

Atlantic Pacific Australian Equity Fund

ARSN 158 861 155



Fund Report and Commentary - 30 November 2013

Fund Return vs the S&P/ASX 200 Accumulation Index after All Fees before Tax

Fees before Tax

	1 mth	3 mth	6 mth	1 yr	Inception
Fund Return ¹	-3.03%	2.30%	15.98%	n/a	15.98%
Index	-1.31%	4.86%	10.45%	n/a	10.45%
Relative	-1.72%	-2.56%	5.53%	n/a	5.53%

Key Fund Data

Unit Price (Mid)	1.1598	\$10,000	Min. Investment
MER	2.2%	\$5,000	Add. Investment
Performance Fee ²	15%	1 Jun 13	Fund Commenced
Buy/Sell Spread	0.20%	30 Jun	Income Distribution

Fund Return by Month after All Fees before Tax

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2013	n/a	n/a	n/a	n/a	n/a	1.09%	5.08%	6.72%	3.51%	1.92%	-3.03%		15.98%

1. Fund Returns are prepared on a mid 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 ("APAEF") asset values have been calculated using unaudited price and income estimates for the month being reported. The Fund Returns data in this table relates to a period of less than 12 months. ASIC Regulatory Guide 53 states that data relating to a period of less than 12 months will usually be insufficient to assist prospective investors to make a decision as to whether to invest in an investment vehicle. Accordingly, the Responsible Entity recommends that prospective investors obtain and read a copy of the PDS for the Fund before deciding whether to invest in the APAEF. A copy of the PDS and Additional PDS, dated 4 March 2013, may be obtained from www.oneinvestment.com.au/atlantic, www.apsecfm.com.au or from APSEC Funds Management directly.

2. Performance Fees are charged where the Fund's performance exceeds the performance of the S&P/ASX 200 Accumulation Index by 3%pa and the Fund's High water mark. Further information is provided in the PDS dated 4 March 2013.

Fund Activity

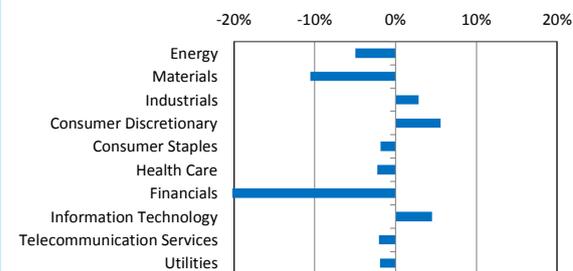
Over the month, the Australian market was weaker with no particular correlation with overseas markets. While at times individual markets need to take a breather, it was curious how little lead overseas markets had on the Australian market as is typically the case. Indeed, strong movements in Europe, the US and China saw no pass through, each up over 2%. The market's fall of 1.3% should be seen as normal volatility and hence the fund. During the month, exposure was high as nothing in our forward view suggested an imminent threat to overall portfolio returns, particularly as offshore equity market performance was strong. Interestingly in hindsight, the negative market performance can be attributed to a 5 minute interval of sustained selling. We suspect this is partly in response to a falling AUD, which was down almost 4%, with overseas investors liquidating their AUD assets. The story of the month for the fund, however, was the unfortunate price performance of Forge Group (FGE) which incurred a loss of -1.71% for the fund, with its share price down over 85% in one day. This primarily explains the underperformance of the fund relative to the market. Excluding bio-technology companies, which often see price performances of -90%, the statistical rarity of such an event suggests this is a one-in-twenty year event, if not longer. It is very rare to see a Top 200 company completely mis-manage their internal budgeting process and deliver to the market an extraordinary profit downgrade. We are very disappointed with the outcome and will be working very hard over the coming months to recover this underperformance. In our experience, equity markets provide an avenue to develop humility and this situation is no different. Otherwise, we had positive updates from a number of companies in the portfolio. McMillian Shakespeare (MMS) confirmed their trajectory of achieving a state of "business-as-usual". The company will require further updates of this state before the market will re-price their assets significantly, in our view. Seek (SEK) suggested a slight rebound in their Australian business, which had been somewhat of a drag on their earnings over the past year or so. This was certainly not expected by the market. Slater & Gordon (SGH) also provided an update on their UK acquisitions which appear to be more or less consummated. Their UK earnings will be a powerful driver of earnings over the medium term so long as they execute efficiently together with a strong GBP providing translation upside. In our view, the timing of the UK acquisitions could not have been better.

