

Specialist Property and Infrastructure

Quarterly investment option update

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.amplife.com.au/growthbond

Investment Option Overview

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|---|-----------------------------|
| Investment category | Property and infrastructure |
| Suggested minimum investment timeframe | 5 years |
| Relative risk rating | High |
| Investment style | Active |
| Manager style | Single |
| Asset Allocation | Benchmark (%) |
| Listed Property and Infrastructure | 100 |
| Unlisted Property and Infrastructure | 0 |
| Cash | 0 |

| Actual Allocation | % |
|--------------------------------------|----------|
| International Shares | 2.85 |
| Australian Shares | 20.45 |
| Listed Property and Infrastructure | 69.68 |
| Unlisted Property and Infrastructure | 5.07 |
| Cash | 1.95 |

| Top Holdings | % |
|--------------------------|----------|
| Goodman Group | 5.73 |
| AUSTRALIAN PRIME PROPERT | 5.06 |
| ENBRIDGE INC | 3.02 |
| SEMPRA ENERGY | 2.68 |
| Scentre Group | 2.42 |
| National Grid PLC | 2.28 |
| AMERICAN TOWER CORP | 2.25 |
| WILLIAMS COMPANIES INC | 2.14 |
| CENTERPOINT ENERGY INC | 1.92 |
| Flughafen Zurich AG | 1.87 |

| Region Allocation | % |
|--------------------------|----------|
| North America | 40.82 |
| Australasia | 27.71 |
| Europe ex UK | 13.93 |
| Asia ex Japan | 5.88 |
| United Kingdom | 4.42 |
| Japan | 4.08 |
| Cash | 3.17 |



Fund Performance

The Specialist Property and Infrastructure Fund continued to build on recent gains, to produce a strong absolute return in the December quarter, in line with the benchmark. The best performing underlying allocation in absolute terms was again the AMP Capital Australian Listed Property Fund, which returned 13.27% for the period. The allocation to the AMP Global Listed Property Fund also continued to perform strongly, returning 8.80%, while the allocation to the AMP Capital Global Listed Infrastructure Fund returned 7.42% for the period. The Australian Prime Property Fund allocation meanwhile was negative over the quarter, returning -0.81%, amid some continued market weakness in the retail segment.

Market Review

Global listed real estate markets generally rose strongly during the December quarter, with the FTSE EPRA/NAREIT Developed Net Index (Hedged AUD) returning 10.63%. After falling earlier in the period amid ongoing concerns around the impacts of COVID-19 and the upcoming US presidential election, markets were buoyed by positive vaccine news during November which saw 'risk on' sentiment pervade markets. Mostly stable economic data and renewed progress towards additional fiscal stimulus in the US was also supportive. However, volatility increased later in the period as the continued increase of COVID-19 cases, coupled with the emergence of a more infectious virus strain in the UK, saw further lockdowns imposed in many countries. US 10-year treasury yields were up 0.23% to 0.92% over the period.

The Australian listed real estate market also rose strongly in the December quarter, with the S&P/ASX 200 A-REIT index finishing up by 13.30% on a total return basis. Markets initially rallied as the government announced extensive fiscal stimulus in the Federal Budget and received further monetary policy support in November when the Reserve Bank of Australia (RBA) lowered its target cash rate by 0.15% to 0.10% and announced its intention to purchase bonds, among other measures. Listed real estate was also buoyed by COVID-19 vaccine optimism and stronger than expected economic data, with the real estate segments such as retail that were most impacted earlier in the year by lockdowns and other containment measures rallying sharply, especially those with assets in Victoria. However, the ongoing impacts of the pandemic saw the market pull back towards quarter-end, when a COVID-19 outbreak in Sydney led to a lockdown of the affected region and the reclosure of state borders.

Global infrastructure markets also rose over the quarter, though underperformed broader globally equities as investors favoured more high growth areas during the period. The quarter saw some closure and improved visibility on issues that had been weighing on the market for most of 2020. Despite further COVID-19 waves, breakouts and new strains, tangible plans for vaccine rollouts in 2021 showed an improved path to normalcy. The UK and Europe finally agreed on a Brexit deal, although there remains some uncertainty on financial services provisions. Globally low interest rates remained a positive for long-life asset class like infrastructure and our expectation is that central banks will maintain accommodative stances well into the future.

Outlook

Global listed real estate markets will likely continue to be subject to near-term volatility, which is affecting all risk assets, due to the impact of the extensive COVID-19 containment measures on economic activity globally. Nevertheless, we believe that looking through this period, to a world of maximum vaccination and a slow return to normality, presents some good opportunities in certain areas. Retail meanwhile is expected to remain challenged and see further store closures, especially companies 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.

For global listed infrastructure as an asset class we continue to see the potential for future outperformance as investors seek quality defensive assets that provide sustainable yield profiles in the current low interest rate environment. The investment team continues to rely on its investment process, focussing on the long-term cash flow generation of core infrastructure assets, which we firmly believe is the best way to value these companies. Whilst we are closely monitoring current developments, we will continue to look to take advantage of opportunities as they emerge with a long-term investment horizon.

Availability

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| Product name | APIR |
| AMP Growth Bond | AMP1192AU |

Contact us

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