

# PORTFOLIO UPDATE

## Atlas High Income Property Fund

### Monthly Report April 2020



- April saw a recovery in the property market as new cases of COVID-19 (CV-19) slowed rapidly in Australia and the state governments, towards the end of the month announced some relaxations to the social distancing rules and the path to reopening the economy. Government programs such as the Code of Conduct for Commercial Tenancies have provided landlords with a mechanism for sharing the impact of falling sales by deferring rents, very different to the fear prevalent in March that rental income would go to zero.
- The Atlas High Income Property Fund gained +13.1% reversing a proportion of March's losses. Over the month, several holdings in the portfolio gave trading updates that indicated that their businesses were trading in-line with expectations given in February, with their tenants facing minimal impacts from CV-19 or in the case of supermarkets, chemists and liquor stores had seen increased turnover.
- Unlike companies such as the banks, property trusts cannot retain earnings for a rainy day and have to distribute profits each year. The Fund has a strong focus on non-discretionary retail, and we expect that the June distributions from the underlying holdings will be ahead of meagre market expectations, especially as the economy emerges from the lock-down.

	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	12m rolling	Annual Return
Atlas High Income Property Fund	-0.7%	0.4%	2.5%	1.7%	-0.5%	1.2%	1.7%	-2.1%	3.6%	-4.0%	-37.5%	13.1%	-26.7%	-7.2%
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%	4.3%
Active return	-1.1%	0.0%	2.2%	1.3%	-0.9%	0.9%	1.3%	-2.5%	3.3%	-4.3%	-37.8%	12.8%	-31.1%	-11.5%

#### 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

April saw a recovery after March's unprecedented monthly fall as panic selling subsided and the market began to take a longer-term view of the merits of real estate. While the CV-19 is likely to impact shopping centres and retail sales and foot traffic won't magically return to normal, it is hard to make the case that offices and industrial assets are permanently impaired or that shopping centres as an asset class is finished. CV-19 is likely to accelerate existing trends in retail, as retailers with unsustainable business models close stores today rather than meandering on for another five to ten years. Ultimately renegotiating long leases and altering the tenant mix of shopping centres will be positive for both landlords and distressed retailers.

In April the top-performing Trusts were Scentre (+49%), Vicinity (+44%) and Growthpoint (+23%). The bottom performers were Cromwell (-2%), SCA Property (-2%) and Dexus (1%).

#### Portfolio Performance

The Fund gained +13.1% over the month as a number of holdings rebounded from their March lows. Positions in Scentre (+49%), Arena REIT (+33%) and GPT (+16%) added value. On the negative side of the ledger supermarket landlord, SCA Property (-2%) was weaker after conducting an opportunistic capital raising to buy distressed assets.

#### Trading

Over the month the Fund sold call options on Transurban (+15%) and reduced our exposure to discretionary retailers Scentre (+49%) and Vicinity (+44%) as their share prices rallied hard.

#### 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%
Mar-20	\$0.025	7.0%

#### Fund Information

Unit Price (NAV)	\$1.5971
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 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 <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	16.2	11.0x
Premium/discount to NTA	+15%	-21%
Recurring Income	70%	100%
Distribution Yield	5.4%	7.0%
Beta	1.00	0.50

## Top Portfolio Holdings as at April 2020

### Stock

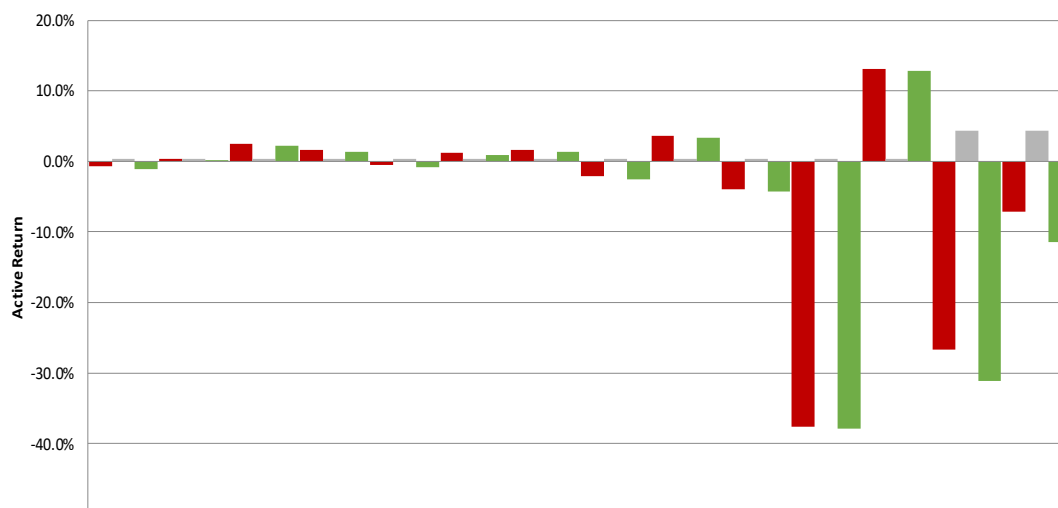
SCA Property

Charter Hall Retail

Scentre

GPT

Transurban



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■ 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%	4.3%
■ Active return	-1.1%	0.0%	2.2%	1.3%	-0.9%	0.9%	1.3%	-2.5%	3.3%	-4.3%	-37.8%	12.8%	-31.1%	-11.5%

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