

# PORTFOLIO UPDATE

## Atlas High Income Property Fund

### Monthly Report November 2023



- November saw a recovery from October's lows as equity markets rallied after the US Federal Reserve hinted that they were at the peak of this interest rate cycle. Domestically, while the RBA raised the cash rate by 0.25% at the start of November, weaker than expected inflation and retail sales data released towards the month's end suggested tightening monetary policy was finally working.
- The **Atlas High Income Property Fund** gained by 8.7%, with the share prices of many companies in the Fund recovered from the falls seen during the market panic in September and October. The falls in September and October were based on the assumption that property and infrastructure trusts would see falling profit margins, unable to raise prices yet faced with rising interest rate costs as shorter-term debt was refinanced. While some companies structured their debt this way before the GFC, few are in this precarious position in 2023.
- The Fund is populated with Trusts that deliver stable earnings today, revenue that increases in line with inflation and debt hedged for an average of 5 years. As such, inflation and rising debt costs will have less impact on profits than markets fear. In December, many companies held in the Fund will declare dividends, which are expected to show the resilience of company earnings.

	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	12m rolling	Since Inception % p.a.
Atlas High Income Property Fund	-1.1%	3.7%	-1.5%	-4.7%	3.3%	-1.1%	-1.3%	3.9%	-3.8%	-6.2%	-5.6%	8.7%	-6.6%	-0.4%
RBA Cash +3%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	6.8%	4.4%
<b>Active return</b>	<b>-1.6%</b>	<b>3.2%</b>	<b>-2.0%</b>	<b>-5.2%</b>	<b>2.8%</b>	<b>-1.6%</b>	<b>-1.9%</b>	<b>3.3%</b>	<b>-4.4%</b>	<b>-6.7%</b>	<b>-6.2%</b>	<b>8.1%</b>	<b>-13.4%</b>	<b>-4.8%</b>

#### 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

During November, most Trusts held their AGMs with a tone much more positive than expected and no negative surprises. The key news was the weakening of the benchmark 10-year government bond yield to 4.5%, which has fallen from a high of 4.9% in late October. Falls in the bond yield are positive for interest-rate-sensitive stocks and indicate the rate at which the RBA will stop tightening interest rates.

#### Portfolio Performance

The Fund gained +8.7% in November, with positions in GPT (+14%), Dexus Industrial (+12%) and Transurban (+10%) adding value. November was a positive month, with every position in positive territory.

We were pleased to see Charter Hall Retail (+5%) provide a market update in early November reiterating full-year earnings guidance. The company highlighted increased rental income, long 7.5-year average lease terms and high occupancy in its non-discretionary convenience retail portfolio of supermarkets and service stations.

#### Trading

No significant trading was done during the month.

#### 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%
CYTD 2023	\$0.030	7.0%

#### Fund Information

Unit Price (NAV)	\$1.5562
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 <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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November 2023

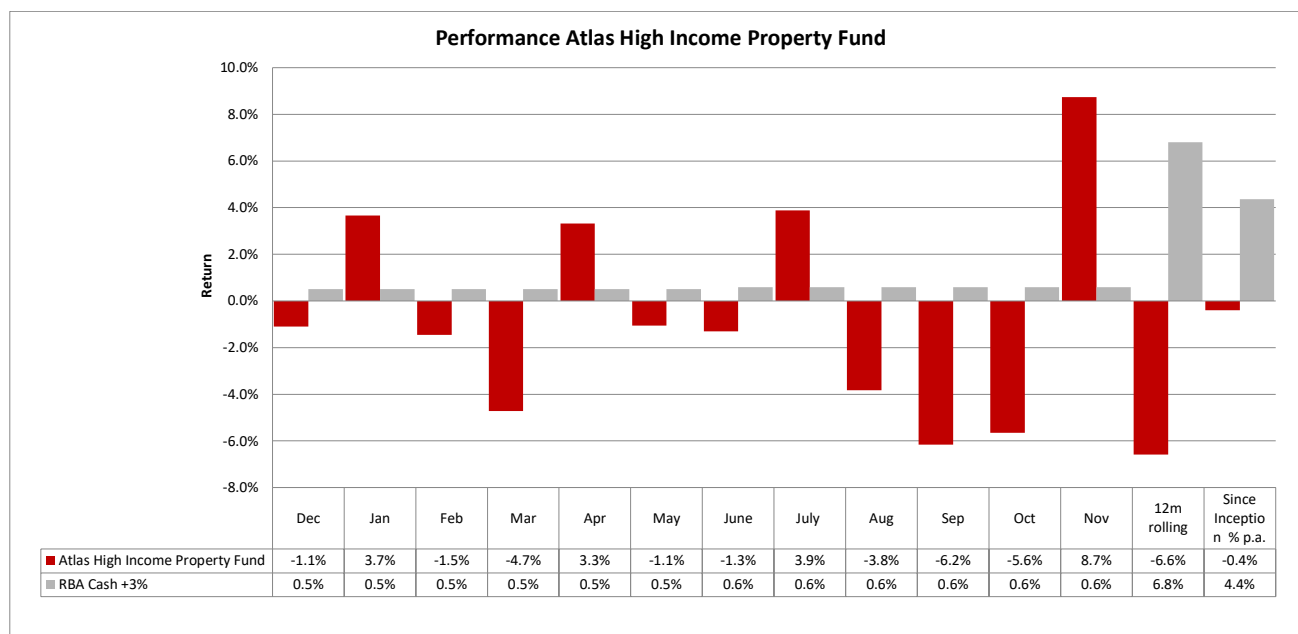


### Portfolio Characteristics

	Property Index	Fund
Price Earnings Ratio	17.1x	12.4x
Premium/discount to NTA	+23%	-16%
Recurring Income	66%	100%
Distribution Yield (Historic)	4.4%	7.0%
Beta	1.00	0.62

### Top 5 Portfolio Holdings in November 2023

Region Group
GPT
Charter Hall Retail
Dexus Industrial REIT
Arena REIT



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