

# PORTFOLIO UPDATE

## Atlas High Income Property Fund

### Monthly Report December 2021



- **Atlas High Income Property Fund** had a very solid month in December gaining +5.0%, benefiting from a rotation from highly valued tech companies that pay little income into stable dividend paying stocks which populate the Portfolio.
- In December, eight Trusts in the portfolio paid distributions, with the majority posting an increase on the distribution declared in June 2021. While fears around the virus still dominate the news cycle, most company boards have more confidence around profitability amid lockdowns and mobility restrictions as many companies saw minimal changes to profitability during the dark days of 2020.
- The Fund declared a quarterly distribution of \$0.036 per unit for the December Quarter, a small increase in September's distribution. The distribution was paid to investors in early January.

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	12m rolling	Since Inception % p.a.
Atlas High Income Property Fund	-2.1%	0.7%	3.7%	0.7%	1.2%	3.8%	-0.6%	6.3%	0.4%	0.8%	1.1%	5.0%	22.6%	3.2%
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%	3.9%
Active return	-2.5%	0.4%	3.3%	0.3%	0.8%	3.4%	-1.0%	5.9%	0.0%	0.5%	0.8%	4.7%	18.2%	-0.8%

#### 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

There was minimal news flow in December, with most Trusts in "blackout" before releasing their financial results in February 2021. A range of trusts whose earnings are linked to rental payments rather than development earnings declared distributions on the 30<sup>th</sup> of December, all of which were in-line with expectations.

The key news over the month was global markets reacting to the expectation of rate hikes in 2022. This saw a sell-off in high price to earnings (PE) companies such as in IT and healthcare sectors with gains in utilities, infrastructure and real estate, sectors populated by companies paying higher distribution yields. Higher interest rates reduce the value of profits expected to be generated in the distant future but increase the relative attractiveness of dividends paid today.

#### Portfolio Performance

The Fund gained +5% in December a stronger than expected monthly gain due to a rotation globally into dividend paying companies. Positions in Arena REIT (+11%), SCA Property (+9%) and Atlas Arteria (+7%) added value.

#### Trading

Over the month we trimmed positions in GPT (+3%) and Scentre Group (+2%). After several call options expired out of the money in December, we sold new call options for March 2022 expiry, receiving a 2% premium and generating additional income for the next 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%
Dec-21	\$0.036	7.0%

#### Fund Information

Unit Price (NAV)	\$2.0464 (ex the distribution of 3.6 cents)
APIR Code	OMF9290AU
ASX Code	AFM01
Inception	May 2017
Responsible Entity	One Managed Investment Funds Limited
Benchmark	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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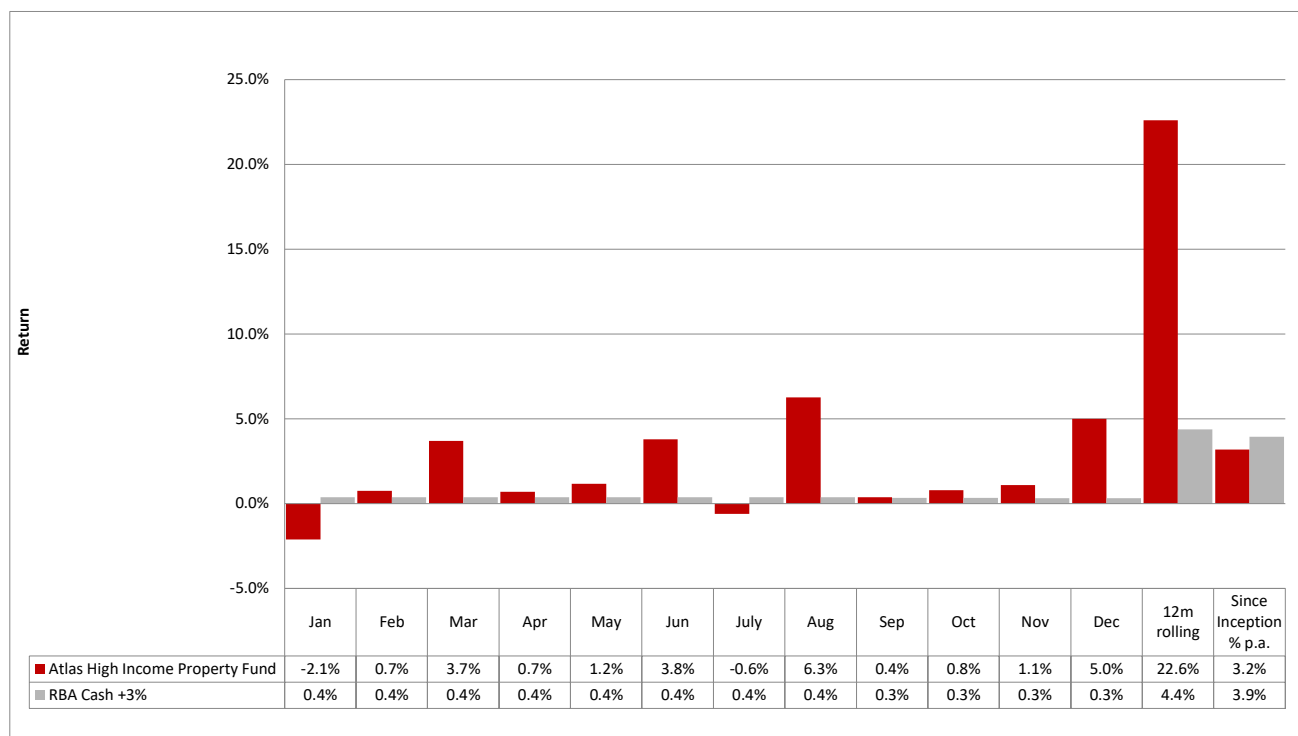


## Portfolio Characteristics

	Property Index	Fund
Price Earnings Ratio	26.9x	14.7x
Premium/discount to NTA	+95%	+14%
Recurring Income	62%	100%
Distribution Yield	2.3%	7.0%
Beta	1.00	0.65

## Top 5 Portfolio Holdings December 2021

SCA Property
Arena REIT
DXC Industrial
Charter Hall Retail
Dexus Convenience



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