

Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

Fund Monthly December 2019

Return Summary (To December 2019)

Period	1 mth	3 mth	6 mth	1 yr	3 yr (pa)	5 yr (pa)	Cumulative	Per Annum
Fund Return	0.36%	-2.8%	-3.5%	-1.2%	1.0%	3.2%	56.6%	7.0%
S&P/ASX200 Acc.	-2.17%	0.7%	3.1%	23.4%	10.3%	6.3%	80.7%	9.3%
Excess return	2.53%	-3.5%	-6.5%	-24.6%	-9.2%	-3.1%	-24.1%	-2.3%

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

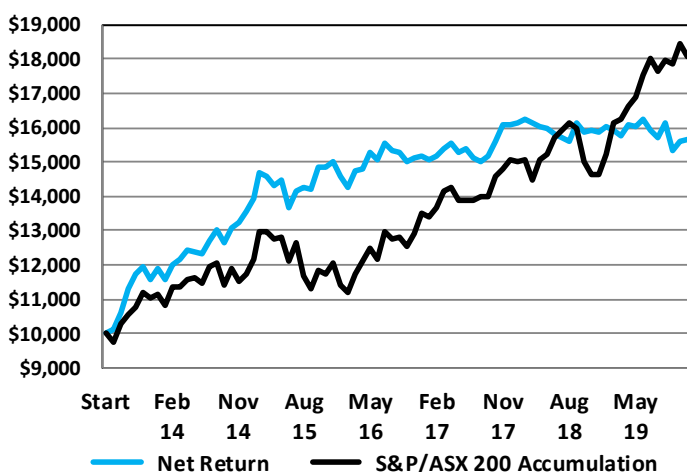
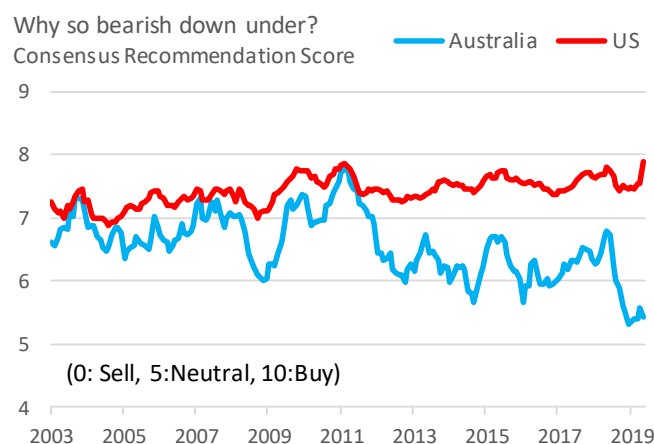


Chart of the Month



Portfolio Activity

Clinuvcl Pharmaceuticals (CUV:ASX)	Long	New position initiated. The stock has retreated from ~AUD\$45 post recent news in October regarding the approval of their skin disorder drug, Scenesse. We accumulated around \$26.90. While near term valuation appear expensive, the extent of growth coming now that they have their regulatory approval appears cheap longer term. The company's balance sheet provides comfort despite the short interest being elevated.
Nickel Mines (NIC:ASX)	Long	New Position initiated @ \$0.55. Another instance of a pull back in price (near 30%) where we have accumulated. Strong earnings growth profile as their Nickel mine increases production with optionality in production growth also evident. The company is well placed on the global industry cost curve and has a strengthening balance sheet to support future growth. Valuations are compelling.

Portfolio Positioning

Very odd market sell down to the prior month, pleasingly our Fund held up well in the conditions. Recent geopolitical instability has presented caution. We are of the view that a number of positions the Fund holds are now starting to mature and we expect these to start performing more materially over 2020.

