liqudity advantage is within the cross hairs of margin speculators. As mentioned last month, the volatility of iron ore continued, leading to an astonishing 20% one-day move. This led to Fortescue Metals Group (FMG) rising over 60% at one point to settle up only 25% for the month of March. One has to remember these are multi-billion dollar companies gaining multiples of billions of value in a day. This does not seem rational or at least the speed at which companies are being re-rated is perplexing. The yo-yo like behaviour of the underlying prices associated with Chinese speculators confirms this is not real demand, but more akin to billion dollar day trading. This is why we typically allocate a small subset to highly volatile sectors as the volatility can be just as large on the downside. Despite the "casino-like" environment we find ourselves in (for some sectors at least), Fund activity was focussed on generally higher quality companies (depsite these companies not being fashionable at the moment). We continued to purchase companies where industry dynamics remain strong including topping up our holding in APN Outdoor Group (APO). APO is transitioning static billboards to digital formats which is resulting in significant margin expansion with an opportunity for higher revenues as their digital billboard rollout continues. We have also initiated a position in Cohclear (COH) around $100, another quality company which has now shrugged off issues of the past. They remain the leader in their field with one of the strongest earnings upgrade cycles in the market which, from our point of view, is sustainable. COH replaced the Fund's position in Magellan Financial Group (MFG) which has a significant portion of earnings tied to the US dollar, which over the month rose strongly. We would naturally look to accumulate at lower price levels and when the US dollar was expected to depreciate. The Fund's positions in gold-related companies underperformed somewhat but not to any great extent. Premier Investments (PMV) was the last company to report for the current half. The company upgraded their rollout target for Smiggles UK by 5-10% as well as reporting a very large increment to margins across the whole group. Post reporting, the company's shares rallied 15% after rallying 10% pre-report. We expect to maintain this holding for some time (as we have done since inception) with future developments remaining strong.

Outlook

As noted in the prior month, after not performing as well as we had expected through the last reporting period, we remain in accumulation mode and are under-invested in companies we would like to hold over the medium to longer term simply because prices have re-bounded. We are hopeful prices in some companies will revert enabling higher equity exposure. In general, post March 2016 macroeconomic data, it would appear the outlook should be rosier than they had been during the early parts of this year. But during April 2016 the tone of macroeconomic data has flipped. We are yet to be convinced the abnormal returns we have seen in the Materials sector are sustainable and more likely to position the Fund in small ways to this evolving thematic but only on a short-term basis. This cynicism is born from not wanting to attach too much credence to margin-lending dynamics within a closed economy for which we have very little visibility. Tying investment strategy to over-leverage has always been dangerous particularly in illiquid segments of the market and once the party stops, there will be significant distress. We are preferring to continue to invest where there is obvious visibility for industry and company-specific dynamics which over the medium term will serve unitholders well as opposed to investing in billion-dollar companies behaving like penny stocks. We are also in the midst of elections in Australia and the US over the coming months which tend to lead to muted returns. Further, Australian banks are to report through April and May, which could sway sentiment somewhat.

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

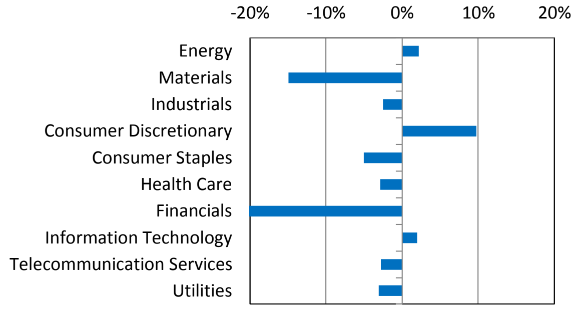
Atlantic Pacific
Australian Equity Fund

ARSN 158 861 155

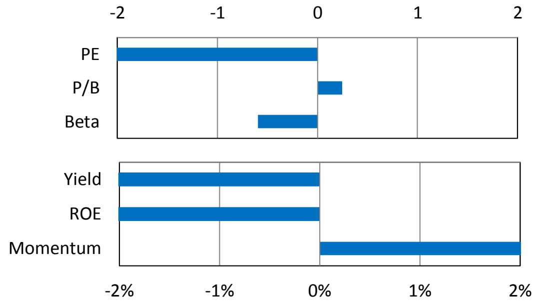
Fund Report and Commentary - 31 March 2016

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

Sector Exposure



Factor Exposure



Company Contributors to Performance

Positive

Challenger Financial Group
Mesoblast
Premier Investments
Retail Food Group

Negative

Evolution Mining
Newcrest
Woodside Petroleum

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 the Fund (OMIFL). The information contained in this document was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries. 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. Any historical figures or statistical data quoted within this report have been sourced from industry sources such as ASX, IRESS, Bloomberg, Reuters or similar that are assumed to be reliable and accurate at the time of publication.

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 March 2016.

For further information, please contact Nicolas Bryon or George Paxton:

n.bryon@apsec.com.au or g.paxton@apsec.com.au

This document has been prepared by: APSEC Funds Management Pty Limited

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