

# Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

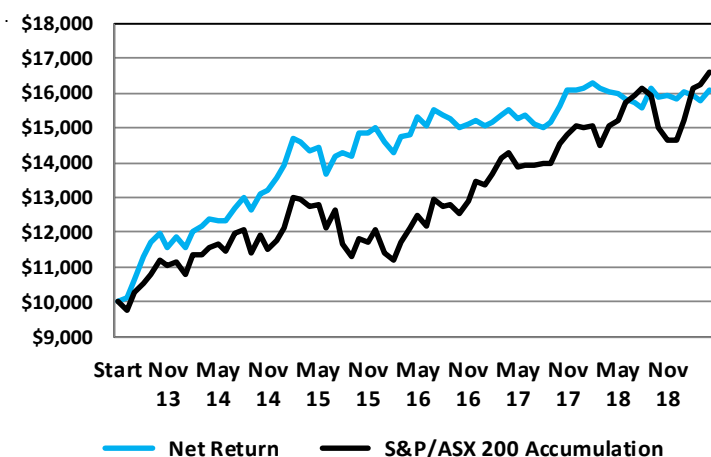
## Fund Monthly May 2019

### Return Summary (To May 2019)

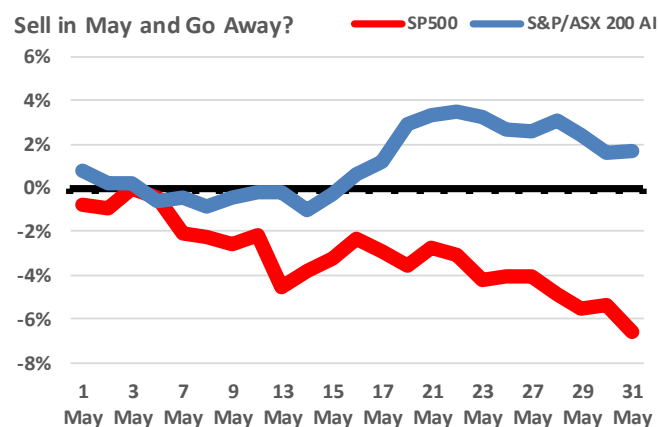
Period	1 mth	3 mth	6 mth	1 yr	3 yr (pa)	5 yr (pa)	Cumulative	Per Annum
Fund Return	-0.41%	0.5%	0.5%	0.4%	1.6%	5.6%	60.4%	8.1%
S&P/ASX200 Acc.	1.71%	4.9%	15.3%	11.1%	10.6%	6.5%	69.1%	9.0%
Excess return	-2.12%	-4.3%	-14.8%	-10.7%	-9.0%	-0.9%	-8.7%	-0.9%

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



### Portfolio Activity

Iron Ore Companies (FMG:ASX, ILU:ASX)	Long	Accumulated around the start of the month. FMG rallied strongly post a fast-tracked special dividend.
Macquarie Group (MQG:ASX)	Long	Company downgraded earnings expectations. They are generally quite conservative but this was extremely negative relative to where expectations has been set. Liquidated position Day-1 post update.
Oil Companies (WPL:ASX, STO:ASX, BPT:ASX)	Short	Instigated shorts across large cap energy companies late in the month. As was typical, our companies failed to fall as fast as the underlying commodity with a generally frothy bid post election and RBA Governor guidance.

### Macro Events

Australian Election	Upside Surprise	Liberals won with the Labour Party losing the all important Retiree cohort. Positioning into Election was neutral which is natural for us. Post election, missed 1.74% rally in market.
RBA Governor Forward Guidance	Upside Surprise	For the first time in a long time, the RBA governor indicated a preference to reducing rates in Australia. Things must be bad in Australia then? Markets continue to be biased positively.

### Portfolio Positioning

Generally neutral, with company and sector specific thematics driving portfolio positioning. With bond rates falling dramatically across the globe due to weak activity data, we do wonder whether the "asset valuation" leverage to lower interest rates is real and whether the profit downgrade tsunami is almost upon us.

## 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 May 2019)

	Fund		Index	
	5 Year	Inception	5 Year	Inception
Alpha (%pa)	-0.9%	-0.9%		
Downside Capture	43%	47%		
Standard Deviation	5.3%	7.9%	9.2%	10.9%
Sharpe ratio	0.5	0.8	0.6	0.7
Sortino		1.4		1.6
Largest Drawdown	-7.1%	-7.1%	-13.7%	-13.7%

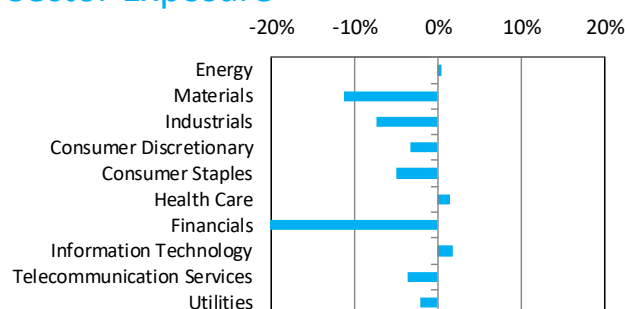
## Exposure

	Long	Short	Net	Gross
Equity	52%	-11%	41%	63%
Index Futures	0%	0%	0%	0%
Net	52%	-11%	41%	63%
Cash			59%	

