

# PORTFOLIO UPDATE

## Atlas High Income Property Fund

### Monthly Report October 2021



- **Atlas High Income Property Fund** had a steady month in October gaining +0.8%, a pleasing outcome in a month that saw markets unchanged from the end of September due to concerns about slowing growth in China, the prospect of rate hikes by several central banks and the impact of supply chain disruptions on retail sales.
- Concerns about inflation in the medium term was the key theme over the month after the release of the September quarter's Australian inflation which was 3% annualised. The Portfolio is hedged well against rising inflation with rents and toll revenues rising with inflation. Indeed, as a legacy of the GFC where many companies struggled to refinance debt, most Trusts in the Portfolio now have long term fixed-rate debt. Rising inflation is likely to see higher profits for several years as revenues grow faster than interest costs.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	12m rolling	Since Inception % p.a.
Atlas High Income Property Fund	12.0%	-0.4%	-2.1%	0.7%	3.7%	0.7%	1.2%	3.8%	-0.6%	6.3%	0.4%	0.8%	28.9%	1.9%
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%	4.0%
<b>Active return</b>	<b>11.6%</b>	<b>-0.7%</b>	<b>-2.5%</b>	<b>0.4%</b>	<b>3.3%</b>	<b>0.3%</b>	<b>0.8%</b>	<b>3.4%</b>	<b>-0.9%</b>	<b>5.9%</b>	<b>0.1%</b>	<b>0.5%</b>	<b>24.5%</b>	<b>-2.0%</b>

#### Portfolio Objective

Our approach to investing in Australian listed property is founded on quality, value, and sensible risk management principles. 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 and infrastructure securities and to increase the income generated by implementing a covered 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

October was a month where interest rates a key topic after Australian 10-year bonds climbed to 2.08% after a stronger than expected inflation number was released for the September quarter. Despite lockdowns in NSW and Victoria unemployment remains below pre Covid-19 levels at 4.6% and house prices continued to rise.

#### Portfolio Performance

The Fund gained +0.8% in October with positions in Arena REIT (+7%), SCA Property (+3%) and Charter Hall Retail (+2%) adding value. On the negative side of the ledger Transurban (-5%), Atlas Arteria (-4%) and APN Convenience (-3%) impacted monthly performance. The derivatives overlay strategy added value with options over Transurban expiring out of the money.

#### Trading

Over the month we added to our position in Spark infrastructure (0%). At the prevailing price this move locked in a return of 4% until implementation date in mid-February 2020 which equates to an annualised return of 13.5%. Additionally, we sold call options over holdings in Scentre (+1%) and GPT (+2%), here the Portfolio received a healthy 2% premium and generated additional income for the December distribution period.

#### Trust Distribution History

Period	Cash	Annualised Yield at NAV
CY 2017	\$0.128	8.0%
CY 2018	\$0.189	8.2%
CY 2019	\$0.172	8.2%
CY 2020	\$0.115	7.0%
Mar -21	\$0.032	7.0%
Jun-21	\$0.033	7.0%
Sep-21	\$0.035	7.0%

#### Fund Information

Unit Price (NAV)	\$1.9624
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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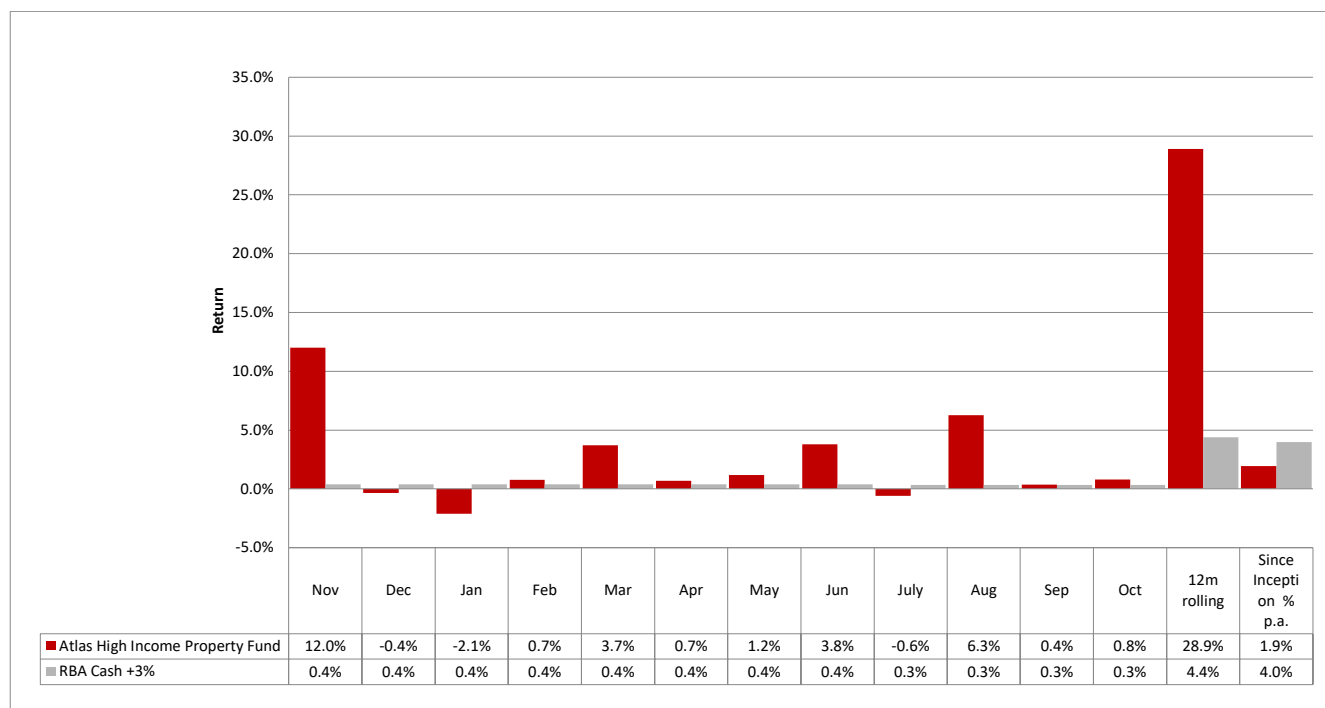


## Portfolio Characteristics

	Property Index	Fund
Price Earnings Ratio	21.4x	15.1x
Premium/discount to NTA	+72%	+9%
Recurring Income	65%	100%
Distribution Yield	3.8%	7.0%
Beta	1.00	0.70

## Top 5 Portfolio Holdings October 2021

SCA Property
APN Industrial
Arena REIT
Charter Hall Retail
APN Convenience



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