

# 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 31 December 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 (%)	10yr s (%)	Since Inception <sup>2</sup> (%pa)
Total Return – Net of Fees	0.48	2.27	5.27	-6.38	3.97	4.26	5.85	8.46	6.47
Total Return – Gross of Fees	0.55	2.50	5.75	-5.56	4.87	5.15	6.79	9.40	7.42
Distribution return	1.11	1.12	2.25	4.14	5.14	4.82	4.33	4.24	4.89

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	\$471.93 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).

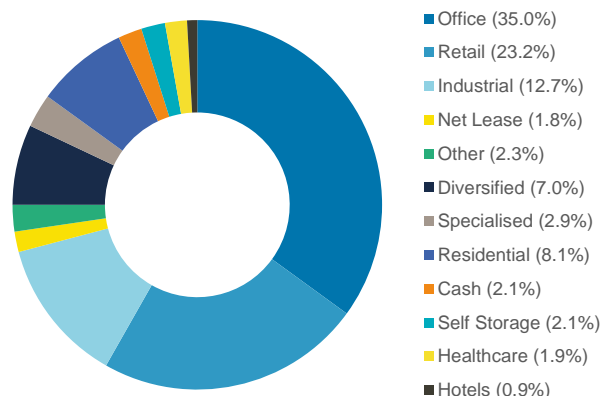
## What Happened Last Period

- The Fund posted a positive return (after fees) during the December quarter.
- All of the Fund's four underlying components gained ground, led by the AMP Capital US Plus Property Fund.
- Global listed real estate markets generally rose strongly, with markets driven primarily by positive vaccine news during November which saw pervasive 'risk on' sentiment.
- At the sector level, those most impacted previously by lockdowns and other containment measures rallied sharply, in particular hotel & lodging and retail, while the industrial, manufactured homes and self-storage segments underperformed.
- Valuations of the unlisted properties within underlying funds have largely stabilised, with AMP Capital Shopping Centre Fund and AMP Capital Wholesale Office Fund assets generally holding their value.

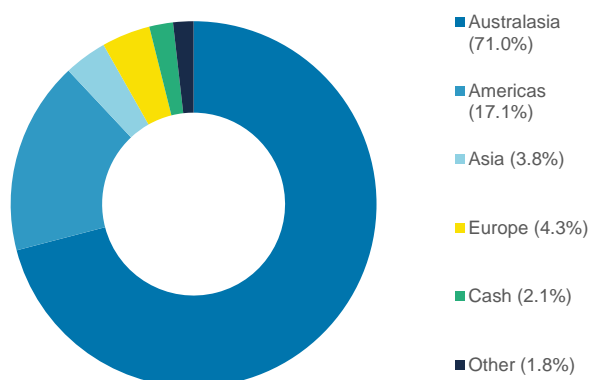
## Underlying Investments

AMP Capital Wholesale Office Fund	30.95
AMP Capital Shopping Centre Fund	19.00
AMP Capital US Hedged Plus Property Fund	5.40
AMP Capital Listed Real Estate Portfolio	42.58
Cash	2.08

## Sector Allocation



## Regional Allocation



## Fund Performance

The Fund posted a positive return (after fees) during the December quarter with all four of the Fund's underlying components gaining ground, led by the AMP Capital US Plus Property Fund.

The listed component of the Fund, which is a bespoke portfolio managed on a benchmark-unaware basis, continued to provide strong positive returns post the COVID-19 drawdown earlier in the year, rising by 3.42% (A\$ terms). At a country level, holdings in Australia and the US contributed most during the period, whereas holdings in Belgium detracted most overall. At a sector level, residential holdings were the best performers, while specialised contributed the least to returns (albeit it was mildly positive overall). At a stock level, the largest contributors to performance were holdings in Charter Hall Group (diversified), Ryman Hospitality Properties (hotels) and Lifestyle Communities (residential), while the main detractors were Charter Hall Long WALE (net lease), Warehouses De Pauw (industrial) and Digital Realty Trust (specialised).

In the specialised segment, US-based Alexandria Real Estate Equities has demonstrated its resilience since the COVID-19 pandemic commenced, as the company continues to benefit from its high exposure to life-sciences office space. The company rallied towards the end of the period after declaring a strong increase in its dividend per share over the year. This followed its Investor Day update, where it provided full-year 2021 earnings guidance and reported solid prices for its asset sales, attractive development returns and strong demand for new space.

During the period, the AMP Capital Wholesale Office Fund (+3.55%) rose on a total return basis (before fees) and the AMP Capital Shopping Centre Fund (+2.25%) rose on a total return basis (before fees), with strong growth in valuations for the office fund and stabilised valuations for the retail fund with the majority of assets in that fund holding their value during the period.

Independent valuations of the unlisted assets in these unlisted funds have reverted back to a quarterly valuation cycle, following monthly valuations being undertaken from 1 April to 1 September 2020 to reflect the impact of COVID-19 on these assets.

Performance for the AMP Capital Shopping Centre Fund was also enhanced by an improved distribution for December when compared to earlier quarters in the year, when distributions were lower to account for COVID-19 impacts.

Continued leasing success was achieved for Quay Quarter Tower (held in the AMP Capital Wholesale Office Fund) during the quarter with a binding Agreement for Lease signed with Corrs Chambers Westgarth for 10,000 square metres, a deal accretive to both the asset's feasibility and valuation.

AMP Capital US Plus Property Fund (Hedged) rose by 5.50% on a total return basis (before fees and taxes) over the period, led by strong revaluation growth. 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 generally rose strongly during the December quarter. After falling earlier in the period amid ongoing concerns around the impacts of COVID-19 and the upcoming US presidential election, markets were buoyed by positive vaccine news during November which saw 'risk on' sentiment pervade markets. Mostly stable economic data and renewed progress towards additional fiscal stimulus in the US was also supportive. However, volatility increased later in the period as the continued increase of COVID-19 cases, coupled with the emergence of a more infectious virus strain in the UK, saw further lockdowns imposed in many countries.

Driven by vaccine optimism, the real estate segments that were most impacted earlier in the year by lockdowns and other containment measures rallied sharply, although this was somewhat tempered later in the period. In particular, the hotel & lodging and retail segments delivered stellar returns, while the industrial, manufactured homes and self-storage segments underperformed. Elsewhere, a key ongoing theme of extended working from home has particularly impacted the office segment, where rent collections generally have held up, but vacancies rose and net effective rents fell. Transaction activity was also elevated during the period.

## 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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