

# AMP CAPITAL CORE PROPERTY FUND - ON-PLATFORM CLASS A

## Investment Objective

Aims to generate income and capital growth on a rolling 3-year basis by investing in Australasian and US unlisted real estate and Australasian and global listed real estate.

## Investor Benefits

- An efficient exposure to real estate with access to Australasian and US unlisted real estate and Australasian and global listed real estate.
- Access to a diversified portfolio providing investors exposure to diverse property sectors and markets.
- Access to institutional grade core real estate assets which are otherwise difficult for individual investors to obtain.
- Access to a low debt fund which allows investors to choose when they invest.
- AMP Capital's specialist real estate knowledge and broad investment expertise.

## How We Manage Your Money

The Fund provides access to unique investment opportunities that are otherwise difficult for an individual investor to obtain. The Fund is well diversified across a strategic mix of global unlisted and listed real estate. It targets assets which have high occupancy rates and stable income streams underpinned by leases to long-term, secure commercial and government tenants.

## Performance as at 30 November 2020

	Current Investment Strategy <sup>1</sup>					Blend of Current and Previous Investment Strategies <sup>1</sup>			
	1mth (%)	3mths (%)	6 mths (%)	1yr (%)	Since Inception <sup>2</sup> (%pa)	3yrs (%)	5yrs (%)	10yrs (%)	Since Inception <sup>2</sup> (%pa)
Total Return – Net of Fees	1.79	2.11	3.49	-7.66	3.90	4.53	6.19	8.64	6.47
Total Return – Gross of Fees	1.87	2.33	3.96	-6.85	4.80	5.42	7.11	9.58	7.43
Distribution return	0.00	1.08	2.32	4.02	4.85	4.74	4.27	4.23	4.84

Past Performance is not a reliable indicator of future performance.

Past performance shown for the blend of current and previous investment strategies is for information purposes only and is not a reliable indicator of future performance under the current investment strategy

Performance guideline: to generate income and capital growth on a rolling 3 year basis by investing in Australasian and US unlisted real estate and Australasian and global listed real estate

Returns are shown both before and after fees, before tax and assumes distributions are reinvested.

<sup>1</sup> On 1 August 2018, the Fund revised its investment strategy. We have provided the Fund's performance under the revised investment strategy. We recognise that existing investors will want to know longer term past performance and therefore have also provided information that combines the performance generated under the previous strategy up until 1 August 2018 with performance generated under the current strategy thereafter (shown under Blend of current and previous investment strategies).

The key changes to the investment strategy were:

Removal of the Fund's performance benchmark and move to a benchmark-unaware investment objective  
Change in target asset allocation from

- 50% to actively managed Australasian and US direct property
  - 25% to indexed Australian listed property securities, and
  - 25% to actively managed global listed property securities.
- to
- 50% to actively managed Australasian and US direct property; and
  - 50% to actively managed Australasian and global listed property securities.

(which incorporated a move from a partially passively managed Fund to fully actively managed Fund)

<sup>2</sup> The relevant inception dates are as follows:

- AMP Capital Core Property Fund is 1 July 2005
- The current investment strategy of the AMP Capital Core Property Fund is 1 August 2018

## FUND FACTS

APIR	AMP1015AU
Inception date	01 Jul 2005
Fund Size	\$482.17 million
Management costs*	1.25% p.a.
Buy/sell spread*	+0.13/-0.13
Distribution frequency	Quarterly
Minimum investment	\$500,000
Minimum suggested timeframe	5 years

\*The Fund PDS outlines management costs components, as well as other fees and costs that may apply to your investment. You can review the PDS at [www.ampcapital.com.au](http://www.ampcapital.com.au).

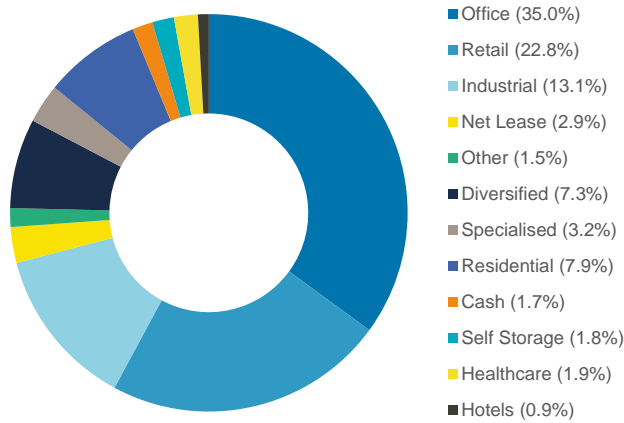
## What Happened Last Period

- The Fund posted a positive return (after fees) during November.
- The Fund's bespoke listed real estate portfolio led the way, with the three underlying unlisted property components also gaining ground.
- Global listed real estate markets generally rose strongly, buoyed by positive COVID-19 vaccine news and despite COVID-19 cases spiking globally and many countries establishing further containment measures.
- At the sector level, those most impacted previously by lockdowns and other containment measures rallied sharply, in particular the hotel and lodging, retail and office segments.

