

Atlas High Income Property Fund

ARSN 618 685 567

Annual report for the period 9 March 2017 to 30 June 2018

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Directors' Report

The directors of One Management Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity") the responsible entity of Atlas High Income Property Fund (ARSN 618 658 567) (the "Fund") submit their report together with the financial statements for the Fund for the period 9 March 2017 to 30 June 2018.

Responsible entity

The responsible entity of the fund is OMIFL.

The registered office and the principal place of the business of the Responsible Entity is Level 11, 20 Hunter Street, Sydney, NSW 2000, Australia.

Investment Manager

The investment manager of the Fund is Atlas Fund Management Pty Ltd (ABN 83 612 499 528; AFSL 491 395) ("Investment Manager")

The principal place of business of the Investment Manager is Level 6, 17 Castlereagh Street, Sydney, NSW 2000, Australia.

Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity since inception of the Fund and up to the date of this report are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director
Sarah Wiesener	Company Secretary

Principal Activities

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted on 9 March 2017, commenced operations on 20 March 2017, and was registered as a managed investment scheme on 3 May 2017.

The principal activity of the Fund during the period was to invest in accordance with the provisions of the Fund's Constitution and its most recent Product Disclosure Statement, dated 21 June 2017.

The Fund aims to provide investors with income primarily through the acquisition of securities in the ASX A-REIT 200 Index. There will be an overlay of an active strategy of selling call options over a portfolio of ASX-listed property securities. A portion of the additional income may be used to purchase put options to reduce capital risk. Atlas will use its quantitative and qualitative analysis to identify property securities within the ASX listed property sector that can be expected to: 1) deliver a consistently higher than average distribution yield; and 2) allow the fund manager to generate additional income via writing call options over the property securities held.

The Fund did not have any employees during the period.

Review of Operations

Results

This is the first reporting period for the Fund. The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of this financial report. The net profit attributable to unitholders for the financial period from 9 March 2017 to 30 June 2018 was \$524,477.

Distributions

In respect of the financial period from 9 March 2017 to 30 June 2018, a distribution of \$583,894 was declared and paid and a distribution (return of capital) of \$195,673 was payable for the period ended 30 June 2018.

Directors' Report (continued)

Value of Assets and Units Issued

The total value of the Fund's assets at 30 June 2018 was \$9,588,089. The total number of units issued during the period and on issue as at 30 June 2018 was 4,000,356.

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the financial period and as at 30 June 2018.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Fund.

Subsequent Events

There has been no matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Likely Developments and Expected Results of Operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in its most recent Product Disclosure Statement dated 21 June 2017.

Environmental Regulation and Performance

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Indemnification of Directors, Officers and Auditors

During the financial period, the Responsible Entity paid premiums in respect of contracts insuring the directors of the Responsible Entity against a liability incurred as a director or executive officer to the extent permitted by the *Corporations Act 2001*. The contracts of insurance prohibit disclosure of the nature of the liability and the amount of the premiums.

The Responsible Entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred by such an officer or auditor.

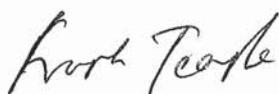
Auditor

Bentleys NSW (Audit) Pty Ltd was appointed as auditor of the Fund in accordance with Section 327 of the *Corporations Act 2001*.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

21 September 2018

Atlas High Income Property Fund

ARSN 618 685 567

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of One Managed Investment Funds Limited

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



ROBERT EVETT
DIRECTOR

SYDNEY

21 September 2018



BENTLEYS NSW AUDIT PTY LTD
CHARTERED ACCOUNTANTS

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 7 to 22 are in accordance with the *Corporations Act 2001*, including:
- compliance with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - giving a true and fair view of the Fund's financial position as at 30 June 2018 and its performance for the financial period from 9 March 2017 to 30 June 2018.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) The financial statements are in compliance with International Financial Reporting Standards as issued by the International Accounting Standard Board, as noted in note 3(a).

