

# PORTFOLIO UPDATE

## Atlas High Income Property Fund

### Monthly Report February 2018



- In February the listed property sector was sold off -3.3%, following global markets that finished down between -3% and -5%.
- The Atlas Fund returned -2.7%, in a month where there were again few places for investors to hide with the share prices of most trusts falling regardless of asset quality or earnings growth reported.
- Against the doom and gloom on the share market we were happy with the profit results reported by the trusts owned in the Fund. Over the last six months the trusts held delivered an average weighted increase in profits of +5.1% and an increase in distributions of +3.1%.

	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%	0.6%	-2.72%	-2.66%	0.0%	0.0%	-2.3%
ASX 200 A-REIT TR Index	-1.3%	-4.8%	-0.1%	1.3%	0.5%	2.2%	5.3%	0.2%	-3.28%	-3.29%	0.0%	0.0%	-3.6%
Active return	1.3%	1.7%	-0.2%	-1.2%	1.0%	-1.5%	-1.6%	0.4%	0.56%	0.63%	0.0%	0.0%	1.3%

#### 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 Accumulation index again fell -3.3% in February and there were few places for investors to avoid a falling market. Over the month the listed property sector reported their profit results for the last six months, which were better than expected though these were largely ignored by a market focusing on macroeconomic factors. The top performers were Lendlease, Goodman, Stockland and SCA Property.

In February, the top performing trusts were Lend Lease (+15%), National Storage (+2%) and Goodman (+1%). The bottom performing trusts were Vicinity (-8%), Iron Mountain (-6%) and GPT (-5%).

#### Portfolio Performance

The Fund declined by -2.7% over the month, which was disappointing, but due to our asset quality biased stock selection not being rewarded over reporting season. In the longer term we see that our strategy of building a portfolio of trusts with stable recurring earnings that are growing above inflation will be reflected in the share prices of the trusts owned by the Fund.

In February, positions Lend Lease (+15%) and Industria (+1%) added value. On the negative side of the ledger, performance was hurt by positions in GPT (-5%), Investa Office (-4%) and Stockland (-4%).

#### Trading

Over the month we sold the Fund's position in Lend Lease after in rallied past our sell target post the release of a surprisingly strong set of results.

#### Top Portfolio Holdings as at February 2017

##### Stock

Westfield Corporation

Stockland

Scentre

GPT

Shopping Centres Australia

#### Portfolio Characteristics

	Index	Atlas High Income Prop Fund
Price Earnings Ratio	15.4x	12.8x
Premium/discount to NTA	+20%	-6.1%
Recurring Income	82%	96%
Distribution Yield	5.2%	8.0%*
Beta	1.00	0.58

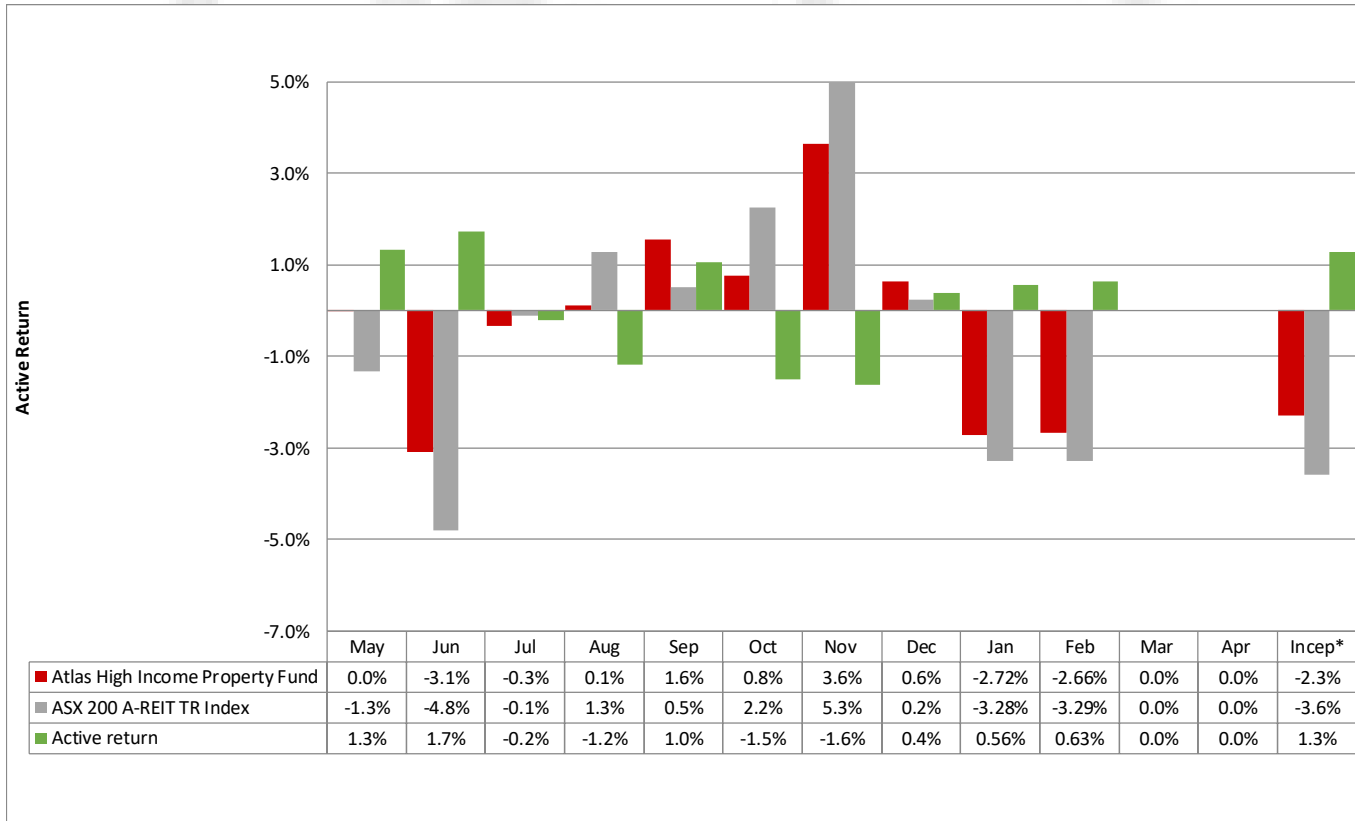
#### Fund Information

Unit Price	\$2.3172 (ex distribution)
APIR Code	OMF9290AU
ASX Code	AFM01
Inception	10 <sup>th</sup> May 2017
Responsible Entity	One Managed Investment Funds Limited
Index	S&P ASX 200 A-REIT Accumulation Index
Unit Pricing	Daily available on <a href="#">ASX website</a>
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 <a href="#">Product Disclosure Statement</a> Or via <a href="#">ASX mFunds</a>
Redemptions	Daily via the share registry or via ASX mFunds

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