

# UBS Property Securities

## Quarterly Investment Option Update

31 December 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](http://amp.com.au)

### Investment Option Overview

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

Asset Allocation	Benchmark (%)	Actual (%)
Listed Property and Infrastructure	100	98.53
Unlisted Property and Infrastructure	-	-
Cash	-	1.47

Sector Allocation	%
Retail	32.58
Diversified	35.25
Industrial	15.39
Office	8.86
Health Care	3.18
Specialised	2.07
Real Estate Development	0.17
Residential	1.03

Top Holdings	%
Scentre	20.12
Goodman	15.39
Mirvac	10.59
GPT	10.27
Stockland	6.80
Dexus	6.41
Charter Hall	5.85
Unibail Rodamco Westfield	4.13
Viva Energy REIT	3.68
Arena REIT	3.18

## Portfolio Summary

The Australian REIT market (S&P/ASX 300 A-REIT Accumulation Index) delivered a -1.7% return in the December quarter 2018, outperforming the broader equities return of -8.2% (S&P/ASX 200 Accumulation Index).

The sector is presently paying a 5.5% distribution yield with dividend growth of 3.3% expected in FY19, thus providing a forecast total return of around 9%.

## Investment Option Commentary

Performance over the quarter was positively impacted by an underweight to Unibail-Rodamco-Westfield (URW) contributed positively while an underweight to Dexs (DXS) detracted.

## Market Commentary

The Australian REIT market (S&P/ASX 300 A-REIT Accumulation Index) delivered a -1.7% return in the December quarter 2018, outperforming the broader equities return of -8.2% (S&P/ASX 200 Accumulation Index). Shopping Centres Australia (SCP) returned +9.2% for the quarter while Unibail-Rodamco-Westfield (URW) fell -24.2% in the quarter, driven by ongoing concerns about weak global retail sales.

## Outlook

The sector is presently paying a 5.5% distribution yield with dividend growth of 3.3% 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. The sectors defensive attributes will continue to assist relative performance during periods of market volatility.

## 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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