

# Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

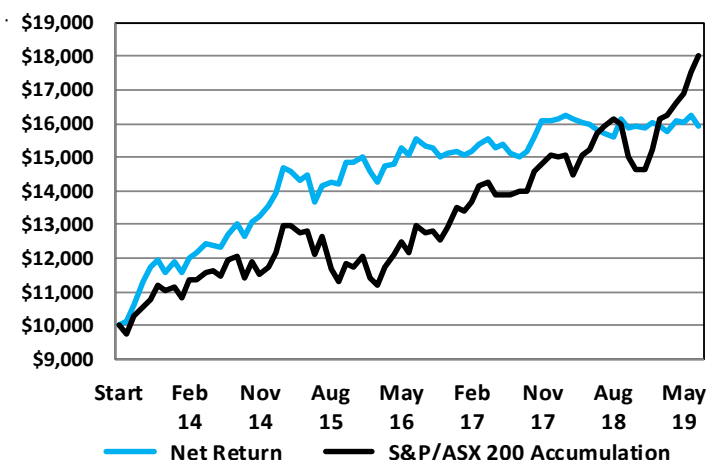
## Fund Monthly July 2019

### Return Summary (To July 2019)

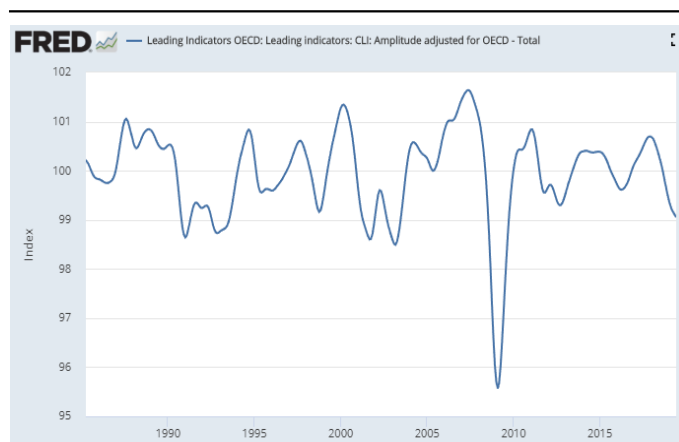
Period	1 mth	3 mth	6 mth	1 yr	3 yr (pa)	5 yr (pa)	Cumulative	Per Annum
Fund Return	-1.78%	-1.0%	-0.7%	1.5%	0.9%	4.9%	59.4%	7.7%
S&P/ASX200 Acc.	2.94%	8.6%	18.7%	13.3%	11.7%	7.1%	80.5%	9.9%
Excess return	-4.72%	-9.6%	-19.3%	-11.8%	-10.8%	-2.2%	-21.1%	-2.2%

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

Universal Coal (UNV:ASX)	Long	Sell down on day 2 of the month leading to some impairment post the current takeover offer being pulled. Always disappointing when these events occur but given the valuation we believe we remain on the right side of this investment. We continue to hold.
Iron Ore Companies rolled (ILU:ASX and FMG:ASX)	Long	Iluka was hit by a profit downgrade during the month leading to a 20% fall. While on the surface the production downgrade was unexpected, this only improves the future dynamics of their commodity set and we remain invested. Rio Tinto (RIO:ASX) shorted to hedge out iron ore exposure in the short term around \$104.10.
A few Shorts appearing now	Short	Ancor (AMC:ASX) covered making a small profit. ASX (ASX:ASX) provided a small profit on the short side.

### Macro Events

Fiscal policy adjustments in Europe starting	Downside imminent	Given the tight linkage of the manufacturing cycle in Germany with China, it is no wonder that Germany is now the epicentre of global growth expectations. The ECB and the German Government are now looking to shore up the domestic economy.
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### Portfolio Positioning

Forward leading indicators of economic activity continue to fall due to varying issues. Trade wars reducing manufacturing activity, property markets reducing construction activity while money is cheap. Who won last time? It certainly wasn't equity markets. No obvious reason to believe a global recession is imminent given likely Monetary and Fiscal support.

