

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report November 2017



- The Fund posted a gain of +3.6% over the month of November, which was ahead of our expectations in an exceptionally strong month for the Australian Listed Property sector. The derivatives overlay which we use to both enhance income and protect capital will naturally cause performance to lag in very strongly performing months.
- The Fund remains positioned towards Trusts that offer recurring earnings streams from rental income rather than development profits. After the McGrath profit warning in November (attributed to slowing off the plan apartment sales), we remain convinced that this strategy will outperform as development profits start to wane.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Incep*
Atlas High Income Property Fund	0.0%	-3.1%	-0.3%	0.1%	1.6%	0.8%	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%
ASX 200 A-REIT TR Index	-1.3%	-4.8%	-0.1%	1.3%	0.5%	2.2%	5.3%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%
Active return	1.3%	1.7%	-0.2%	-1.2%	1.0%	-1.5%	-1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%

Portfolio Objective

Our approach to investing in Australian listed property is founded on the principles of quality, value and sensible risk management. The objective is to build a portfolio of high quality Property Trusts that are able to deliver consistent and growing distributions with easily forecastable earnings.

The Fund seeks to capture returns by investing in some of Australia's ASX listed property securities, with the objective of increasing the income generated by implementing a call option selling (writing) strategy. A proportion of the income received from selling the call options may be used to purchase put options to reduce capital risk.

Performance Update

The S&P/ASX 200 A-REIT index gained +5.3% in November and was the top performing sector for the month on the ASX. Whilst virtually all Trusts posted a positive return, index performance was driven by a change of sentiment towards Westfield. During the month, General Growth Properties (a large US mall landlord) received a takeover offer, which raised the potential for corporate interest in Westfield and the view that shopping malls may not necessarily go the way of the dinosaur.

In November, the top performing trusts were Charter Hall (+9%), Westfield (+8%) and Charter Hall Retail (+7%). The bottom performing trusts were Lend Lease (-2%), Mirvac (+1%) and Viva Energy (+2%).

Portfolio Performance

The Fund posted a gain of +3.6% over the month, which was ahead of our expectations given the Fund's low beta and defensive positioning.

In November, positions in Arena (+12%), Westfield (+8%), Charter Hall Retail (+7%) and Investa Office (+7%) added value. On the negative side of the ledger, performance was hurt by our risk management strategy. During strongly performing months, the market tends to over-value the calls that we have sold that are yet to expire. However, if the market retraces these gains in December we will see a positive impact on performance.

Trading

Over the month, the Fund had a large number of Scentre calls expire out of the money (a good thing), with unitholders keeping the premium. We then sold a new set of Scentre calls expiring in March 2018. This action will deliver an income return of 5.6% (income received from selling calls + distributions receivable in February) during this period.

Top Portfolio Holdings as at November 2017

Stock

Westfield Corporation

Stockland

GPT Group

Shopping Centres Australia

Scentre

Portfolio Characteristics

	Index	Atlas High Income Prop Fund
Price Earnings Ratio	17.3x	15.5x
Premium to NTA	+31%	+7.3%
Recurring Income	82%	96%
Distribution Yield	5.2%	8.0%*
Beta	1.00	0.49

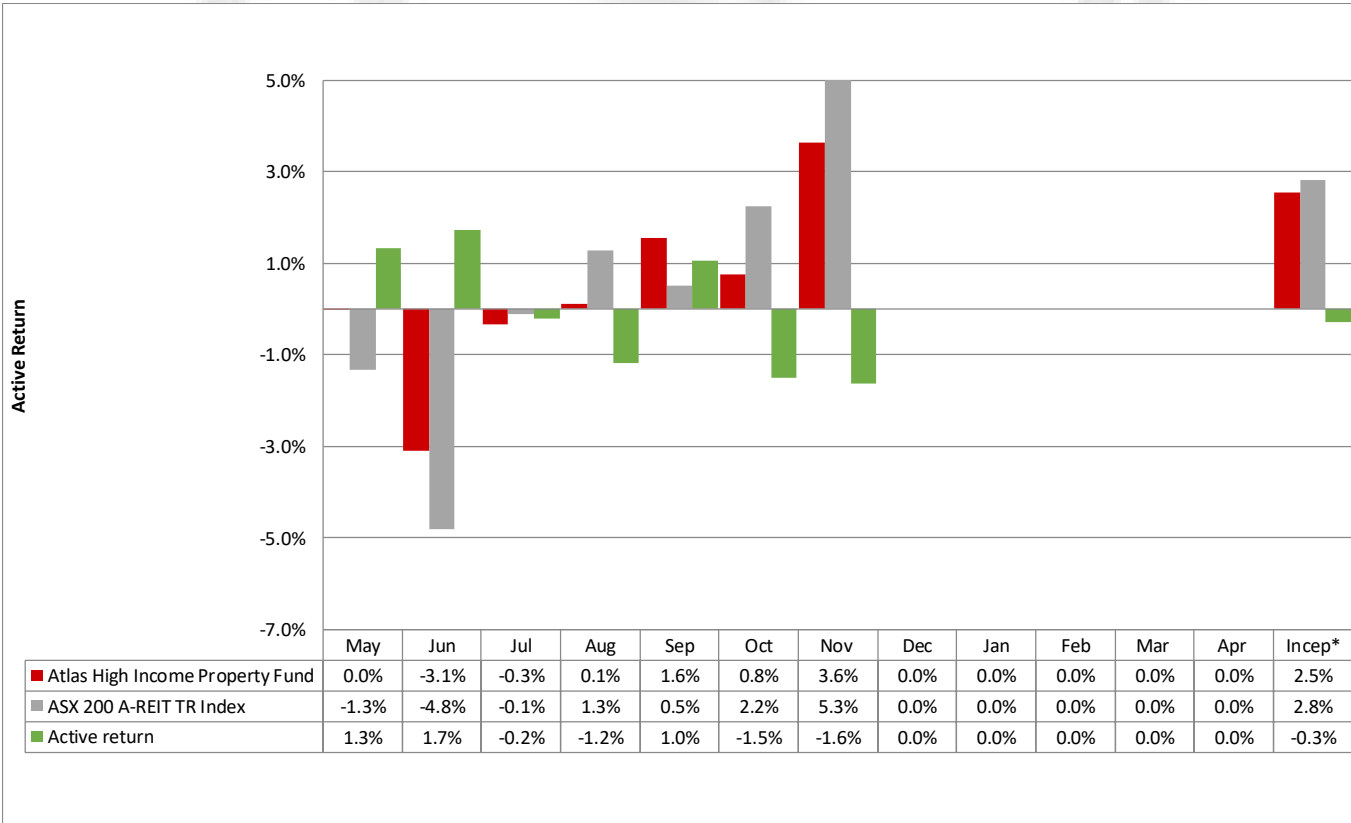
Fund Information

Unit Price	\$2.4816
APIR Code	OMF9290AU
ASX Code	AFM01
Inception	10 th May 2017
Responsible Entity	One Managed Investment Funds Limited
Index	S&P ASX 200 A-REIT Accumulation Index
Unit Pricing	Daily available on ASX website
Management Fee	0.95% per annum
Distributions*	Aim to deliver at least 2% per quarter
Buy/sell spread	+/- 0.2%
Applications	Units can be acquired by the current Product Disclosure Statement Or via ASX mFunds
Redemptions	Daily via the share registry or via ASX mFunds

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