

# UBS Property Securities

Quarterly Investment Option Update

30-June-2018

## 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](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:** 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*	98.50	95-100
Cash	1.50	0-5

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

## Holdings

Industry Exposure	%
Retail	40.38
Diversified	32.98
Industrial	13.44
Office	6.70
Health Care	2.70
Specialised	1.43
Real Estate Development	0.87

Regional Exposure	%
Australia	98.50
Cash	1.50

Top Ten Securities	%
Scentre	21.09
Goodman	13.44
Stockland	10.79
Mirvac	9.44
Vicinity Centers	8.92
GPT	5.84
Unibail Rodamco Westfield	5.47
Charter Hall	5.37
Dexus	4.20
Viva Energy REIT	3.55

## Market Commentary

The Australian REIT market (S&P/ASX 300 A-REIT Accumulation Index) delivered a +9.8% return in the June quarter 2018, outperforming the broader equities return of +8.5% (S&P/ASX 200 Accumulation Index). Performance was supported by returning cash from the Unibail takeover of Westfield and from further M&A activity. Investa Office (IOF) and Blackstone entered into a scheme of arrangement after Blackstone's bid in May. In the manufactured housing sector, Hometown and Brookfield traded all cash offers for Gateway Lifestyle (GTY). Only two stocks recorded negative returns, being Folkstone Education (FET) at -0.8% and Rural Funds (RFF) at -4.7%. The developers also struggled, with Stockland (SGP) returning +1.9% and Mirvac (MGR) +3.7%, impacted from negative sentiment from falling house prices, low auction clearance rates, and the financing impact from the Royal Commission.

## Investment Option Commentary

Performance over the quarter was positively impacted by an overweight to Charter Hall Group (CHC), while an overweight to the Stockland Group (SGP) detracted relative value.

## Outlook

The sector is presently paying a 5.3% distribution yield with dividend growth of 3.5% 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.

## What you need to know

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