

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report February 2020



- The Atlas High Income Property Fund fell by -4% during February in a market dominated by panic selling that saw the Australian market fall by 8% in response to an increase in the number of Covid-19 cases outside China.
- The pattern of selling across the market was broad-based and reflected the influence of exchange-traded index funds in global markets. When an index fund receives a redemption, the manager will automatically sell down every holding in their portfolio based on the company's percentage of the index. While this is painful in the short-term for active managers, it also opens up opportunities to invest in companies with stable recurring earnings.
- In February, the bond rate fell dramatically to 0.8% as the market anticipated a rate cut from the RBA at their meeting in early March. Additionally, term deposit rates have trended down to below 1% offering savers a very paltry return on their investment.

	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	12m rolling	Annual Return
Atlas High Income Property Fund	4.9%	-1.2%	-0.7%	0.4%	2.5%	1.7%	-0.5%	1.2%	1.7%	-2.1%	3.6%	-4.0%	7.6%	5.0%
RBA Cash +3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	4.4%	5.0%
Active return	4.6%	-1.5%	-1.1%	0.0%	2.2%	1.3%	-0.9%	0.9%	1.3%	-2.5%	3.3%	-4.3%	3.2%	0.1%

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 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.

Market Update

February was an extremely volatile month with gains early in the month wiped out by heavy falls in the last week of February. All markets globally fell around 8% in February, making it one of the worst months since the GFC. This overshadowed reporting season which was generally positive for the Listed Property sector with several Trusts upgrading guidance.

In February the top-performing Trusts were SCA Property (+4%), National Storage (+3%) and Goodman Group (+1%). The bottom performing trusts were Vicinity (-16%), Unibal Westfield (-12%) and Mirvac (-11%).

Portfolio Performance

The Fund fell -4% with gains from positions in SCA Property (+4%), offsetting declines in Unibal Westfield (-12%) and Scentre (-8%). The Fund's positions in non-discretionary retail landlords will benefit from increased sales of food, toiletries and pharmacy items. The Fund's derivatives overlay added value in February as the value of the call options sold declined and the value of the put options purchased increased dramatically.

Trading

Over the month the Fund built a position in Transurban (-6%) we had previously owned shares in the toll road company but sold out on valuation concerns in December.

Trust Distribution History

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%
Dec-19	\$0.041	7.0%

Fund Information

Unit Price (NAV)	\$2.2995
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 ASX website
Management Fee	0.95% per annum incl GST
Distributions*	Aim to deliver at least 1.75% per quarter
Buy/sell spread	+/- 0.15%
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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Portfolio Characteristics

	Property Index	Fund
Price Earnings Ratio	16.2x	12.0x
Premium/discount to NTA	+40%	-4%
Recurring Income	70%	100%
Distribution Yield	4.8%	7.0%
Beta	1.00	0.50

Top Portfolio Holdings as at February 2020

Stock

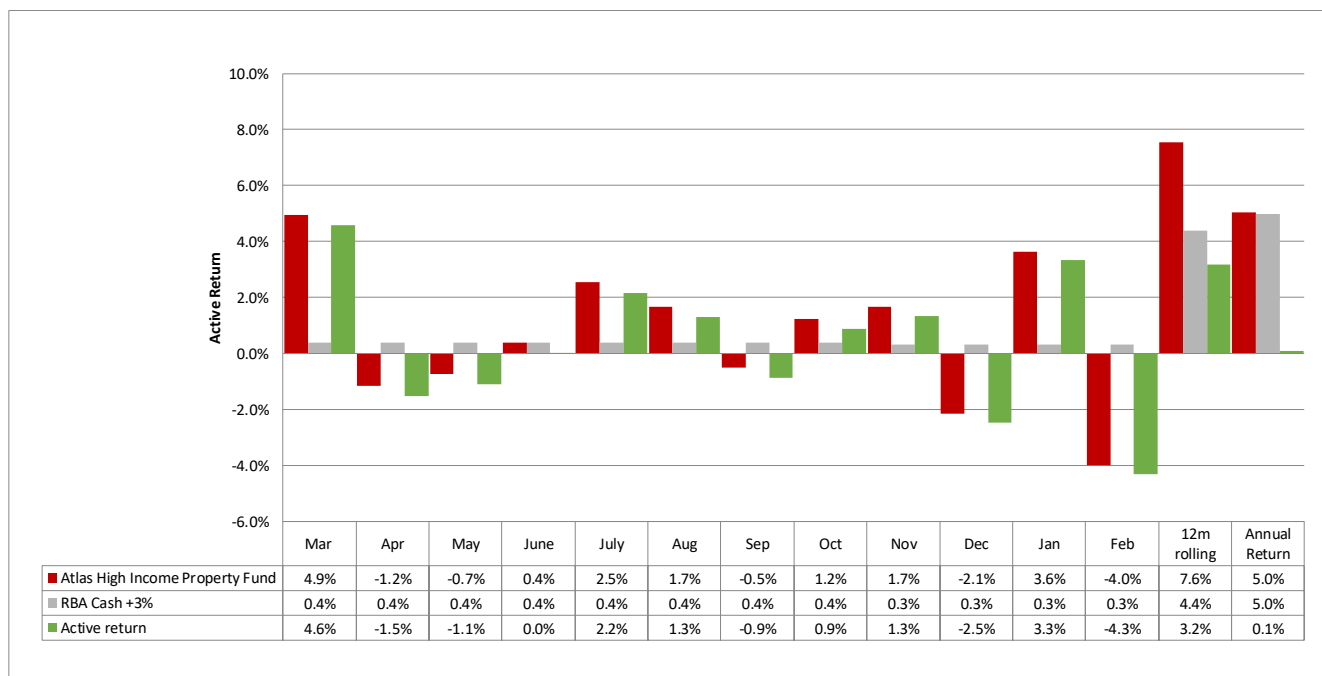
Scentre

SCA Property

Charter Hall Retail

GPT

UNIBAIL-RODAMCO-WESTFIELD



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