AMP Capital Australian Property Securities

Quarterly Investment Option Update

30 June 2021

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the S&P/ASX 200 A-REIT Accumulation Index on a rolling 12-month basis. The portfolio invests in property (and property related) securities listed on the ASX and may also invest in property securities listed on securities exchanges outside of Australia and unlisted securities if listing is anticipated within 12 months. Under normal circumstances this investment option must have a minimum exposure of at least 90% to listed property, with at least an 80% exposure to securities listed on the ASX

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Property and infrastructure
Suggested minimum investment timeframe	5 years
Relative risk rating	Very High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Listed Property and Infrastructure	100
Cash	0

Actual Allocation	%
Australian Shares	4.18
Listed Property and Infrastructure	94.61
Cash	1.21

Sector Allocation	%
Diversified REITs	34.84
Industrial REITs	30.02
Retail REITs	14.77
Office REITs	10.10
Specialised REITs	4.23
Residential REITs	2.29
Health Care REITs	1.38
Cash	1.21
Real Estate Development	1.16

Top Holdings	%
Goodman Group	30.02
Dexus	10.10
Mirvac Group	9.67
Stockland	9.16
Scentre Group	8.94
Charter Hall Group	7.98
National Storage REIT	3.18
GPT Group/The	2.63
Ingenia Communities Group	2.29
Home Consortium Ltd	2.19

Region Allocation	%
Australasia	98.79
Cash	1.21

Fund Performance

The Fund delivered a positive return, outperforming the ASX 200 A-REIT total return index over the quarter.

At an overall sector level, the Fund's underweight allocation to the retail REITs and overweight allocation to diversified REITs were the largest contributors to relative returns; whilst overweight allocations to health care and specialised REITs were the largest detractors. From a sector asset allocation perspective, retail, residential, and industrial REITs were the largest contributors to relative returns; whilst specialised, health care, and office REITS were the largest detractors. In terms of stock selection, diversified and retail REITs were largest contributors to relative return. There were no significant detractors.

At an individual stock level, the top three contributors to relative return were from an underweight position in Vicinity Centres, and overweight positions in Centuria Capital Group and Charter Hall Group; whilst the largest three detractors were from overweight positions in Primewest Group, Ryman Healthcare, and National Storage REIT.

Market Review

The Australian listed real estate market rallied strongly in the June quarter and outperformed the broader Australian share market, which reached record highs during June. The S&P/ASX 200 A-REIT index rose by 10.46%, on a total return basis. The listed real estate market trended upwards for most of the period, buoyed by good company earnings results, continued low interest rates and economic recovery as COVID-19 vaccines are rolled out. The market also found support from the federal budget, which included several new stimulus initiatives, and was little moved by snap lockdowns imposed around the country late in the period in response to outbreaks of the more contagious 'Delta' variant of COVID-19. At the sector level, the office segment improved as the return to office working gathered pace and as the vaccine roll out progresses. Elsewhere, the residential segment continued to benefit from rising house prices and the retail segment continued to improve while the economy remained open, with the positive housing cycle and inability to travel abroad encouraging additional spending. Likewise, the industrial segment remains supported by the structural shift towards online shopping, with strong ongoing conditions leading to several companies increasing their industrial exposure as industrial assets remain in high demand.

Outlook

Australian listed real estate will likely continue to be subject to near-term volatility, which is affecting all markets, due to rising pressure on bond yields. Despite this, listed real estate dividend yields are still attractive compared to bond yields, and prices are significantly discounted to broader industrial shares. Industrial real estate is expected to remain robust as it is favourably exposed to long-term secular growth trends such as e-commerce, data connectivity and retail supply-chain logistics. Office real estate sentiment should improve as COVID-19 vaccines are rolled-out and the return to office working accelerates; however, there remains some concern about the medium-term demand for office space given the remote working experiment of the past year and the potential for further lockdowns. Residential real estate prices, particularly in Sydney and Melbourne, are expected to continue to increase over the medium term, and while apartment prices have lagged, they are also expected to accelerate throughout 2021. Retail real estate is expected to be more mixed, with malls facing long-term structural challenges wrought by e-commerce, while large-format retail is likely to benefit from residential price increases.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP1049AU**
Flexible Lifetime - Investments (Series 2)	AMP1397AU**

**Closed to new and existing investors

Contact Details

Web: **www.amp.com.au**
Email: askamp@amp.com.au
Phone: 131 267