## 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 after fees and expenses over a 5-7 year time frame.

## Risk Statistics (As at July 2019)

	Fund		Index	
	5 Year	Inception	5 Year	Inception
Alpha (%pa)	-2.2%	-2.2%		
Downside Capture	43%	47%		
Standard Deviation	5.0%	7.8%	9.1%	10.8%
Sharpe ratio	0.4	0.8	0.6	0.8
Sortino		1.3		1.8
Largest Drawdown	-7.1%	-7.1%	-13.7%	-13.7%

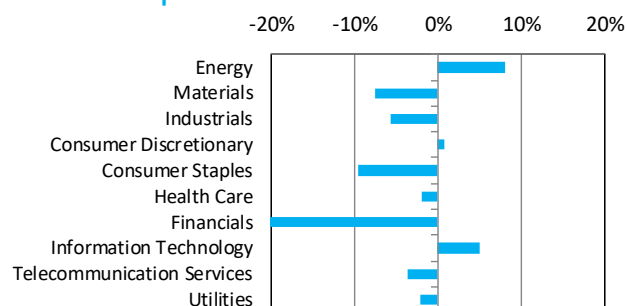
## Exposure

	Long	Short	Net	Gross
Equity	55%	-9%	47%	64%
Index Futures	0%	0%	0%	0%
Net	55%	-9%	47%	64%
Cash			53%	

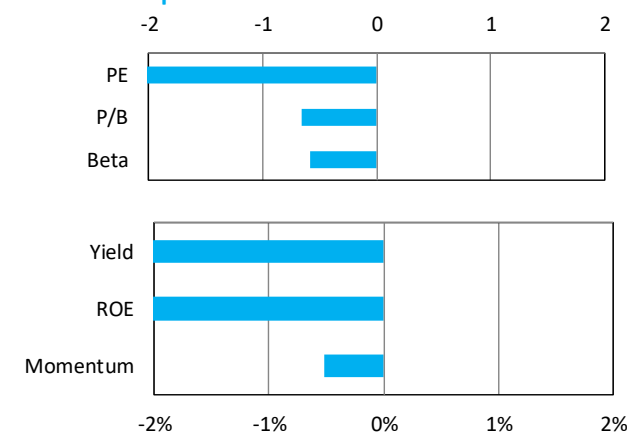
## Contribution

Positive	Negative
Brookside Energy (Long)	Fortescue Metals (Long)
Cleanaway Waste (Long)	Iluka (Long)
CSL (Long)	Norwood Systems (Long)
Resmed (Long)	Universal Coal (Long)

## Sector Exposure

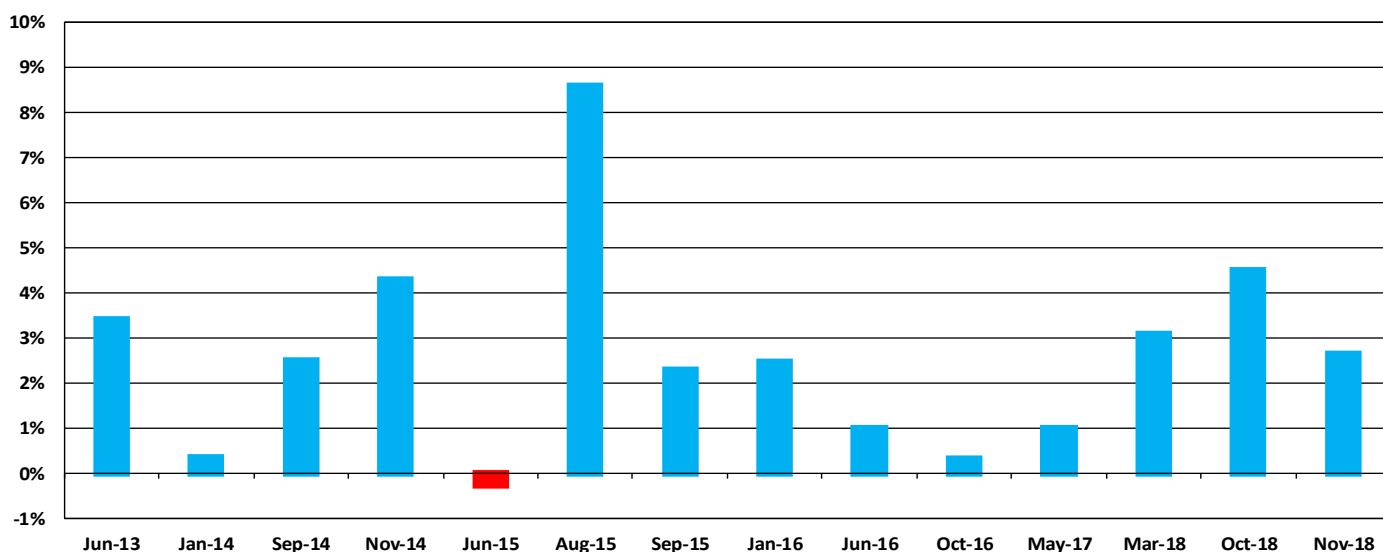


## Factor Exposure



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 July 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)	1.1570	Application Price (ex Dist)	1.1582
		Redemption Price (ex Dist)	1.1558

## Contact Information

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Website	<a href="http://www.apsec.com.au">www.apsec.com.au</a>	Unit Registry	1300 133 451

## Important information

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