

Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

Fund Monthly March 2020

Return Summary (To March 2020)

Period	1 mth	3 mth	6 mth	1 yr	3 yr (pa)	5 yr (pa)	Cumulative	Per Annum
Fund Return	17.19%	15.1%	11.9%	14.2%	5.4%	4.3%	80.3%	8.9%
S&P/ASX200 Acc.	-20.65%	-23.1%	-22.6%	-14.4%	-0.6%	1.4%	39.0%	4.9%
Excess return	37.84%	38.2%	34.4%	28.6%	6.0%	2.9%	41.3%	4.0%

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

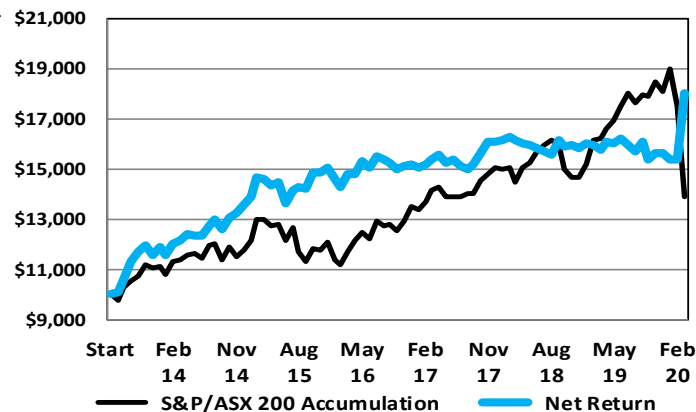
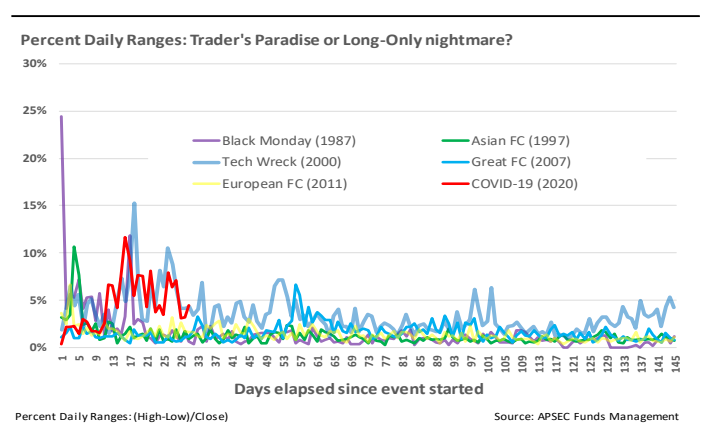


Chart of the Month



Portfolio Activity

SPI Futures Hedging and Trading	Short & Long	Markets continued to tumble falling 20.65% over the month. The low point for Futures was on the 23 March, down 31% relative to the prior month's close. Daily price ranges have been persistently large ranging from 4-12% on over 50% of days since the 21st February. This price volatility is more akin to the NASDAQ Tech-wreck. If history is any guide, the daily volatility is likely to compress moving forward. Notwithstanding, this episode has presented a once-in-a-multi-decade opportunity of amazing trading ranges in the most liquid Australian equity-related instrument, SPI. We have made the most of this volatility with SPI hedging and trading contributing 27% to Fund returns. Our activity persisted across all time zones looking for opportunities to reverse tack. In one instance on the morning of the 17th March we were able to accumulate a sizeable long position which contributed alone a 3% trading gain.
Traded Directional Strategy post oversold state & Laggard Strategy utilising minimal capital.	Long	When markets become very oversold, there are ample opportunities in very liquid, high quality names that became too good to be true. While we don't think valuations are necessarily attractive with the economic cost yet to be borne across the globe, on a relative basis, stocks were likely to snap back with very strong performance. Given the volatility exhibited in prices, we were fortunate to be able to deploy small amounts of capital on the long side and capture outsized returns, in some cases 10-20% over 2 days. Some examples include Aristocrat Leisure (ALL:ASX), James Hardie (JHX:ASX), Scentre Group (SCG:ASX), Sonic Healthcare (SHL:ASX) and Woodside Petroleum (WPL:ASX).

Portfolio Positioning

We remain vigilant looking for opportunities to buy quality, liquid companies that are likely to see the other side of this economic malaise. We are still uncertain as to whether markets will rebound in a V-shape and prefer to err on the side of caution with a more likely elongated u-shape recovery given the levels of indebtedness that are likely to prevail over the coming year for households, SMEs and Government. We will remain fully hedged over weekends.

We are delighted to have not only protected investor capital during this period of extreme volatility, but to also have generated some exceptional capital growth when most other fund managers have been experiencing significant losses.

