

AMP Capital Australian Property Securities

Quarterly Investment Option Update

30 June 2020

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 (%)
Cash	0
Listed Property and Infrastructure	0

Actual Allocation	%
International Shares	0.62
Australian Shares	3.60
Listed Property and Infrastructure	94.69
Cash	1.09

Sector Allocation	%
Diversified REITs	33.45
Industrial REITs	27.67
Retail REITs	17.13
Office REITs	8.14
Specialised REITs	5.24
Residential REITs	2.64
Health Care REITs	2.48
Real Estate Development	1.16
Cash	1.09
Others	1.00

Top Holdings	%
Goodman Group	27.67
Mirvac Group	9.73
Charter Hall Group	7.67
Scentre Group	7.28
Dexus	7.18
GPT Group/The	4.75
Stockland	4.24
Waypoint REIT	3.15
National Storage REIT	3.15
Charter Hall Long Wale REIT	2.94

Region Allocation	%
Australasia	98.91
Cash	1.09

Fund Performance

The Fund rebounded significantly during the quarter amid a broader market recovery as economies started to reopen and fiscal stimulus made its impact. While the return was sharply positive, the Fund did underperform the benchmark ASX 200 A-REIT total return index over the period.

At a sector level, the Fund's overweight allocation to the residential, health care, and industrial REITs sector were the largest contributors to relative returns. Overall relative stock selection and asset allocation for the Fund was negative.

At a stock level, the top three contributors to relative return were from an overweight allocation to Charter Hall Group, an underweight allocation to Unibail-Rodamco-Westfield, and an overweight position in Lifestyle Communities; whilst the bottom three contributors were from underweight positions in Stockland, Scentre Group, and Vicinity Centres.

Market Review

The Australian listed real estate market rallied for most of the June quarter and outperformed the broader Australian share market, which also rose strongly. The market finished the quarter up by 19.9%, as measured by the S&P/ASX 200 A-REIT index on a total return basis. Markets were supported by significant economic stimulus, with sentiment also buoyed by the relative success of COVID-19 containment measures in Australia which saw state governments start lifting mandatory lockdowns. In this highly uncertain environment, Australian listed real estate companies continued to withdraw their earnings and dividend guidance for financial year 2019-20. Many companies also opportunistically raised capital or renewed and extended debt facilities to maintain liquidity, fund acquisitions and improve their balance sheets. The already struggling retail segment was hit particularly hard over the quarter, as consumer confidence fell sharply to the lowest level since the survey began, with retail foot traffic weakening dramatically to see April retail sales experience a record fall amid announcements of store closures. There were however some positive signs later in the period, with data for May showing some slowing in the rate of deterioration in the labour market and improving consumer confidence.

Outlook

Australian listed real estate will likely continue to be subject to near-term volatility, which is affecting all markets, due to the impact of extensive COVID-19 containment measures on economic activity in Australia and globally. Social distancing will continue to impact the retail segment although foot traffic and consumer confidence are starting to improve as containment measures are lifted. The residential segment is likely to come under pressure over the near term as employment becomes increasingly uncertain, however the federal government's HomeBuilder scheme will likely limit the falls and potentially truncate the duration of the downturn in the residential cycle. The office segment should be more resilient as office leases are generally long term, however this could be disrupted as businesses choose to embrace technology for their requirements going forward, allowing staff to work from home more. The industrial segment should remain robust, especially properties exposed to the expected increases in online shopping and data usage.

Availability

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

*Closed to new investors

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