

Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

Fund Monthly October 2019

Return Summary (To October 2019)

| Period | 1 mth | 3 mth | 6 mth | 1 yr | 3 yr (pa) | 5 yr (pa) | Cumulative | Per Annum |
|-----------------|--------|-------|--------|--------|-----------|-----------|------------|-----------|
| Fund Return | -4.73% | -3.7% | -4.7% | -3.3% | 0.8% | 3.5% | 53.5% | 6.8% |
| S&P/ASX200 Acc. | -0.35% | -0.9% | 7.6% | 19.3% | 12.6% | 7.6% | 78.8% | 9.4% |
| Excess return | -4.38% | -2.8% | -12.3% | -22.6% | -11.8% | -4.1% | -25.3% | -2.5% |

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

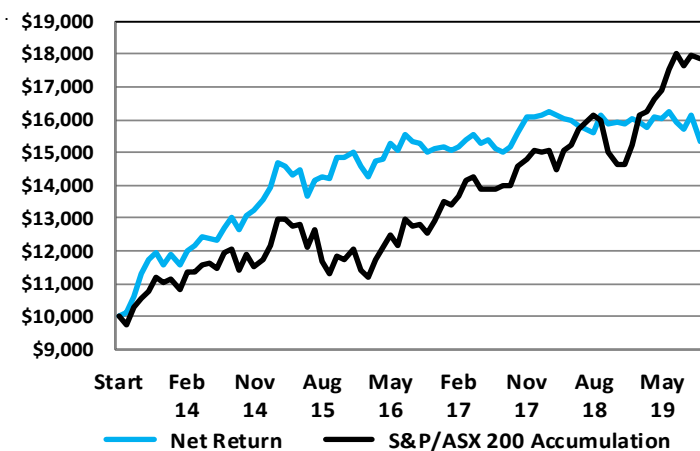
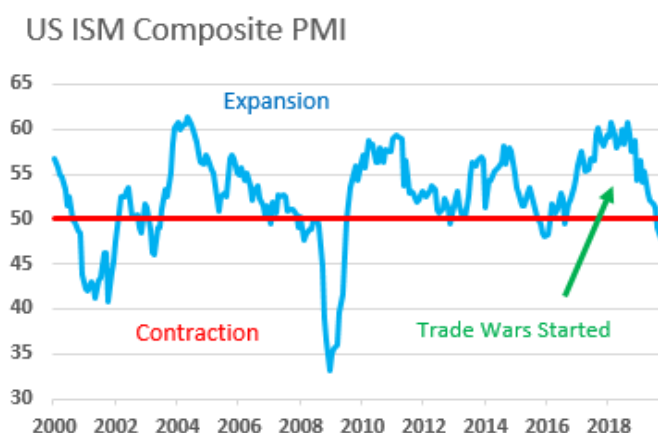


Chart of the Month



Portfolio Activity

| | | |
|--------------------------|------|--|
| Australian SPI | Long | Exited September month with normal exposure. We lifted exposure into the RBA announcement the following day. Then the US PMI arrived printed another negative number but given the reaction of the prior month with a recovery in prices we decided that the overall tone in the Australian market would offset US specific issues with some view that the Trade War would unwind somewhat. Unfortunately the second was an even larger down day where we stopped out of the position resulting in a loss close to 2% on the position. We don't encounter these situations very often and the risk management we undertake forces us to close the book down. Unfortunately, the market rallied from lows over the rest of the month leaving us very disappointed, and accordingly for unitholders. |
| Mesoblast (MSB:ASX) | Long | On the first day of the month, the company entered into a trading halt for a capital raising. We were quite perplexed by this event given the up front payments from the prior months deal with Grunenthal. Given the overall size of the capital raising, this has led to some indigestion in the short run. We are confident given the size of the opportunity for the company across multiple product types the share price will recover when news comes to hand. This position cost the fund 1%. |
| Universal Coal (UNV.ASX) | Long | Once again dragged on performance closing the month down 6%. However there are green shoots potentially on the horizon with a corporate taking a 20% stake in the company at a 40% premium to the current share price. Our internal price target for the company is multiples of the current share price and with now an active register we are hopeful of better things to come. It certainly makes no sense for the company to be priced as it is currently. |