Signed in accordance with a resolution of the directors of the Responsible Entity.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

21 September 2018

Atlas High Income Property Fund

Independent Audit Report to the members of Atlas High Income Property Fund

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Atlas High Income Property Fund (“Fund”), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Atlas High Income Property Fund is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Atlas High Income Property Fund's financial position as at 30 June 2018 and of its financial performance for the period ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of Atlas High Income Property Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of One Managed Investment Funds Limited (the “Responsible Entity”), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Report

The directors of One Managed Investment Fund Limited (the “Responsible Entity”), are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Funds ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Robert Evett
Director
Sydney



BENTLEYS NSW AUDIT PTY LTD
Chartered Accountants

21 September 2018

Statement of Profit or Loss and Other Comprehensive Income for the period 9 March 2017 to 30 June 2018

	Note	Period 9 March 2017 to 30 June 2018 \$
Income		
Net gains on financial assets held at fair value through profit or loss	6	96,802
Dividend income		494,548
Interest income		24,985
Total income		616,335
Expenses		
Bank charges		(1,962)
General fund expense		(1,921)
Management fee expense		(86,740)
Trade commissions and broker fees		(1,235)
Total expenses		(91,858)
Profit/(loss) attributable to unitholders		524,477
Finance costs attributable to unitholders		
Distributions to unitholders	8	(779,567)
Decrease in net assets attributable to unitholders	7	255,090
Profit/(loss) for the period		-

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2018

	Note	As at 30 June 2018 \$
Assets		
Financial assets held at fair value through profit or loss	5	8,069,861
Cash & cash equivalents	10 (a)	1,252,187
GST receivable		2,177
Dividends receivable		160,337
Due from broker		372,600
Total assets		9,857,162
Liabilities		
Management fee payable		8,137
Commission payable		7
Due to broker		65,256
Distribution payable		195,070
Withholding tax payable		603
Total liabilities		269,073
Net assets attributable to unitholders	7	9,588,089
Liability attributable to unitholders		(9,588,089)
Net assets		-

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the financial period from 9 March 2017 to 30 June 2018

	Period 9 March 2017 to 30 June 2018
	\$
Total equity at the beginning of the period	-
Profit/(loss) for the period	-
Other comprehensive income for the period	-
Total comprehensive income for the period	-
Transactions with owners in their capacity as equity holders	-
Total equity at the end of the period	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as liability rather than equity. As a result, there was no equity at the start or end of the financial period.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the financial period from 9 March 2017 to 30 June 2018

	Note	Period 9 March 2017 to 30 June 2018 \$
Cash flows from operating activities		
Purchase/Sale of financial instruments held at fair value		(8,283,592)
Management fees paid		(78,603)
Dividends received		334,211
GST payable		(2,177)
General fund expense		(1,922)
Net cash used in operating activities	10 (b)	(8,032,083)
Cash flows from financing activities		
Interest received		24,985
Proceeds from unitholders applications		9,843,178
Distributions paid		(583,893)
Net cash provided by financing activities		9,284,270
Net increase in cash and cash equivalents		1,252,187
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	10 (a)	1,252,187

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. General Information

These financial statements cover the Atlas High Income Property Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme and was constituted on 9 March 2017, commenced operations on 20 March 2017 and was registered as a managed investment scheme on 3 May 2017. These financial statements cover the period from 9 March 2017 to 30 June 2018.

The responsible entity of the Fund is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 20 Hunter Street Sydney NSW 2000.

The Fund aims to provide investors with income primarily through the acquisition of securities in the ASX A-REIT 200 Index. There will be an overlay of an active strategy of selling call options over a portfolio of ASX-listed property securities. A portion of the additional income may be used to purchase put options to reduce capital risk. Atlas will use its quantitative and qualitative analysis to identify property securities within the ASX listed property sector that can be expected to: 1) deliver a consistently higher than average distribution yield; and 2) allow the fund manager to generate additional income via writing call options over the property securities held.

