

AMP Capital Global Property Securities

Quarterly Investment Option Update

30 September 2020

Aim and Strategy

To provide total returns (income and capital growth) after costs and before tax, above the FTSE EPRA/NAREIT Developed Net Total Return Index (hedged back to Australian dollars) on a rolling three-year basis, by investing in property securities listed on sharemarkets around the world. Securities in which the portfolio invests are diversified across a range of asset classes, property sectors and geographic regions. The portfolio includes investments in real estate investment trusts and property securities companies across the Americas, Europe and Asia Pacific. The portfolio is managed by an investment team made up of on-the-ground regional investment specialists based in Sydney, Chicago, London and Hong Kong, implementing a research driven process that integrates a macroeconomic (top-down) approach to regional and country allocation, with a stock specific (bottom-up) selection process.

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 (%)
Listed Property and Infrastructure	100
Cash	0

Actual Allocation	%
International Shares	12.19
Australian Shares	0.39
Listed Property and Infrastructure	87.80

Sector Allocation	%
Industrial REITs	20.39
Residential REITs	16.02
Specialised REITs	12.84
Real Estate Operating Companies	10.36
Diversified REITs	8.14
Office REITs	7.83
Retail REITs	7.60
Diversified Real Estate Activi	6.80
Health Care REITs	6.62
Hotel & Resort REITs	1.58
Real Estate Development	1.11
Others	1.09

Top Holdings	%
Prologis Inc	7.09
DIGITAL REALTY TRUST INC	4.26
Vonovia SE	3.89
Alexandria Real Estate Equitie	3.35
Welltower Inc	2.74
Mitsui Fudosan Co Ltd	2.65
Invitation Homes Inc	2.55
Sun Hung Kai Properties Ltd	2.30
Segro PLC	2.20
LEG Immobilien AG	2.09

Region Allocation	%
North America	56.53
Asia	20.39
Europe	18.47
Australasia	4.99

Fund Performance

The Fund produced a strong return for the September quarter and outperformed the benchmark over the period. Asset allocation was positive, though stock selection also positively contributed to the relative return. Our long-held underweight to retail was a main contributor to the outperformance, as stocks underperformed in the sector over the period, while an overweight to the industrial sector contributed positively. Stock selection was particularly strong in the Asia Pacific region, while still being positive in all other regions. At an individual stock level, an overweight position in Charter Hall Group was the largest positive contributor to relative performance, while our overweight position in UDR Inc was the biggest detractor over the period.

Market Review

Global listed real estate markets generally rose early in the period but gave back most of those gains in September. For the quarter, the FTSE EPRA/NAREIT Developed Net Index (Hedged AUD) returned 0.62%. The dominating influence remained the impacts of COVID-19, and investors were initially spurred as economies continued to reopen, news of potential vaccines increased, additional economic stimulus programmes were announced, and very low interest rates prevailed. However, this optimism waned as temporary government assistance programmes began to be wound down, increasing cases of COVID-19 in Europe led to further lockdowns being introduced, and political noise related to the US presidential election in November increased. US 10-year treasury yields were up 0.03% to 0.69% over the period.

Outlook

Global listed real estate markets will likely continue to be subject to near-term volatility, which is affecting all risk assets, due to the impact of extensive COVID-19 containment measures on economic activity globally. We have reduced risk in segments that are directly impacted, such as lodging, and we will continue to assess and actively manage these risks, as well as those in segments that are indirectly impacted as additional information becomes available.

When there is a fall in the risk-free rate because central banks around the world are loosening their monetary policy, investors often turn to listed real estate as a reliable alternative for yield and a defensive asset class. However, this has not occurred yet due to the challenges some segments of real estate face because they are usually places where people gather. We expect this to happen once the extensive containment measures have been relaxed and economic activity begins to recover. Opportunities to acquire individual companies at attractive valuation levels may arise as geopolitical developments lead to heightened volatility and diverging stock performance.

However, retail is expected to remain challenged and see further store closures, especially those in peripheral locations with commoditised market propositions. Growth in online shopping, connectivity and data usage are likely to provide opportunities in logistics and data centres through the business cycle.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1620AU
AMP Flexible Super - Super	AMP1611AU
CustomSuper	AMP1596AU
Flexible Lifetime - Allocated Pension	AMP1632AU
Flexible Lifetime - Investments (Series 2)	AMP2043AU
Flexible Lifetime - Super	AMP1596AU
SignatureSuper	AMP1602AU
SignatureSuper - Allocated Pension	AMP1626AU

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Please note that slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.