

UBS Property Securities

Quarterly Investment Option Update

31-December-2017

Availability

Product name	APIR
AMP Flexible Super – Choice (Retirement)	AMP1377AU
AMP Flexible Super – Choice (Super)	AMP1506AU
CustomSuper	AMP0667AU
Flexible Lifetime – Allocated Pension	AMP0637AU
Flexible Lifetime – Super	AMP0667AU
Flexible Lifetime – Term Pension	AMP0945AU
SignatureSuper	AMP0814AU
SignatureSuper – Allocated Pension	AMP1178AU
Flexible Lifetime Investment	AMP0842AU
Flexible Lifetime Investment (Series 2)	AMP1439AU

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. You can also view the last investment performance specific to you by visiting your My Portfolio account.

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Overview

Aim & Strategy: The portfolio aims to provide investors with a total return (after management costs) in excess of the benchmark which is the S&P/ASX 300 Property Accumulation Index when measured over rolling five-year periods. The portfolio aims to provide a well-diversified portfolio of mainly Australian property securities. The strategy can hold a maximum of 20% international property securities and a maximum of 5% Australian listed non-benchmark securities. If international property securities are held in the portfolio, they will not necessarily be hedged to the Australian dollar.

Investment category: Australian listed property

Suggested Investment Timeframe: 5 years

Standard Risk Measure: 6/ High

Asset Allocation	Actual (%)	Range (%)
Australian REITs*	97.44	95-100
Cash	2.56	0-5

* Up to 20% can be invested into non-benchmark securities

Holdings

Industry Exposure	%
Retail	45.30
Diversified	32.38
Industrial	10.21
Office	4.52
Health Care	2.70
Specialised	1.46
Real Estate Development	0.88

Regional Exposure	%
Australia	97.44
Cash	2.56

Top Ten Securities	%
Scentre	17.00
Westfield	12.44
Stockland	11.56
Vicinity Centers	10.27
Goodman	10.21
Mirvac	9.08
GPT	5.62
Charter Hall	4.73
Dexus	3.54
Viva Energy Reit	3.40

Market Commentary

The Australian REIT market (S&P/ASX 300 A-REIT Accumulation Index) delivered a +7.8% return in the December quarter, slightly outperforming the broader equities return of +7.6% (S&P/ASX 200 Accumulation Index). The main driver of the REIT performance during the December quarter was M&A activity, with Westfield receiving a takeover approach by France's Unibail-Rodamco (UL.NA), to create "the world's premier developer and operator of flagship shopping destinations". Activity at the smaller end included Asian logistics firm ESR Cayman acquiring an 18% stake in PropertyLink (PLG), following an earlier cash-and-stock bid for PLG by Centuria Capital (CNI) and Centuria Industrial REIT (CIP).

Investment Option Commentary

Performance over the quarter was positively impacted by an overweight to the Charter Hall Group (CHC), while an underweight to the Westfield Corporation (WFD) detracted relative value.

Outlook

The sector is presently paying a 4.9% distribution yield with dividend growth of 4.0% expected in CY18, thus providing a forecast total return of around 9%. This compares to a cash

rate of 1.5% and similarly modest offerings from cash management accounts. The sector benefits from low gearing, secure distributions and strong demand for institutional grade real estate from sovereign and pension funds. A continuation of low interest rates and corporate activity / M&A will support the sector, while any softening in bond yields would negatively impact pricing.

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