The financial statements were authorised for issue by the directors on the date the Directors' Declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Adoption of New and Revised Accounting Standards

(a) *Standards and Interpretations in issue not yet adopted*

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective, and are available for early adoption.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 "Financial Instruments", and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 "Revenue from Contracts with Customers"	1 January 2018	30 June 2019
AASB 16 "Leases"	1 January 2019	30 June 2020

The above new standards are not expected to have a major impact on the Fund.

3. Significant Accounting Policies

a) *Statement of Compliance*

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, the Corporations Act 2001, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board and the Fund's Constitution.

Compliance with Australian Accounting Standards, as issued by the AASB, ensures that the financial statements and notes thereto comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Consequently, these financial statements have been prepared in accordance with and comply with IFRS as issued by the IASB.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements, as issued by the IASB. These policies have been consistently applied unless otherwise stated in the following text.

3. Significant Accounting Policies (continued)

b) Basis of preparation

These general purpose financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments in financial assets and liabilities, which have been measured at fair value. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance sheet date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

This general purpose financial report has been prepared in accordance with the basis of accounting specified by all Accounting Standards and Interpretations and the disclosure requirements of Accounting Standards AASB 101 "Presentation of Financial Statements", AASB 107 "Statement of Cash Flows" and AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors" and AASB 1054 "Australian Additional Disclosures". Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS").

All amounts are presented in Australian dollars as the functional and presentational currency of the Fund.

c) Going concern basis

The financial report has been prepared on a going concern basis.

d) Revenue and income recognition

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Changes in the fair value of financial instruments held at fair value through profit or loss

Changes in fair value of financial assets and liabilities are recognised in profit or loss in the period in which the changes occur.

Distributions

Distributions from investments are recognised when the right to receive the payment is established.

Interest income

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

e) Expenses

All expenses, including Responsible Entity fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and cash balances held with brokers.

3. Significant Accounting Policies (continued)

g) Investments in financial instruments

Investments in financial instruments are categorised in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'. This classification is determined by the purpose underpinning the acquisition of the investment. The classification of each financial instrument is re-evaluated at each financial year end.

Designated at fair value through profit or loss

Investments of the Fund have been designated at fair value through profit or loss. All investments are initially recognised at fair value of the consideration paid including transaction costs. After initial recognition, the financial assets that are designated at fair value through profit or loss are re-valued to fair value at each reporting date.

The fair value of financial assets traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Fund is the current close price.

Changes in the fair value of the investment are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

The investments held by the Fund have been designated at fair value through profit or loss as doing so results in more relevant information. These investments are part of a full group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

The Fund recognises a financial asset when it becomes a party to the contractual provisions of the instrument. Purchases and sales of investments in financial instruments are accounted for as at the trade date.

h) Taxation

Under the current tax legislation, the Fund is not subject to income tax provided that the unitholders are presently entitled to the income of the Fund and that the Fund entirely distributes its taxable income.

i) Distributions

In accordance with the Product Disclosure Statement, the Fund will pay income distributions quarterly. An income distribution comprises the Investor's share of any net income earned by the Fund. Where a distribution is made, the entitlement to income in respect of the class for a distribution period is the entitlement of the class for the period divided by the number of units of the class on issue as at the relevant distribution date.

Distributable income includes capital gains arising from the disposal of investments. Unrealised gains or losses on investments that are recognised in the Statement of Profit or Loss and Other Comprehensive Income are not distributed until realised. Capital losses are not distributed to unitholders and are retained to be offset against future realised capital gains.

j) Foreign currency transactions

The functional and presentation currency for the Fund is Australian Dollars. During the reporting period, the Fund did not engage in foreign currency transactions.

k) Payables

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

l) Due to/from broker

Amounts due to/from brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by period end. Trades are recorded on trade date, and are normally settled within 3 business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that

