

# Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

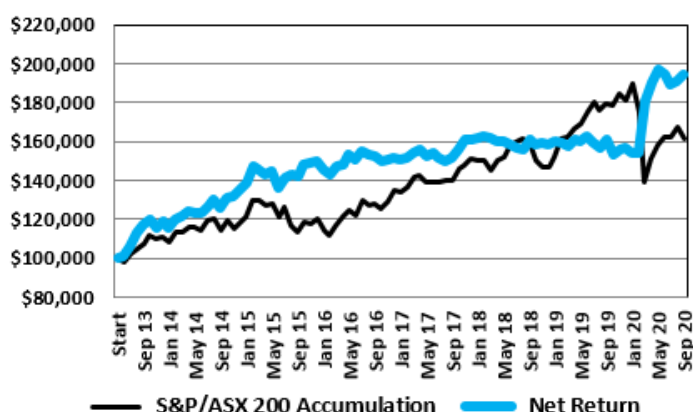
## Fund Monthly September 2020

### Return Summary (To September 2020)

Period	1 mth	3 mth	6 mth	1 yr	3 yr (pa)	5 yr (pa)	Cumulative	Per Annum
Fund Return	1.62%	0.0%	7.8%	20.6%	8.6%	6.5%	94.4%	9.4%
S&P/ASX200 Acc.	-3.66%	-0.4%	16.0%	-10.2%	4.8%	7.3%	61.1%	6.6%
Excess return	5.28%	0.4%	-8.1%	30.8%	3.8%	-0.8%	33.3%	2.7%

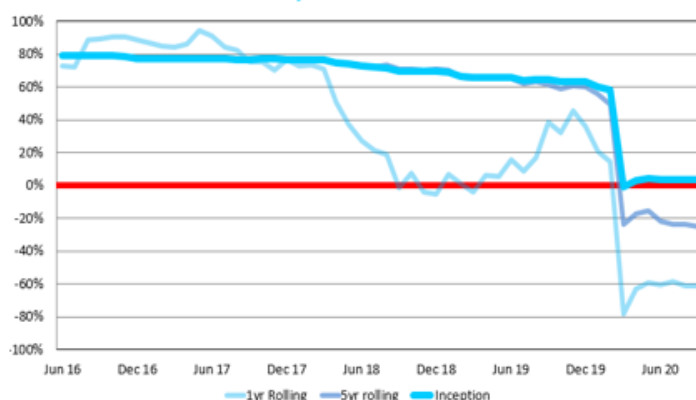
Fund Returns are prepared on a redemption unit price basis after management and performance fees inclusive of GST. Distributions are assumed to be re-invested at the mid unit price. Individual tax is not taken into account in deriving Fund Returns. In calculating the NTA, the Atlantic Pacific Australian 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 \$100,000



### Chart of the Month

APAEF Correlation with the S&P/ASX 200 Accumulation



### Portfolio Activity

CGL Takeover	Long	The Fund's position in Citadel Group (CGL) added 55bps to returns after an unexpected takeover. We are happy with the extra alpha this month but are disappointed overall with the pricing as we had thought that this company's shares could re-price substantially over coming years. We have assessed the likelihood of a counter offer as very low and have liquidated the position.
Beaten up COVID-19 Companies	Long	We have witnessed over the past couple of months a re-pricing of the companies that have been beaten-up during the first half of the year due to COVID-19 dynamics. The recent re-pricing has been quite large with a number of the Fund's holdings reverting positively. In the case of Ooh Media (OML), it has repriced 75% from August lows to September close! This is against a backdrop of nothing materially changing other than company executives indicating nothing material has worsened. Boral (BLD) is another company like this returning 31% over the same time period. It is companies like these that we believe will continue to re-price and further sizeable gains are more likely over coming years. We remain invested.

### Portfolio Positioning

Market dynamics in Australia remain frothy. At the time of writing, the aggregate market is trending to an overbought state at the top of the recent trading range that we have seen since June 2020. More recently, we have seen a relaxation of lending requirements that has driven domestic banking shares and the market. Clearly, this is not going to end well eventually given the extent to which employment levels will take to fix. But that is an Aussie housing story. What is more scary is the looming commercial property crash across the world. From our own internal considerations, that we are sure are a feature of every company around the world, minimising office space is on the horizon with lease renewals. Supply will increase leading to a bursting bubble that has been a long time coming. We remain conservatively positioned.

