

Specialist Property and Infrastructure

Quarterly Investment Option Update

30 September 2022

Aim and Strategy

The strategy aims to provide total returns (income and capital growth) after costs and before tax, above the performance benchmark (20% - S&P/ASX 200 A-REIT Accumulation Index / 35% - FTSE EPRA NAREIT Developed Net Total Return Index (hedged to the Australian dollar) / 45% - Dow Jones Brookfield Global Infrastructure Net Accumulation Index (hedged to the Australian dollar) on a rolling 3-year basis. The strategy provides exposure to a diversified portfolio of listed property and infrastructure securities, both in Australia and around the world. The portfolio may also invest in direct infrastructure and direct property from time to time. The strategy diversifies its 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 strategy 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 for this 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	6 / High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Global listed infrastructure	45
Global listed property	35
Australian Listed Property	20
Cash	0
Unlisted property	0
Actual Allocation	%
International Shares	4.81
Australian Shares	18.97
Listed Property and Infrastructure	76.21
Unlisted Property and Infrastructure	0.01

Top Holdings	%
Goodman Group	4.92
Prologis Inc	2.65
Scentre Group	2.25
PUBLIC STORAGE	1.58
Dexus	1.42
Stockland	1.33
WELLTOWER INC	1.33
ALEXANDRIA REAL ESTATE E	1.32
Mirvac Group	1.31
Digital Realty Trust Inc	1.27
Region Allocation	%
Australasia	64.58
North America	24.58
Japan	3.85
Asia ex Japan	3.00
Europe ex UK	2.59
United Kingdom	1.40

Fund Performance

As global investment markets continued to fall amid concerns around inflation, rising rates and recession, the Fund produced a negative return, though again outperformed the benchmark for the quarter overall. Of the Fund's underlying allocations, the Australian Listed Property Fund, now managed by Macquarie, was the best absolute performer, returning -6.9% approximating its benchmark, while the Global Infrastructure Fund produced -7.2% against a benchmark of -9.2% and the Global Infrastructure Fund returned -10% verses a benchmark of -10.5%.

Market Review

Global listed real estate markets fell further in the September quarter. Macroeconomic and geopolitical factors, as opposed to property specific news, negatively affected listed property stocks. Persistently high inflation, central bank rate hikes, the corresponding surge in bond yields, the moderating outlook for global economic growth and UK government policy conflicting with the Bank of England at the end of September all contributed to volatility. However, the long-term lease nature of most listed property sectors, combined with the current space supply and demand dynamic, has limited the impact of macroeconomic and geopolitical headwinds to earnings estimates. Most listed property companies have either confirmed or raised earnings guidance. Impacted by the same global themes, Australian listed real estate markets also fell further in the September quarter, though to a lesser degree than global peers. Driven by the inflationary environment, listed infrastructure also fell over the quarter, finishing down by 9.2% as measured by the DJ Brookfield Global Infrastructure Net Accumulation Index (AUD, hedged). Aggressive rate hikes and assertive rhetoric from central banks continued to push bond yields higher, as well as expectations for recession, thus further impacting listed infrastructure valuations, along with many other asset classes.

Outlook

We believe Australian and global listed property, and infrastructure securities, will continue to be subject to near-term volatility, which is affecting all risk assets as inflation and rising rates continue to cause concern. Central bank policy is likely to remain a prime driver of relative global valuations and we continue to monitor this closely. Importantly, real assets can offer a degree of shelter from inflation, with higher inflation resulting in higher revenue. Over the longer-term, real assets continue to provide desirable characteristics, including stable cashflow and capital growth potential. Listed property is trading at an attractive valuation level relative to the underlying asset backing. While we believe the sector will continue to be supported by stable income streams over the long term, we expect the sector to experience further near-term volatility due to macroeconomic and geopolitical headwinds, both globally and in Australia.

Availability

Product Name	APIR
SignatureSuper	AMP0954AU*
SignatureSuper - Allocated Pension	AMP1161AU*
SignatureSuper Term Pension	AMP1161AU*

*Closed to new investors

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