

AMP CAPITAL

# LISTED PROPERTY TRUSTS FUND

In an environment of constrained investment returns, increased market volatility and potentially higher inflation, many investors are revisiting their investment strategies. Assets such as term deposits and government bonds are offering investors little opportunity to earn a real return or income. In this environment, listed property trusts have become an attractive option, offering higher yields than many other asset classes, and capital growth opportunities over the long-term.

The Listed Property Trusts Fund (the Fund) aims to provide income and growth. It does this by investing in property and property related securities listed on the Australian Securities Exchange. The Fund may also invest in property securities listed on stock exchanges outside Australia where these investments are seen to add value.

## What are the benefits?

### Diversification provides access to a greater range of opportunities

Investors can benefit from a well diversified portfolio of property and property related securities in the Australian market. These investments provide the opportunity to take advantage of the strong performance of the Australian economy.

### Liquidity provides potential for greater income and capital growth

Investing in listed property trusts provides greater portfolio liquidity than investing in direct property. Liquidity refers to the ease with which investments can be bought and sold in the market place. The Fund is able to make tactical movements to take advantage of market opportunities, providing the potential for greater income and capital growth.

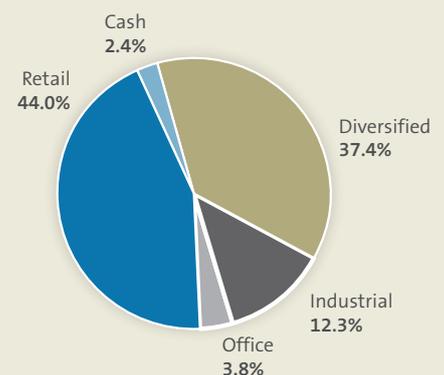
### Active management enables us to take advantage of opportunities in the market

By actively managing the Fund, we are able to act on market opportunities as they arise and where we have a high conviction in the performance potential of specific companies.

## Key features

- > Access to property related securities listed on the Australian Securities Exchange
- > Diversification across a range of property sectors including retail, office and industrial
- > Higher levels of liquidity than direct property investment
- > Actively managed portfolio of property securities.

## ASSET ALLOCATION as at 30 June 2013



Source: AMP Capital.

## The case of investing in Listed Property Trusts

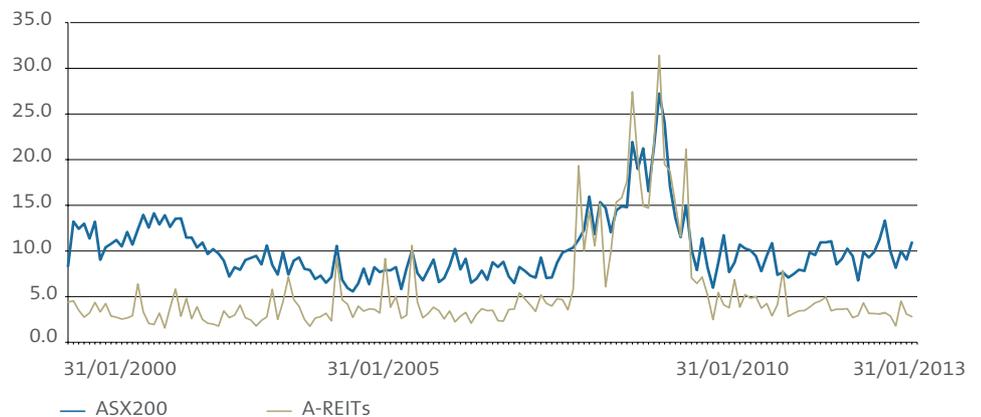
Australian listed property has had a strong run in recent years, with the S&P/ASX 200 A-REIT Index delivering 33% to investors in 2012 alone. While value in this sector is now less obvious than six to 12 months ago, we believe there is scope for further upside. Going forward, we believe that relatively high yields and strong earnings will continue to underpin momentum within Australian listed property.

### A stable source of income

In recent years, Australian listed property trusts have provided a stable source of income for investors. This is because the majority of a listed property trust's return comes from rental income which is supported by tenancy agreements which are often long-term in nature. This tends to

create a smoother pathway of returns than other listed equity stocks might provide. Indeed, the strong performance of the Australian listed property market which we have seen over the past 12 months has been achieved while delivering around one third of the volatility of the broader equity market.

### Australian listed property has been less volatile than Australian equities



Source: AMP Capital, Macquarie Equities. Data as at 31 January 2013.

### Improved balance sheets

Overall, Australian listed property trusts have significantly improved their balance sheets since the Global Financial Crisis, and gearing (debt to equity) levels have reduced substantially since 2007. Listed property trusts have also made active moves to reduce their reliance on bank funding and diversified their debt sources through the issuance of bonds in both the domestic market and the US private placement market. The total cost of debt has generally reduced considerably for these trusts, placing them in a position to gradually acquire assets for the first time in a number of years.