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 October 2019)

| | Fund | | Index | |
|--------------------|--------|-----------|--------|-----------|
| | 5 Year | Inception | 5 Year | Inception |
| Alpha (%pa) | -4.1% | -2.5% | | |
| Downside Capture | 51% | 55% | | |
| Standard Deviation | 5.7% | 8.0% | 8.7% | 10.7% |
| Sharpe ratio | 0.2 | 0.6 | 0.7 | 0.7 |
| Sortino | | 1.0 | | 1.6 |
| Largest Drawdown | -7.1% | -7.1% | -13.7% | -13.7% |

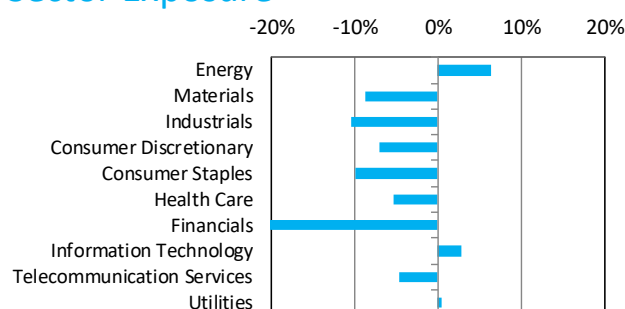
Exposure

| | Long | Short | Net | Gross |
|---------------|------|-------|------|-------|
| Equity | 51% | -2% | 49% | 53% |
| Index Futures | 0% | -29% | -29% | 29% |
| Net | 51% | -31% | 20% | 82% |
| Cash | | | 80% | |

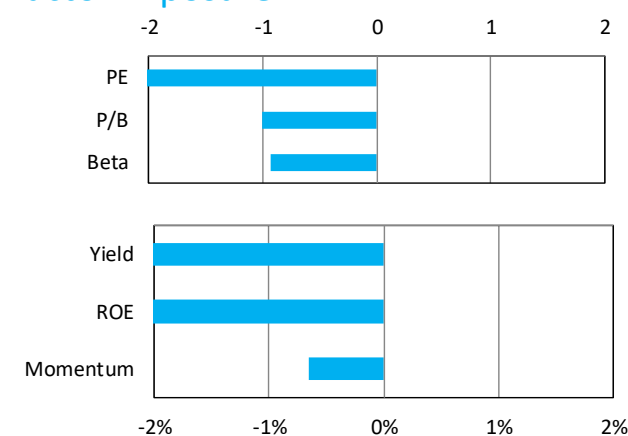
Contribution

| Positive | Negative |
|--------------------------|------------------------|
| Brookside Energy (Long) | Australian SPI (Long) |
| Mineral Resources (Long) | Mesoblast (Long) |
| Santos (Long) | Norwood Systems (Long) |
| Saracen Mineral (Long) | Universal Coal (Long) |

