NOW TRADING ON THE ASX

AMP CAPITAL

AMP CAPITAL GLOBAL PROPERTY SECURITIES FUND (UNHEDGED) (MANAGED FUND) ASX: RENT

AN ACTIVE EXCHANGE TRADED MANAGED FUND THAT AIMS TO GENERATE INCOME AND CAPITAL GROWTH ON A ROLLING 3 YEAR BASIS FROM A DIVERSIFIED PORTFOLIO OF LISTED GLOBAL PROPERTY SECURITIES

31 October 2016

Investment approach

To take advantage of global real estate market conditions, as well as country specific opportunities, the Fund's investment style combines a macroeconomic (top-down) approach to regional and country allocations, with a stock specific (bottom-up) selection process, with the objective of identifying global listed property securities that show the potential for high returns over the long term.

Notes:

> "Fund" refers to the AMP Capital Global Property Securities Fund (Unhedged) (Managed Fund) ASX: RENT.

> "Unlisted Fund" refers to the non-exchange traded AMP Capital Global Property Securities Fund (on Platform Class A) – inception date 29 November 2004. Unlisted Fund historical performance (adjusted to unhedged) from 30 April 2011.

> Performance of the Unlisted Fund, which is currency hedged, has been adjusted with all currency hedging impacts removed to illustrate how a comparable AMP Capital managed fund using the same strategy has performed over longer time periods. In addition to currency hedging, Fund and Unlisted Fund performance may vary due to differences such as market making activities and inflows / outflows.

For more information visit **ampcapital.com.au/funds**

Fund performance – as at 31 October 2016

Inception Date: 25 May 2016

Performance benchmark: FTSE EPRA/NAREIT Developed Index AUD Net TRI

Management costs: 0.9761%pa plus recoverable expenses

%	1 mth	3 mth	6 mth	1 yr	3 yr	Incept
Total return – after fees	**-5.17**	**-9.26**	**n/a**	**n/a**	**n/a**	**-8.90**
Distribution	0.00	0.00	n/a	n/a	n/a	0.23
Growth	-5.50	-9.98	n/a	n/a	n/a	-9.43
Benchmark	*-5.16*	*-9.18*	*n/a*	*n/a*	*n/a*	*-6.00*

Past performance is not a reliable indicator of future performance.

Please note that performance for the Fund is less than 1 year and should not be relied on as indicative of future performance. This performance report is prepared for information purposes and not promotional purposes.

Historical performance of the Unlisted Fund (adjusted to unhedged) - as at 31 October 2016

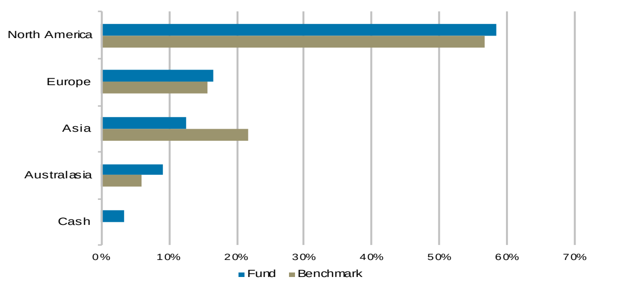
%	6 mth	1 yr	3yr	5yr
Total return – after fees	**-3.23**	**-8.08**	**14.16**	**17.40**
*Benchmark**	*-1.00*	*-2.55*	*15.78*	*17.50*

Past performance is not a reliable indicator of future performance.

Performance is annualised for periods greater than one year. All total returns are calculated using the net asset value per unit for the relevant month end. This price may differ from the actual unit price for an investor buying or selling an investment. All returns quoted are before tax, after fees and costs and assume all distributions are reinvested. Historic performance of the Unlisted Fund is not a reliable indicator of the performance of the Fund.

* FTSE EPRA/NAREIT Developed Rental Index AUD Net TRI

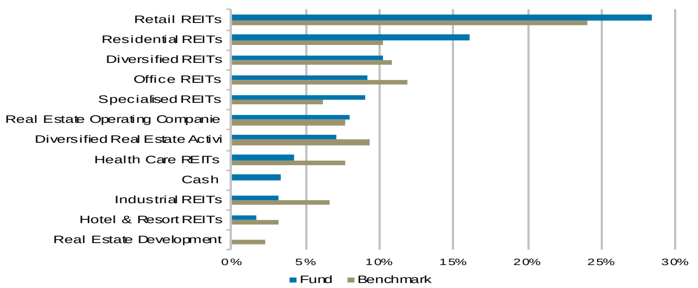
Fund regional allocation



Case study: Empire State Building

Location: New York City, USA
Owner: Empire State Realty Trust
Business: The Empire State Building is a 102-storey skyscraper located in Midtown Manhattan on Fifth Avenue, between West 33rd and 34th Streets. With new investments in energy-efficiency and infrastructure upgrades, the Empire State Building attracts tenants in a diverse array of industries. The observatories on the 86th and 102nd floor provide 360° views of New York City and beyond.