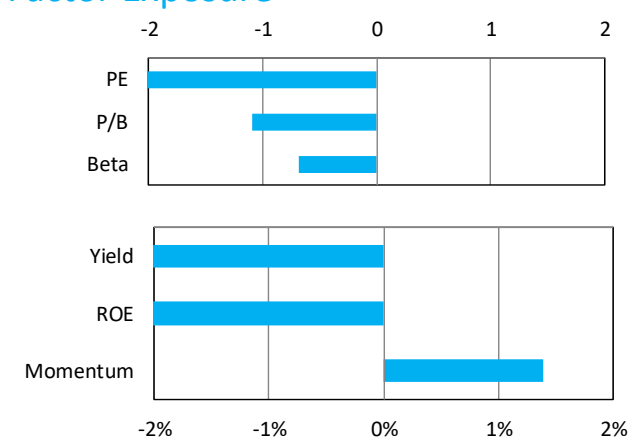
## Contribution

Positive	Negative
Boral (Long)	Brookside Energy (Long)
Fortescue Metals (Long)	Macquarie Group (Long)
Iluka (Long)	Mesoblast (Long)
Resmed (Long)	St Barbara (Long)

## Sector Exposure

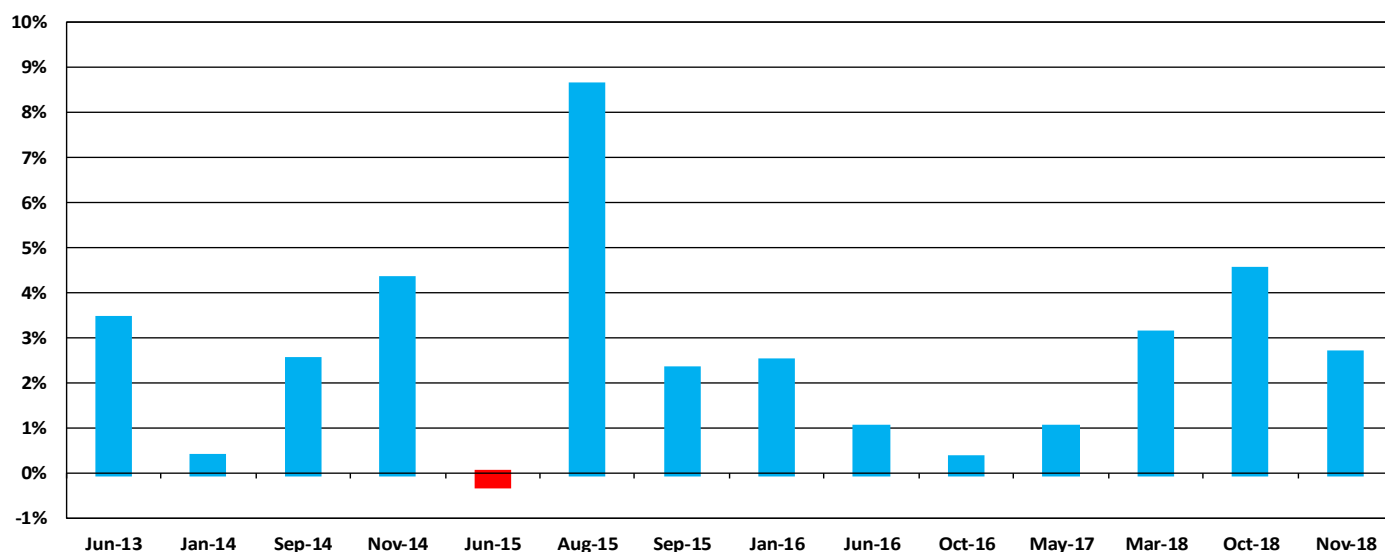


## Factor Exposure



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 May 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)	1.2508	Application Price (ex Dist)	1.2520
		Redemption Price (ex Dist)	1.2495

## Contact Information

Nicolas Bryon	<a href="mailto:n.bryon@apsec.com.au">n.bryon@apsec.com.au</a>	Investment Manager	+ 612 8356 9356
George Paxton	<a href="mailto:g.paxton@apsec.com.au">g.paxton@apsec.com.au</a>	Responsible Entity	1300 555 378
Felix Trong	<a href="mailto:f.trong@apsec.com.au">f.trong@apsec.com.au</a>	Unit Registry	1300 133 451
Website	<a href="http://www.apsecfm.com.au">www.apsecfm.com.au</a>		

## Important information

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