

UBS Property Securities

Quarterly Investment Option Update

31 March 2019

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	99.16
Unlisted Property and Infrastructure	-	-
Cash	-	0.84

Sector Allocation	%
Retail	30.34
Diversified	30.12
Industrial	18.25
Office	13.44
Health Care	2.51
Specialised	3.58
Residential	0.92

Top Holdings	%
Goodman	17.62
Scentre	15.75
Mirvac	12.11
Dexus	10.32
Charter Hall	6.47
GPT	6.06
Stockland	5.49
Vicinity Centres	4.75
Unibail Rodamco Westfield	4.69
Viva Energy REIT	3.41

Portfolio Summary

The Australian REIT market (S&P/ASX 300 A-REIT Index) delivered a +15.4% return in the March quarter 2019, outperforming the broader equities return of +11.9% (S&P/ASX 200 Index).

The sector is presently paying a 4.8% distribution yield with dividend growth of 4% expected in FY19, thus providing a forecast total return of around 9%.

Investment Option Commentary

Relative performance over the quarter was positively impacted by overweight allocations to Charter Hall Group (CHC) and Mirvac (MGR) and underweight exposure to Vicinity Group (VCX). An overweight to Unibail Rodamco Westfield (URW) detracted relative value.

Market commentary

The Australian REIT market (S&P/ASX 300 A-REIT Index) delivered a +15.4% return in the 1st quarter 2019, outperforming the broader equities return of +11.9% (S&P/ASX 200 Index). Charter Hall Group (CHC +38%) and Goodman Group (GMG +26%) both outperformed over the quarter following earnings upgrades on the back of strong Funds management growth and performance fees whilst Office exposed stocks Mirvac (MGR +23%) and Dexs (DXS +20%) also benefited from low vacancy levels and rent growth in Sydney and Melbourne. Retail exposed stocks Vicinity Group (VCX +0%) and National Storage REIT (NSR +0.6%) underperformed as weaker house prices and falling consumer confidence impacted retail sale growth.

Outlook

The sector is presently paying a 4.8% distribution yield with dividend growth of 4% 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 could 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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