### Higher yields than many other asset classes

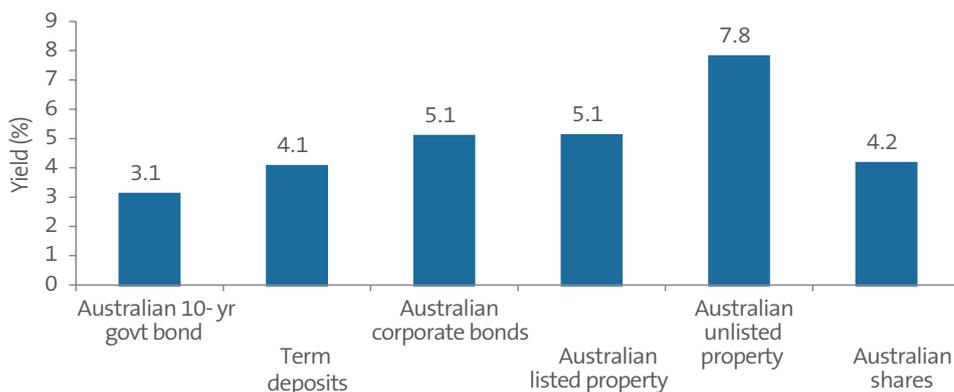
Before the Global Financial Crisis, many listed property trusts borrowed excessively to acquire properties and expanded into non-traditional activities such as property development and funds management. More recently, however, Australian listed property trusts have returned to their core business, focusing on property ownership and rental income. As such, many trusts are in a much stronger financial position today as they concentrate on clearly defined sectors of the market which generate reliable income streams. The renewed focus on rental income, together with their healthy balance sheets, helped deliver yields ranging from 5-7% in 2012. Going forward, we believe that Australian listed property trusts will continue to offer sustainable income, and expect yields to continue growing at around 3% per annum.

### The Fund invests in quality, well-known names

Top ten holdings by weight	Weight (%)
1. Westfield	24.6
2. Stockland	11.7
3. Goodman Group	11.5
4. Westfield Retail Trust	8.0
5. Mirvac Group	8.0
6. Federation Centres Ltd	6.6
7. Dexus Property Group	5.8
8. Charter Hall Group	3.4
9. GPT Group	3.2
10. Carindale Property Trust	1.8

Source: AMP Capital; as at 30 June 2013.

## Australian listed property is currently offering yields in excess of 5%



Source: Bloomberg, IRESS, BAML, Reserve Bank of Australia.

## An easy way to access a diversified property portfolio

A key benefit of investing in listed property is that it provides access to investment opportunities that may otherwise require a large capital outlay and significant acquisition costs if purchased directly. By investing in a portfolio of listed property trusts, investors are also able to withdraw small amounts of capital if needed, and have access to a range of different types of property.

Within the Australian listed property market there are three key property industry sub-sectors: retail, office and industrial. Each sub-sector offers different property types, locations, lease lengths and tenants, and may perform well at different stages of the property cycle. This provides investors with the opportunity to increase returns and diversify risk.

## What are the risks?

The Fund invests in securities that are listed on the Australian Securities Exchange. This means that the Fund will be affected by any risks associated with these securities, such as how they perform, their strategy, management, how sustainable their earnings are, and other factors that affect the value and performance of a security. Factors affecting the property market may also impact the value of the securities held by the Fund. Before choosing to invest in the Fund, investors should read the Product Disclosure Statement and Incorporated Information, and consider factors such as the likely investment return, the risks of investing and their investment timeframe.

## Who manages my money?

The Fund is actively managed by the AMP Capital Australian Fundamental Equities team. The team has decades of experience managing equity strategies including concentrated, long-short and themed portfolios.

The team is supported by the resources, investment expertise and broader capabilities of AMP Capital, offering an information advantage across many areas of investment.

AMP Capital is one of the largest investment managers in Asia Pacific. That is why our clients trust us to invest more than \$131 billion (as at 30 June 2013) on their behalf across a number of asset classes including equities.

**Our investment team is supported by the resources, investment expertise and broader capabilities of AMP Capital.**

**Important note:** Investors should consider the Product Disclosure Statement (PDS) available from AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) (AMP Capital) for the Listed Property Trusts Fund (Fund) before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it is important investors read the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455) (AMPCFM) is the responsible entity of the Fund and the issuer of units in the Fund. Neither AMP Capital, AMPCFM nor any other company in the AMP Group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance. While every care has been taken in the preparation of this document, AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This document has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs.

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