

Super Easy Property

Quarterly Investment Option Update

31 March 2020

Aim and Strategy

The strategy aims to provide returns that track the S&P/ASX 200 A-REIT Index with net dividends reinvested. Exposure to the Property asset class will be attained through the use of low cost index-focused investment managers.

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	Very High
Investment style	Index
Manager style	Single

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

Actual Allocation	%
International Shares	1.60
Listed Property and Infrastructure	96.63
Cash	1.77

Sector Allocation	%
Diversified REITs	34.36
Industrial REITs	23.80
Retail REITs	23.77
Office REITs	13.93
Cash	1.77
Specialised REITs	1.52
Residential REITs	0.99

Top Holdings	%
Goodman Group	23.80
Dexus	12.09
Scentre Group	10.21
Mirvac Group	10.14
GPT Group/The	8.59
Stockland	7.55
Vicinity Centres	4.07
Charter Hall Group	3.90
Shopping Centres Australasia P	2.59
Charter Hall Long Wale REIT	2.29

Region Allocation	%
Australasia	98.23
Cash	1.77

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

Australian listed real estate will likely be subject to near-term volatility, which is affecting all markets, due to deepened concerns about the spread of COVID-19 and the impact of the extensive containment measures on economic activity in Australia and globally. Social distancing is expected to dramatically impact the retail segment as foot traffic weakens and consumer confidence falls. In what was already difficult conditions, retail landlords are likely to come under pressure as tenants push for rent relief or experience credit issues. The residential segment is also expected to come under pressure as unemployment rises. The office segment should be more resilient as office leases are generally long term, and the industrial segment should remain robust, especially properties exposed to the expected increases in online shopping and data usage.

Availability

Product Name	APIR
AMP Flexible Super - Retirement account	AMP1619AU
AMP Flexible Super - Super account	AMP1610AU

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