

UBS Property Securities

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide a growing and reliable income, plus capital growth, from a portfolio of mainly Australian Real Estate Investment Trusts. The strategy aims to outperform (after management costs) the S&P/ASX 300 Property Accumulation Index ('Benchmark') when measured over rolling five year periods.

Eligible investments of the strategy include real estate securities listed on Australian and international recognised exchanges or those reasonably expected to list within six months. The strategy may invest in financial derivatives to adjust exposure to property securities or to manage investment risk.

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 Option Performance

To view the latest investment performances for each product please visit amp.com.au

Investment Option Overview

Investment category	Property and Infrastructure
Suggested investment timeframe	5 years
Relative risk rating	7 / Very High
Investment style	Active

Asset Allocation	Benchmark (%)	Actual (%)
Listed Property and Infrastructure	100	96.67
Unlisted Property and Infrastructure	-	-
Cash	-	3.33

Sector Allocation	%
Retail	34.78
Diversified	34.69
Industrial	14.29
Office	7.68
Health Care	2.97
Specialised	1.50
Real Estate Development	0.77

Top Holdings	%
Scentre	18.53
Goodman	14.29
Stockland	11.14
Mirvac	10.35
Vicinity Centres	6.62
GPT	5.93
Charter Hall	5.82
Unibail Rodamco Westfield	5.19
Dexus	4.51
Viva Energy REIT	3.43

Portfolio Summary

The portfolio delivered a +2.6% return in the September quarter, outperforming the benchmark (S&P/ASX 300 A-REIT Accumulation Index) return of +2.0%.

The Australian REIT market (S&P/ASX 300 A-REIT Accumulation Index) delivered a +2.0% return in the September quarter 2018, outperforming the broader equities return of +1.5% (S&P/ASX 200 Accumulation Index).

The sector is presently paying a 5.3% distribution yield with dividend growth of 3.6% expected in FY19, thus providing a forecast total return of around 9%.

Investment Option Commentary

The portfolio delivered a +2.6% return in the September quarter, outperforming the benchmark (S&P/ASX 300 A-REIT Accumulation Index) return of +2.0%. Performance over the quarter was positively impacted by an overweight to Mirvac Group (MGR) and Charter Hall Group (CHC), while an underweight to Dexs (DXS) detracted relative value.

Market commentary

The Australian REIT market (S&P/ASX 300 A-REIT Accumulation Index) delivered a +2.0% return in the September quarter 2018, outperforming the broader equities return of +1.5% (S&P/ASX 200 Accumulation Index). Mirvac Group and Arena REIT both had returns in excess of 11%. Scentre Group was one of the worst performers with a return of -7.2%, driven by ongoing concerns about weak retail sales and the threat of internet shopping.

Outlook

The sector is presently paying a 5.3% distribution yield with dividend growth of 3.6% expected in FY19, 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.

Availability

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

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