

Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

Fund Monthly April 2019

Return Summary (To April 2019)

Period	1 mth	3 mth	6 mth	1 yr	3 yr (pa)	5 yr (pa)	Cumulative	Per Annum
Fund Return	2.00%	0.4%	1.4%	0.4%	2.9%	5.6%	61.0%	8.3%
S&P/ASX200 Acc.	2.37%	9.3%	10.9%	10.4%	11.1%	6.8%	66.2%	8.8%
Excess return	-0.37%	-8.9%	-9.5%	-10.0%	-8.2%	-1.2%	-5.2%	-0.6%

Fund Returns are prepared on a redemption 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.

Cumulative Returns of \$10,000

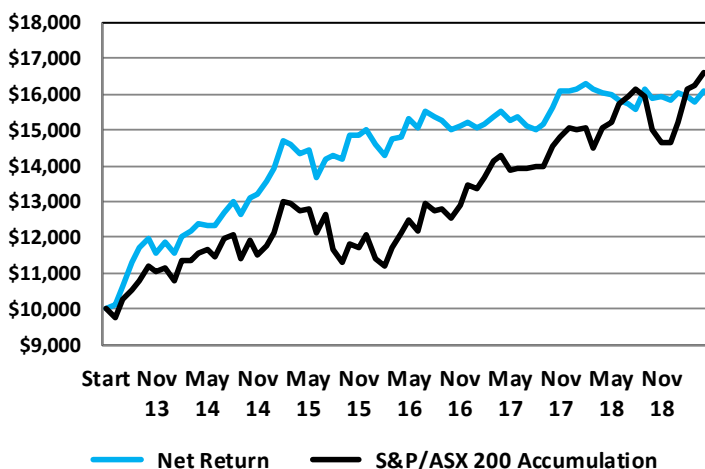


Chart of the Month

Peak Earnings

Estimates for 2019 EPS topped back in September



Source: Bloomberg

Portfolio Activity

Universal Coal (UNV:ASX)	Long	Further Takeover approach @ 40c, unsolicited. Trimmed position due to deal risk.
Crown resorts (CWN:ASX)	Long	Takeover approach by Wynn Resorts. Exited position on day 1 due to regulatory risk.
Revasum (RVS:ASX)	Long	Another profit downgrade. Liquidated position.
Heavily bid-up companies in overbought states	Short	Valuations are starting to look stretched or where fundamentals do not match reality. This includes companies like JB Hifi (JBH:ASX) and Magellan Financial Group (MFG:ASX)

Macro Events

Australian Inflation	Downside Surprise	Led to the belief rates would fall further culminating in a frothy rally into month's end. Has completely unwound in May post RBA decision to not reduce cash rates.
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Portfolio Positioning

Market ended the month in an overall extreme overbought state. Portfolio positioning naturally focuses on individual short opportunities with Futures used tactically in the short term. As per the Chart of the Month, with peak earnings for the US market having occurred months ago and with the traditional US centric "Sell-in-May" dynamic, we remain cautious on having too much exposure in the short term with overnight moves driving sentiment.

Fund Strategy

The Fund is a long-bias equity market product which typically buys or short sells Australian listed securities and derivatives. Net and Gross market exposure is maintained within a range of 0-100% and 0-200%, respectively. The Investment manager employs its Quadruple Alpha Investment Strategy which focuses on outperforming overall market cycles by capturing upside returns while minimising downside risk. The objective of the Fund is to outperform the benchmark by greater than 5%pa after fees over a 5-7 year time frame.

Risk Statistics (As at April 2019)

	Fund		Index	
	5 Year	Inception	5 Year	Inception
Alpha (%pa)	-0.6%	-0.7%		
Downside Capture	45%	49%		
Standard Deviation	5.4%	7.9%	9.3%	10.9%
Sharpe ratio	0.5	0.8	0.5	0.7
Sortino		1.3		1.5
Largest Drawdown	-7.1%	-7.1%	-13.7%	-13.7%

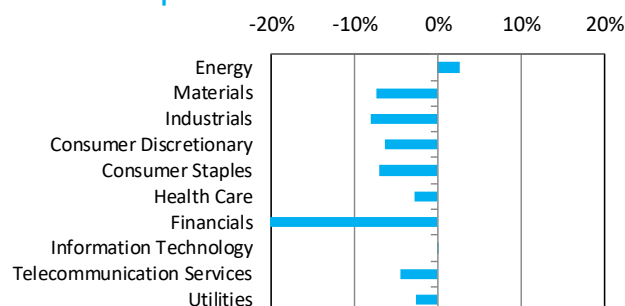
Exposure

	Long	Short	Net	Gross
Equity	41%	-17%	24%	59%
Index Futures	24%	0%	24%	24%
Net	65%	-17%	48%	83%
Cash			52%	