3. Significant Accounting Policies (continued)***l) Due to/from broker (continued)***

the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant difficulties of the broker, and the probability that the broker will enter into bankruptcy or financial reorganisation and default in payments.

m) Receivables

Receivables may include amounts for dividends and interest. Dividends are accrued when the right to receive payment is established. Interest is accrued in accordance with the method outlined in note 3 (d). Amounts are generally received within 30 days of being recorded as receivables.

n) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

o) Net assets attributable to unitholders

Units are redeemable at the unitholder's option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the Fund is required to distribute its distributable income. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

p) Critical accounting judgements and key sources of estimation uncertainty

Management has adhered to the Fund's unit pricing policy which sets out the basis upon which the units of the Fund have been valued, a copy of which is available upon request.

In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the determination of the value of investments are outlined in note 3 (g) of these financial statements.

q) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the tax authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

r) Redeemable units

The units issued by the Fund provide the unitholders with the right to redeem their units for cash equal to their proportionate share of the net asset value of the Fund. AASB 132 "Financial Instruments Presentation" permits certain puttable instruments that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity on

3. Significant Accounting Policies (continued)

r) Redeemable units (continued)

liquidation to be classified as equity, subject to specified criteria being met. The Fund's redeemable units do not meet the specified criteria and have been consequently classified as liabilities. The liability to unitholders is presented on the Statement of Financial Position as "Net assets attributable to unitholders" and is determined based on the residual assets of the Fund after deducting the Fund's other liabilities.

4. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Investment Manager under policies approved by the directors of the responsible entity. The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

(a) Credit Risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

The Fund is also exposed to counterparty credit risk on cash and cash equivalents, amounts due from brokers and other receivables.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's credit position on an ongoing basis.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved; and
- ensuring that transactions are undertaken with a large number of counterparties.

There were no significant concentrations of credit risk to counterparties at 30 June 2018. The Fund only has a material credit risk exposure to the banks that holds the cash balances at 30 June 2018. Credit risk is mitigated by the Fund by investing their cash through Major Australian Banks.

The following table details the breakdown by credit rating of cash and cash equivalents held by the Fund:

	Year ended 30 June 2018
	\$
A	38,101
AA-	1,214,086
	<u>1,252,187</u>

4. Financial Risk Management (continued)
(a) Credit Risk (continued)
(i) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase orders on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

b) Market risk

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices liquidity. Market risk is managed and monitored on an ongoing basis by the Investment Manager.

c) Currency risk

The Fund is not exposed to currency risk as it invests in ASX listed companies.

d) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Fund's exposure to interest rate risk is set out in the following table:

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$	\$	\$	\$
30 June 2018				
Assets				
Cash and cash equivalents	1,252,187	-	-	1,252,187
Other assets	-	-	535,114	535,114
Financial assets held at fair value through profit or loss	-	-	8,069,861	8,069,861
Total assets	1,252,187	-	8,604,975	9,857,162
Liabilities				
Management fees payable	-	-	8,137	8,137
Other liabilities	-	-	65,263	65,263
Distributions payable	-	-	195,673	195,673
Total liabilities excluding net assets attributable to unitholders	-	-	269,073	269,073
Net exposure	1,252,187	-	8,335,902	9,588,089

4. Financial Risk Management (continued)

(d) Interest rate risk (continued)

Net exposure

The following table demonstrates the sensitivity of the Fund's net assets attributable to unitholders and operating profit to a reasonable change in interest rates, with all other variables constant. The 25 basis point sensitivity is based on a reasonable volatility of change in the AUD cash interest rate over the coming year. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Change in basis points increase/(decrease)	Effect on operating profit and net assets attributable to unitholders (\$)
Year ended 2018		
AUD interest rate	25bp/(25bp)	3,130/(3,130)

e) Price risk

The Fund is exposed to equity securities price risk.

