

# Specialist Property and Infrastructure

Quarterly Investment Option Update

30 June 2019

## Aim and Strategy

To provide total returns (income and capital growth) after costs and before tax, above the return of 20% of the S&P/ASX200 A-REIT Accumulation, 35% FTSE EPRA NAREIT Developed Net Total Return (hedged to the Australian dollar), 30% Dow Jones Brookfield Global Infrastructure Net Accumulation (hedged to the Australian dollar) and 15% Mercer/IPD Australia Core Wholesale Property Fund indices on a rolling three-year basis. The strategy provides exposure to a diversified portfolio of direct property, listed property and infrastructure securities, both in Australia and around the world. The portfolio may also invest in direct infrastructure from time to time. The strategy diversifies its direct property and listed property and infrastructure securities exposure across a range of both active and passive strategies. The strategy may invest up to 10% in cash however, in certain market conditions may hold higher levels of cash.

## Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Property and infrastructure
<b>Suggested minimum investment timeframe</b>	5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

Asset Allocation	Benchmark (%)
Listed Property and Infrastructure	85
Unlisted Property and Infrastructure	15
Cash	0

Actual Allocation	%
International Shares	2.78
Australian Shares	20.67
Listed Property and Infrastructure	63.55
Unlisted Property and Infrastructure	12.13
Cash	0.86

Top Holdings	%
Goodman Group	5.06
Lendlease APPF Retail Fund	4.57
GPT Wholesale Office Fund	3.82
AMP Capital Wholesale Office Fund II	3.71
Scentre Group	3.37
Enbridge Inc	2.58
AMERICAN TOWER CORP	2.37
Dexus	2.31
TC Energy Corp	2.06
SEMPRA ENERGY	2.06

Region Allocation	%
North America	38.81
Australasia	35.77
Europe ex UK	10.33
United Kingdom	5.13
Asia ex Japan	4.37
Japan	3.50
Cash	1.81
Others	0.27

## Fund Performance

The Fund produced another strong return in the June quarter, outperforming the benchmark and capping of an extremely strong year. Over the quarter, the best performing underlying allocations included the AMP Capital Global Listed Infrastructure Fund, which returned 5.65% for the period and the AMP Capital Australian Listed Property Fund, which returned 3.99%. The weakest performer over the three months was the AMP Capital Global Listed Property Fund, which returned a still-reasonable 1.01% against a negative benchmark, while the AMP Capital Wholesale Office Fund returned a solid 2.85%.

## Market Review

Global listed real estate markets posted mixed returns over the June quarter, with the US market fairly flat, European markets down and Asia Pacific markets up. Global listed real estate markets were impacted by short-term volatility that is affecting all risk assets, amid ongoing trade tensions, geopolitical uncertainty and concerns about slowing economic growth. During the period, the US Federal Reserve officially ended its Monetary Policy tightening cycle and guided towards interest rates cuts by the end of the year. US 10-year treasury yields fell to 21-month lows and were down 0.40% to 2.01% over the period.

In global listed infrastructure, the Minnesota Court of Appeals issued an opinion stating that it agrees with arguments that the final environmental impact statement for Enbridge's proposed Line 3 Replacement project is "inadequate because it does not address the potential impact of an oil spill into the Lake Superior watershed." The court noted that the Minnesota Public Utilities Commission had acted in a manner unsupported by substantial evidence and had been arbitrary and capricious when it determined the impact statement as adequate. Accordingly, the court has reversed the commission's adequacy determination. However, the opinion noted that the impact statement had properly defined the purpose of the project, sufficiently identified alternatives, including a "no action" alternative, and utilised an appropriate methodology to analyse potential impacts from oil spills.

In Canada, Prime Minister Justin Trudeau announced that the federal cabinet has approved the expansion of the existing Trans Mountain pipeline, which the government bought for C\$4.5 billion last year after regulatory and political uncertainty led Kinder Morgan to abandon the project. "Our government has newly approved the Trans Mountain pipeline going forward. The company plans to have shovels in the ground this construction season," Trudeau told reporters, adding that every dollar earned from the pipeline as well as the future sale of it will be invested in clean energy projects. Furthermore, the government wants to start construction this building season. If successful (though litigation and legal challenges may materialise), this timeline could translate into an in-service date of roughly the end of 2021, better than the initial expectation of end of 2023. The approval improves overall Canadian energy investment sentiment as additional infrastructure will be required to support the pipeline operations, including storage tanks and natural gas liquids infrastructure to provide condensate for blending purposes.

## Outlook

Global listed real estate markets are likely to be further impacted by short-term volatility that is affecting all risk assets. However, listed real estate plays a defensive role in portfolios and is therefore likely to remain well supported while volatility is high. Modest global growth, supported by historically low interest rates, is an environment in which global listed real estate is expected to deliver reasonably solid medium-term returns. When there is a fall in the risk-free rate because central banks around the world are loosening their monetary policy, investors often turn to listed real estate as a reliable alternative for yield and a defensive asset class. Opportunities to acquire individual companies at attractive valuation levels may also arise as geopolitical developments lead to heightened volatility and diverging stock performance.

The outlook for global listed infrastructure remains very positive, supported by robust economic activity and industry-wide structural investment tailwinds. We continue to see the potential for future outperformance as investors seek quality defensive assets that provide sustainable yield profiles in the current low interest rate environment. We will continue to add selectively where we find value.

## Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP0861AU
AMP Flexible Super - Retirement account	AMP1359AU
AMP Flexible Super - Super account	AMP1488AU
CustomSuper	AMP0861AU
Flexible Lifetime - Allocated Pension	AMP0877AU
Flexible Lifetime - Investments (Series 1)	AMP1007AU*
Flexible Lifetime - Investments (Series 2)	AMP1423AU
Flexible Lifetime - Term Pension	AMP0931AU
SignatureSuper	AMP0954AU
SignatureSuper - Allocated Pension	AMP1161AU
SignatureSuper Select	AMP0954AU

\*Closed to new investors

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267



### What you need to know

This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL), AMP Capital Funds Management Limited ABN 15 159 557 724, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (Specialist Property and Infrastructure). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

No other company in the AMP Group nor underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance.