

# AMP CAPITAL CORE PROPERTY FUND - OFF-PLATFORM CLASS H

## 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 January 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	0.18	2.40	3.88	-10.02	3.58	4.22	5.81	7.94	5.67
Total Return – Gross of Fees	0.30	2.73	4.54	-8.90	4.83	5.46	7.05	9.24	7.06
Distribution return	0.00	1.04	2.06	3.76	4.66	4.57	4.02	3.89	4.63

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	AMP1074AU
Inception date	12 April 2006
Fund Size	\$471.86 million
Management costs*	1.57% p.a.
Buy/sell spread*	+0.13/-0.13%
Distribution frequency	Quarterly
Minimum investment	\$10,000
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).

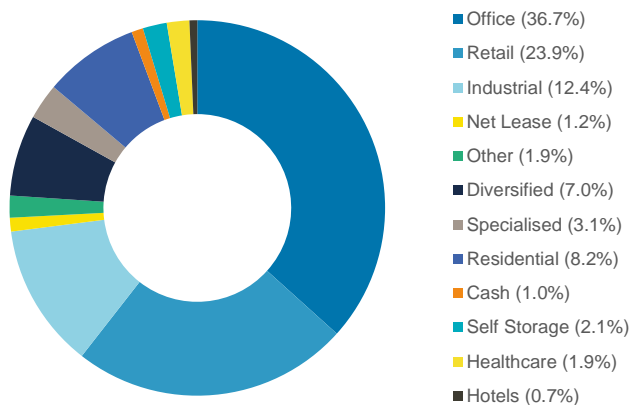
## What Happened Last Period

- The Fund posted a positive return (after fees) during January.
- The Fund's three underlying unlisted property components rose, whilst the bespoke listed real estate portfolio gave up some ground.
- Global listed real estate markets were volatile and posted mixed returns, with influences including news around COVID-19 vaccine roll-outs, additional shutdowns and further US economic stimulus.
- At the sector level, returns were diverse with retail ('reflation rotation') and storage tending to outperform hotel & lodging, office and healthcare.

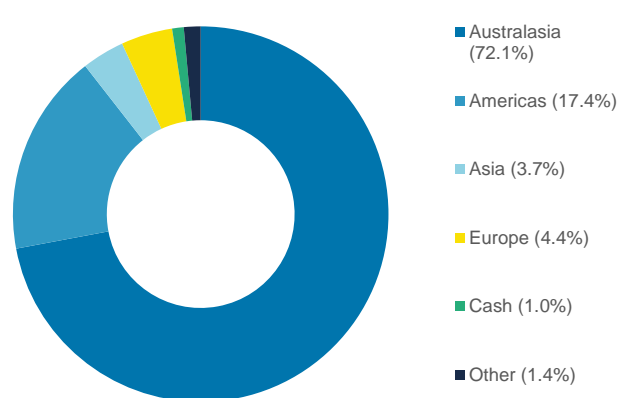
## Underlying Investments

AMP Capital Wholesale Office Fund	32.24
AMP Capital Shopping Centre Fund	19.02
AMP Capital US Hedged Plus Property Fund	5.56
AMP Capital Listed Real Estate Portfolio	42.19
Cash	1.00

## Sector Allocation



## Regional Allocation



## Fund Performance

The Fund posted a positive return (after fees) during January. The Fund's three underlying unlisted property components gained ground, led by the AMP Capital US Plus Property Fund (Hedged), whilst the bespoke listed real estate portfolio retreated somewhat.

The listed component of the Fund, which is a bespoke portfolio managed on a benchmark-unaware basis, gave up some ground to fall by 1.36% (A\$ terms) after a period of posting strong positive returns post the COVID-19 drawdown earlier last year. At a country level, holdings in China and France contributed most during the month, whereas holdings in Australia detracted most. By sector, specialised was the best performer, while industrial was the largest detractor.

At a stock level, the largest contributors to performance were holdings in Stockland (diversified), Ingenia Communities Group (residential) and Simon Property Group (retail), while the main detractors were Charter Hall Group (diversified), Goodman Group (industrial), and Welltower (healthcare).

The industrial segment continues to thrive as demand for online services increases. Stockland is taking advantage of industrial strength by entering into a partnership with JP Morgan Asset Management late last year to establish and manage a portfolio of industrial and logistics assets with a target value of A\$1 billion. The portfolio will be seeded with two properties Stockland recently agreed to acquire, as well as several other assets from its existing holdings.

During the period, the AMP Capital Wholesale Office Fund (+0.31%) and the AMP Capital Shopping Centre Fund (+0.30%) 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 0.44% 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 were volatile and posted mixed returns in January. For most of the month, optimism about vaccine roll-outs and further US economic stimulus set a 'risk on' tone, which boosted share markets. However, late in the month concerns about vaccine efficacy, delays to vaccine roll-outs, additional shutdowns, the amount of US stimulus and share trading by non-professional investor groups curbed gains. Higher interest rates also dampened listed real estate markets. Early in the month US 10-year treasury yields spiked higher, then over the second half of the month drifted lower to be up 0.15% to 1.07% over the period.

In addition to the volatile markets, sector returns were diverse. For instance, the retail segment rallied strongly mainly due to 'reflation rotation' as fundamentals are expected to improve as economies reopen and vaccines are rolled out, allowing consumers the confidence to increase their spending. The storage segment also continued to be supported by strong fundamentals. However, the hotel & lodging segment retreated after rallying strongly towards the end of last year, as travel restrictions continued to negatively impact income. Meanwhile, healthcare was affected by further lockdowns while the office sector continued to pull back as there was a lack of clarity about the long-term impacts of the pandemic.

## 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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