

# PORTFOLIO UPDATE

## Atlas High Income Property Fund

### Monthly Report January 2019



- Markets were very strong globally in January, with the much anticipated “*Santa Claus Rally*” being pushed out to 2019 after a dismal December period. Listed Property was again one of the top performing sectors on the ASX up +6.2%.
- The Atlas High Income Property Fund gained +4.3% in January, lagging the exceptionally strong index. The key driver of property index performance was strong returns from the Trusts whose earnings contain a significant proportion of development profits. With trusts such as Goodman and Charter Hall now being valued at over twenty times forward earnings, the market is pricing these trusts as if we were in the early days of a property boom, rather than in one that is visibly unwinding.
- The Fund remains populated with trusts that offer investors recurring earnings streams from rental income rather than development profits. This should deliver a more stable stream of distributions throughout the property cycle.

	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	12m rolling	Incep*
Atlas High Income Property Fund	-2.7%	-0.2%	3.4%	3.0%	1.4%	0.7%	0.8%	-0.5%	-2.4%	-0.5%	-0.3%	4.3%	6.9%	7.3%
ASX 200 A-REIT TR Index	-3.3%	0.0%	4.5%	3.1%	2.2%	0.9%	2.8%	-1.8%	-3.1%	-0.4%	1.7%	6.2%	12.9%	12.6%
Active return	0.6%	-0.3%	-1.1%	-0.1%	-0.8%	-0.2%	-2.0%	1.3%	0.8%	-0.1%	-2.0%	-1.8%	-6.0%	-5.3%

#### 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 selected Australian 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 rallied strongly gaining +6.2% following a recovery in the global market in the first month of 2019. Over the month there was limited new news as companies prepared for the February reporting season.

In January, the top performing trusts were Unibal-Rodamco-Westfield (+15%), Charter Hall Group (+11%) and Goodman Group (+10%). The bottom performing trusts were SCA Property (-2%), Vicinity (0%) and Viva Energy (0%).

#### Portfolio Performance

The Fund gained +4.3% which was around expectations given the Fund's low beta and defensive positioning.

Over the month positions in Unibal-Rodamco-Westfield (+15%), Stockland (+7%) and GPT (+9%) added value. On the negative side of the ledger, performance was hurt by positions in SCA Property (-2%), and Charter Hall Retail (2%) as defensive trusts were out of favour. However, the biggest performance impact was not owning Goodman (+10%) as well as the risk management from the derivatives overlay as the share prices for several trusts rallied through the strike prices of call options sold.

#### Trading

Over the month the Fund sold call options over its holdings in Stockland for expiry in March 2019, receiving very attractive premiums due to increased volatility.

#### Top Portfolio Holdings as at January 2019

##### Stock

Scentre

GPT

Stockland

Shopping Centres Australia

UNIBAIL-RODAMCO-WESTFIELD CDI

#### Portfolio Characteristics

	Index	Atlas High Income Prop Fund
Price Earnings Ratio	17.6x	14.0x
Premium/discount to NTA	+32%	-1%
Recurring Income	82%	96%
Distribution Yield	5.1%	8.0%*
Beta	1.00	0.61

#### Fund Information

Unit Price (NAV)	\$2.3478
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
Platform Availability	ASX mFunds and Hub24

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■ Active return	0.6%	-0.3%	-1.1%	-0.1%	-0.8%	-0.2%	-2.0%	1.3%	0.8%	-0.1%	-2.0%	-1.8%	-6.0%	-5.3%

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