AMPMP MP Listed Property Trusts

Quarterly Investment Option Update

30 September 2022

Aim and Strategy

The Fund aims to provide total returns (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 Fund provides exposure to a diversified portfolio of primarily Australian real estate investment trusts and real estate related securities that are listed, or about to be listed, on the Australian Securities Exchange (ASX). Investment is diversified across property industry sectors including retail, office, industrial and other property related sectors.

The portfolio may invest up to 100% in Australian and international listed property trusts, with at least an 80% exposure to securities listed, or about to be listed on the ASX. The portfolio may also invest up to 10% in cash.

Investment Option Performance

To view the latest investment performances for each product please visit amp.com.au/performance

Investment Option Overview

Investment Category	Australian Listed Real Estate
Suggested Investment timeframe	5+ years
Relative risk rating	7/ Very High
Investment style	Fundamental
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Equities	90-100	98.70
Cash	0-10	1.30

Sector Allocation	%
Data_Centre	0.61
Diversified	22.37
HealthCare	1.69
Industrial	30.17
Net_Lease	-
Office	4.03
Resi_Rentals	2.89
Retail	29.21
Self_Storage	4.41
Other	3.34

Top Holdings	%
Goodman Group Units	27.78
Scentre Group Unit	15.80
Charter Hall Group Stapled Units	6.71
Mirvac Group Stapled Units	5.40
Vicinity Centres	4.45

Investment Option Commentary

Risk assets were broadly down over the month of September after staging a recovery in June/July. This was a result of a resumption in incremental hawkishness from global central banks, led by the Federal Reserve, which emphasized the need for further rate hikes to prevent runaway inflation. This resulted in an upward shift in global rate expectations and an extension in the expected conclusion of this tightening cycle, meaning tighter financial conditions for longer and a greater likelihood of a global recession.

Market Commentary

Financial markets currently expect the Reserve Bank of Australia to hike the cash rate to roughly 4% by December 2023, which has a negative impact on Australian REITs given the flow through this has to debt costs. The Australian Listed Real Estate market fell in September to levels below the previous lows seen in June in response to this. Further macroeconomic pressure which is set to increasingly weigh on the consumer is also a headwind that many companies in the sector are facing.

Macquarie favour sectors and companies that are set to be resilient in the face of these challenges. Storage, where the Fund is overweight, has continued to perform well, benefiting from its ability to regularly pass on inflation-linked rent increases to customers. Macquarie also view Healthcare favourably in this environment as it benefits from necessity-based demand drivers that have historically been resilient to changes in the economic cycle.

The fund remains invested in names that are philosophically aligned with Macquarie's Quality bias and is concentrated into names which Macquarie believe have a an above average total return outlook. Macquarie are particularly focused on the durability of NOI growth in an environment of slowing economic growth, which should be supported by positive supply/demand outlooks for Macquarie's favoured property types of Industrial, Childcare and Storage. Additionally, Macquarie believe the below average capex requirements of these assets is an underappreciated factor that contributes to outsized total returns.

Outlook

With Listed Real Estate Markets continuing to lead private markets in pricing and volatility, Macquarie are closely looking at companies in need of capital that may be forced asset sellers. These potential transactions would likely prove cap rates higher, reflecting the rise in debt costs seen this year. The listed market has already priced this movement in to a degree, as reflected in the prevalence of REITs trading at wide discounts to their assets. Additionally, Macquarie believe that balance sheet strength should be rewarded as the market comes to appreciate the impact of the increase in debt costs since the start of the year, particularly for those REITs with high leverage or short hedging maturities.

Availability

Product name	APIR
Signature Super*	AMP0777AU
Signature Super – Term Pension*	AMP1134AU
Signature Super – Allocated Pension*	AMP1134AU

*Closed to new investors

Contact Details

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