



AMP Capital Australian Property Securities

Quarterly Investment Option Update

30 September 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/performance

Investment Option Overview

Investment category	Property and infrastructure
Suggested minimum investment timeframe	5 years
Relative risk rating	7 / Very High
Investment style	Active
Manager style	Single

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

Actual Allocation	%
International Shares	0.66
Australian Shares	4.59
Listed Property and Infrastructure	94.43
Cash	0.31

Sector Allocation	%
Diversified REITs	35.77
Industrial REITs	31.15
Retail REITs	15.56
Office REITs	5.22
Specialised REITs	4.89
Residential REITs	2.97
Health Care REITs	2.61
Real Estate Development	1.52
Cash	0.31

Top Holdings	%
Goodman Group	31.15
Charter Hall Group	9.00
Stockland	7.76
Scentre Group	7.40
Mirvac Group	6.91
Dexus	5.22
Charter Hall Long Wale REIT	3.38
GPT Group/The	3.26
National Storage REIT	3.06
Ingenia Communities Group	2.97

Region Allocation	%
Australasia	99.69
Cash	0.31

Fund Performance

The Fund delivered a positive return and outperformed the ASX 200 A-REIT total return index over the quarter. At an overall sector level, the Fund's overweight allocation to the diversified, retail, industrial, and office REIT sectors were the largest contributors to relative returns; whilst the residential REITS sector was the largest detractor. From a sector asset allocation perspective retail, office, industrial, and healthcare REITS were the largest contributors to relative return; whilst the specialised REITS sector was the largest detractor. In terms of stock selection, diversified, specialised, retail, and industrial REITS were the largest contributors to relative return; whilst there were no significant detractors.

At an individual stock level, the top three contributors to relative return were from an overweight position in Charter Hall Group, an underweight position in Unibail-Rodamco-Westfield, and an overweight position in Goodman Group; whilst the bottom three contributors were from an underweight position in Stockland, and overweight positions in National Storage REIT and Mirvac Group.

Market Review

The Australian listed real estate market rose strongly in the September quarter, with the S&P/ASX 200 A-REIT index returning 6.96% on a total return basis. The impacts of COVID-19 continued to dominate markets, which initially benefited as most states continued to reopen, however gains were muted by a second wave of infections in Victoria and the reintroduction of lockdown measures in July. Thereafter, listed real estate was buoyed by positive surprises coming out of the financial year 2019-20 reporting season, as expectations had previously been very low based on soft rent collections. Markets were also supported as new Victorian COVID-19 cases started to trend downwards, several vaccines entered final trials and interest rates remained very low, with the central bank also extending its term funding facility to underpin business lending later in the period. Australian 10-year bond yields declined by 0.08% to 0.79% over the period.

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 where containment measures are lifted. The residential segment is likely to come under pressure over the near term as the employment environment 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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