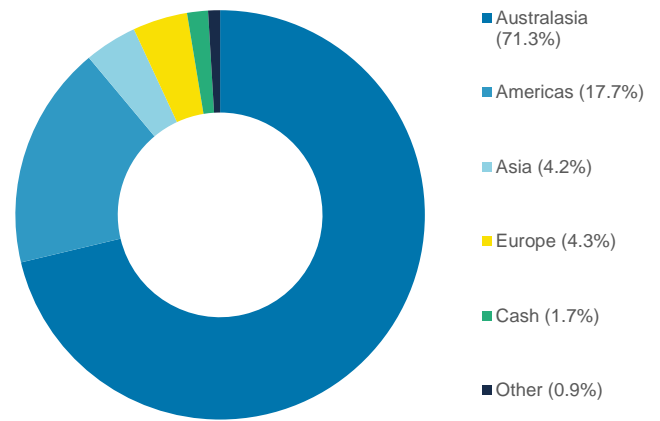
## Underlying Investments

AMP Capital Wholesale Office Fund	30.38
AMP Capital Shopping Centre Fund	18.50
AMP Capital US Hedged Plus Property Fund	5.31
AMP Capital Listed Real Estate Portfolio	44.16
Cash	1.65

## Sector Allocation



## Regional Allocation



## Fund Performance

The Fund posted a positive return (after fees) during November. The Fund's bespoke listed real estate portfolio led the way, with the three underlying unlisted property components also gaining ground. The listed component of the Fund, which is a bespoke portfolio managed on a benchmark-unaware basis, rebounded to rise by 3.58% (A\$ terms). At a country level, holdings in the US and Australia contributed most during the month, whereas holdings in New Zealand detracted most. All sectors were positive overall, with diversified and residential holdings among the best performers, while office was the least positive.

At a stock level, the largest contributors to performance were holdings in Charter Hall Group (diversified), Ryman Hospitality Properties (hotels) and Welltower (healthcare), while the main detractors were Goodman Property Trust (industrial), Digital Realty Trust (specialised) and Unite Group (residential).

The hotel and lodging segment gained as it is expected to benefit over the near term from pent-up demand for leisure travel, although business-transient travel is not expected to start recovering until mid-2021 and group travel until late-2021. In the US, Ryman Hospitality Properties reported solid Q3 2020 results, with funds from operations and revenue exceeding expectations. Its monthly cash burn declined as its hotels reopened and it maintained focus on cost management.

During the period, the AMP Capital Wholesale Office Fund (+0.73%) rose on a total return basis (before fees) and the AMP Capital Shopping Centre Fund (+0.91%) rose on a total return basis (before fees), with both portfolios of assets generally holding their value during the period.

AMP Capital US Plus Property Fund (Hedged) rose by 0.51% on a total return basis (before fees and taxes) over the period. AMP Capital Funds Management Limited, the Responsible Entity of the AMP Capital US Plus Property Fund, made the decision to terminate this Fund in March 2019. As a result, the Manager is proceeding to divest the Fund's underlying assets and distribute the proceeds to unitholders, including to the AMP Capital Core Property Fund. Two remaining properties are being marketed for sale, following the sale of the balance of the portfolio in 2019. AMP Capital will reinvest these proceeds in accordance with the investment strategy of the AMP Capital Core Property Fund.

## Market Review

Global listed real estate markets rose strongly in November, buoyed by announcements from three biotech companies that their potential COVID-19 vaccines had achieved over 90% efficacy in preliminary clinical trials. This was despite COVID-19 cases spiking globally and many countries establishing further containment measures. US 10-year treasury yields declined 0.04% to 0.84% over the period but have risen substantially from their lows in early August as a 'blue wave' win in the US presidential election, with a Democrat majority in both houses of Congress, was priced in but is now unlikely to occur.

At the sector level, with vaccine news suggesting pandemic conditions could end soon the real estate segments that were most impacted by lockdowns and other containment measures rallied sharply. In particular, the lodging, retail and office segments outperformed, while the diversified, industrial, manufactured homes and self-storage segments underperformed.

## Outlook

Global listed real estate markets will likely be subject to near-term volatility as are all risk assets, due to the impact of COVID-19 containment measures on economic activity. That said, a world with vaccination and a slow return to normality presents the opportunity to cheaply acquire some cyclical exposure. We will continue to assess and actively manage any associated risks to our portfolio positions as additional information becomes available.

When the risk-free rate falls when central banks are loosening monetary policy, investors often turn to listed real estate's defensive attributes and as a reliable yield alternative. This is starting to occur as a vaccine appears to be imminent, and we expect this to continue once extensive containment measures are relaxed and economic activity begins to recover. Opportunities to acquire individual companies at attractive valuation levels may arise as geopolitical developments lead to heightened volatility and diverging stock performance. However, retail is expected to remain challenged, especially those stores in peripheral locations with commoditised market propositions. Growth in online shopping, connectivity and data usage are likely to provide opportunities in logistics and data centres through the business cycle. Historically, core real estate has delivered total returns between 7-9% p.a over the market cycle<sup>1</sup>.

<sup>1</sup> (Source: MSCI/Mercer Australia Core Wholesale Monthly PFI. Market cycle is generally between 7-10 years).

## PORTFOLIO MANAGER



Claire Talbot is the Fund Manager for AMP Capital's Core Property Fund. Claire is responsible for establishing and implementing portfolio strategy. Ms Talbot brings considerable experience in property investment management to her role, having worked in the real estate industry since 1999. Previous roles include various fund and asset management positions, including her most recent role of Assistant Fund Manager for the AMP Capital Retail Trust, assisting with the implementation of investment strategy and the delivery of two of Australia's largest retail property development projects at Macquarie Centre, NSW and Pacific Fair, QLD.

## CONTACT DETAILS

For more information on the Fund including fees, product features, benefits and risks talk to your adviser or call us on 1800 658 404 or visit [ampcapital.com.au](http://ampcapital.com.au)

INSIGHTS  
IDEAS  
RESULTS

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