

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report May 2019



- The S&P/ASX 200 A-REIT index had a strong month in May gaining +2.4% powered by the developers which posted strong gains after a surprise coalition victory. With trusts such as Goodman and Charter Hall now being valued at over 25 times forward earnings and distribution yields between 2-3%, the market is pricing these trusts as if we were in the early days of a property boom, rather than in one that is unwinding.
- The Atlas High Income Property Fund declined by -0.7% in May due to weakness in the share prices of the consumer staples landlords, as well as last month's star performer Unibal-Rodamco-Westfield trading downwards in line with global equity markets.
- We remain very frustrated by the Fund's performance relative to the property index that is being increasingly dominated by developers and fund managers, rather than traditional rent-collecting property trusts. Atlas strongly believe that a portfolio populated with trusts that offer investors recurring earnings from rental income, will outperform through the cycle and allow us to deliver a more stable stream of distributions to the Fund's investors.

	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	12m rolling	Incep*
Atlas High Income Property Fund	1.4%	0.7%	0.8%	-0.5%	-2.4%	-0.5%	-0.3%	4.3%	-2.0%	4.9%	-1.2%	-0.7%	4.4%	8.3%
ASX 200 A-REIT TR Index	2.2%	0.9%	2.8%	-1.8%	-3.1%	-0.4%	1.7%	6.2%	1.8%	6.2%	-2.6%	2.4%	16.9%	21.5%
Active return	-0.8%	-0.2%	-2.0%	1.3%	0.8%	-0.1%	-2.0%	-1.8%	-3.8%	-1.3%	1.4%	-3.1%	-12.6%	-13.2%
RBA Cash +3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	4.5%	9.3%

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 can deliver consistent and growing distributions with easily forecastable earnings.

The Fund seeks to capture returns by investing in selected Australian listed property securities, to increase 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 index gained +2.4% in May primarily driven by trusts with development earnings that were up strongly on a surprise Coalition election victory and an unexpected easing of mortgage criteria by APRA. Most developed markets fell between -3% and -8%, which saw that the Australian share market was an outlier, as the only developed stock market globally to post a positive return

In May, the top performing Trusts were Stockland (+16%), Mirvac (+7%) and Charter Hall Group (+5%). The bottom performing trusts were Unibal-Rodamco-Westfield (-12%), Charter Hall Retail (-5%) and BWP Trust (-3%).

Portfolio Performance

The Fund declined by -0.7% over the month, a disappointing outcome but a result of our conservative investment strategy. Positions in Lend Lease (+7%) and GPT (+1%) added value. Stockland (+16%) aided performance to some degree, though this was limited as its share price rocketed through the strike price of call options expiring at the end of June.

On the negative side of the ledger positions in last month's star performer Unibal-Rodamco-Westfield (-12%) hurt performance as well as child and healthcare landlord Arena (-6%) and Charter Hall Retail (-5%).

Trading

No significant trading was done over the month.

Top Portfolio Holdings as at May 2019

Stock

Scentre

Stockland

GPT

SCA Property

UNIBAIL-RODAMCO-WESTFIELD

Portfolio Characteristics

	Index	Fund
Price Earnings Ratio	19.6x	13.9x
Premium/discount to NTA	+44%	-1%
Recurring Income	82%	96%
Distribution Yield	4.4%	8.0%*
Beta	1.00	0.67

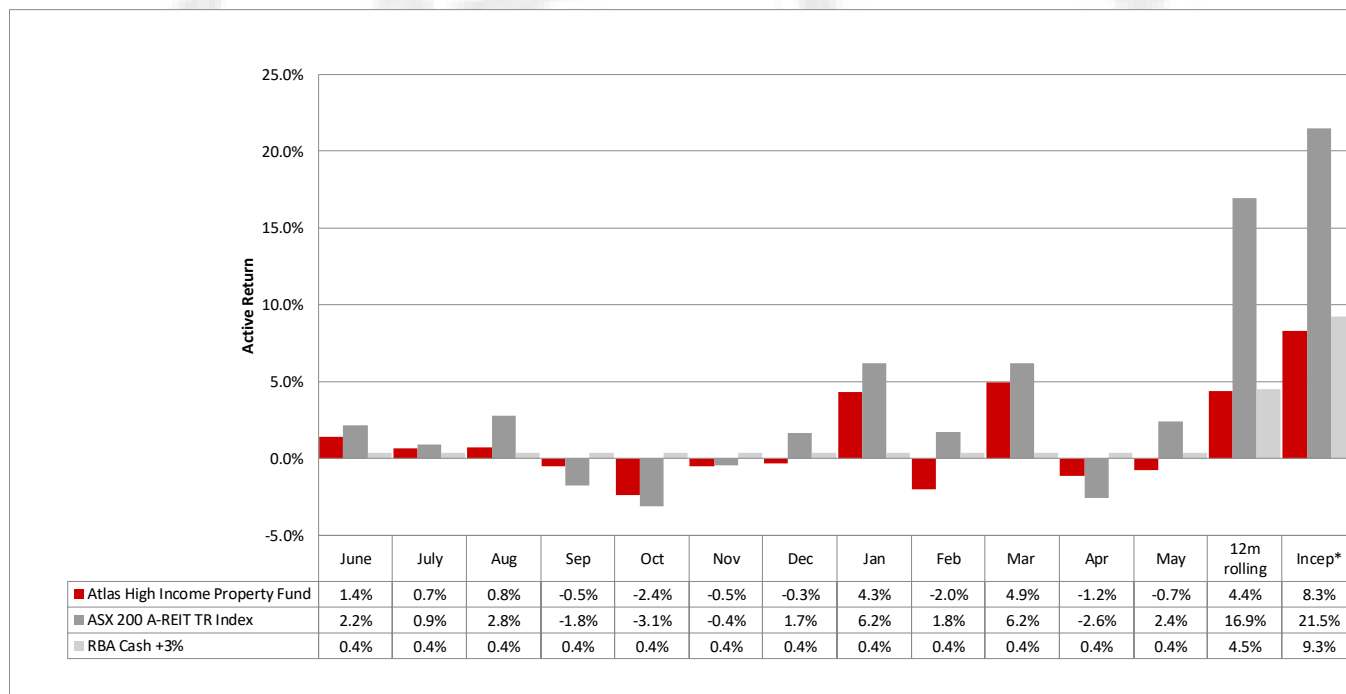
Fund Information

Unit Price (NAV)	\$2.3216
APIR Code	OMF9290AU
ASX Code	AFM01
Inception	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
Platform Availability	ASX mFunds and Hub24

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