

AMP Capital Australian Property Securities

Quarterly Investment Option Update

30 September 2019

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the S&P/ASX 200 A-REIT Accumulation Index on a rolling 12-month basis. The portfolio invests in property (and property related) securities listed on the ASX and may also invest in property securities listed on securities exchanges outside of Australia and unlisted securities if listing is anticipated within 12 months. Under normal circumstances this investment option must have a minimum exposure of at least 90% to listed property, with at least an 80% exposure to securities listed on the ASX

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Property and infrastructure
Suggested minimum investment timeframe	5 years
Relative risk rating	Very High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Listed Property and Infrastructure	100
Cash	0

Actual Allocation	%
International Shares	0.88
Australian Shares	1.46
Listed Property and Infrastructure	97.66

Sector Allocation	%
Diversified REITs	41.05
Industrial REITs	22.08
Retail REITs	14.61
Office REITs	13.98
Specialised REITs	3.86
Health Care REITs	2.95
Residential REITs	1.34
Others	0.15

Top Holdings	%
Goodman Group	22.08
Dexus	12.58
Mirvac Group	11.29
Scentre Group	9.76
GPT Group/The	8.47
Charter Hall Group	7.92
Charter Hall Long Wale REIT	4.26
Stockland	3.27
Shopping Centres Australasia P	2.76
Abacus Property Group	2.76

Region Allocation	%
Australasia	100

Fund Performance

The Fund was positive for the September quarter in absolute terms, though it underperformed the benchmark ASX 200 A-REIT total return index over the period.

At a sector level, the Fund's overweight positioning in diversified, health care and residential REITs aided the relative return, while other sectors generally detracted. Stock selection was close to neutral, while asset allocation was the main driver of the relative underperformance.

At a stock level, an overweight holding in Charter Hall Long Wale REIT was the largest positive contributor to the relative return, while an underweight holding in Stockland was the largest detractor

Market Review

The Australian listed real estate market rose by 0.95% in the September quarter (as measured by the S&P/ASX 200 A-REIT total return index), underperforming the broader share market. During July and August, listed real estate fared better than shares, after the Reserve Bank of Australia lowered the official cash rate by 0.25% early in the period to a record low of 1.00%, with expectations growing for further monetary easing following the release of very weak core consumer price index inflation data for June quarter. An escalating US-China trade dispute also weighed on markets, until optimism returned later in the period around trade talks and easier monetary conditions globally, which saw capital shift into less defensive assets. Australian 10-year bond yields reached new record lows, falling 0.30% to 1.02% over the period.

The corporate reporting season during the period showed a clear divergence in the performance of logistics and office real estate companies which were strong, and retail real estate companies which were lacklustre.

Outlook

A low interest rate environment and a generally supportive macro-economic outlook, beyond short term risks, are likely to continue to support reasonable medium-term returns in the Australian listed real estate market, albeit they will be more constrained than seen recently. Industrial properties exposed to longer-term secular growth trends such as e-commerce, data connectivity and logistics are expected to perform well. The office market continues to benefit from strong business confidence and global investor interest; hence it appears reasonably well positioned to absorb upcoming additional supply in the major capital cities. The retail market faces the challenges of e-commerce, structural changes and shifting customer habits; however well-located centres that offer an attractive leisure environment are likely to grow earnings faster than commoditised peripheral venues.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP1049AU*
Flexible Lifetime - Investments (Series 2)	AMP1397AU

*Closed to new investors

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