

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report March 2018



- In March the listed property sector was effectively unchanged, a solid outcome in a month when the ASX200 declined by -3.8% and equity markets globally fell between -2% and -4% on concerns about a potential Trump trade war and rising tariffs.
- The Atlas Fund declined slightly by -0.24% in a month were Listed Property effectively sat on the sidelines and ignored market volatility.
- We see that after the pull back in early 2018, the listed property market is offering investors some interesting opportunities with a range of trusts offering stable distribution yields between 6% and 7% and are trading at discounts to their net tangible assets. In this environment we would expect management teams to be looking at initiating on-market share buy-backs.

| | 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% | -0.24% | 0.0% | -2.5% |
| ASX 200 A-REIT TR Index | -1.3% | -4.8% | -0.1% | 1.3% | 0.5% | 2.2% | 5.3% | 0.2% | -3.28% | -3.29% | 0.07% | 0.0% | -3.5% |
| Active return | 1.3% | 1.7% | -0.2% | -1.2% | 1.0% | -1.5% | -1.6% | 0.4% | 0.56% | 0.63% | -0.3% | 0.0% | 1.0% |

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 was unchanged over the month where there was no significant news. In the sector the key piece of upcoming news is likely to be whether Unibail-Rodamco will sweeten their bid for Westfield.

In March, the top performing trusts were Cromwell (+9%), Charter Hall Long Wale (+4%) and Shopping Centres Australia (+4%). The bottom performing trusts were Vicinity (-3%), Westfield (-3%) and Charter Hall Group (-2%).

Portfolio Performance

The Fund declined slightly over the month as our positions in the non-discretionary retail trusts Shopping Centres Australia (+4%) and Charter Hall Retail (+3%) was offset by Westfield (-3%). The share prices of the remainder of the portfolio was essentially unchanged over the month of March.

The Fund remains populated with trusts that offer investors recurring earnings streams from rental income rather than development profits. This should deliver a stable stream of distributions throughout the property cycle.

Trading

Over the month we added to our position in Scentre (0%) and added Lend Lease (-3%) to the portfolio after selling out earlier this year on valuation grounds. The re-emergence of volatility in 2018 been reflected in the higher premiums that we received from selling call options over the month compared with what we received in December.

Top Portfolio Holdings as at March 2018

Stock

Westfield Corporation

Stockland

Scentre

Shopping Centres Australia

GPT

Portfolio Characteristics

| | Index | Atlas High Income Prop Fund |
|-------------------------|-------|-----------------------------|
| Price Earnings Ratio | 15.3x | 13.0x |
| Premium/discount to NTA | +20% | -5% |
| Recurring Income | 82% | 96% |
| Distribution Yield | 5.3% | 8.0%* |
| Beta | 1.00 | 0.58 |

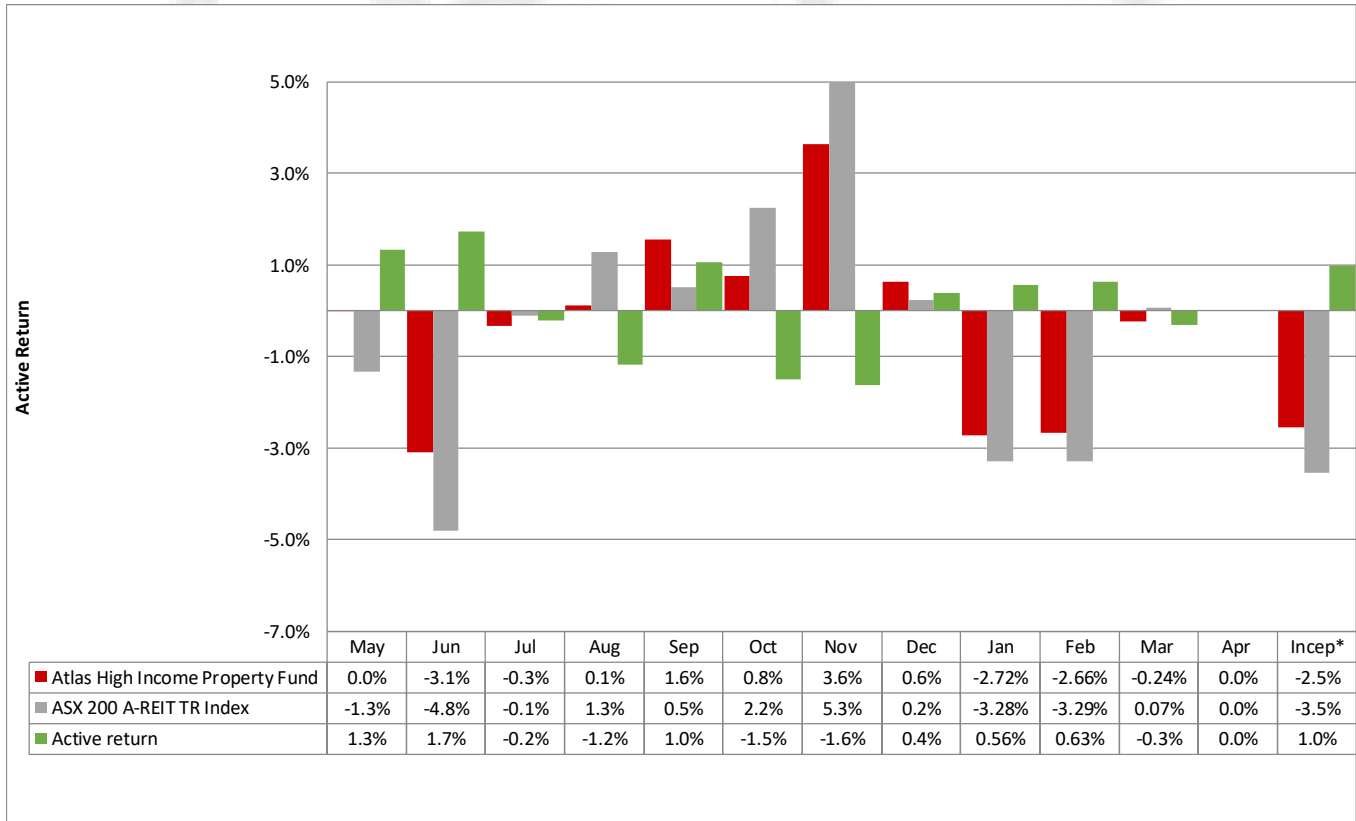
Fund Information

| | |
|--------------------|---|
| Unit Price | \$2.2653 (ex March distribution \$0.046) |
| 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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