

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report October 2023



- October was a weak month, with global markets continuing to fall for the third month in a row, driven by expectations of more rate rises to combat the stickier-than-expected inflation. There was nowhere to hide in global markets, with the S&P 500 down -2.2%, the NASDAQ down -2.8%, and the ASX200 down -4%.
- The **Atlas High Income Property Fund** pulled back by -5.6% despite several companies in the Fund reporting robust quarterly earnings. Indeed, the two toll roads held in the Fund reported quarterly profits on record average traffic and inbuilt inflation-linked toll escalators.
- Concerns of higher inflation and rising geopolitical tensions have dominated the last three months quarter, with many trusts having share prices below what they were during the middle of lockdowns in mid-2020 when they faced an uncertain future and were having trouble collecting rents. Conversely, in October 2023, many generated profits higher than pre-CV19 levels and enjoyed close to full occupancy. Early November has seen a sharp recovery, with October's losses recovered in the first few days of trading.

	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	12m rolling	Since Inception % p.a.
Atlas High Income Property Fund	3.4%	-1.1%	3.7%	-1.5%	-4.7%	3.3%	-1.1%	-1.3%	3.9%	-3.8%	-6.2%	-5.6%	-11.2%	-1.3%
RBA Cash +3%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	6.7%	4.3%
Active return	2.9%	-1.6%	3.2%	-2.0%	-5.2%	2.8%	-1.6%	-1.9%	3.3%	-4.4%	-6.7%	-6.2%	-17.9%	-5.6%

Portfolio Objective

Our approach to investing in Australian listed property is founded on quality, value, and sensible risk management principles.

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

Global equity markets were sold off broadly in October on concerns that interest rate hikes were not finished and would remain higher for longer than expected. Domestically, the RBA kept rates on hold for the third month in a row at 4.10%.

Portfolio Performance

In October, the Fund declined by -5.6% in a broad-based sell-off in the property sector (-6%) on the ASX. It was hard to find any positive in October, with all stocks in the universe falling between -2% and -15%. Investors' attention is still focusing on macroeconomic concerns rather than the ability of individual companies to navigate in a higher interest rate environment. Indeed, October operational updates from Region (-3%), Stockland (-10%), Transurban (-7%) and Atlas Arteria (-4%) all revealed robust trading conditions that were at odds with the company's share price movements.

Positions in Detera (-2%) and Region Group (-3%) were the top performers over the month. These trusts all have long-dated leases, rental income linked to inflation and long-term debt. Atlas expects their earnings and distributions to remain resilient in a higher interest rate environment.

Trading

During the month of October, Atlas made a conscious decision not to sell new call options for December expiry, as we view the market capitulation over the last three months as overdone and unrelated to individual company earnings.

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%
CY 2021	\$0.133	7.0%
CY 2022	\$0.127	7.0%
Mar 2023	\$0.030	7.0%
June 2023	\$0.029	7.0%
Sep 2023	\$0.029	7.0%

Fund Information

Unit Price (NAV)	\$1.4313
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 the 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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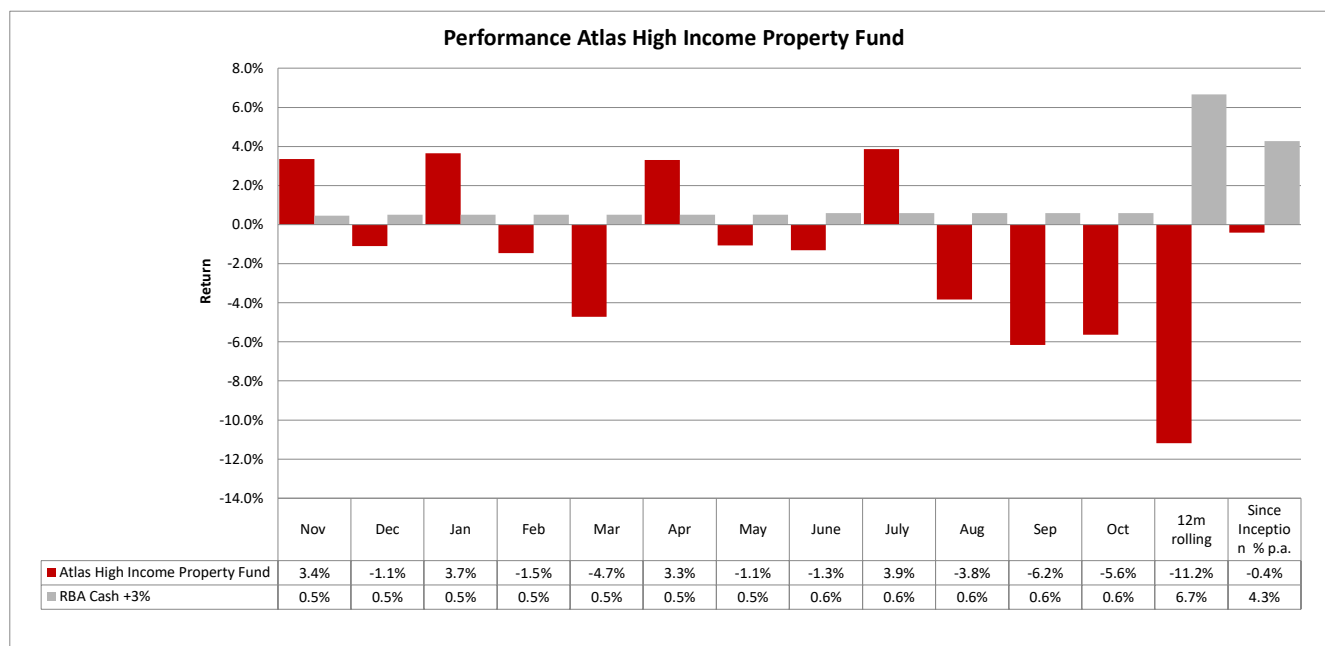


Portfolio Characteristics

	Property Index	Fund
Price Earnings Ratio	16.3x	11.2x
Premium/discount to NTA	+31%	-25%
Recurring Income	66%	100%
Distribution Yield (Historic)	4.4%	7.0%
Beta	1.00	0.62

Top 5 Portfolio Holdings in October 2023

Region Group
GPT
Charter Hall Retail
Dexus Industrial REIT
Arena REIT



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