Macquarie Property Securities

Quarterly Investment Option Update

30 June 2022

Aim and Strategy

To outperform the S&P/ASX 200 A-REIT Index over the medium term to long term (before fees) and provide a consistent level of income and some capital growth.

The option provides exposure to an actively managed and diverse portfolio of listed property securities. The investment manager's active investment process aims to add value by focusing on the sources of uncertainty in property securities markets including sustainability of current earnings, long-term earnings growth, and quality of management.

Investment Option Performance

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

Investment Option Overview

Investment Category	Property and Infrastructure
Suggested Investment timeframe	7 years
Relative risk rating	7 / Very High
Investment style	Listed Properties
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Listed Property	95-100	99.57
Cash	0-5	0.43

Sector Allocation	%
Diversified	30.26
Retail	27.06
Industrial	27.47
Commercial	9.05
Specialised	3.14
Residential	1.05
Other	0.00
Cash	1.98

Top Holdings	%
Vicinity Centres	0.24
National Storage REIT	0.18
GPT Group	0.18
Scentre Group Ltd	0.13
Newmark Property REIT Stapled Units	0.06

Investment Option Commentary

The key contributors to relative performance for the quarter included underweight positions in Centuria Capital Group (CNI), Home Consortium (HMC) and Centuria Industrial REIT (CIP).

National property investment group Home Consortium (HMC) underperformed for the period due to concerns over rising yields and questions over economic growth.

The main detractors from relative performance included an overweight position in Charter Hall (CHC) and underweight positions in Shopping Centres Australia Property Group (SCP) and BWP Trust (BWP).

Property fund manager Charter Hall (CHC) was among the weakest performers in the REIT market, returning -16.2% for the period as it faced similar challenges with risings yields and fears over a potential global recession.

Market Commentary

The S&P/ASX 200 Property Accumulation Index returned -17.68% for the June quarter, materially underperforming the broader S&P/ASX 200 Accumulation Index which returned -11.90%.

Similarly, Australian REITs were also relatively weak vs. global property securities, with the benchmark FTSE EPRA NAREIT Developed index returning -5.6%.

Domestically, Q2 remained a challenging period for Listed Real Estate, both on an absolute basis and relative to broader equities as funding costs continue to move higher as central banks address the challenges of sustained high inflation. Rising yields and recent questions over economic growth have weighed heavily on Australian REITs.

In the US, The Fed remains hyper focused on reducing inflation and has thus far managed to thread the needle of slowing economic momentum, taking the top off asset prices, without sparking a jobs recession. Most major commodities have negative price returns month to date, with major agricultural food groups like wheat down double digits, and the all-important oil price has stabilized around ~$110.

Outlook

Markets have been weak in recent months, driven predominantly by a de-rating in valuation and tax-loss selling more recently in June. However, to this point, forward earnings estimates have held up reasonably well. As companies head into the August reporting period, investors will be looking for any broad-based negative earnings revisions as this will be an important driver of market direction in the short to medium term.

For the Australian REIT market, as the economy transitions to a new macro environment of higher rates, inflationary pressures and the growing risk of recession, the focus on sustainable earnings and quality will be important

Availability

Product name	APIR
SignatureSuper*	AMP0961AU

*Restricted. Please see your Product Disclosure Statement

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