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Price risk is managed by monitoring compliance with established investment mandate limits. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund aims to provide investors with income primarily through the acquisition of securities in the ASX A-REIT 200 Index. There will be an overlay of an active strategy of selling call options over a portfolio of ASX-listed property securities. A portion of the additional income may be used to purchase put options to reduce capital risk. Atlas will use its quantitative and qualitative analysis to identify property securities within the ASX listed property sector that can be expected to: 1) deliver a consistently higher than average distribution yield; and 2) allow the fund manager to generate additional income via writing call options over the property securities held.

As at 30 June 2018 a positive 10% sensitivity would have had an impact on the Fund's operating profit and net assets attributable to unitholders of \$958,809. A negative sensitivity would have an equal but opposite impact.

f) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

In order to control the liquidity risk associated with its investments, the Fund conducts its investing activities in accordance with agreed guidelines and leverage ratios to ensure a minimal concentration of risk.

The Fund is exposed to daily cash redemptions of its units. Its policy is therefore to hold investments that are traded in an active market and can be readily disposed.

4. Financial Risk Management (continued)

(f) Liquidity risk (continued)

The Fund's listed securities are considered readily realisable, as they are listed on the Stock Exchange.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemption during the period ended 30 June 2018.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2018 to the contractual maturity date. Units are redeemed on demand at the unitholder's option. However, the directors do not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

	30 June 2018						Total
	On demand	< 1 month	1-3 months	3-6 months	6-12 months	> 12 months	
Liabilities	\$	\$	\$	\$	\$	\$	\$
Management fees payable	-	8,137	-	-	-	-	8,137
Due to broker	-	65,263	-	-	-	-	65,263
Distributions payable	-	195,673	-	-	-	-	195,673
Net assets attributable to unitholders	9,588,089	-	-	-	-	-	9,588,089
Total liabilities	9,588,089	269,073	-	-	-	-	9,857,162

5. Investments in Financial Instruments

(a) Financial assets designated as fair value through profit or loss

	30 June 2018
	\$
Designated at fair value through profit or loss	
Fund investment	8,069,861
Total financial assets held at fair value through profit or loss	8,069,861

(b) Fair Value Hierarchy

Financial instruments carried at fair value are categorised under a three level hierarchy. Financial instruments are categorised based on the observable market inputs when estimating their fair value. If different levels of inputs are used to measure a financial instrument's fair value, the instrument's classification within the hierarchy is based on the lowest level of input that was significant to the fair value measurement.

Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

5. Investments in Financial Instruments (continued)

(b) Fair Value Hierarchy (continued)

Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

The following table shows an analysis of financial instruments held at 30 June 2018, recorded at fair value and presented by level of the fair value hierarchy:

	30 June 2018			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Fund investment	8,069,861	-	-	8,069,861
Total financial assets held at fair value through profit or loss	8,069,861	-	-	8,069,861

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels during the period.

Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

Valuation techniques used to derive level 1, level 2 and level 3 fair values

Level 1

The fair value of financial instruments that are traded in an active market is determined using the last traded quoted price in an active market. As at 30 June 2018 the Fund had \$8,069,861 financial assets held at fair value through profit or loss included in level 1.

Level 2

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 30 June 2018, the Fund had no financial instruments in level 2.

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 30 June 2018, the Fund had no financial instruments held at fair value through profit or loss included in level 3.

6. Net Gains/(Losses) on Financial Instruments held at Fair Value through Profit or Loss

	Period 9 March 2017 to 30 June 2018
	\$
Unrealised gains on financial instruments designated as at fair value through profit or loss	139,111
Realised losses on financial instruments designated as at fair value through profit or loss	(42,309)
Net losses on financial assets held at fair value through profit or loss	96,802

7. Net Assets Attributable to Unitholders

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	Period 9 March 2017 to 30 June 2018	
	No. of Units	\$
Opening balance	-	-
Applications for units by unitholders	4,000,356	9,843,179
Redemptions of units by unitholders	-	-
Decrease in net assets attributable to unitholders	-	(255,090)
Closing balance as at 30 June 2018	4,000,356	9,588,089

