



AMP Capital Global Property Securities

Quarterly Investment Option Update

30 June 2021

Aim and Strategy

To provide total returns (income and capital growth) after costs and before tax, above the FTSE EPRA/NAREIT Developed Net Total Return Index (hedged back to Australian dollars) on a rolling three-year basis, by investing in property securities listed on sharemarkets around the world. Securities in which the portfolio invests are diversified across a range of asset classes, property sectors and geographic regions. The portfolio includes investments in real estate investment trusts and property securities companies across the Americas, Europe and Asia Pacific. The portfolio is managed by an investment team made up of on-the-ground regional investment specialists based in Sydney, Chicago, London and Hong Kong, implementing a research driven process that integrates a macroeconomic (top-down) approach to regional and country allocation, with a stock specific (bottom-up) selection process.

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	5 years
Relative risk rating	Very High
Investment style	Active
Manager style	Single

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

Actual Allocation	%
International Shares	12.54
Australian Shares	0.58
Listed Property and Infrastructure	87.27

Sector Allocation	%
Residential REITs	18.33
Industrial REITs	12.77
Office REITs	11.92
Retail REITs	11.07
Specialised REITs	10.58
Diversified REITs	8.37
Diversified Real Estate Activities	8.20
Real Estate Operating Companies	8.01
Health Care REITs	6.45
Hotel & Resort REITs	3.71
Real Estate Development	0.99

Top Holdings	%
Prologis Inc	5.35
Welltower Inc	3.90
Public Storage	3.19
Alexandria Real Estate Equities	2.99
Simon Property Group Inc	2.98
Sun Hung Kai Properties Ltd	2.79
Equity Residential	2.55
VICI Properties Inc	2.46
Essex Property Trust Inc	2.36
Camden Property Trust	2.28

Region Allocation	%
North America	59.81
Asia	19.14
Europe	17.13
Australasia	4.31

Fund Performance

The Fund produced a strong positive return in the June quarter and outperformed the benchmark. On an industry sector basis, asset allocation drove the outperformance, with the largest contributions coming from the Fund's overweight allocation to residential rentals and being underweight to the healthcare and net lease sectors. All sectors gained ground, led by holdings in the self storage, residential rentals and industrial segments. On a regional basis, the Fund's strongest returns came from our Australasian holdings, while our North American and European holdings were also significant contributors, in absolute terms. Of the stocks held by the Fund, the overweight position in Deutsche Wohnen was the largest positive contributor to relative performance, while an overweight position in Sun Hung Lai Properties was the largest detractor.

Market Review

Global listed real estate markets generally rose strongly during the June quarter, as company results improved amid economies reopening and recovering with continued COVID-19 vaccinations. Despite being 'spooked' around the middle of the period by the release of worse-than-expected US inflation in April, markets otherwise found support from lower interest rates, as the US Federal Reserve signalled it would continue to provide monetary support in the near-term. Later in the period, European markets came under pressure as concerns about the spread of the 'Delta' strain of COVID-19 escalated.

Most market segments gained ground with the more defensive rallying strongly, while the segments most impacted by the pandemic once again lagged. The storage, industrials and manufactured homes segments led the way, with many companies providing strong business updates. However, after consolidating strong gains made since the announcement of viable vaccines in late 2020, the lodging and resorts segment suffered as ongoing concerns about the pandemic resurfaced, with the office and retail segments also underperforming.

Outlook

Global listed real estate markets are likely to be buoyed as the execution and distribution of vaccines progress, and as extensive government stimulus is rolled out. However, they are also likely to be punished on news of any setbacks and concerns about rising inflation and interest rates. Nevertheless, looking through this period, to a world of maximum vaccination and a slow return to normality, presents a wonderful opportunity to acquire some very cheap cyclical exposure. We have therefore reduced relative risk in segments that are in the cyclical sweet spot, such as office, and we will continue to assess and actively manage these risks, as well as those in segments that are indirectly impacted as additional information becomes available.

When there is a fall in the risk-free rate because central banks around the world are loosening their monetary policy, investors often turn to listed real estate as a reliable alternative for yield and a defensive asset class. This is occurring now that the execution and distribution of vaccines is well progressed, especially given the relatively attractive valuation levels the pandemic created. We expect this to continue as economies reopen. Opportunities to acquire individual companies at attractive valuations may also arise as geopolitical developments lead to heightened volatility and diverging stock performance.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1620AU
AMP Flexible Super - Super	AMP1611AU
CustomSuper	AMP1596AU
Flexible Lifetime - Allocated Pension	AMP1632AU
Flexible Lifetime - Investments (Series 2)	AMP2043AU**
Flexible Lifetime - Super	AMP1596AU
SignatureSuper	AMP1602AU
SignatureSuper - Allocated Pension	AMP1626AU

**Closed to new and existing investors

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