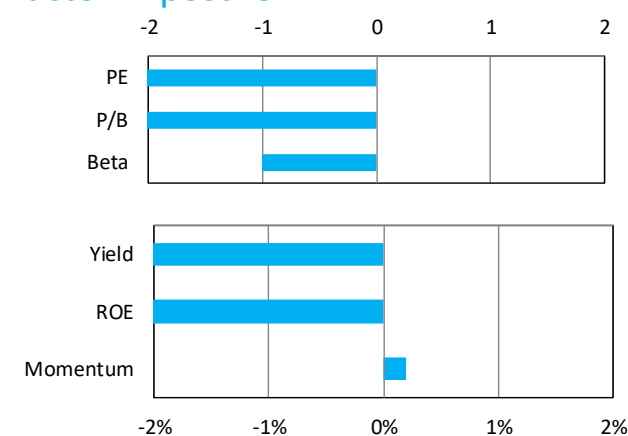
Contribution

Positive	Negative
Crown Resorts (Long)	Amcors (Short)
Mesoblast (Long)	Magellan (Short)
Nufarm (Long)	Revasum (Long)
Universal Coal (Long)	Treasury Wine Estates (Short)

Sector Exposure

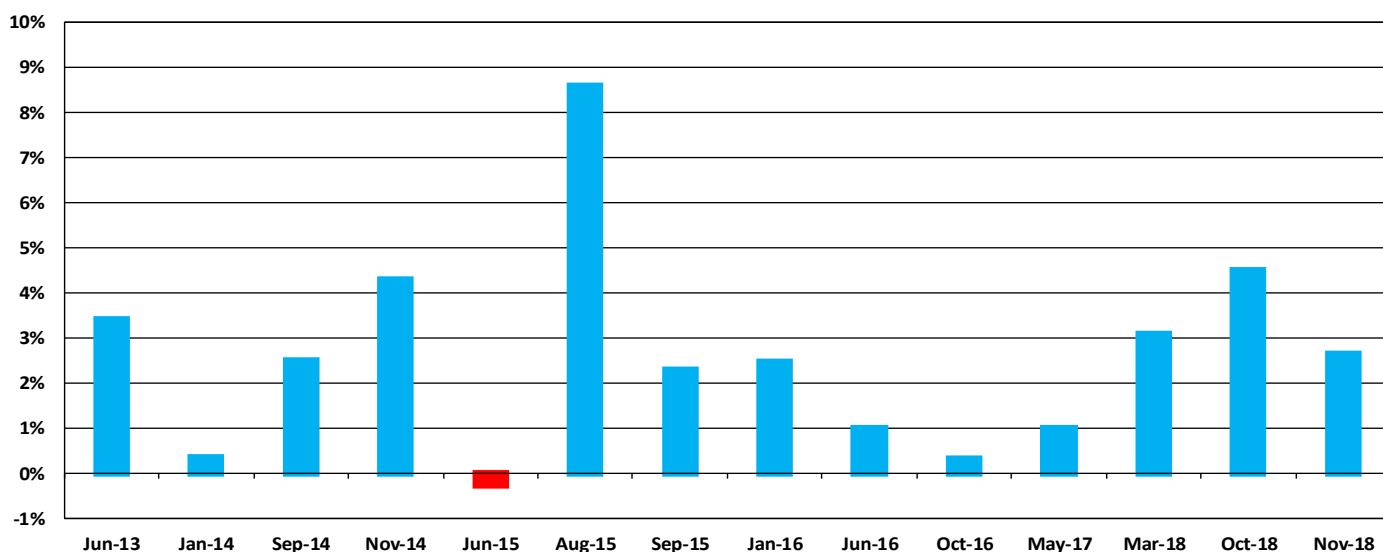


Factor Exposure



Source: APSEC Funds Management

APAEF Relative Returns (From Inception) When the market is down more than -2%



Source: APSEC Funds Management

Fund Information (As at April 2019)

APIR Code	OMF0003AU	Responsible Entity	Equity Trustees Limited
Inception	1 June 2013	Investment Manager	APSEC Funds Management
Minimum Investment	\$10,000	Administrator	Mainstream Group Holdings Ltd
Application/Redemption	Monthly	Custodian	Mainstream Group Holdings Ltd
Management Fee	2.0%	Prime Broker	Interactive Brokers LLC
Benchmark	S&P/ASX200 Accumulation	Auditor	PriceWaterhouseCoopers
Performance Fee	15% above S&P/ASX 200 Accumulation + 3%pa subject to a high water mark		
Mid Unit Price (ex Dist)	1.2560	Application Price (ex Dist)	1.2573
		Redemption Price (ex Dist)	1.2547

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Important information

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