

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report November 2018



- November was another volatile month for markets globally, though Listed Property was a steady performer in a month dominated by global macroeconomic concerns and sharp falls in commodity prices, which resulted in the ASX 200 falling -2.2%.
- The Atlas High Income Property Fund declined by -0.5% in November, roughly matching the index. Over the month, several of the Trusts held in the Fund held their Annual General Meetings (AGM) where management teams confirmed that they were on track to achieve the profit guidance for 2019 given to the market in August.
- Whilst Australian housing prices have been falling, residential property represents a very small part of the Listed Property index that is dominated by commercial, industrial and office real estate, sectors that have been performing strongly in 2018.

	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	12m rolling	Incep*
Atlas High Income Property Fund	0.6%	-2.7%	-2.7%	-0.2%	3.4%	3.0%	1.4%	0.7%	0.8%	-0.5%	-2.4%	-0.5%	0.7%	3.2%
ASX 200 A-REIT TR Index	0.2%	-3.3%	-3.3%	0.1%	4.5%	3.1%	2.2%	0.9%	2.8%	-1.8%	-3.1%	-0.4%	1.4%	4.3%
Active return	0.4%	0.6%	0.7%	-0.3%	-1.1%	-0.1%	-0.8%	-0.2%	-2.0%	1.3%	0.8%	-0.1%	-0.7%	-1.1%

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 declined by 0.4%, as Listed Property outperformed the wider Australian Equity market that fell by -2.2%.

The key news in November came from the AGM season which was generally positive for Australia's landlords with all trusts reconfirming guidance for 2019. Additionally, Dexis (+3%) announced plans to set up an industrial property fund with Singapore's GIC.

In November, the top performing trusts were Charter Hall Retail (+6%), SCA Property (+3%) and Dexis (+3%). The bottom performing trusts were Unibal-Rodamco-Westfield (-7%), Viva Energy (-5%) and Cromwell (-3%).

Portfolio Performance

The Fund declined 0.5% roughly in-line with the ASX 200 A-REIT index. In November, positions in SCA Property (+3%), Charter Hall Retail (+6%), GPT (+2%) and Arena REIT (+11%) added value. Offsetting this was our position in Unibal-Rodamco-Westfield (-7%), which as an owner of global property was disproportionately impacted by global macro concerns and a stronger AUD that gained by over 3% against the USD and Euro. Here a higher AUD reduces the value of rental income earned in the USA and Europe from the point of view of Australian shareholders.

Trading

Over the month the Fund cashed out of its holding in Investa Office Fund (+1%), which is now entering its final days on the ASX before becoming the property of a Canadian pension plan. We have begun to put this large cash weight to work to generate income for unitholders.

Top Portfolio Holdings as at November 2018

Stock

Scentre

Stockland

GPT

Shopping Centres Australia

Unibal-Rodamco-Westfield

Portfolio Characteristics

	Index	Atlas High Income Prop Fund
Price Earnings Ratio	16.5x	13.5x
Premium/discount to NTA	+22%	-2%
Recurring Income	82%	96%
Distribution Yield	5.3%	8.0%*
Beta	1.00	0.63

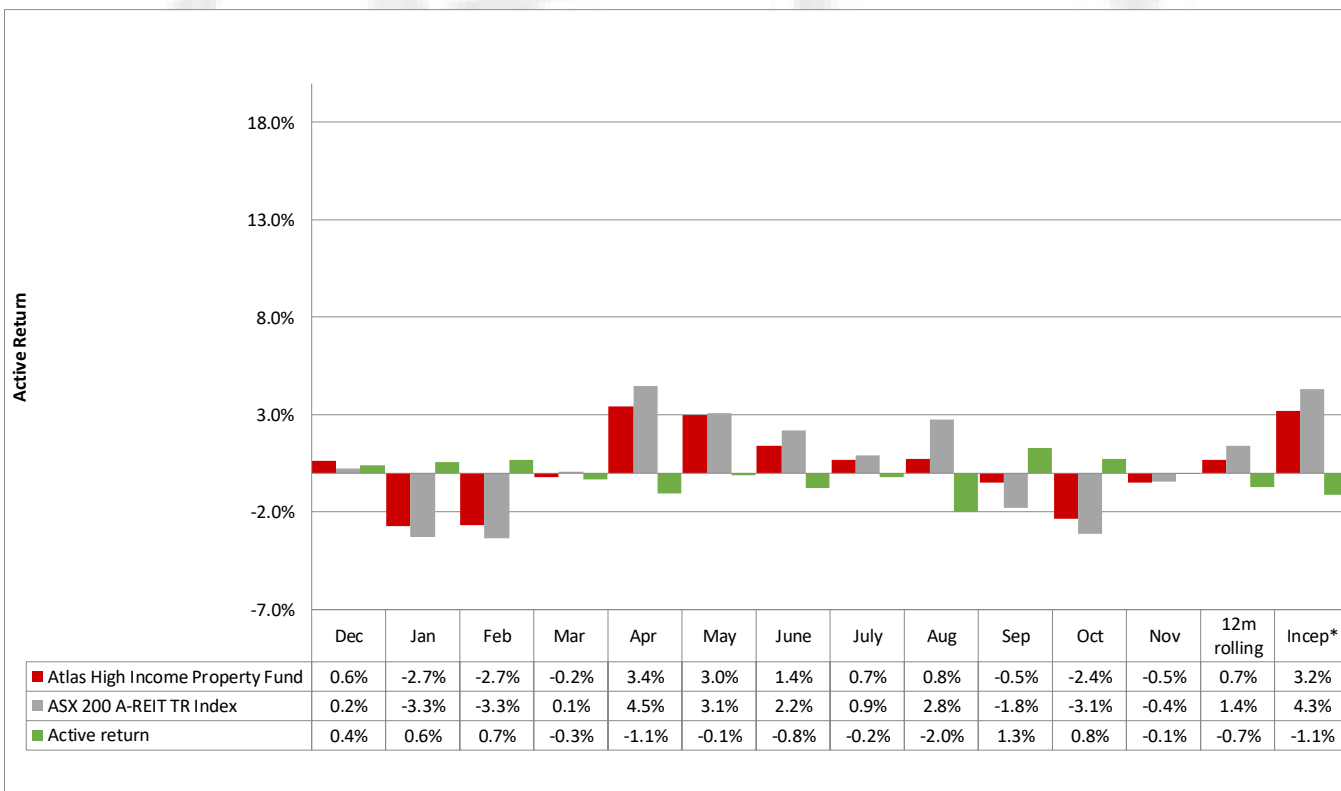
Fund Information

Unit Price (NAV)	\$2.3039
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 via 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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