

# Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

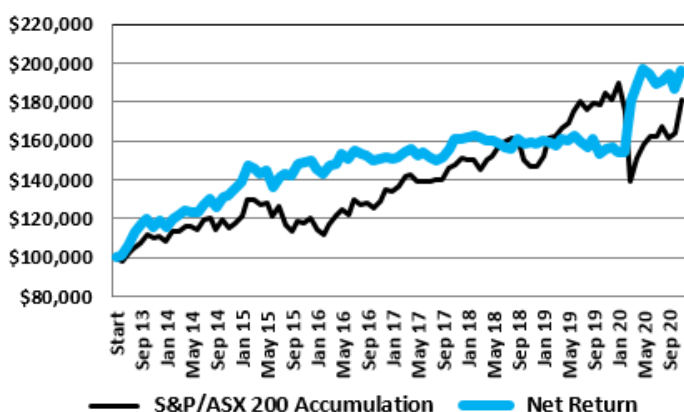
## Fund Monthly November 2020

### Return Summary (To November 2020)

Period	1 mth	3 mth	6 mth	1 yr	3 yr (pa)	5 yr (pa)	Cumulative	Per Annum
Fund Return	4.89%	2.4%	-0.7%	25.5%	6.8%	5.7%	95.8%	9.3%
S&P/ASX200 Acc.	10.21%	8.2%	14.8%	-2.0%	6.9%	9.1%	81.0%	8.1%
Excess return	-5.32%	-5.9%	-15.4%	27.4%	-0.1%	-3.4%	14.8%	1.1%

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

S&P500 Shiller PE (CAPE) Ratio over 140years  
Bubblicious?



### Portfolio Activity

MSB Shenanigans	Long	MSB had a shock overturn of approval for their adolescent GVHD product by the US FDA during October 2020, which was incongruent to the prior unanimous approval by the FDA's advisory committee. This led to a 2% hit to Fund returns. Notwithstanding this being a disappointing outcome in the short run, we remain positively exposed to the company albeit on a smaller position. The share price has recovered of late driven by other positive news related to their COVID-19 ARDS therapy. We are awaiting results on other blockbuster therapies for Advanced Heart Failure and Chronic Back pain.
Beaten up COVID-19 Companies	Long	Beaten-up COVID-19 companies have continued their bounce with COVID-19 inoculations imminent. This has changed the tone of the market over the past month and has continued into December 2020. Ooh Media (OML), continues to re-price now up 150% from August 2020 lows. We can see this company potentially re-rating another 100% so we remain invested. We have been increasing our exposure to energy also given the depressed demand environment, particularly aviation fuels. Beach Petroleum (BPT) provided blockbuster returns, increasing ~50%. Bond rates have also started to perform with an anticipation of improved activity into next year. This has had a positive impact on Bank stocks which we were also able to pick up at good prices.

### Portfolio Positioning

Global valuations are euphoric as per the Chart of the month looking over 140 years. Only the period around the "tech-wreck" had higher valuations. Typically, when valuations move into this state, there is a high likelihood of a persistent downdraft in prices. But what will drive this given the continued swamping of credit markets by central banks? We have spoken about the possibility of inflation rearing its ugly head and that this would be implied in market expectations sooner than most think. We are already seeing significant upward pressure on commodity prices of late which will cause push-through into general prices. 10 year bonds are generally depressed and there is an assumption that bond prices will remain low with continued central bank stimulus. We are of the view that inflation, and hence bond rates, will finally accelerate through next year and so our positioning will be much more focussed on sectors exposed to these dynamics. High valuation companies will not be a place we will deploy the Fund's capital.

## 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 November 2020)

	Fund		S&P/ASX 200 AI	
	3 Year	Inception	5 Year	Inception
Alpha (%pa)	<b>-0.1%</b>	<b>1.1%</b>		
Downside Capture	0%	21%		
Standard Deviation	12.3%	10.2%	17.6%	14.1%
Sharpe ratio	0.5	0.8	0.6	0.5
Sortino		1.6		1.3
Largest Drawdown	-5.6%	-7.1%	<b>-26.7%</b>	<b>-26.7%</b>

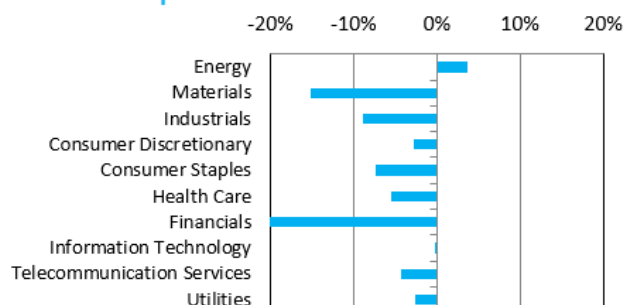
## Exposure

	Long	Short	Net	Gross
Equity	42%	-9%	33%	52%
Index Futures	0%	-20%	-20%	20%
Net	42%	-29%	13.8%	71%
Cash			86.2%	

