

# PORTFOLIO UPDATE

## Atlas High Income Property Fund

### Monthly Report September 2019



- The Atlas High Income Property Fund declined by 0.5% during September, avoiding much of the carnage that saw the wider Listed Property sector fall close to 3%, as the share prices of those trusts with development earnings were sold off aggressively due to concerns that the property cycle has peaked for these trusts.
- The benchmark Australian 10-year government bond yield rallied to 1% in September, though this strength in the bond yield has been reversed in early October with the RBA cutting rates to +0.75%. Rising bond rates were attributed to the news that Australia posted its first current account surplus (courtesy of rising iron ore prices) since the Whitlam government in June 1975!
- The Fund declared a quarterly distribution of \$0.042 per unit, a slight increase over the June quarterly distribution. The distribution will be paid to investors in early October.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	12m rolling	Incep*
Atlas High Income Property Fund	-2.4%	-0.5%	-0.3%	4.3%	-2.0%	4.9%	-1.2%	-0.7%	0.4%	2.5%	1.7%	-0.5%	6.2%	12.8%
RBA Cash +3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	4.5%	11.1%
Active return	-2.7%	-0.9%	-0.7%	3.9%	-2.4%	4.6%	-1.5%	-1.1%	0.0%	2.2%	1.3%	-0.8%	1.7%	1.6%

#### 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 and 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

In September the benchmark Government 10-year bond yield rallied 15% to finish over 1%. This gain was due to the news over the month that Australia had a second month of national house price rises as well as Australia posting a current account surplus of \$5.9 billion. Australia last recorded a current account surplus under Whitlam in June 1975.

In September, the top-performing Trusts were Unibal-Westfield (+6%), Cromwell (+5%) and Bunnings Warehouse (+1%). The bottom performing trusts were Charter Hall (-8%), Dexis (-8%) and Mirvac (-4%).

#### Portfolio Performance

The Fund declined by -0.5% in September with performance aided by positions in Unibal-Westfield (+6%), Arena REIT (+2%) and the call positions sold in June, that ended up expiring out of the money.

On the negative side of the ledger, Charter Hall Retail (-3%) and SCA Property (-1%) detracted from performance along with the put protection bought in June.

#### Trading

Over the month the Fund sold call positions in several trusts to generate additional income for the December 2019 quarter. Put protection was also purchased for the same period.

#### Trust Distributions

Period	Cash	Yield at NAV
Jun-17	\$0.029	4.9%
Sep-17	\$0.049	8.2%
Dec-17	\$0.050	8.2%
Mar-18	\$0.046	8.2%
Jun-18	\$0.049	8.2%
Sep-18	\$0.048	8.2%
Dec-18	\$0.046	8.2%
Mar-19	\$0.048	8.2%
Jun-19	\$0.041	7.1%
Sep-19	\$0.042	7.0%

#### Fund Information

Unit Price (NAV)	\$2.33342 (ex the distribution of 4.2 cents)
APIR Code	OMF9290AU
ASX Code	AFM01
Inception	May 2017
Responsible Entity	One Managed Investment Funds Limited
Index	RBA Cash Rate +3%
Unit Pricing	Daily available on <a href="#">ASX website</a>
Management Fee	0.95% per annum
Distributions*	Aim to deliver at least 1.75% per quarter
Buy/sell spread	+/- 0.15%
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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### Portfolio Characteristics

	Property Index	Fund
Price Earnings Ratio	19.0x	13.7x
Premium/discount to NTA	+50%	0%
Recurring Income	70%	100%
Distribution Yield	4.3%	7.0%*
Beta	1.00	0.59

### Top Portfolio Holdings as at September 2019

#### Stock

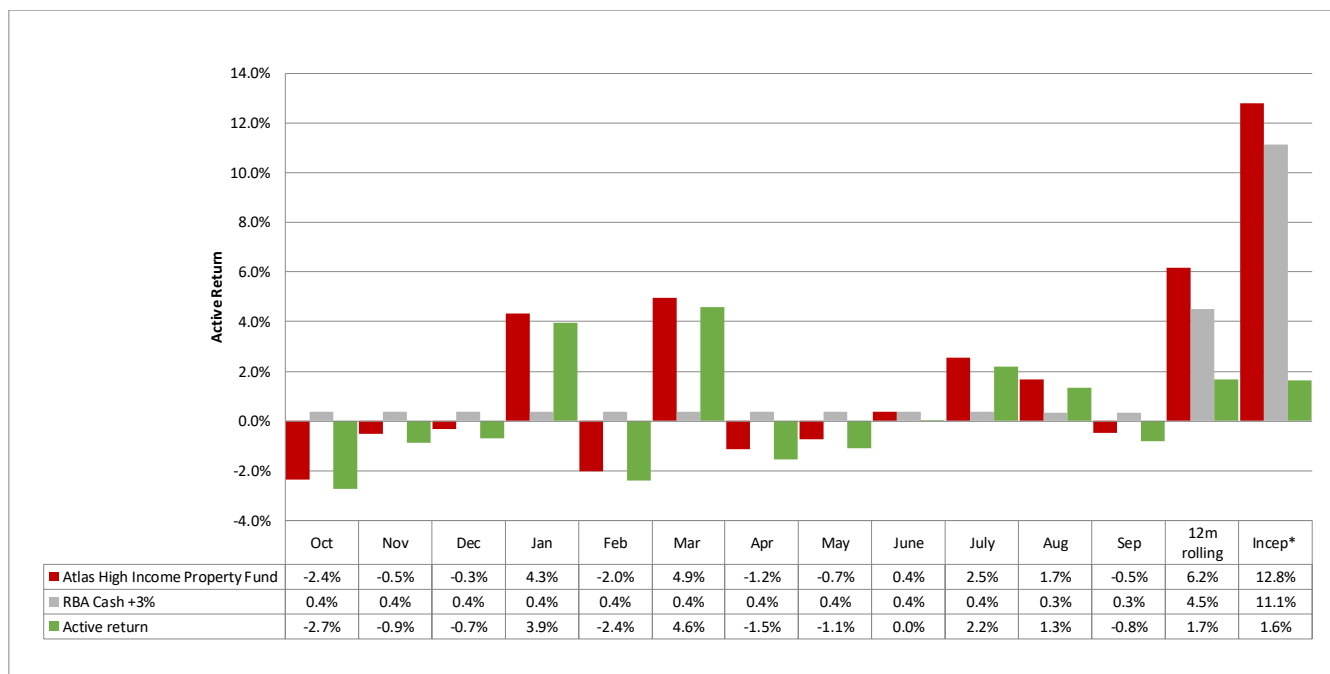
Scentre

SCA Property

UNIBAIL-RODAMCO-WESTFIELD

Vicinity

Charter Hall Retail



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