

# Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

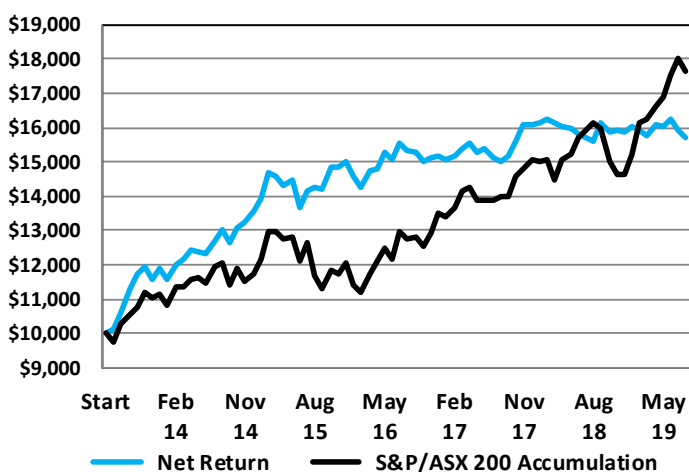
## Fund Monthly August 2019

### Return Summary (To August 2019)

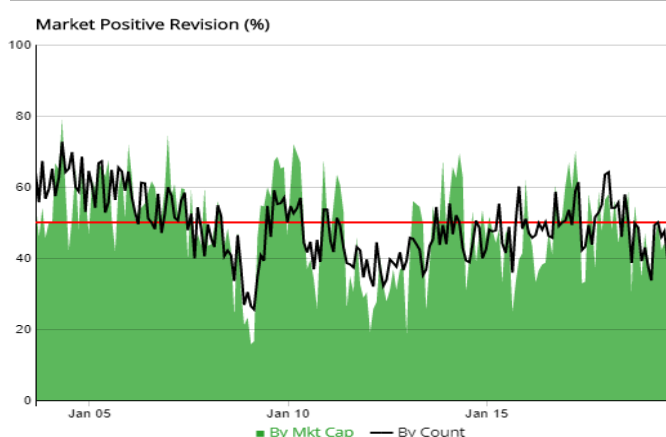
Period	1 mth	3 mth	6 mth	1 yr	3 yr (pa)	5 yr (pa)	Cumulative	Per Annum
Fund Return	-1.47%	-2.1%	-1.5%	0.8%	0.7%	4.1%	57.0%	7.4%
S&P/ASX200 Acc.	-2.36%	4.2%	9.3%	9.0%	11.4%	7.0%	76.2%	9.4%
Excess return	0.88%	-6.3%	-10.9%	-8.2%	-10.6%	-2.8%	-19.2%	-2.0%

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

Brambles (BXB:ASX)	Short	A new short position was initiated on the 2 August around \$13.30. Not sure why analysts have been so positive on the stock given they are a global proxy on Trade flows. Company downgraded expectations resulting in a downdraft to \$11.20 where we covered.
A few other shorts also paid off, not to mention the Fund's hedging activity with SPI.	Short	Treasury Wine Estates (TWE:ASX) provided short term juice with a Short Selling Researcher downgrading the company. Magellan Financial Group also fell but we covered too early. SPI Futures usage provided full hedge protection on some of the uglier days. Expect this coverage to be a feature as it has been since inception.
Ansell (ANN.ASX)	Long	One of the bright spots in the Fund's long portfolio. Positive earnings revisions with what appears conservative confidence. A relatively stable, cheap defensive.

### Macro Events

Co-ordinated global manufacturing slowdown continues. US next?	Downside imminent	As we had predicted, downside showed up through the month. At the time of writing, New Manufacturing Orders in America fell for the first time in a long time. This is an ominous sign if this persists.
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### Portfolio Positioning

As shown above in the Chart of the Month, earnings revisions in Australia during the latest reporting season continue to fall. This is the third reporting season in a row where expectations have not been met. And yet the market sits near all time highs. Something will give. Beta protection will be paramount over coming months.