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 March 2020)

	Fund		S&P/ASX 200 AI	
	5 Year	Inception	5 Year	Inception
Alpha (%pa)	2.9%	4.0%		
Downside Capture	15%	24%		
Standard Deviation	11.3%	10.1%	15.8%	13.8%
Sharpe ratio	0.3	0.7	0.1	0.3
Sortino		1.5		0.7
Largest Drawdown	-7.1%	-7.1%	-26.7%	-26.7%

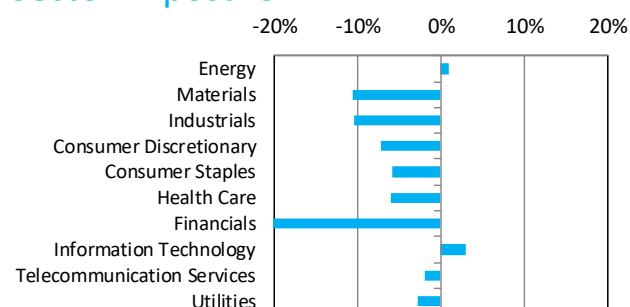
Exposure

	Long	Short	Net	Gross
Equity	51%	-1%	49%	52%
Index Futures	0%	-26%	-26%	26%
Net	51%	-27%	23%	78%
Cash			77%	

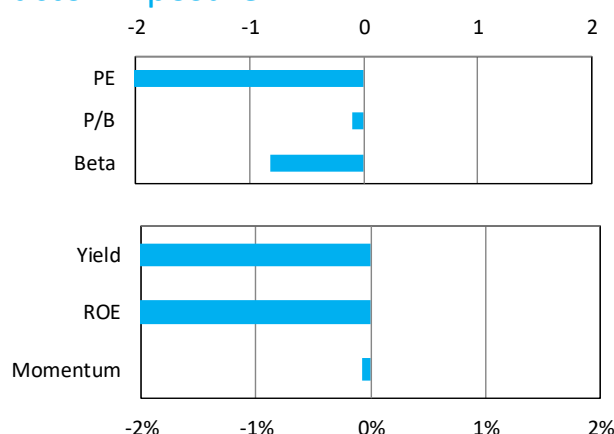
Contribution

Positive	Negative
A2 Milk (Long)	Boral (Long)
Magellan Financial (Long)	Mesoblast (Long)
Scentre Group (Long)	Norwood Systems (Long)
Woodside Petroleum (Long)	Universal Coal (Long)

Sector Exposure



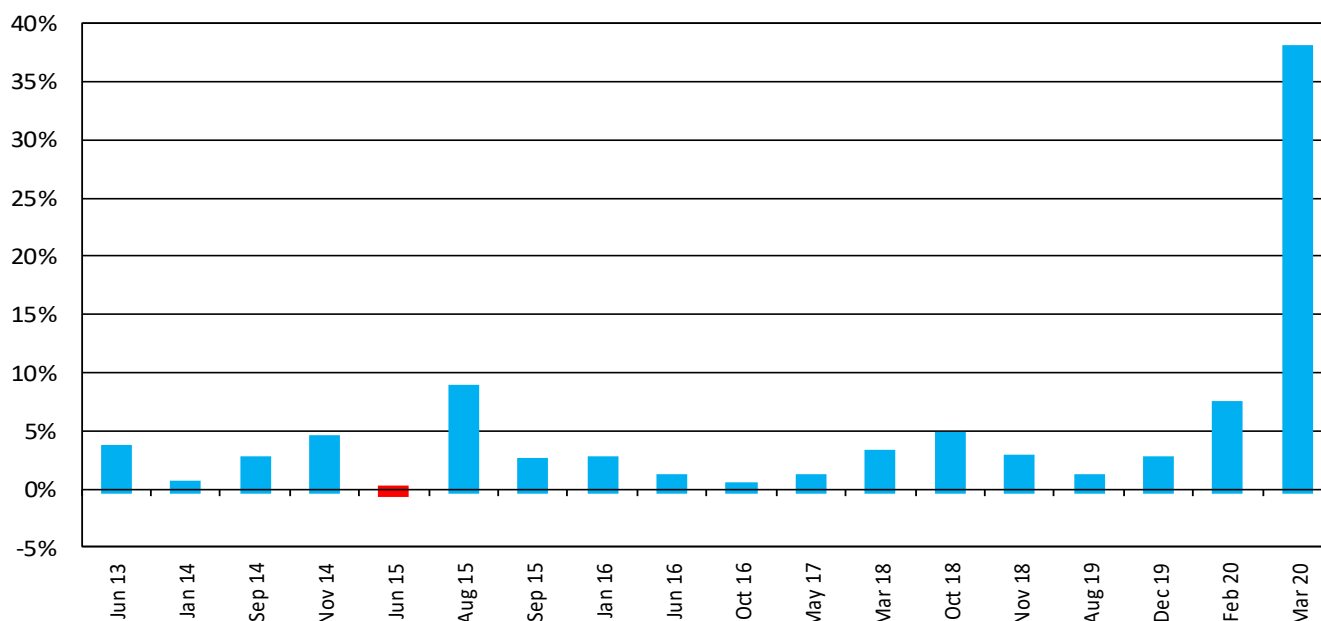
Factor Exposure



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 March 2020)

APIR Code	OMF0003AU	Responsible Entity	Equity Trustees Ltd
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	1.3085	Application Price	1.3098
		Redemption Price	1.3072

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Important information

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