Fund sector allocation



Fund top 10 holdings

Security Details	% Portfolio	% Benchmark
Simon Property Group Inc	7.66	5.08
PUBLIC STORAGE	5.25	2.70
Scentre Group	4.59	1.42
Mitsui Fudosan Co Ltd	3.68	0.00
Equity Residential	3.34	0.00
Mitsubishi Estate Co Ltd	3.30	1.94
UDR Inc	2.86	0.81
Spirit Realty Capital Inc	2.63	0.48
Healthcare Trust of American Inc	2.54	0.37
Unibail-Rodamco SE	2.44	2.04

In alliance with BetaShares

Performance and activity

The Fund slightly outperformed the benchmark in October, which was negative amid rising yields on long-duration bonds around the world.

On a regional basis, the Fund's asset allocation was positive relative to the benchmark. This was mainly due the portfolio's slight overweight to North American holdings, which generally outperformed the Fund's Asia-Pacific and European holdings.

On an industry sector basis, the real estate holding & development sector provided the greatest positive contribution despite the portfolio being underweight to this sector, while retail REITs were the largest detractor for the period.

At a stock-specific level, a significant positive contribution to relative performance came from an overweight position in Japanese company Mitsui Fudosan. The company is the largest listed developer in Japan with approximately 80% of its gross asset value exposed to offices. We like the company given its attractive warranted total return and our positive stance on the recovery of the Tokyo office market.

The main negative contribution came from our overweight holding in Australia's Scentre Group. The company is responsible for the development, design, management, leasing and marketing of its portfolio of Westfield-branded shopping centres throughout Australia and New Zealand. The company has a relatively attractive value and yield.

Market commentary

Global listed real estate markets faced a difficult time in October as investors focussed on the impact of monetary tightening in the US and future tapering of quantitative easing in the Eurozone. All major markets recorded negative returns in local currency terms, despite fairly attractive fundamentals and a reasonable start to the third quarter earnings season.

The impact of Brexit now appears to be confined to the UK and global listed real estate markets continue to be supported by low interest rates, a recovering economy and limited availability of prime property in most of the major markets. However future earnings remain subject to more stringent bank lending, subdued consumer spending and modest economic growth across a number of major markets.

The US listed real estate market experienced a challenging October as share prices were marked down significantly. This was driven by renewed expectation of tighter monetary policy by the US Federal Reserve. In the near term the market is being guided by companies' third quarter earnings announcements.

More hawkish comments from the US Federal Reserve concerning long-expected further interest rate rises led to higher yields on longer duration treasury bonds. Nonetheless 10-year treasuries traded at just 1.83% at the end of October and despite this rise in yields, longer-term expectations implied by the forward rate curve, remain constrained, suggesting current monetary tightening represents the central bank 'playing catch up' after an extended period of caution.

Investor caution was also driven by the US economy moving into a phase of more mature growth, as evidenced by missed expectations in the September jobs data, especially in New York. Nonetheless the listed real estate sector is in robust shape overall and occupancy rates remain high.

October saw some interesting corporate activity. Venture capital funds are raising capital at a rate unseen since 2001. This tends to be positive for the office market, especially on the US west coast where many early-stage companies are located. Health care REIT HCP's board approved the previously announced spin-off of its HCR ManorCare portfolio of skilled nursing, assisted living and certain other assets into a new vehicle, Quality Care Properties, which became effective on 24 October. China-based HNA Group paid a 15% premium to acquire The Blackstone Group's 25% interest in Hilton Worldwide Holdings.

In early earnings announcements, residential listed real estate companies posted mixed results. Equity Residential and UDR reported earnings in line with analysts' expectations, however AvalonBay Communities disappointed the market, which is cautious due to elevated supply levels. However industrial demand remains solid with strong re-leasing spreads and a favourable outlook, whereas storage companies posted results that were marginally worse than expected.

Australia was the worst performing major global listed real estate market during October, posting a return of -9.35% (FTSE EPRA/NAREIT Australia Index Total Return Benchmark) in local currency terms. It also underperformed the wider Australian equity market which was modestly negative, continuing a downward trend since the post-Brexit rebound in risk assets that concluded at the start of August.

The market was driven lower by the steep rise in Australian government bond yields that increased from 1.91% to 2.35% over the month. This move reflects the sell-off in the US bond market throughout October upon increased expectations of the US Federal Reserve raising interest rates. The rise in bond yields contributed to the downward pressure on Australian listed real estate company valuations.