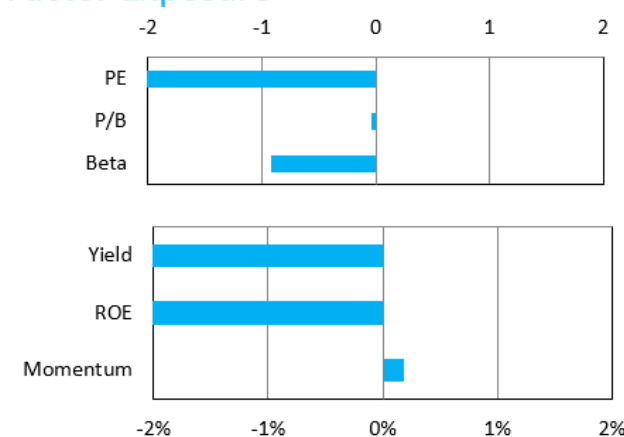
## Contribution

Positive	Negative
Beach Petroleum (Long)	Norwood Systems (Long)
Mesoblast (Long)	Terracom (Long)
Myer Holdings (Long)	
Ooh Media (Long)	

## Sector Exposure



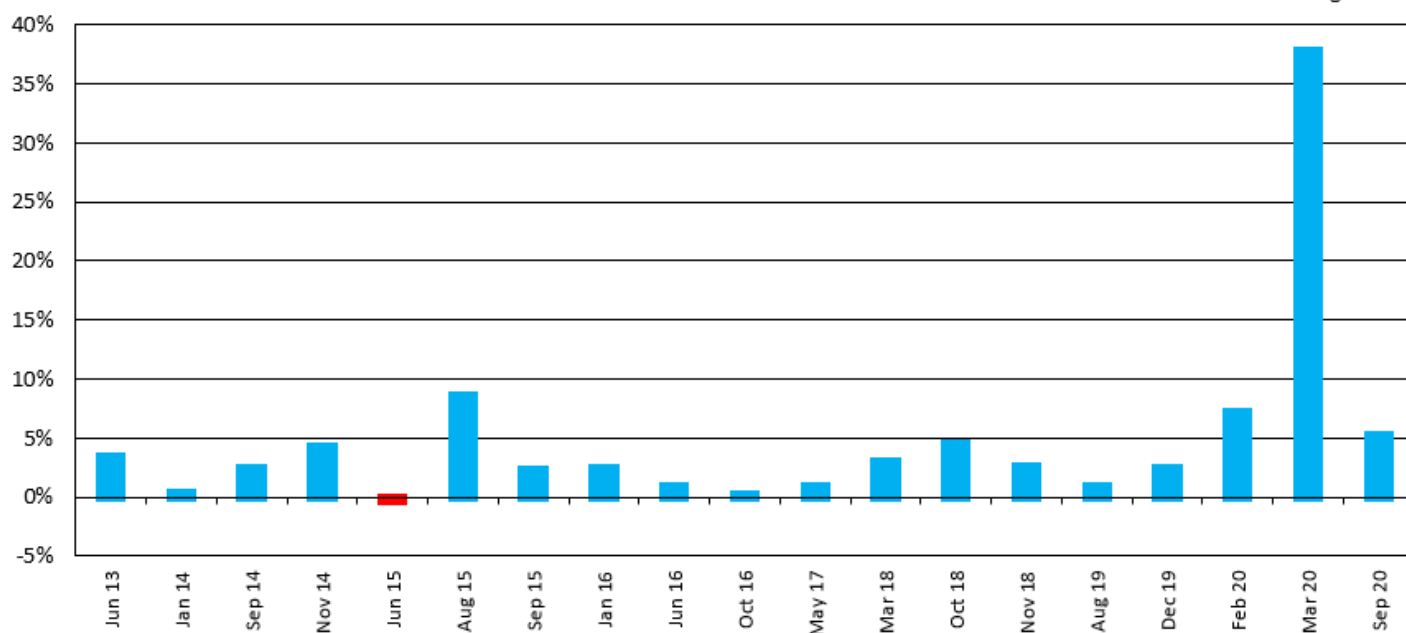
## Factor Exposure



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 November 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	1.2555	Application Price	1.2568
		Redemption Price	1.2542

## 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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