## 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 August 2019)

	Fund		Index	
	5 Year	Inception	5 Year	Inception
Alpha (%pa)	-2.8%	-2.0%		
Downside Capture	44%	49%		
Standard Deviation	4.8%	7.8%	8.8%	10.8%
Sharpe ratio	0.3	0.7	0.6	0.7
Sortino		1.2		1.7
Largest Drawdown	-7.1%	-7.1%	-13.7%	-13.7%

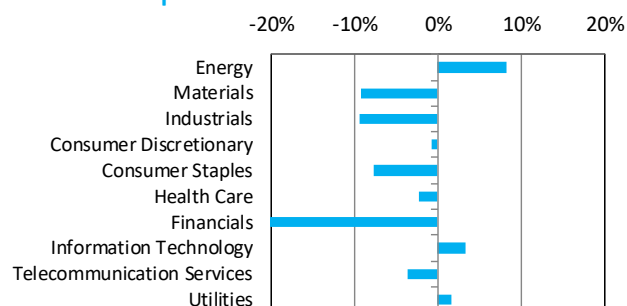
## Exposure

	Long	Short	Net	Gross
Equity	51%	-1%	49%	52%
Index Futures	0%	0%	0%	0%
Net	51%	-1%	49%	52%
Cash			51%	

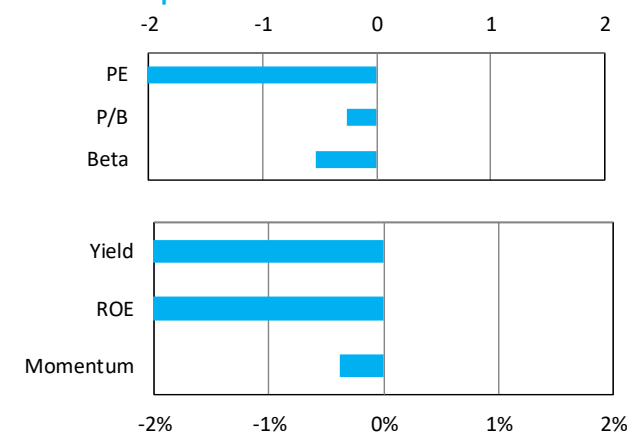
## Contribution

Positive	Negative
Ansell (Long)	Cleanaway Waste (Long)
Brambles (Short)	Iluka Resources (Long)
Magellan (Short)	Mineral Resources (Long)
Treasury Wine Estates (Short)	Norwood Systems (Long)

## Sector Exposure

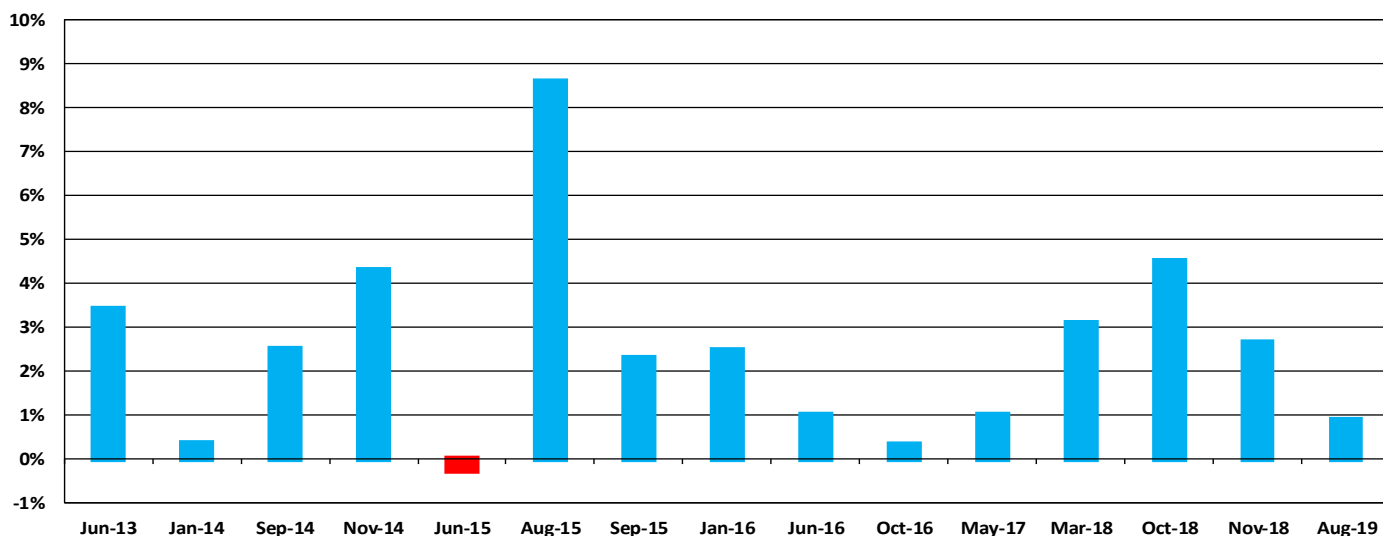


## Factor Exposure



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 August 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	1.1399	Application Price	1.1410
		Redemption Price	1.1388

## 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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