

Specialist Property and Infrastructure

Quarterly Investment Option Update

30 June 2022

Aim and Strategy

The strategy aims to provide total returns (income and capital growth) after costs and before tax, above the performance benchmark (20% - S&P/ASX 200 A-REIT Accumulation Index / 35% - FTSE EPRA NAREIT Developed Net Total Return Index (hedged to the Australian dollar) / 45% - Dow Jones Brookfield Global Infrastructure Net Accumulation Index (hedged to the Australian dollar) on a rolling 3-year basis. The strategy provides exposure to a diversified portfolio of listed property and infrastructure securities, both in Australia and around the world. The portfolio may also invest in direct infrastructure and direct property from time to time. The strategy diversifies its listed property and infrastructure securities exposure across a range of both active and passive strategies. Active strategies are diversified across a range of active investment managers by using a multi-manager approach. Exposures to active managers are to managers who demonstrate competitive advantages within the various investment styles that are used when investing in the Australian and international property and infrastructure markets. The strategy may invest up to 10% in cash however, in certain market conditions may hold higher levels of cash. The strategy diversifies investment styles that are used when investing in the Australian and international property and infrastructure markets to minimise the risk of underperformance should one particular investment style be out of favour within a particular investment timeframe.

Investment Option Performance

To view the latest investment performances for this 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	Multi-manager

Asset Allocation	Benchmark (%)
Global listed infrastructure	45
Global listed property	35
Australian Listed Property	20
Cash	0
Unlisted property	0
Actual Allocation	%
Global Shares	5.00
Australian Shares	18.80
Listed Property and Infrastructure	76.19
Unlisted Property and Infrastructure	0.01

Top Holdings	%
Goodman Group	4.93
ENBRIDGE INC	3.45
AMERICAN TOWER CORP	2.98
Prologis Inc	2.62
TC Energy Corp	2.53
NATIONAL GRID PLC	2.51
Sempra Energy	2.42
VINCI SA	2.15
Scentre Group	2.05
TERNA RETE ELETTRICA	1.77

Region Allocation	%
North America	46.78
Australasia	20.30
Europe ex UK	14.46
United Kingdom	7.19
Japan	5.92
Asia ex Japan	5.14
Others	0.22

Fund Performance

Amid globally falling markets, the Specialist Property and Infrastructure Fund produced a negative return, though slightly outperformed the benchmark over the quarter. The best performing underlying allocation was again the Macquarie Global Infrastructure Fund, which returned -4.94% for the period against a benchmark of -5.12%. In regard to our property allocations, the Macquarie Global Listed Property Fund returned -16.44% vs a benchmark of -15.62%, while the Macquarie Australian Listed Property Fund returned -17.55% vs a benchmark of -17.68%.

Market Review

Global listed real estate markets fell in the June quarter, amid a plethora of challenging macroeconomic and geopolitical issues that have caused both broad equity and fixed income investments to fall in value during the first half of 2022. The rapid rise in interest rates globally this year, exemplified by the bellwether U.S. 10 Year treasury yield's move from 1.51% on January 1 to 2.98% on June 30, has certainly acted as a negative catalyst for real estate stock performance. When interest rates rise rapidly in a compressed time period, real estate stocks have typically struggled. However, with real estate stocks down -19.8% year to date, if 2022 ended now, it would be the second worst year of performance for real estate stocks going back to 1991, which was the first year of the "modern REIT era". Real estate stocks appear oversold.

In regard to the Australian listed real estate market, during the June quarter, key news flow included Dexu announcing the acquisition of AMP's \$28bn domestic real estate and infrastructure platform. Goodman Group upgraded its full year earnings guidance to +23% and reported strong operating metrics and rental growth across all operating regions. The Group's development workbook currently exceeds \$13bn across 89 projects and total assets under management are expected to surpass \$70bn by the June financial year end. Strong trading conditions were reported across the retail sector, citing improving leasing outcomes, retail sales and rental cash collections. Conversely, residential developers Mirvac and Stockland both reported quarterly updates, which saw a moderation in residential sales and settlements amid supply chain disruptions and bad weather.

Listed infrastructure traded down 5.5% (AUD, hedged) over a volatile quarter, though again proved its defensive qualities amid broad market volatility, finishing well ahead of the 14% decline for the MSCI World Index. All regions except Asia Pacific finished in negative territory, as concerns of recession in different markets rose in conjunction with higher than expected inflation. The ongoing energy crisis also weighed on global markets. Asia Pacific was the best performer, finishing up by 5.5%. Continental Europe was relatively inline, while the Americas, Emerging

Markets and UK lagged the benchmark return. Sovereign yields rose in the quarter, as central banks attempted to combat inflation. Natural gas and crude oil extended their upward momentum during most of the quarter, until June, when commodities sold off, to end the period relatively unchanged.

Outlook

We believe Australian and global listed property, and infrastructure securities, will continue to be subject to near-term volatility which is affecting all risk assets as inflation and rising rates continue to cause concern. Over the longer-term, real assets continue to provide desirable characteristics, including stable cashflow and capital growth potential.

The actions of the central banks and the movements in long-term interest rates around the world will likely be an important driver of relative global valuations. We are monitoring this theme closely as well as developments in inflation. Importantly, real assets may offer a degree of shelter from inflation, with higher inflation generating higher revenue.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP1007AU**
Flexible Lifetime - Investments (Series 2)	AMP1423AU**
SignatureSuper	AMP0954AU*
SignatureSuper - Allocated Pension	AMP1161AU*
SignatureSuper Term Pension	AMP1161AU *

**Closed to new and existing investors

* Closed to new investors

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