

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report August 2020



- In August most listed companies in Australia reported their profit results for the six months ending in June. This period has arguably been the most challenging for real estate ever. At no stage during the 1992 recession or the GFC were large sections of the economy closed by the government and Australia's borders effectively sealed. While the shopping centre trusts saw significant declines in earnings, many other property trusts were far less impacted from CV-19 than was feared during the dark days of March.
- The Atlas High Income Property Fund gained by +5.3% in August, a pleasing outcome as many companies in the Fund reported stable earnings, paid distributions and were quietly optimistic for 2021. A common theme from reporting season was that business conditions have continued to improve since June, with tenants paying rent and new leasing deals being signed.
- In an environment where interest rates are close to zero, we see that in the near future, the market will re-rate property trusts that can deliver a stable stream of dividends to investors. What the August reporting season demonstrated was that real estate is not a homogenous asset, with some landlords seeing a minimal impact from CV-19.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	12m rolling	Annual Return
Atlas High Income Property Fund	-0.5%	1.2%	1.7%	-2.1%	3.6%	-4.0%	-37.5%	13.1%	4.4%	-1.0%	-2.4%	5.3%	-25.2%	-4.8%
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%	4.2%
Active return	-0.9%	0.9%	1.3%	-2.5%	3.3%	-4.4%	-37.9%	12.8%	4.0%	-1.4%	-2.7%	5.0%	-29.5%	-9.0%

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

The key news flow in August was the results season for the entire sector. As expected, the industrial trusts and fund managers reported solid results, though, at price-earnings ratios greater than twenty times, investors have a minimal margin of safety. What surprised Atlas was the higher than expected levels of rent collected, which improved in July.

In August, the top-performing Trusts were Stockland (+24%), Charter Hall (+19%) and Arena REIT (+14%). The bottom performing trusts were Unibal-Westfield (-9%), APN Industrial (+0.5%) and Mirvac (+1%).

Portfolio Performance

The Fund gained +5.3% over the month, reflecting better than expected profit results from the companies held in the portfolio. Arena REIT (+14%), Scentre (+11%) and APN Convenience (+8% added value). Positions in toll road Transurban (-3%) detracted from performance.

Trading

Over the month the Fund sold call options over positions in Scentre (+11%) and Stockland (+24%) generating income to be paid out in the upcoming distribution. The volatility we have seen in 2020 has resulted in the highest option premiums since the GFC.

Trust Distribution History

Period	Cash	Yield at NAV
CY 2017	\$0.128	8.0%
CY 2018	\$0.189	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%
Jun-20	\$0.029	7.0%

Fund Information

Unit Price (NAV)	\$1.6649
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	17.6	13.2x
Premium/discount to NTA	+62%	-8%
Recurring Income	65%	100%
Distribution Yield	4.7%	7.0%
Beta	1.00	0.6

Top Portfolio Holdings as at August 2020

Stock

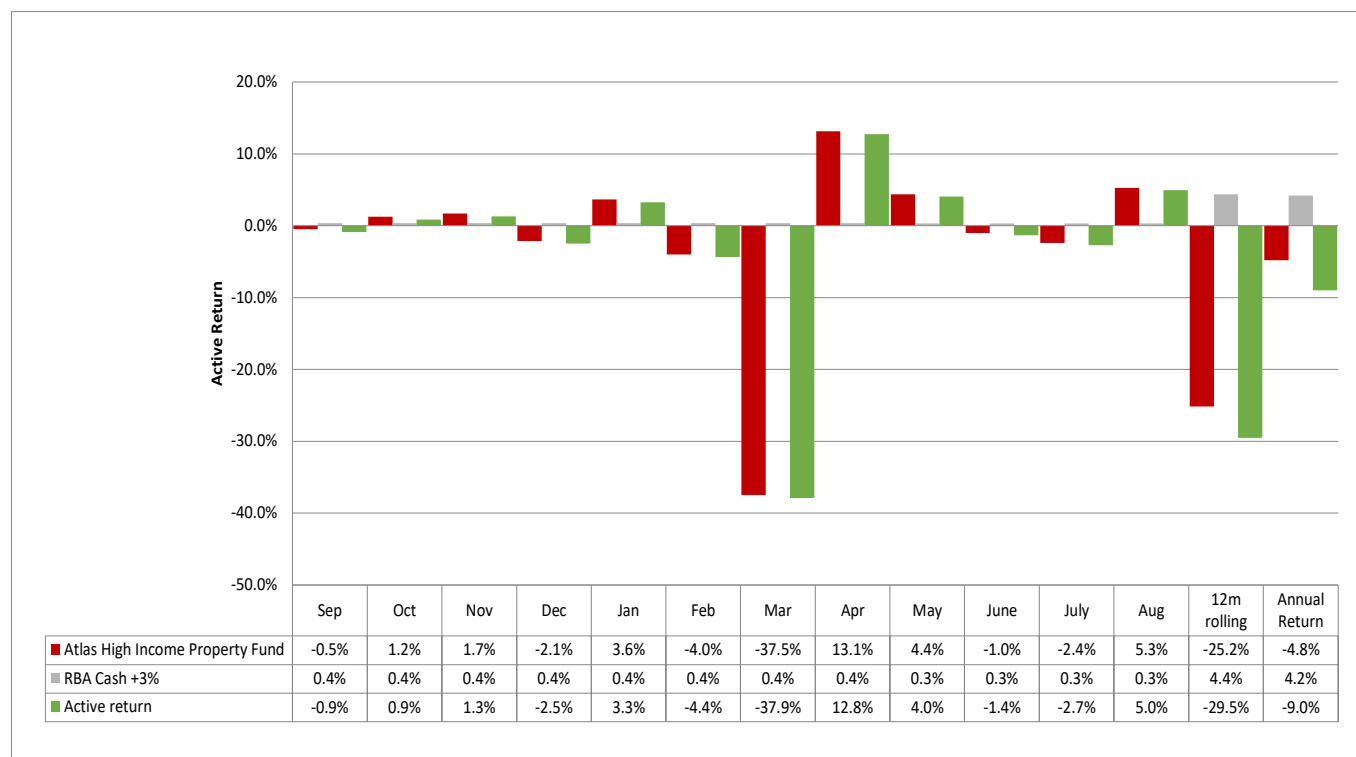
SCA Property

Charter Hall Retail

APN Convenience

Arena REIT

GPT



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