

# Specialist Property and Infrastructure

Quarterly Investment Option Update

31 December 2018

## Aim and Strategy

To provide total returns (income and capital growth) after costs and before tax, above the performance benchmark (20% – S&P/ASX200 A-REIT Accumulation Index / 35% – FTSE EPRA NAREIT Developed Net Total Return Index (hedged to the Australian dollar) / 30% – Dow Jones Brookfield Global Infrastructure Net Accumulation Index (hedged to the Australian dollar) / 15% – Mercer/IPD Australia Core Wholesale Property Fund Index) 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. 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 strategies 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 please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Property and Infrastructure
<b>Suggested investment timeframe</b>	5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Multi-Manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Listed property & infrastructure	85
Unlisted property & infrastructure	15
Cash	0

<b>Region Allocation</b>	<b>%</b>
North America	37.93
Australasia	38.35
Europe ex UK	10.06
United Kingdom	5.53
Asia ex Japan	4.00
Japan	3.60
Cash	0.28
Others	0.25

<b>Actual Allocation</b>	<b>%</b>
Global shares	2.86
Australian shares	22.38
Listed property and infrastructure	61.44
Unlisted property and infrastructure	13.15
Cash	0.07
Others	0.1

## Portfolio Summary

- The Fund was negative in the December quarter and underperformed the benchmark.
- Global and Australian listed real estate generated negative returns during the period, as did listed infrastructure.
- The recent correction leaves much of the market valued at more attractive levels from which positive medium-term returns can be delivered.

## Investment Option Commentary

Amid broadly falling markets across asset classes, the Specialist Property and Infrastructure Fund produced a negative return for the period and underperformed the benchmark. Our underlying managers produced varying performances, with AMP Capital Wholesale Office Fund being the best absolute performer, returning 4.0% for the period. The AMP Capital Global Property Securities Fund was the weakest performer, returning -7.2%, while the AMP Australian Property Index Fund roughly tracked the index as expected, which resulted in a small negative return for the quarter, despite the fund being positive year-to-date.

## Outlook

The recent correction leaves much of the market valued at more attractive levels from which positive medium-term returns can be delivered. A reasonably strong global economy supported by historically low interest rates, is an environment in which global listed real estate is expected to deliver reasonably solid medium-term returns. Opportunities to acquire individual companies at attractive valuation levels may arise in 2019 as geopolitical developments lead to heightened volatility and diverging stock performance.

Australian listed real estate markets continue to face the geo-political headwinds, especially trade tensions between the US and China, that are leading to ongoing market volatility across all risk assets. However, positive economic growth, robust business confidence and historically low and stable interest rates are expected to continue to support the market. The office market in particular is continuing to benefit from business confidence, especially in the commercial centres of the major capital cities. Sydney remains particularly robust as it continues to see strong tenant demand, which leads to ongoing investor interest for high-quality yield assets.

The outlook for Global Listed Infrastructure remains very positive; supported by robust economic activity and industry-wide structural investment tailwinds. We continue to see the potential for future outperformance as investors seek quality defensive assets that provide sustainable yield profiles in the current low interest rate environment.

## Availability

Product name	APIR
AMP Flexible Super - Super account	AMP1488AU
CustomSuper	AMP0861AU
Flexible Lifetime - Allocated Pension	AMP0877AU
SignatureSuper Select	AMP0954AU
AMP Flexible Lifetime Super	AMP0861AU
AMP Flexible Super - Retirement account	AMP1359AU
Flexible Lifetime - Investments (Series 1)	AMP1007AU
Flexible Lifetime - Investments (Series 2)	AMP1423AU
SignatureSuper	AMP0954AU
SignatureSuper - Allocated Pension	AMP1161AU
AMP Growth Bond	AMP1192AU
Flexible Lifetime - Term Pension	AMP0931AU

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267 (Mon. to Fri. 8:30am to 6:00pm AEST)



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