

Specialist Property and Infrastructure

Quarterly Investment Option Update

30 September 2021

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) and 45% Dow Jones Brookfield Global Infrastructure Net Accumulation (hedged to the Australian dollar) 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/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
Unlisted Property and Infrastructure	0
Cash	0

Actual Allocation	%
International Shares	4.91
Australian Shares	21.05
Listed Property and Infrastructure	73.17
Unlisted Property and Infrastructure	0.01
Cash	0.86

Top Holdings	%
Goodman Group	5.86
ENBRIDGE INC	3.56
AMERICAN TOWER CORP	3.27
Sempra Energy	2.80
National Grid PLC	2.54
Scentre Group	2.37
WILLIAMS COMPANIES INC	2.37
TC Energy Corp	2.20
Gibson Energy Inc	2.11
CENTERPOINT ENERGY INC	2.06

Region Allocation	%
North America	47.52
Australasia	22.65
Europe ex UK	14.60
Asia ex Japan	5.84
Japan	4.19
United Kingdom	4.15
Cash	1.04

Fund Performance

The Specialist Property and Infrastructure Fund produced another positive return in the September quarter and outperformed the benchmark. The best performing underlying allocation, in absolute terms, was the AMP Capital Australian Listed Property Fund, which returned 4.22% for the period. The AMP Capital Global Listed Property portfolio also produced a positive, though more modest return, of 0.67% for the quarter. Meanwhile, the allocation to the AMP Capital Global Listed Infrastructure Fund returned 0.01% for the period.

Market Review

Global listed real estate markets were pulled in mixed directions during the September quarter, with markets initially buoyed by robust company results and improving outlooks amid economies reopening and recovering, before pulling back sharply later in the period as markets became nervous about slowing global economic growth, credit risks related to Chinese property developer China Evergrande Group, near-term inflationary pressures, and potential monetary policy tapering in the US.

The Australian listed real estate market rose strongly in the September quarter to outperform the broader Australian share market overall, which fell slightly. The S&P/ASX 200 A-REIT index rose by 4.24% on a total return basis. The impacts of COVID-19 continued to dominate markets, though A-REITs were also buoyed by positive surprises coming out of the financial year 2019-20 reporting season, as expectations had previously been very low based on soft rent collections. Markets were also supported as new Victorian COVID-19 cases started to trend downwards, several vaccines entered final trials and interest rates remained very low, with the central bank also extending its term funding facility to underpin business lending later in the period.

Global infrastructure markets were also pulled in mixed directions over the quarter. News regarding transactions and the privatisation of infrastructure assets continue to dominate headlines, particularly in Australia. These assets are particularly attractive to superannuation and pension funds, which are eager to deploy their low-cost capital for stable, long-term gains. In Europe, market sentiment was generally positive amid strong business activity and job creation figures, improving corporate earnings and continued economic reopening. Travel between European nations also rose significantly. More broadly, moving away from restrictions and lockdowns was a theme across the continent, after continued progress with vaccine rollouts. Norway's central bank meanwhile became the first G10 central bank to raise rates. In the UK, the government published its National Infrastructure and Construction Pipeline covering its 10-year spending plan worth up to £650 billion to deliver its National Infrastructure Strategy. In Spain, the government passed emergency measures to reduce the impact of high electricity prices on energy bills by redirecting billions of euros in extraordinary profits from energy companies to consumers and capping increases in gas prices. The government expects to channel about €2.6 billion from companies to consumers over the next six months.

Outlook

We believe Global listed real estate markets are likely to be buoyed as the execution and distribution of vaccines progresses, and as extensive government stimulus continues to be rolled out. However, like most other risk assets, they are also likely to be punished on news of any setbacks in containing the pandemic, and concerns about rising inflation and interest rates. Earnings growth remains robust across the majority of real estate segments and geographies, fundamentals are solid and the outlook strong.

Regarding global listed infrastructure, the outlook for transportation remains focused on global vaccination rates as an important signpost for traffic recovery. Although government restrictions remain, we are seeing much more political support for cross-border travel than at prior points in the pandemic and increasing 'market opening' for international travel. Domestic travel recovery is much more advanced, with toll road traffic continuing to benefit from a marginal shift away from public transport. We are positive on the thematic of digitalisation, connectivity, and data usage for the communication sector; however, valuations have broadly remained stretched in developed markets.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1359AU*
AMP Flexible Super - Super	AMP1488AU*
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

**Closed to new and existing investors

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