The market continued to sell-off during the month as general equity investors continued to reduce their exposure to listed real estate. This has been a theme following the reporting season as some investors have pursued growth strategies rather than defensive ones that prioritise yield. Scentre Group, Westfield Corporation and Vicinity Centres in the retail market were all key underperformers during the month.

The European listed real estate market fell during October as investors focussed on the likely next moves of the European Central Bank. Its quantitative easing program may be extended further in light of economic weakness but the market is now looking to an eventual tapering of the policy, leading to higher bond yields and a possible impact on real estate asset values. Meanwhile the UK market is driven by varying expectations of the Brexit process and is highly sensitive to comment by political leaders regarding a 'hard' or 'soft' exit from the European Union.

UK property valuations continued to fall. A wide difference in the post-Brexit discount at which listed assets trade (typically 30% below net asset value) compared to direct assets (typically 5%) has opened. Direct real estate continues to see healthy transactional activity, especially from overseas investors taking advantage of the weaker British pound. Data released by Savills showed that non-UK investors accounted for 78% of Central London property transactions in the September quarter, compared to 58% in the June quarter, and previous levels of 60-70%.

Listed real estate returns during October were even more negative in continental Europe. However, while investors endeavoured to second guess central bank intentions, company news was generally positive in October. In its trading update Unibail-Rodamco reported a 0.7% year-on-year increase in shopping centre tenant sales; increases in central Europe, Spain and Germany were offset by subdued activity in France following recent terrorist attacks. ICADE announced a reduction in its vacancy rate and increased net current cash flow guidance for 2016. Alstria Office REIT announced the sale of seven non-core assets at a 3.7% premium to the latest valuations; it intends to reinvest the funds in Germany's main office markets. Merlin Properties raised €800 million of 10-year bonds paying a 1.875% coupon issued at 98.9c, bringing its average cost of debt to 2.28%.

In Japan the fundamentals of the office market have been improving gradually. The vacancy rate for Tokyo's five central wards is trending more positively while asking rents have seen a modest increase.

AMP CAPITAL GLOBAL PROPERTY SECURITIES FUND (UNHEDGED) (MANAGED FUND) ASX: RENT

During the month, the Tokyo Stock Exchange announced plans to revise its REIT indices from using a methodology based on full-market capitalisation weightings to one adjusted to reflect the market capitalisation of the securities' free-floats. The proposed change will aim to be more reflective of the investible universe of REITS that are listed on the Tokyo Stock Exchange.

Singapore's economy continues to weaken, third quarter gross domestic product contracted 4.1% annualised following the modest second quarter expansion of 0.2%. The Monetary Authority of Singapore kept its policy unchanged. October saw the Urban Redevelopment Authority release the September quarter private home price data which fell for the 12th consecutive quarter, despite increasing transaction volumes. Furthermore there are continuing signs of weakness in the retail and office markets.

Hong Kong saw a further rebound in residential sales during September; the Land Registry announced a 34.4% month-on-month increase in the number of sale and purchase agreements to 7,826. Large scale developments have been oversubscribed and major developers have bid aggressively in land sales.

In order to meet developer demand, the government will add to the supply of private housing land through the sale of five new residential sites and railway property development projects, which are estimated to deliver 4,600 apartments over the next three months.

Retail real estate is constrained by stabilising visitor numbers from mainland China and the ongoing anti-graft campaign has shifted footfall from luxury to mid-range retailers.

Portfolio positioning and outlook

In the short-term global listed real estate market movements will depend on the timing of increases in US interest rates, which are now expected sooner rather than later as the global economy looks beyond the mid-year shock of the Brexit vote. Company earnings are likely to reflect an economy that is moving towards a period of mature growth supported by expansionary monetary and fiscal policy. However growth remains challenged by a slowing China, macro-prudential regulation and cautious consumers in developed markets. We favour defensive assets with high quality earnings and strong balance sheets; dependable yield continues to be more highly prized than future growth opportunities. We seek to identify well managed companies with stable and growing earnings.

Investment objective

To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis.

FACTS

Fund size	$12.28 million
Minimum suggested time frame	5 years
Distribution frequency	Quarterly
Date of last distribution	September 2016
Distribution cents per unit	0.820
Issuer & Responsible Entity	BetaShares Capital Ltd
Investment Manager	AMP Capital Investors Limited

Exchange	ASX
ASX Code	RENT
Currency	AUD
Trading	10:00 - 16:00 (AEST)
Bloomberg Code	RENT AU
IRESS Code	RENT.AXW
iNAV IRESS Code	RENTINAV.ETF

FOR MORE INFORMATION

If you would like to know more about how AMP Capital can help you, please visit **ampcapital.com.au**