

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report June 2018



- In June, the Fund gained +1.4% which makes for an 8% return for the quarter. This is ahead of expectations given the Fund's lower risk portfolio and high cash weight.
- After having a weak start to 2018 due to concerns about rapidly rising interest rates and the impact of Amazon, the listed property sector continued to rebound in June due to increased corporate activity in the sector. Additionally, domestic retailers should see a benefit from 1st July onwards as GST will now be applied to all imported goods.
- The Fund has increased its distribution for the June quarter and has been active in reducing risk over the last month.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	12m rolling	Incep*
Atlas High Income Property Fund	-0.3%	0.1%	1.6%	0.8%	3.6%	0.6%	-2.7%	-2.7%	-0.2%	3.4%	3.0%	1.4%	8.6%	4.6%
ASX 200 A-REIT TR Index	-0.1%	1.3%	0.5%	2.2%	5.3%	0.2%	-3.3%	-3.3%	0.1%	4.5%	3.1%	2.2%	13.0%	5.4%
Active return	-0.3%	-1.2%	1.1%	-1.5%	-1.6%	0.4%	0.6%	0.6%	-0.3%	-1.1%	-0.1%	-0.8%	-4.4%	-0.8%

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 gained 2.2% over the month on minimal news flow. Investa Office Trust conducted a revaluation of their assets which resulted in a net tangible asset per share of \$5.48, almost \$0.50 above their previous valuation and above Blackstone's \$5.15 offer. This has sparked speculation that the bid price will be increased.

In June, the top performing trusts were Viva Energy (+10%), National Storage (+7%) and Investa Office (+6%). The bottom performing trusts were Mirvac (-3%), Stockland (-1%) and Unibal-Westfield (0%).

Portfolio Performance

The Fund gained +1.4% over the month, which was ahead of our expectations given the Fund's low beta, high cash weight and defensive positioning.

In June, positions in Investa Office (+6%), Industria (+6%) and GPT (+3%) added value. On the negative side of the ledger, performance was hurt by positions in Stockland (-1%) and Unibal-Westfield (0%). In a strong performing month, our risk overlay also detracted from performance as the put protection is a cost and certain trusts trade through their call option strike prices.

The Fund remains populated with trusts that offer investors recurring earnings streams from rental income rather than development profits.

Trading

The Fund sold its position in Lend Lease (+5%) and sold call options for September expiry over positions in Scentre, Stockland and GPT. This action converts uncertain future gains into income today. Additionally, early in the month we added to our holdings of Investa Office Trust (+6%) on the anticipation of a higher bid. The Fund currently has a high cash weight of 17%.

Top Portfolio Holdings as at June 2018

Stock

Stockland

Scentre

UNIBAIL-RODAMCO-WESTFIELD CDI

Shopping Centres Australia

Investa Office Trust

Portfolio Characteristics

	Index	Atlas High Income Prop Fund
Price Earnings Ratio	16.6x	14.1x
Premium/discount to NTA	+33%	+1%
Recurring Income	82%	96%
Distribution Yield	5.1%	8.0%*
Beta	1.00	0.62

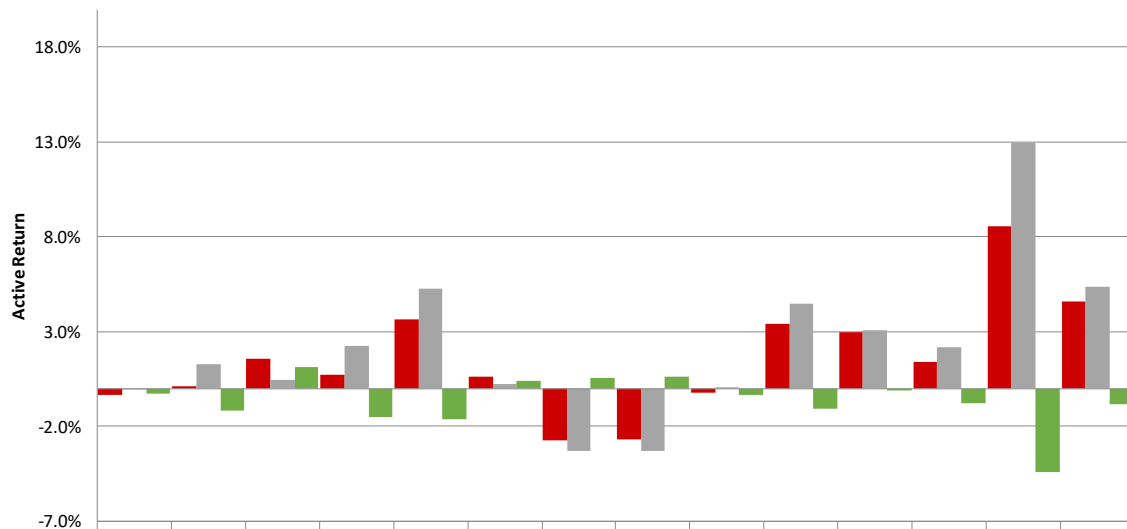
Fund Information

Unit Price	\$2.3968 (ex June distribution of \$0.049)
APIR Code	OMF9290AU
ASX Code	AFM01
Inception	10 th June 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
Platform Availability	ASX mFunds and Hub24

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