AMP Listed Property Trusts

Quarterly Investment Option Update

31 March 2022

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the S&P/ASX 200 A-REIT Accumulation Index on a rolling 12-month basis. The portfolio predominantly invests in property (and property related) securities.

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	7 / Very High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Australian Listed Property	100
Cash	0

Actual Allocation	%
Listed Property and Infrastructure	100.00

Sector Allocation	%
Industrial REITs	30.76
Diversified REITs	30.50
Retail REITs	19.92
Specialised REITs	7.75
Office REITs	5.44
Residential REITs	1.72
Health Care REITs	1.68
Cash	0.78
Real Estate Development	0.75
Diversified Real Estate Activities	0.70

Top Holdings	%
Goodman Group	30.76
Scentre Group	10.17
Charter Hall Group	8.88
Mirvac Group	5.87
Dexus	5.44
GPT Group/The	4.79
National Storage REIT	3.75
Charter Hall Long Wale REIT	3.40
Stockland	3.35
Shopping Centres Australasia P	3.23

Region Allocation	%
Australasia	99.22
Cash	0.78

Fund Performance

The Fund delivered a n negative return, underperforming the ASX 200 A-REIT total return index over the quarter.
At an overall sector level, the Fund's overweight allocations to specialised REITs and diversified real estate activities were the largest contributors to relative returns; whilst underweight allocations to retail REITs and diversified REITS were the largest detractors.
From a sector asset allocation perspective, specialised REITs, diversified REITS, and diversified real estate activities were the largest contributors to relative returns; whilst retail REITs, office REITs, and industrial REITs were the largest detractors.
In terms of stock selection, specialised REITs, office REITs, and health care REITs were the largest contributors to relative return; whilst diversified REITs, retail REITs, and industrial REITs were the main detractors.
At an individual stock level, the top three contributors to relative return were from overweight positions in Crown Resorts, National Storage, and Mirvac Group; whilst the largest three detractors were from underweight positions in Vicinity Centres and Stockland, and an overweight position in Charter Hall Group.

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. This was initially sparked by concerns that the US Federal Reserve 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 Reserve Bank of Australia 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 early in the period, with more expensive growth segments, such as industrial underperforming value segments such as office and shopping centres. However, this pattern reversed later in the period somewhat despite higher interest rates. The dominance of this pattern also meant company share price performance largely followed segment performance, seemingly regardless of 1H 2022 results reported during the period.

Outlook

The Australian listed real estate market will likely continue to be subject to near-term volatility, which is affecting all risk assets as the Russian invasion of Ukraine causes significant uncertainty. Concerns about a potential energy crisis leading to higher inflation and the risk of higher interest rates are continuing to add to that uncertainty. Otherwise, Australian listed real estate appears to be presenting good value, trading at around a 3.6% dividend yield for 2022, while bond yields are around 2.8%. 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 the return to office working recommences; however, there remains some concern about the medium-term demand for office space given the acceptance of remote working throughout the pandemic. Residential real estate prices, particularly in Sydney and Melbourne, are expected to grow at a slower rate, after a very strong 2021 and as interest rates rise. 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
SignatureSuper	AMP0777AU*

*Closed to new investors

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