

# PORTFOLIO UPDATE

## Atlas High Income Property Fund

### Monthly Report February 2019



- The S&P/ASX 200 A-REIT index had a solid month in February returning +1.8%, though this number does not reveal the dispersion of returns among the Listed Property Trusts, with the developers dragging up the overall index's return.
- The Atlas High Income Property Fund fell -2% in February, reflecting our conservative positioning towards higher yielding rent collectors with recurring income and away from Trusts relying on development profits.
- Historically, the Trusts with development earnings both see earnings growth and a multiple expansion towards the end of a property boom. As developers such as Goodman are trading on close to 25 times forward earnings, the market is effectively assuming that this source of profits will both grow and continue indefinitely. We are encouraged that the Fund is utilising the right strategy after seeing articles praising aggressive approaches to property management such as "[Listed real estate is no longer boring](#)". We saw similar articles in 2006 and 2007, praising Goodman and Centro and their new age approach to property.

	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	12m rolling	Incep*
Atlas High Income Property Fund	-0.2%	3.4%	3.0%	1.4%	0.7%	0.8%	-0.5%	-2.4%	-0.5%	-0.3%	4.3%	-2.0%	7.6%	5.1%
ASX 200 A-REIT TR Index	0.0%	4.5%	3.1%	2.2%	0.9%	2.8%	-1.8%	-3.1%	-0.4%	1.7%	6.2%	1.8%	18.8%	14.6%
Active return	-0.3%	-1.1%	-0.1%	-0.8%	-0.2%	-2.0%	1.3%	0.8%	-0.1%	-2.0%	-1.8%	-3.8%	-11.2%	-9.4%

#### 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 portion 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 rallied for the third consecutive month almost entirely due to the developers and Fund Managers that reported good headline profit growth during the reporting season.

In February, the top performing Trusts were Goodman Group (+10%), Mirvac (+7%) and Charter Hall Group (+7%). The bottom performing trusts were the rent collecting Unibal-Rodamco-Westfield (-9%), Stockland (-7%) and Vicinity (-6%).

#### Portfolio Performance

The Fund fell -2% due to our positioning towards the poorly performing rent-collecting stocks.

Over the month, positions in APN Convenience (+7%) and Lend Lease (+5%) added value.

On the negative side of the ledger, performance was hurt by positions in Unibal-Rodamco-Westfield (-9%) which gave back some of the 15% gains posted in January as well as SCA Property (-3%). Stockland (-7%) also impacted performance, though this was cushioned by the decline in value of the call options sold.

#### Trading

Over the month the Fund added to positions in SCA Property (-3%) and APN Industrial (+1%).

#### Top Portfolio Holdings as at February 2019

##### Stock

Scentre

GPT

Stockland

Shopping Centres Australia

UNIBAIL-RODAMCO-WESTFIELD CDI

#### Portfolio Characteristics

	Index	Fund
Price Earnings Ratio	19.0x	13.8x
Premium/discount to NTA	+43%	-2%
Recurring Income	82%	96%
Distribution Yield	4.8%	8.0%*
Beta	1.00	0.58

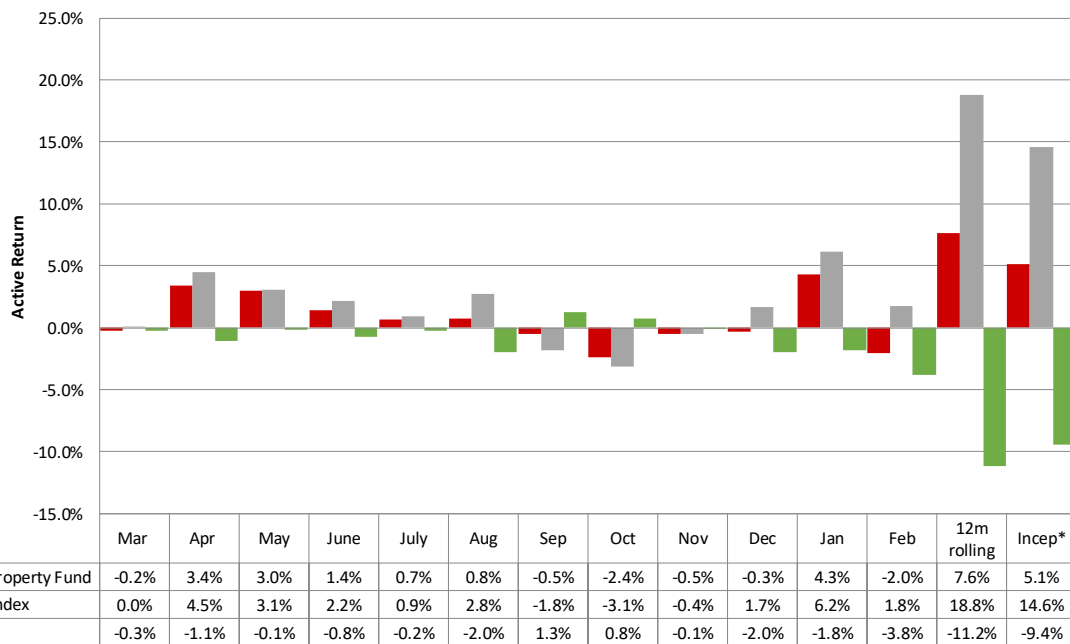
#### Fund Information

Unit Price (NAV)	\$2.3004
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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February 2019



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