

# AMP Property Securities

Quarterly Investment Option Update

31 December 2019

## Aim and Strategy

To achieve tax effective income and long term capital growth, primarily through a diversified portfolio of direct property and property securities listed on the ASX.

## Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

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

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Cash	0
Listed Property and Infrastructure	100

<b>Actual Allocation</b>	<b>%</b>
International Shares	0.68
Australian Shares	3.55
Listed Property and Infrastructure	93.69
Cash	2.07

<b>Sector Allocation</b>	<b>%</b>
Diversified REITs	40.69
Industrial REITs	21.34
Office REITs	14.02
Retail REITs	11.93
Specialised REITs	2.87
Health Care REITs	2.65
Cash	2.07
Residential REITs	2.04
Others	1.51
Real Estate Development	0.89

<b>Top Holdings</b>	<b>%</b>
Goodman Group	20.85
Mirvac Group	12.49
Dexus	12.21
Scentre Group	9.02
Charter Hall Group	7.02
GPT Group/The	6.89
Charter Hall Long Wale REIT	5.51
Stockland	3.06
Abacus Property Group	2.43
Shopping Centres Australasia P	2.43

<b>Region Allocation</b>	<b>%</b>
Australasia	97.93
Cash	2.07

## Market Review

Australian listed real estate fell modestly over the December quarter, underperforming the broader sharemarket. During October, listed real estate continued to attract capital flows into more defensive assets, such as listed real estate, after the RBA lowered the official cash rate by 0.25% to a record low of 0.75%. However, thereafter listed real estate lagged the broader sharemarket's returns, as several ongoing geopolitical risks finally abated. In particular, previous gains in listed real estate were pared back late in the period as the US and China reached a "phase 1" trade deal, which saw investors switch out of defensive assets. Australian 10-year bond yields rose 0.35% to 1.37% over the quarter. In contrast to strong conditions in the office and industrial segments, the ongoing difficult conditions facing the retail sector was evidenced when department-store chain Harris Scarfe was placed into receivership and will reportedly undergo a major restructuring, including the closure of 40% of its stores, before being sold to new owners. Meanwhile, in the residential segment, conditions continued to improve, with dwelling prices in Sydney and Melbourne increasing rapidly from their mid-year lows and auction clearance rates remaining elevated. However, in October the share of new housing finance attributed to investors reached its lowest since the early 2000s.

## 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 may 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)	AMP0014AU*

\*Closed to new investors

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