Sector Exposure

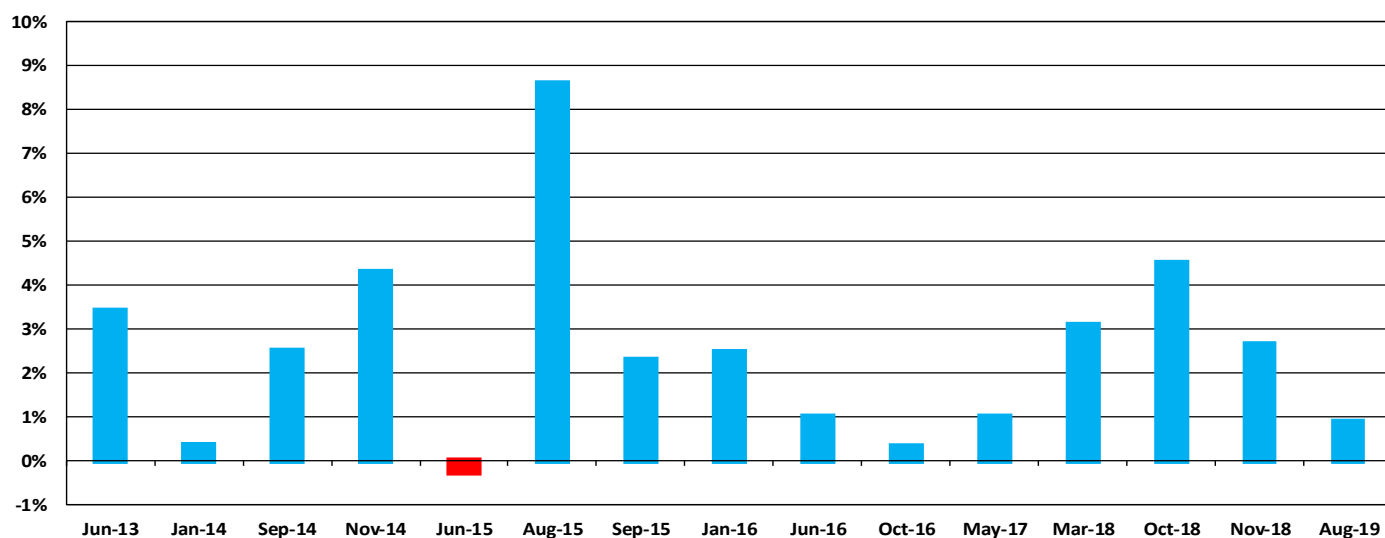


Factor Exposure



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 October 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 | 1.1144 | Application Price | 1.1155 |
| | | Redemption Price | 1.1133 |

Contact Information

| | | | |
|--------------|--|--------------------|--------------|
| Felix Trong | f.trong@apsec.com.au | Investment Manager | 1300 379 307 |
| Habib Chebli | h.chebli@apsec.com.au | Responsible Entity | 1300 555 378 |
| Website | www.apsec.com.au | Unit Registry | 1300 133 451 |

Important information

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). This document has been prepared and issued by APSECFM. Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity of the Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX:EQT). A Product Disclosure Statement (PDS) for the Fund is available at www.eqt.com.au/insto and can be obtained by calling APSEC on +612 8356 9356. The PDS should be considered in deciding whether to acquire, or to continue to hold, an investment in the Fund. This material is for general information purposes only. It is not an offer or a recommendation to purchase or sell any security and is not intended to substitute for the Fund's PDS which will outline the risks involved and other relevant information. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Please note that past investment performance is not a reliable indicator of future investment performance. Equity Trustees do not express any view about the accuracy or completeness of information that is not prepared by Equity Trustees and no liability is accepted for any errors it may contain. The performance of the Fund or the repayment of any investor's capital is not guaranteed. This information has not been prepared taking into account your objectives, financial situation or particular needs. This document may contain information provided directly by third parties. To the maximum extent permitted by law, APSECFM excludes liability for material provided by third parties. APSECFM does not warrant that such information is accurate, reliable, complete or up-to-date, and to the fullest extent permitted by law, disclaims all liability of APSECFM and its associates. APSECFM believes that the information contained in this document is accurate when issued. To the maximum extent permitted by law, APSECFM excludes liability for any loss or damage arising as a result of reliance placed on the contents of this document.

HALO is an analytical tool developed and owned by HALO Technologies Pty Ltd (ABN: 54 623 830 866) (HALO Tech) a Corporate Authorised Representative (CAR: 1261916) of Amalgamated Australian Investment Solutions Pty Ltd (ABN: 61 123 680 106. AFSL: 314 614) (AAIS) and a related party to ASPEC FM. HALO only contains factual and forecast information. Information presented or extracted from HALO should not be considered advice or a recommendation. Any forecast information relates to the intent, belief and current expectations of various analysts via Factset with respect to the performance of the respective stocks based on historical and projected performance data. You should not place undue reliance on these forward-looking statements. While all due care has been used in the preparation of the forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside of HALO Tech's or AAIS's control. If you would like more detail in relation to HALO please contact APSEC FM / or your Adviser.