AMP Listed Property Trusts

Quarterly Investment Option Update

30 September 2021

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the S&P/ASX 200 A-REIT Accumulation Index on a rolling 12-month basis. The portfolio predominantly invests in property (and property related) securities.

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	High
Investment style	Active
Manager style	Single

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

Actual Allocation	%
Australian Shares	4.42
Listed Property and Infrastructure	94.76
Cash	0.82

Sector Allocation	%
Diversified REITs	35.97
Industrial REITs	30.30
Retail REITs	16.51
Office REITs	6.19
Specialised REITs	5.10
Residential REITs	2.36
Health Care REITs	1.83
Real Estate Development	0.93
Cash	0.82

Top Holdings	%
Goodman Group	30.01
Scentre Group	9.72
Mirvac Group	9.50
Charter Hall Group	9.07
Stockland	8.38
Dexus	6.19
National Storage REIT	3.12
Home Consortium Ltd	2.90
GPT Group/The	2.70
Shopping Centres Australasia P	2.60

Region Allocation	%
Australasia	99.18
Cash	0.82

Fund Performance

The Fund delivered a positive return, outperforming the ASX 200 A-REIT total return index over the quarter.

At an overall sector level, the Fund's underweight allocation to retail REITs and overweight allocation to diversified REITs were the largest contributors to relative returns; whilst an overweight allocation industrial REITs and underweight allocation to office REITS were the largest detractors. From a sector asset allocation perspective, specialised REIT, real estate development, and health care REITs were the largest contributors to relative returns; whilst retail, industrial, and office REITS were the largest detractors. In terms of stock selection, retail and diversified REITs were largest contributors to relative return; whilst specialised REITS was the main detractor.

At an individual stock level, the top three contributors to relative return were from overweight positions in Home Consortium, Lifestyle Communities, and Centuria Capital Group; whilst the largest three detractors were from underweight positions in Scentre Group, Vicinity Centres, and GPT Group.

Market Review

The Australian listed real estate market posted a strong gain in the September quarter and outperformed the broader Australian share market, which reached record highs during August. The listed real estate market was buoyed by robust results from reporting season, with improving outlooks as COVID-19 vaccination rates accelerated suggesting ongoing local lockdowns could cease before the end of November. Market gains came despite a sharp pullback later in the period, when concerns about slowing global and domestic economic growth, credit risks related to Chinese property developer China Evergrande Group, and potential monetary policy tapering in the US saw a 'risk-off' tone prevail. At the sector level, while extended lockdowns and border closures weighed on office and retail earlier in the period, investor sentiment then improved towards these sectors as vaccination rates increased. Elsewhere, the industrial segment continued to benefit from its exposure to long-term secular growth trends such as e-commerce, data connectivity and retail supply-chain logistics, as reflected in full-year 2021 results. Meanwhile, residential landlords were also buoyed by the clear upward price cycle in housing markets, with borrowing rates remaining very low. The healthcare segment also remained well supported due to the pandemic, and many companies are expanding their portfolio exposure.

Outlook

Australian listed real estate is presenting good value, trading at around a 3.9% dividend yield for 2022, while bond yields remain below 1.50%. The economic outlook is somewhat clouded by the lockdowns in Sydney and Melbourne, which are expected to drag on economic growth over Q3 2021 and potentially into Q4 2021. The Reserve Bank of Australia has the option to delay tapering its quantitative easing, and the Federal and NSW Government support packages will help cushion the negative impacts on the economy. 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 continue to be rolled-out and the return to office working recommences; however, there remains some concern about the medium-term demand for office space given the remote working experiment of the 18 months. Residential real estate prices, particularly in Sydney and Melbourne, are expected to continue to increase over the medium term, and while apartment prices have lagged, they are also expected to accelerate throughout the second half of 2021. Retail real estate is expected to be mixed, with malls facing long-term structural challenges wrought by e-commerce, while large-format retail is likely to benefit from residential price increases and convenience-based retail is defensive.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1326AU
Flexible Lifetime - Allocated Pension	AMP0611AU
Flexible Lifetime - Term Pension	AMP0903AU
SignatureSuper - Allocated Pension	AMP1134AU

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