

# 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 March 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	1.61	1.95	4.17	3.82	4.03	5.24	5.46	7.92	5.73
Total Return – Gross of Fees	1.71	2.27	4.83	5.10	5.28	6.49	6.71	9.22	7.12
Distribution return	1.27	1.27	2.34	4.44	4.87	4.78	4.12	3.94	4.67

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	\$472.98 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).

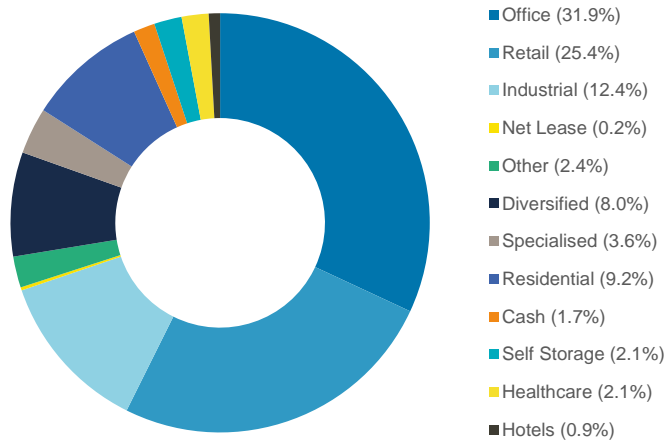
## What Happened Last Period

- The Fund posted a positive return (after fees) during the March quarter.
- All of the Fund's four underlying components gained ground, led by the listed component of the Fund.
- Global listed real estate markets generally rose strongly while experiencing bouts of volatility.
- At the sector level, wide divergence in returns reflected investors switching their portfolios to take advantage of improving economic conditions, with retail and hotel & lodging performing well, while data centres, towers, industrial and manufactured homes segments lagging.
- 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 or improving (respectively).

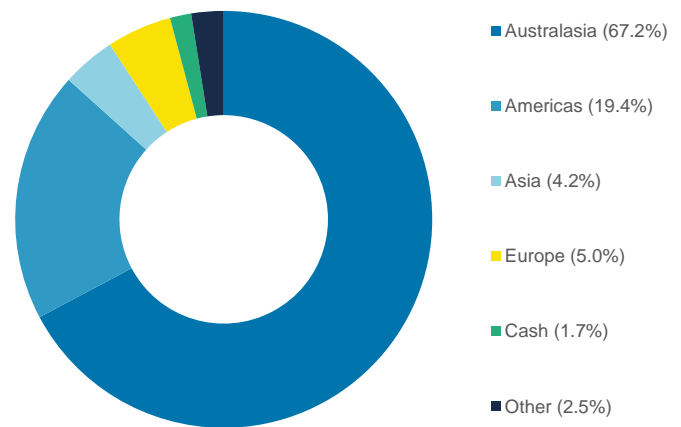
## Underlying Investments

AMP Capital Wholesale Office Fund	25.45
AMP Capital Shopping Centre Fund	18.94
AMP Capital US Hedged Plus Property Fund	5.57
AMP Capital Listed Real Estate Portfolio	48.38
Cash	1.62

## Sector Allocation



## Regional Allocation



## Fund Performance

The Fund posted a positive return (after fees) during the March quarter 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 3.23% (A\$ terms). At a country level, holdings in the US, Japan and Australia US contributed most during the period, whereas holdings in New Zealand and Germany detracted most overall. At a sector level, retail and residential holdings were the best performers, while diversified and industrial were the main detractors from returns. At a stock level, the largest contributors to performance were holdings in Welltower (healthcare), Simon Property Group (retail) and Weingarten Realty Investors (retail), while the main detractors were Charter Hall Group (diversified), Goodman Group (industrial) and Goodman Property Trust (industrial).

The storage segment continued to demonstrate superb fundamentals, with stubbornly high occupancies translating into excellent earnings growth. In Australia, National Storage REIT provided a strong operations update, with record occupancy growth over the five months to the end of November 2020, continued improvement in revenue per available square metre and significant acquisitions and developments.

During the period, the AMP Capital Wholesale Office Fund (+2.61%) rose on a total return basis (before fees) and the AMP Capital Shopping Centre Fund (+0.56%) rose on a total return basis (before fees), as valuations improved for the office fund and stabilised for the retail fund, with the majority of assets in that fund holding their value during the period. The uplift in value for Collins Place, driven by higher market rents and a firming of the discount rate, underpinned the office fund's performance during the period. Leasing success continued with the securing of Bank of Queensland at 255 George Street, Sydney over 5,800 square metres for a 10-year term. This follows the Corrs Chamber Westgarth deal completed in the December quarter for 10,000 square metres at Quay Quarter Tower, Sydney.

AMP Capital US Plus Property Fund (Hedged) rose by 1.15% 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 progressing, 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 rose strongly while experiencing bouts of volatility during the March quarter. Led by the US, markets rallied despite steepening yield curves, suggesting that the US economy is expected to recover quickly from the pandemic-induced downturn. The notable exceptions were the Australian and Singapore listed real estate markets, which underperformed as long-term interest rates increased. Markets also found support as the vaccine roll-out ramped up, with optimism surrounding many economies reopening and the extensive government stimulus in the US also contributing. Later in the period, markets were however impacted at times by concerns about rising inflation and interest rates.

Global listed real estate markets were also affected by investors switching their portfolios to take advantage of improving economic conditions. Growth companies that reported strong results during the earnings season were generally sold down in favour of value companies that reported soft results with improving outlooks. A wide divergence in segment returns reflected this, with hotel and lodging performing well while the retail segment rallied strongly, mainly due to 'reflation rotation' where fundamentals are expected to improve as consumer confidence benefits from economies reopening and vaccine roll-outs. Conversely, the segments which gained most during the pandemic period, including the data centres, towers, industrial and manufactured homes segments lagged, as investors used these segments to help fund the rotation into cheaper, more cyclical segments.

## 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)

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