

Property Index

Quarterly Investment Option Update

31 March 2021

Aim and Strategy

The strategy aims to provide returns that track the S&P/ASX 200 A-REIT Index with net dividends reinvested. Exposure to the Property asset class will be attained through the use of low cost index-focused investment managers.

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Property and infrastructure
Suggested minimum investment timeframe	7 years
Relative risk rating	Very High
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Listed Property and Infrastructure	100
Cash	0

Actual Allocation	%
International Shares	0.95
Australian Shares	0.01
Listed Property and Infrastructure	98.48
Cash	0.55

Sector Allocation	%
Diversified REITs	33.55
Industrial REITs	26.94
Retail REITs	25.89
Office REITs	10.23
Specialised REITs	1.58
Residential REITs	1.26
Futures	0.51
Cash	0.05

Top Holdings	%
Goodman Group	25.65
Scentre Group	12.32
Dexus	8.93
Stockland	8.84
Mirvac Group	8.28
GPT Group/The	7.54
Vicinity Centres	5.39
Charter Hall Group	5.05
Shopping Centres Australasia P	2.28
Charter Hall Long Wale REIT	2.04

Region Allocation	%
Australasia	99.95
Cash	0.05

Market Review

The Australian listed real estate market lost ground slightly in the March quarter, underperforming the broader Australian share market. The S&P/ASX 200 A-REIT index finished down by 0.47%, on a total return basis. The REIT market was particularly challenged earlier in the period, as optimism about further economic stimulus in the US and robust Australian economic data set a bullish tone, dampening the more defensive listed real estate market. The market also came under pressure as the yield curve steepened, with long-term interest rates following US 10-year Treasury yields higher whereas short-term rates were largely unmoved, as well as being impacted by a global trend of 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. At the sector level, investor interest in the office space was spurred later in the period by the rollout of vaccines, albeit it was disappointingly slow. Elsewhere, the industrial segment continued to benefit from long-term secular growth trends such as e-commerce, data connectivity and retail supply chain logistics, while residential continues to go from strength to strength.

Outlook

Australian listed real estate will likely continue to be subject to near-term volatility, which is affecting all markets, due to rising bond yields. Despite this, listed real estate dividend yields are still attractive compared to bond yields, and prices are significantly discounted to broader industrial shares. Industrial real estate is expected to remain robust as it is favourably exposed to long-term secular growth trends such as e-commerce, data connectivity and retail supply-chain logistics. Office real estate sentiment should improve as COVID-19 vaccines are rolled-out and the return to office working accelerates, however there remains some concern about the medium-term demand for office space given the remote working experiment of the past year. Residential real estate, particularly Sydney and Melbourne house prices, are expected to continue to increase over the medium term, and whilst apartment prices have lagged, they are also expected to accelerate in 2021. Retail real estate is expected to be mixed, with malls facing long-term structural challenges wrought by e-commerce, whilst large-format retail is likely to benefit from residential price increases.

Availability

Product Name	APIR
CustomSuper	AMP1524AU
Flexible Lifetime - Allocated Pension	AMP1536AU
Flexible Lifetime - Super	AMP1524AU
SignatureSuper	AMP1548AU
SignatureSuper - Allocated Pension	AMP1560AU

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