

# AMP Capital Global Property Securities

Quarterly Investment Option Update

30 September 2018

## 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 share markets 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 please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested investment timeframe</b>	5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Growth

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Listed property & infrastructure	100
Cash	0

<b>Regional Allocation</b>	<b>%</b>
North America	52.84
Asia	21.09
Europe	19.39
Australasia	5.29
Cash	1.39

<b>Sector Allocation</b>	<b>%</b>
Industrial REITs	13.90
Residential REITs	13.90
Office REITs	11.85
Retail REITs	11.72
Diversified REITs	11.55
Real Estate Operating Companies	10.82
Diversified Real Estate	6.94
Specialised REITs	5.86
Health Care REITs	5.13
Hotel & Resort REITs	4.28
Real Estate Development	1.85
Cash	1.39
Others	0.82

<b>Top Holdings</b>	<b>%</b>
Prologis Inc	5.18
Mitsui Fudosan Co Ltd	3.52
AvalonBay Communities Inc	3.05
Alexandria Real Estate Equities	2.98
Goodman Group	2.87
Simon Property Group Inc	2.60
Welltower Inc	2.59
Invitation Homes Inc	2.39
Vonovia SE	2.23
Gecina SA	2.18

## What happened last period

- > The Fund produced a positive return in the September quarter and outperformed the global benchmark.
- > Global listed real estate made a positive return during the period, however there was wide dispersion in performance between markets.
- > As loose monetary policy is unwound, investors should expect greater volatility than has been seen over recent years.

## Fund Performance

The Fund produced a positive return in the September quarter, outperforming the global benchmark.

On an industry sector basis, asset allocation and stock selection were both positive in regard to relative performance. Residential sales and residential rentals holdings in the portfolio were the largest contributors to the return, while hotels and self-storage holdings provided the greatest detraction.

At a stock level, a significant positive contribution to the Fund's relative performance came from our underweight position in Park Hotels & Resorts. The business is a US-based owner of Hilton branded hotels in urban markets, which was spun out of Hilton Worldwide Holdings in January 2017. The company offers services and amenities such as accommodation, dining, meeting and wedding rooms, spas and fitness centres. It has the potential to reaccelerate its growth in revenue per available room, opportunities to boost internal growth, investment and development and also the potential to generate growth from acquisitions. The stock screens relatively attractive on the valuation metrics. Hotel markets have underperformed over the last two years as global economic weakness lead to a reduction in corporate travel budgets and thus less travel by higher margin business travellers. However since the start of 2018, the US economy in particular has improved following tax reforms, and annual travel budgets have been reset.

A significant negative contribution to relative performance came from our overweight holding in Lennar Corp. Lennar Corp is one of the largest US home builders, based in Miami, Florida. The company primarily sells single-family attached and detached homes in communities targeted at first-time homebuyers, move-up homebuyers, active adult homebuyers and luxury homebuyers. The company's good exposure to the first-time buyer market is especially attractive now that millennials are forming families and creating demand for such properties. The company underperformed as August pending housing sales in the US fell and mortgage rates rose.

## Market Review

Global listed real estate markets were generally stronger in August as the economy maintained its momentum despite longer-term bond yields Global listed real estate made a positive return during the period, however there was wide dispersion in performance between markets. Global bond yields continued to trend upwards upon expectations of higher inflation during the period, which saw the US Federal Reserve raise interest rates to 2.00 – 2.25% at its 26 September meeting in line with market expectations.

## Availability

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

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