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

8. Distributions to Unitholders

It is intended that quarterly distributions of at least 2% of the Net Asset value ("NAV") per unit are made each quarter. Should the Fund not generate sufficient net income to cover the distribution in any financial year, then part or all of any distribution may be a return of capital. Interim distributions of 2% of the NAV will generally be made within 30 days following the quarters ending September, December and March each year. The final distribution (for June quarter) may be the higher of 2% of NAV or the excess net income and realised capital gains generated during the year over the interim distributions paid and fund expenses and may take longer than 30 days for payment. As such a distribution of \$583,894 was paid to unitholders for the financial period from 9 March 2017 to 30 June 2018 and a distribution (return of capital) of \$195,673 was payable for the year ended 30 June 2018.

9. Management Fees Paid and Payable

Management fees are the fees charged to manage and oversee the operation of the Fund. The Investment Manager charges a management fee of 0.95% per annum (excluding GST) of the net asset value of the Fund. The fee charged and payable monthly in arrears out of the assets of the Fund.

The following management fees were paid or payable out of the Fund's property during the financial period 9 March 2017 to 30 June 2018:

- Management fees of \$86,740 (GST inclusive) were incurred during the period.
- Management fees payable at 30 June 2018 were \$8,137 (GST inclusive).

10. Cash and Cash Equivalents

(a) Cash and cash equivalent

	As at 30 June 2018 \$
Cash and cash equivalents	1,252,187
	<u>1,252,187</u>

(b) Reconciliation of profit/(loss) for the year to net cash flows used in operating activities:

	Year ended 30 June 2018 \$
Profit/(loss) for the period	-
Loss in net assets attributable to unitholders	(255,090)
Change in value of financial assets held at fair value through profit or loss	(96,802)
Net proceeds from purchase and sale of financial assets held at fair value through profit or loss	(8,283,592)
Distribution to unitholders	779,567
Interest income	(24,985)
Other expenses	3,196
Change in assets and liabilities:	
Increase in receivables and other assets	(162,514)
Increase in payables	8,137
Net cash used in operating activities	<u>(8,032,083)</u>

11. Auditor's Remuneration

The auditor of the Fund is Bentleys NSW (Audit) Pty Ltd. Auditor's remuneration for the year ended 30 June 2018 will be paid by the Investment Manager:

	Year ended 30 June 2018 \$
Audit and other assurance services :	
Audit and review of financial statements	7,150
Total remuneration for audit and other assurance services	<u>7,150</u>

12. Related Party Transactions

The responsible entity of the Fund is OMIFL.

(a) Management fees paid and payable to the Investment Manager

Management fees are the fees charged by the Investment Manager to provide investment management services to the Fund.

The Investment Manager charges 0.95% per annum (inclusive of GST and less any reduced input tax credits) of the gross value of the Fund's assets. As at 30 June 2018, the management fees expense incurred by the Fund was \$86,740.

(b) Other fees paid to related parties

The Responsible Entity has appointed third party service providers to the Fund, some of whom are related parties of the Responsible Entity. The following entities, which are related parties of the Responsible Entity, have provided services to the Fund during the financial period ended 30 June 2018:

- One Registry Services Pty Limited (ACN 141 757 360) – unit registry services

OMIFL also acts as custodian for the Fund and receives a fee for doing so.

None of the above has received any remuneration directly from the Fund in relation to these services and they are remunerated by the Investment Manager.

(c) Key management personnel

The key management personnel of the Responsible Entity, during the period and up to the date of this report are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director
Sarah Wiesener	Company Secretary

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the period and as at 30 June 2018.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel at any time during the period.

13. Contingent Assets and Liabilities and Commitments

There are no contingent assets and liabilities and commitments as at 30 June 2018.

14. Subsequent Events

There has not been any matter or circumstances occurring subsequent to the year end that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.