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 December 2019)

	Fund		Index	
	5 Year	Inception	5 Year	Inception
Alpha (%pa)	-3.1%	-2.3%		
Downside Capture	53%	54%		
Standard Deviation	5.6%	7.9%	8.7%	10.7%
Sharpe ratio	0.2	0.7	0.7	0.7
Sortino		1.1		1.6
Largest Drawdown	-7.1%	-7.1%	-13.7%	-13.7%

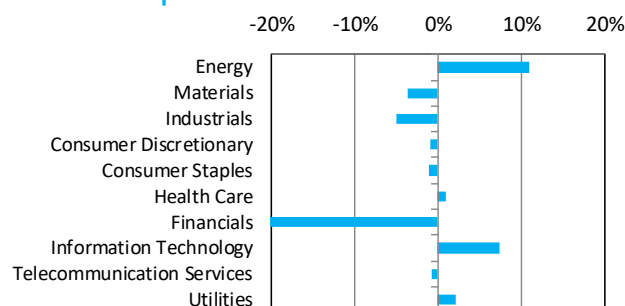
Exposure

	Long	Short	Net	Gross
Equity	46%	-6%	40%	52%
Index Futures	50%	0%	50%	50%
Net	96%	-6%	90%	102%
Cash			10%	

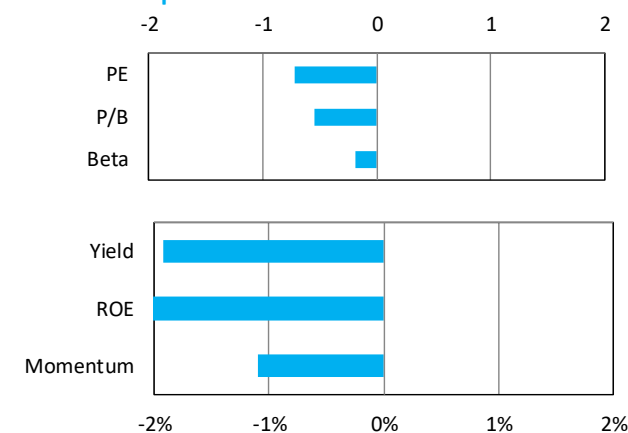
Contribution

Positive	Negative
Mesoblast (Long)	Japara Healthcare (Long)
Fortescue Metals (Long)	McMillan Shakespeare (Long)
Nickel Mines (Long)	Regis Resources (Long)
Norwood Systems (Long)	Universal Coal (Long)

Sector Exposure

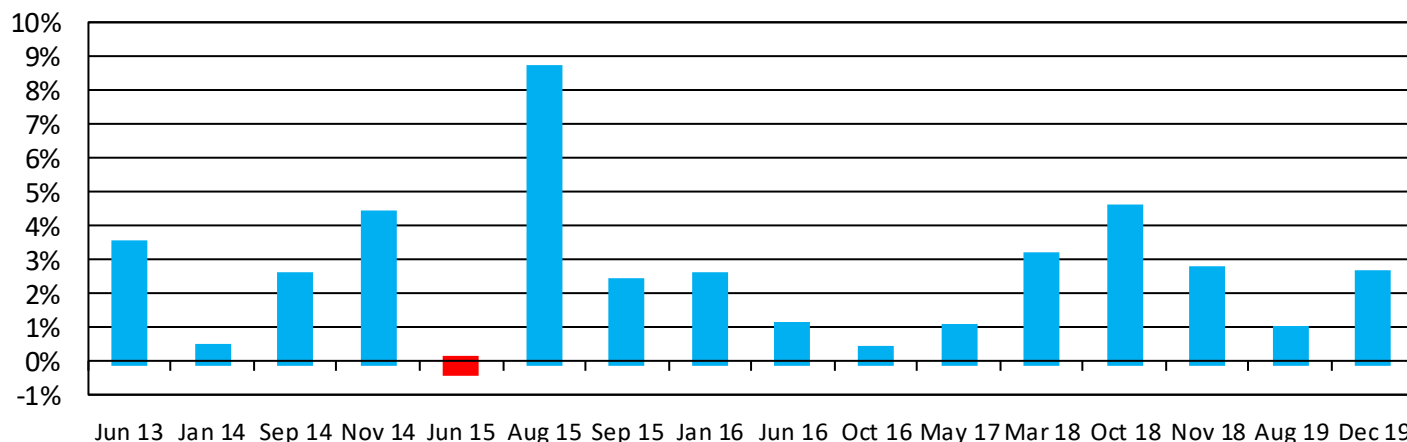


Factor Exposure



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 December 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	1.1370	Application Price	1.1381
		Redemption Price	1.1359

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Important information

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