

AMP Australian Property

Quarterly Investment Option Update

31 March 2022

Aim and Strategy

To generate long-term returns from investing in Australian property. This portfolio predominately invests in a range of listed property trusts and direct property.

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	7 years
Relative risk rating	Very High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Unlisted property	45
Listed property	40
Cash	15

Actual Allocation	%
Listed Property	99.48
Unlisted Property	0.32
Cash	0.20

Region Allocation	%
Australasia	100.00

Market Review

The Australian listed real estate market fell sharply over the March quarter, underperforming the broader share market as a 'risk off' sentiment emerged. The S&P/ASX 200 A-REIT index fell by 7.10% on a total return basis. Falls were initially sparked by concerns that the Fed was 'behind the curve' in its view that inflation was transitory, and following very strong US economic data, was expected to hike interest rates aggressively to keep it contained. Higher than expected Australian consumer price inflation also led many commentators to expect the RBA to tighten monetary policy later this year, instead of in 2024, as the central bank had previously indicated. Markets subsequently remained volatile as the Russian invasion of Ukraine caused significant uncertainty and raised expectations of increased energy prices, leading to higher inflation and the risk of higher interest rates. This risk of higher interest rates led to a repricing within the listed real estate market, with more expensive growth segments, such as industrial underperforming value segments such as office and shopping centres. The dominance of this pattern also meant company share price performance largely followed segment performance somewhat, despite 1H 2022 results reported during the period.

Outlook

Unlisted commercial property is likely to see reasonable returns, particularly in sectors which will benefit from economic recovery and where location provides advantage. Retail property remains under pressure, as it is more structurally exposed to pandemic-induced changes, depending on the tenant mix of the asset. However, relatively low bond yields should continue to provide some support for unlisted asset valuations.

Availability

Product Name	APIR
SignatureSuper	AMP0439AU*

*Closed to new investors

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