

AMP Property Securities

Quarterly Investment Option Update

30 September 2021

Aim and Strategy

To achieve tax effective income and long term capital growth, primarily through a diversified portfolio of direct property and property securities listed on the ASX.

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	Very High
Investment style	Active
Manager style	Single

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

Actual Allocation	%
Australian Shares	4.50
Listed Property and Infrastructure	78.47
Cash	17.03

Sector Allocation	%
Industrial REITs	30.09
Diversified REITs	27.08
Cash	17.03
Retail REITs	10.99
Office REITs	5.99
Specialised REITs	4.87
Residential REITs	2.36
Real Estate Development	0.98
Health Care REITs	0.63

Top Holdings	%
Goodman Group	29.77
Scentre Group	9.56
Mirvac Group	9.54
Stockland	8.36
Dexus	5.99
National Storage REIT	3.17
Centuria Capital Group	2.61
Ingenia Communities Group	2.36
GPT Group/The	2.02
Abacus Property Group	1.55

Region Allocation	%
Australasia	82.97
Cash	17.03

Market Review

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, which initially benefited as most states continued to reopen, however gains were muted by a second wave of infections in Victoria and the reintroduction of lockdown measures in July. Thereafter, listed real estate was 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. Australian 10-year bond yields meanwhile declined by 0.08% to 0.79% over the period.

In the retail segment, rent collection was soft and negative re-leasing spreads are likely to continue into the foreseeable future. In the office segment, metrics were resilient although leasing activity was limited, and in the residential segment sales rose due to economic stimulus. The industrial segment meanwhile continued to shine, with vacancy remaining very low as the segment benefits from the accelerating trend towards online shopping.

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
Flexible Lifetime - Investments (Series 1)	AMP0014AU**

**Closed to new and existing investors

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