

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report November 2020



- November saw a significant recovery in global markets which rallied on the news of two successful trials of Covid-19 vaccines, as well as the view that a constrained Biden Presidency will be positive for the US economy, with a Republican-controlled Senate delivering both an effective stimulus plan, but limiting radical legislative change.
- The Atlas High Income Property Fund gained 12% in November, a pleasing outcome. 2020 has proven to be a very volatile year for real estate, with the dire predictions in March that office towers, shopping centres and toll-roads will become little used redundant assets proving to be incorrect.
- In an environment where interest rates are close to zero, we continue to see the market will re-rate property trusts that can deliver a stable stream of dividends to investors.

| | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Oct | Nov | 12m rolling | Annual Return |
|---------------------------------|-------|------|-------|--------|-------|------|-------|-------|------|-------|-------|-------|-------------|---------------|
| Atlas High Income Property Fund | -2.1% | 3.6% | -4.0% | -37.5% | 13.1% | 4.4% | -1.0% | -2.4% | 5.3% | -0.3% | 0.0% | 12.0% | -18.4% | -1.5% |
| 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% | 4.1% |
| Active return | -2.5% | 3.3% | -4.4% | -37.9% | 12.8% | 4.0% | -1.4% | -2.8% | 4.9% | -0.6% | -0.3% | 11.7% | -22.8% | -5.6% |

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.

Market Update

The key news flow in November was the announcement that two vaccines had been developed with over 90% effectiveness against the transmission of Covid-19. This news boosted global markets, and in particular, listed property, as an effective vaccine provides investors with a pathway to the normalisation of the economy. Additionally, the Australian economy continues to outperform both Europe and North America, both of which are going into a second period of lockdowns.

In November, the top-performing Trusts were all trusts exposed to discretionary retail, namely Unibal-Westfield (+73%), Vicinity (+36%) and Scentre (+33%). The bottom performing trusts were Cromwell (-2%), Charter Hall Long WALE (+2%) and Goodman (+2%).

Portfolio Performance

The Fund gained 12% over the month a pleasing outcome as the losses in March continue to be clawed back. Positions in GPT (+17%), Atlas Arteria (+15%) and APN Industrial (+13%) added value.

Trading

Over the month the Fund reduced positions in Lend Lease (+18%) and Stockland (+18%) and sold call options over positions in GPT (+17%) and Transurban (+4%). Market volatility continues to offer the Fund very attractive premiums when we sell call options to generate additional income.

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% |
| Sept-20 | \$0.029 | 7.0% |

Fund Information

| | |
|-----------------------|---|
| Unit Price (NAV) | \$1.8266 |
| 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 | 18.8x | 15.1x |
| Premium/discount to NTA | +69% | +1% |
| Recurring Income | 65% | 100% |
| Distribution Yield | 4.0% | 7.0% |
| Beta | 1.00 | 0.77 |

Top Portfolio Holdings as at November 2020

Stock

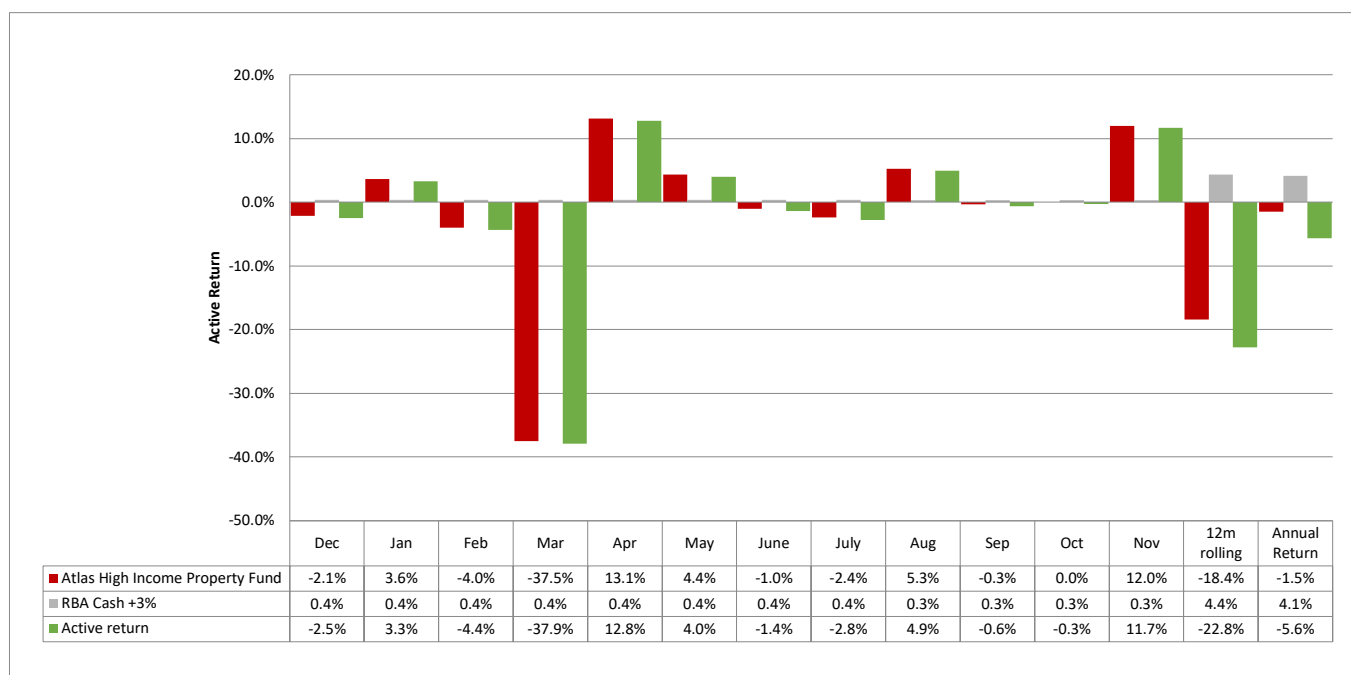
SCA Property

Charter Hall Retail

GPT

Arena REIT

APN Industrial



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