

# 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 May 2021

	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	1.20	5.81	6.74	10.46	5.61	5.93	6.25	8.52	6.70
Total Return – Gross of Fees	1.28	6.06	7.23	11.48	6.53	6.85	7.16	9.47	7.66
Distribution return	0.00	1.42	2.59	5.09	4.95	5.05	4.45	4.28	4.85

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	\$470.30 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).

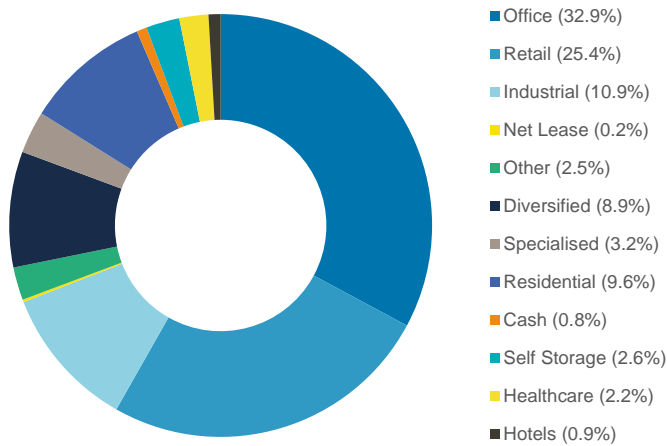
## What Happened Last Period

- The Fund posted a positive return (after fees) during May.
- All of the Fund's four underlying components gained ground, led by the listed component of the Fund.
- Global listed real estate markets generally rallied in May, buoyed by improving company results.
- At the sector level, rapidly reopening economies as more people are vaccinated supported performance for those sectors most impacted by previous lockdowns, such as retail, multi-family residential and office.
- 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.

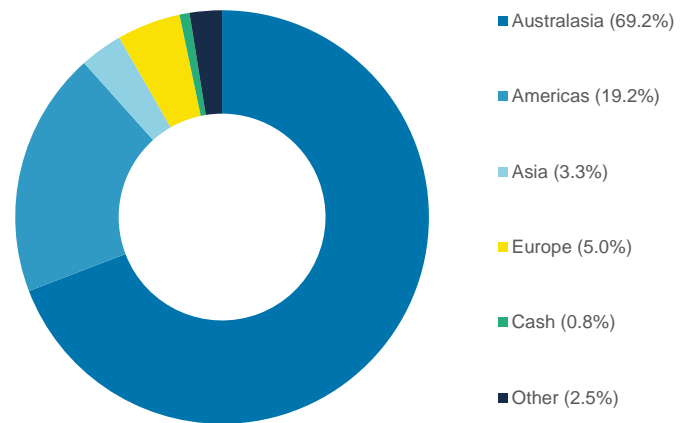
## Underlying Investments

AMP Capital Wholesale Office Fund	26.18
AMP Capital Shopping Centre Fund	19.22
AMP Capital US Hedged Plus Property Fund	5.49
AMP Capital Listed Real Estate Portfolio	48.34
Cash	0.78

## Sector Allocation



## Regional Allocation



## Fund Performance

The Fund posted a positive return (after fees) during May with all four of the Fund's underlying components gaining ground, led by the Fund's listed component.

The listed component of the Fund, which is a bespoke portfolio managed on a benchmark-unaware basis, continued to provide positive returns post the COVID-19 drawdown of 2020, rising by 2.10% (in A\$ terms) during the period. At a country level, holdings in Australia and the US contributed most, whereas holdings in China and Hong Kong detracted slightly overall. At a sector level, all sector exposures contributed with the exception of hotels, with holdings in the residential, office and retail sectors the best performers.

At a stock level, the largest contributors to performance were holdings in Ingenia Communities Group (residential), HomeCo Daily Needs REIT (retail) and Lifestyle Communities (residential), while the main detractors were GDS Holdings (specialised), Home Consortium (diversified) and SF Real Estate Investment Trust (industrial).

The office segment is gaining momentum as the return to office working progresses with the roll out of vaccines. In the US, Boston Properties built on the momentum from its solid Q1 2021 results reported in April. It inked a 12-year lease with one of the largest management consulting firms in the world, Boston Consulting Group, for space at Metropolitan Square in Washington, DC. The company is also set to benefit from the New York City Mayor's plans to 'fully reopen' the city at the beginning of July.

During the period, positive performance of the AMP Capital Wholesale Office Fund (+0.59%) and the AMP Capital Shopping Centre Fund (+0.28%) - on a total return basis (before fees) - was underpinned by continued high levels of occupancy (96% for the shopping centre fund and 93% for the office fund). Robust levels of consumer sentiment supported by ongoing government stimulus measures and the wealth effect of a booming residential sector, as well as strong business confidence in Australia bodes well for continued performance in each of these sectors. In terms of valuations, South Eveleigh recorded an uplift in value during the month due to a sharpening of the discount rate by 25 basis points. Shopping centre valuations were mixed, resulting in a very slight fall in portfolio book value of -0.1%.

AMP Capital US Plus Property Fund (Hedged) rose by 0.48% on a total return basis (before fees and taxes) over the period, led by continued 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. The sale of the

two remaining properties is likely to be concluded in coming weeks, following the divestment 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 rallied in May, buoyed by improving company results. Listed real estate markets were 'spooked' mid-month by the announcement of worse than expected inflation in the US in April, however there was little response in bond markets as higher inflation was already priced into interest rates, allowing listed real estate markets to quickly recover lost ground. The exception was the Singapore listed real estate market, which fell as further lockdown measures were introduced. US 10-year treasury yields declined 0.03% to 1.60% over the period.

Within listed real estate markets, two key themes impacted segment performance. Firstly, as people continue to be vaccinated, economies are rapidly reopening and this is supporting recovery in the segments which were most impacted by pandemic lockdowns, such as retail, multi-family residential and office. Secondly, concerns about higher inflation and interest rates are putting pressure on long-duration assets in segments such as health care. Hotel and lodging also came under pressure.

## Outlook

Global listed real estate markets will likely be subject to near-term volatility as are all risk assets. Markets are likely to be buoyed as the execution and distribution of vaccines progress, and as extensive government stimulus is rolled out. However, they are also likely to be punished on news of any setbacks and concerns about rising inflation and interest rates. That said, a world with maximum vaccination and a slow return to normality presents the opportunity to acquire some very cheap 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 occurring now that the execution and distribution of vaccines is well progressed, especially given the relatively attractive valuation levels the pandemic created. We expect this to continue as economies reopen. Opportunities to acquire individual companies at attractive valuation levels may arise as geopolitical developments lead to heightened volatility and diverging stock performance. 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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