

# Specialist Property and Infrastructure

Quarterly Investment Option Update

30 June 2020

## Aim and Strategy

To provide total returns (income and capital growth) after costs and before tax, above the return of 20% of the S&P/ASX200 A-REIT Accumulation, 35% FTSE EPRA NAREIT Developed Net Total Return (hedged to the Australian dollar), 30% Dow Jones Brookfield Global Infrastructure Net Accumulation (hedged to the Australian dollar) and 15% Mercer/IPD Australia Core Wholesale Property Fund indices on a rolling three-year basis. The strategy provides exposure to a diversified portfolio of direct property, listed property and infrastructure securities, both in Australia and around the world. The portfolio may also invest in direct infrastructure from time to time. The strategy diversifies its direct property and listed property and infrastructure securities exposure across a range of both active and passive strategies. The strategy may invest up to 10% in cash however, in certain market conditions may hold higher levels of cash.

## Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Property and infrastructure
<b>Suggested minimum investment timeframe</b>	5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Single

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Listed Property and Infrastructure	100
Unlisted Property and Infrastructure	0
Cash	0

<b>Actual Allocation</b>	<b>%</b>
International Shares	2.21
Australian Shares	16.78
Listed Property and Infrastructure	75.74
Unlisted Property and Infrastructure	4.90
Cash	0.38

<b>Top Holdings</b>	<b>%</b>
Lendlease Corp Ltd	4.90
Goodman Group	4.42
American Tower Corp	3.99
Enbridge Inc	3.21
Sempra Energy	2.93
Williams Companies Inc	2.80
National Grid PLC	2.79
RAI Way SpA	2.40
Prologis Inc	2.15
Gibson Energy Inc	2.05

<b>Region Allocation</b>	<b>%</b>
North America	47.52
Australasia	24.21
Europe ex UK	12.65
Asia ex Japan	5.62
United Kingdom	5.15
Japan	3.76
Cash	1.09

## Fund Performance

The Specialist Property and Infrastructure Fund produced a very strong absolute return for the June quarter, though it underperformed the benchmark. Over the three months, the best performing underlying allocation in absolute terms was the AMP Capital Australian Listed Property Fund, which returned 19.7% for the period. Other strong performers included the AMP Capital Global Listed Infrastructure Fund, which returned 11.7% and the AMP Capital Australian Listed Property Fund, which returned 7.0%. Australian Prime Property Retail, a small unlisted property holding within the portfolio, was the weakest underlying performer, returning -13.0% for the period.

## Market Review

Global listed real estate markets generally rallied for most of the June quarter, in response to the ongoing significant economic stimulus provided by policymakers globally and as mandatory COVID-19 lockdowns began to be lifted. However, towards the end of the period markets retreated somewhat as some countries, especially the US, reported a 'second wave' of new infections, suggesting further lockdowns could be imminent. Hong Kong's listed real estate market lagged other markets after suffering a correction which was triggered by concerns about China's influence and whether sufficient autonomy can still be afforded the city. Earlier in the period, the highly uncertain environment saw many listed real estate companies continue to withdraw their earnings and dividend guidance, with the reporting of March quarter results being typified by many companies announcing lower dividend payments or suspending dividends in order to preserve cash. Several companies also drew down on their lines of credit to boost cash holdings, especially in the retail segment. Throughout the period, many companies also opportunistically raised capital or renewed and extended debt facilities to maintain liquidity, fund acquisitions and improve their balance sheets.

The Australian listed real estate market also rallied for most of the June quarter. Markets were supported by significant economic stimulus, with sentiment also buoyed by the relative success of COVID-19 containment measures in Australia which saw state governments start lifting mandatory lockdowns. Similar to their global peers, many Australian listed real estate companies continued to withdraw earnings and dividend guidance and some opportunistically raised capital. The already struggling retail segment was hit particularly hard over the quarter, as consumer confidence fell sharply to the lowest level since the survey began, with retail foot traffic weakening dramatically to see April retail sales experience a record fall amid announcements of store closures. There were however some positive signs later in the period, with data for May showing some slowing in the rate of deterioration in the labour market and improving consumer confidence.

Global infrastructure markets also rebounded from their March lows along with the broader market at the start of the second quarter. However, this tapered off at the end of the quarter as a global increase in COVID-19 cases spurred doubt on the strength of the demand recovery. The asset class however underperformed broader equities, signalling investors' appetite for less defensive sectors in the equity rally. Energy infrastructure and transportation outperformed during the period, but have still trailed the more defensive segments, such as utilities and communications, year-to-date.

## Outlook

Global listed real estate markets will likely be subject to near-term volatility, which is affecting all risk assets, due to deepened concerns about the spread of COVID-19 and the impact of the extensive containment measures on economic activity in the US and globally. Retail is expected to remain challenged and see further store closures, especially those 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. Long-term structural growth trends in e-commerce and connectivity as well as changing demographics are likely to provide growth opportunities in logistics, data centres and healthcare through the business cycle.

The combination of the COVID-19 pandemic and volatility in commodity prices presents a challenging environment for global listed infrastructure. However, our long-term outlook for the asset class remains positive, supported by a recovery in economic activity and industry-wide structural investment tailwinds.

## Availability

Product Name	APIR
AMP Flexible Super	AMP1488AU
AMP Flexible Super - Retirement	AMP1359AU
CustomSuper	AMP0861AU
Flexible Lifetime - Allocated Pension	AMP0877AU
Flexible Lifetime - Investments (Series 1)	AMP1007AU*
Flexible Lifetime - Investments (Series 2)	AMP1423AU
Flexible Lifetime - Super	AMP0861AU
Flexible Lifetime - Term Pension	AMP0931AU
SignatureSuper	AMP0954AU
SignatureSuper - Allocated Pension	AMP1161AU
SignatureSuper Select	AMP0954AU

\*Closed to new investors

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