Outlook

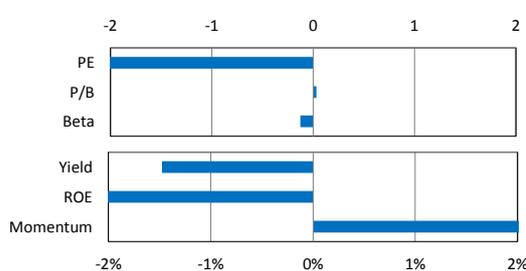
Fund exposure will remain dynamic over the coming months as we enter the period in which market participants will start to factor tapering in the US. While not able to necessarily predict with accuracy when markets will react, there are a number of sign-posts which could provide clarity which we are keeping an overnight vigil on. Otherwise, at the time of writing the Australian equity market is down over 4% for the month of December. However this time, leads from overseas, Europe and the US, have resulted in similar moves in Australia. Once again similar to market behaviour in May/June 2013, overseas investors appear to be capitulating further exacerbated by the AUD falling already by almost 2%. While the market is in an oversold state currently and presenting significantly cheaper prices, we are mindful that overseas selling flows could continue for some time particularly if tapering is initiated. Tapering will put further pressure on the AUD in the short term. However, in the medium term the weaker AUD will have a positive effect on company earnings and the state of the economy. Further, expectations for strong retail sales over the Christmas period could lead to our retail names continuing to perform.

Fund Positioning relative to the S&P/ASX 200 Index

Sector Exposure



Factor Exposure



Company Contributors to Performance

Positive
Fortescue Metals
Slater & Gordon
Seek
McMillian Shakespeare
Negative
Forge Group
Car Sales
Data#3
Westfield Group

Disclaimer

In preparing this document, APSEC Funds Management Pty Ltd, as the Investment Manager of the APAEF, did not take into account the investment objectives, financial situation and particular needs of any individual person. Investors should consider, with or without the assistance of an advisor, whether the information is appropriate in the light of their personal financial circumstances. APSEC Funds Management Pty Ltd ACN 152 440 723 (APSECFM) is a corporate authorised representative (CAR: 411859) of APSEC Compliance and Administration AFSL 345 443 ACN 142 148 409. Information in this document is current as at 30 November 2013.

APSECFM believes that the information contained in this document is accurate when issued. APSECFM does not warrant that such information or advice is accurate, reliable, complete or up-to-date, and to the fullest extent permitted by law, disclaims all liability of APSECFM and its associates. This document should be regarded as general information only rather than advice. It has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider its appropriateness, having regard to their objectives, financial situation and needs. Each person should obtain the relevant Product Disclosure Statement (PDS) relating to the APAEF and consider that PDS carefully before making any decision about the APAEF.

The information contained in this document must not be copied or disclosed in whole or in part without the prior written consent of APSECFM, and APSECFM accept no liability whatsoever for the actions of third parties in this respect. It is presented for informational purposes only and is not to be construed as a solicitation or an offer or recommendation to buy or sell any securities. While due care and attention has been exercised in the preparation of the information, APSECFM gives no representation or warranty, either express or implied, as to the accuracy, completeness or reliability of that information. Any opinions expressed in this document may be subject to change. APSECFM is not obliged to update the information. The information must not be used by recipients as a substitute for the exercise of their own judgment and investigation. Neither APSECFM nor any of their directors, employees or agents accept any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, this document.

Neither One Managed Investment Funds Limited (OMIFL) ABN 47 117 400 987 AFSL 297042 the Responsible Entity of the APAEF, nor APSECFM guarantees the performance of the APAEF or the repayment of any investor's capital. To the extent permitted by law, neither OMIFL nor APSECFM, including their employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this document. Past performance is not indicative of future performance.