

# Property Index\*

Quarterly Investment Option Update

30-June-2016

\*This option is named "Super Easy Property" under the AMP Flexible Super Product line

## Availability

Product name	APIR
AMP Flexible Super – Choice (Retirement)	AMP1619AU
AMP Flexible Super – Choice (Super)	AMP1610AU
CustomSuper	AMP1524AU
Flexible Lifetime – Allocated Pension	AMP1536AU
Flexible Lifetime – Super	AMP1524AU
Signature Super	AMP1548AU
Signature Super – Allocated Pension	AMP1560AU

## Investment Option Performance

Investment performances are subject to product fees and where relevant tax as outlined in the product PDS. Therefore investment performance may differ between products. In addition, activity on your account such as contributions and deductions will also impact the investment performance specific to you. To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au). You can also view the last investment performance specific to you by visiting your My Portfolio account.

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## Overview

**Aim & Strategy:** To provide returns over the long term in line with an appropriate index by investing in Property Securities. Exposure to this asset class will be attained through the use of index focussed investment managers. The strategy aims to provide returns that track the S&P/ASX 200 A-REIT Index with net dividends reinvested. Currently managed by State Street Global Advisors.

**Investment category:** Property

**Suggested Investment Timeframe:** 5 years

**Relative Risk Rating:** Medium to high

**Investment Style:** Index style

Asset Allocation	Benchmark (%)	Range (%)
Listed Australian Shares	100	95-100
Non Benchmark Equities	0	0-5
Cash	0	0-2

## Holdings

Industry Exposure	%
Australian Real Estate Investment Trusts	100

Regional Exposure	%
AUSTRALIA	100

Top Ten Securities	%
SCENTRE GROUP	21.64
WESTFIELD CORP	16.82
GOODMAN GROUP	9.26
STOCKLAND	9.25
VICINITY CENTRES	8.96
GPT GROUP	8.02
DEXUS PROPERTY GROUP	7.16
MIRVAC GROUP	6.09
IRON MOUNTAIN INC-CDI	2.33
INVESTA OFFICE FUND	2.17

## Market Commentary

The Reserve Bank of Australia left the cash rate unchanged at 1.75% in June, as the Board believed the policy would be consistent with returning inflation to target.

The March Qtr GDP came in stronger than expected at 1.1% qoq (exp 0.8%) and at 3.1% yoy (exp 2.8%). This was followed by solid retail sales, a stabilising in house price movement and an improving Business Confidence outlook. Finally, the May Employment released recorded an additional 17.9k jobs added versus an expected 15k and a steady unemployment rate of 5.7%. While there was some comment about the bias towards part-time employment in the numbers, the underlying trend for employment remains solid.

## Investment Option Commentary

S&P/ASX 200 A-REIT Index returned 9.3% in Q2 2016, outperforming the broader market (S&P/ASX 200 Accumulation Index) which returned 3.9%. The sector is beginning to move towards the expensive end of its trading range, given that the average dividend yield is now a record low of 4.45%. However, Australia's 10yr government bond yield has now reached a record low of 1.95%, which should provide ongoing support to both A-REIT and commercial property valuations. The top performing stocks during June 2016 were Stockland (SGP +6.7%), Mirvac Group (MGR +6.5%) and Dexus Property Group (DXS +6.5%).

## Outlook

The Reserve Bank of Australia left the cash rate unchanged at 1.75% in June, as the Board believed the policy would be consistent with returning inflation to target. Consumer confidence (as measured by the Westpac consumer confidence index) remains above long-run average at 102.2 and unemployment held steady at 5.7%.

The fact the Australian long end yields underperformed the US 10yr bond, resulting in a 6bp widening of the 10yr spread, most likely reflects some recognition of the better economic reports release in domestically versus the US.

## What you need to know

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