

AMP Capital Australian Property Securities

Quarterly Investment Option Update

31 December 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	Very High
Investment style	Active
Manager style	Single

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

Actual Allocation	%
International Shares	0.48
Australian Shares	4.50
Listed Property and Infrastructure	92.91
Cash	2.12

Sector Allocation	%
Diversified REITs	38.12
Industrial REITs	29.40
Retail REITs	15.36
Office REITs	5.02
Specialised REITs	4.08
Residential REITs	2.75
Cash	2.12
Health Care REITs	1.89
Real Estate Development	1.26

Top Holdings	%
Goodman Group	28.67
Scentre Group	9.90
Stockland	9.65
Mirvac Group	9.28
Charter Hall Group	8.09
Dexus	5.02
GPT Group/The	3.24
Ingenia Communities Group	2.75
Shopping Centres Australasia P	2.68
National Storage REIT	2.35

Region Allocation	%
Australasia	97.88
Cash	2.12

Fund Performance

The Fund delivered a positive return but underperformed the ASX 200 A-REIT total return index over the quarter. At an overall sector level, the Fund's overweight allocation to the office REITS and real estate development sectors were the largest contributors to relative returns; whilst the retail, diversified, and specialised REITS sectors were the largest detractors. From a sector asset allocation perspective, office REITS and real estate development were the largest contributors to relative returns; whilst retail, specialised, and health care REITS were the largest detractors. In terms of stock selection, industrial REITS was the largest contributors to relative return; whilst diversified and specialised REITS were the largest detractors.

At an individual stock level, the top three contributors to relative return were from an underweight position in the CPT Group, and overweight positions in Charter Hall Group and Lifestyle Communities; whilst the bottom three contributors were from overweight positions in HomeCo Daily Needs REIT, Stockland, and Abacus Property Group.

Market Review

The Australian listed real estate market rose strongly in the December quarter, slightly underperforming the broader Australian share market, with the S&P/ASX 200 A-REIT index finishing up by 13.30% on a total return basis. Markets initially rallied as the government announced extensive fiscal stimulus in the Federal Budget and received further monetary policy support in November when the RBA lowered its target cash rate by 0.15% to 0.10% and announced its intention to purchase bonds, among other measures. Listed real estate was also buoyed by COVID-19 vaccine optimism and stronger than expected economic data, with the real estate segments such as retail that were most impacted earlier in the year by lockdowns and other containment measures rallying sharply, especially those with assets in Victoria. However, the ongoing impacts of the pandemic saw the market pull back towards quarter-end, when a COVID-19 outbreak in Sydney led to a lockdown of the affected region and the reclosure of state borders. Despite softer market conditions, resilience in asset valuations and other operations was evidenced in some companies' updates (such as Goodman Group, Dexus and Charter Hall Long Wale REIT), while heightened transaction activity and equity raisings also featured, with the demand for industrial assets continuing amid the accelerated shift to online shopping.

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. Foot traffic and consumer confidence will likely improve as the economy moves towards a greater semblance of normalcy, supporting the retail segment. The federal government's HomeBuilder scheme will buttress the residential segment. The office segment should be 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 increasingly work from home. The industrial segment should remain robust, especially properties exposed to the 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 and existing investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



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