

AMP Australian Property

Quarterly Investment Option Update

31 March 2020

Aim and Strategy

To generate long-term returns from investing in Australian property. This portfolio predominately invests in a range of listed property trusts and cash, and may hold exposures to unlisted property.

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	7 years
Relative risk rating	Medium to High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Unlisted Property and Infrastructure	45
Listed Property and Infrastructure	40
Cash	15

Actual Allocation	%
Listed Property and Infrastructure	33.05
Unlisted Property and Infrastructure	51.06
Cash	15.88

Region Allocation	%
Australasia	100.00

Market Review

After rallying strongly early in the quarter, the Australian listed real estate market fell very sharply over February and March. The sector underperformed the broader Australian share market, which also fell significantly, due to deeper concerns about the spread of COVID-19 and the economic impact of the extensive containment measures. In this highly uncertain environment, many Australian listed real estate companies withdrew their earnings guidance for financial year 2019-20 whilst some suspended dividends.

Late in the quarter some support was received from the Federal Government in the form of unprecedented stimulus packages, totalling around A\$200 billion or 10% of GDP, designed to financially see Australians through a harsh (albeit likely temporary) downturn. The RBA also cut the official cash rate to a new low of 0.25%, as well as announcing it would purchase government bonds to maintain the 3-year bond yield at 0.25%. It will also provide cheap funding to Australian banks to support lending to small and medium-sized businesses. The Australian Prudential Regulation Authority also relaxed some capital controls. In other measures, the Federal Government announced a six-month moratorium on evictions of tenants experiencing financial distress. In response, Australian banks will allow both residential and commercial landlords to delay loan repayments by up to six months.

Outlook

Unlisted commercial property is likely to see reasonable returns, particularly in sectors which are less economically -sensitive. Retail property remains weak and may be more exposed to the virus-induced economic downturn, depending on the asset. Extremely low bond yields however should provide some support for unlisted asset valuations.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP0439AU*

*Closed to new investors

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