## 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 September 2020)

	Fund		S&P/ASX 200 AI	
	3 Year	Inception	5 Year	Inception
Alpha (%pa)	<b>3.8%</b>	<b>2.7%</b>		
Downside Capture	0%	21%		
Standard Deviation	11.8%	10.1%	16.8%	13.9%
Sharpe ratio	0.5	0.8	0.5	0.4
Sortino		1.6		1.1
Largest Drawdown	-5.6%	-7.1%	<b>-26.7%</b>	<b>-26.7%</b>

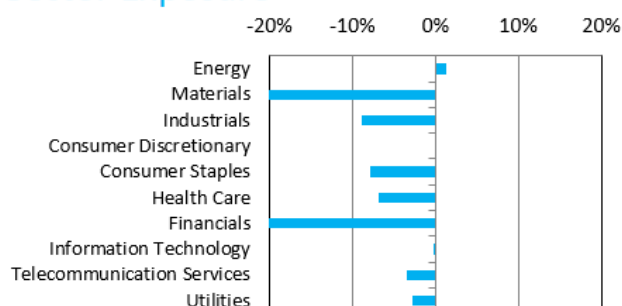
## Exposure

	Long	Short	Net	Gross
Equity	44%	-5%	38%	49%
Index Futures	0%	-31%	-31%	31%
Net	44%	-36%	7.5%	80%
Cash			92.5%	

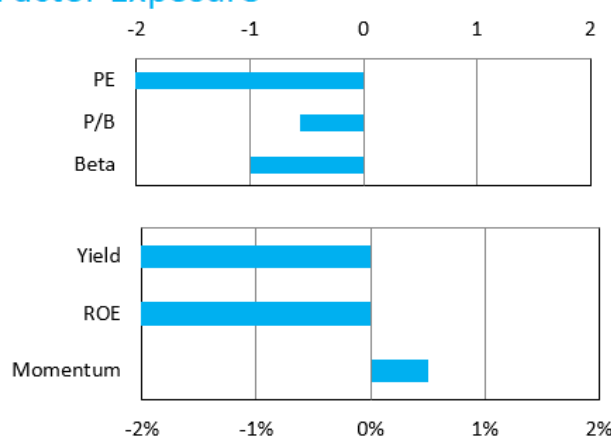
## Contribution

Positive	Negative
Boral (Long)	Challenger (Long)
Citadel Group (Long)	Iluka Resources (Long)
Fortescue Metals (Long/Short)	Metcash (Long)
Ooh Media (Long)	Myer Holdings (Long)

## Sector Exposure



## Factor Exposure

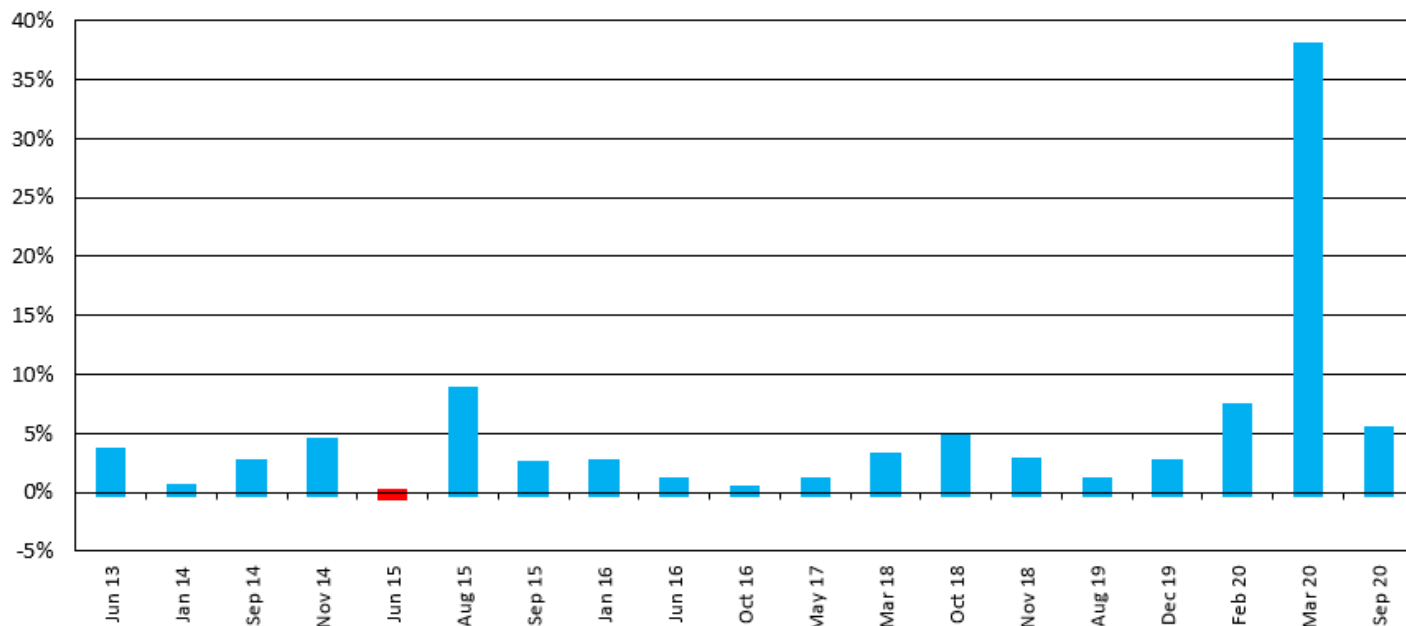


Source: APSEC Funds Management

## APAEF Relative Returns (From Inception)

When the market is down more than -2%

Source: APSEC Funds Management



## Fund Information (As at September 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	1.2463	Application Price	1.2475
		Redemption Price	1.2451

## 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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