



# AMP Capital Global Property Securities

Quarterly Investment Option Update

31 March 2022

## Aim and Strategy

To provide total returns (income and capital growth) after costs and before tax, above the FTSE EPRA/NAREIT Developed Net Total Return Index (hedged back to Australian dollars) on a rolling three-year basis, by investing in property securities listed on sharemarkets around the world. Securities in which the portfolio invests are diversified across a range of asset classes, property sectors and geographic regions. The portfolio includes investments in real estate investment trusts and property securities companies across the Americas, Europe and Asia Pacific. The portfolio is managed by an investment team made up of on-the-ground regional investment specialists based in Sydney, Chicago, London and Hong Kong, implementing a research driven process that integrates a macroeconomic (top-down) approach to regional and country allocation, with a stock specific (bottom-up) selection process.

## Investment Option Performance

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

## Investment Option Overview

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

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Global listed real estate	100
Cash	0

  

<b>Actual Allocation</b>	<b>%</b>
International Shares	14.10
Listed Property and Infrastructure	81.87
Cash	4.03

  

<b>Sector Allocation</b>	<b>%</b>
Specialised REITs	17.62
Residential REITs	16.38
Industrial REITs	15.44
Retail REITs	11.34
Office REITs	7.41
Real Estate Operating Companies	7.04
Health Care REITs	6.37
Diversified REITs	5.96
Diversified Real Estate Activities	4.17
Cash	4.04
Hotel & Resort REITs	2.25
Real Estate Development	1.56
Real Estate Services	0.42

Top Holdings	%
Prologis Inc	7.41
WELLTOWER INC	3.97
EQUINIX INC	3.80
PUBLIC STORAGE	3.40
ALEXANDRIA REAL ESTATE E	3.22
Equity Residential	2.85
Digital Realty Trust Inc	2.74
Extra Space Storage Inc	2.66
Invitation Homes Inc	2.54
VICI Properties Inc	2.35
Region Allocation	%
North America	61.78
Asia	15.78
Europe	14.54
Cash	4.04
Australasia	3.85

## Fund Performance

In difficult market conditions, the Fund posted a negative return and underperformed its benchmark over the March quarter. Sector allocation was the key reason for the Fund's underperformance, but country allocation and stock selection also detracted from relative performance. Regarding sector allocation, the main detractors were underweight exposures to office and retail, and overweight exposures to specialised and residential rentals, while the main contributor was an underweight exposure to industrial. On a regional basis, the main detractors were underweight exposures to Asia Pacific and Europe, while an underweight exposure to North America slightly contributed to relative performance. Regarding stock selection, the main detractor was not holding a position in US healthcare company Welltower, but the main contributor was an overweight position in US healthcare company Ventas.

## Market Review

Global listed real estate markets fell over the March quarter, roughly in line with 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. 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. However, later in the period, markets generally regained some ground, despite interest rates increasing sharply. The US Federal Reserve increased its target cash rate by 0.25% and indicated it would raise it again at each of its six remaining meetings this year. At the same time, it pared expectations for economic growth and sharply raised its outlook for inflation. Subsequently, the bond market signalled a recession as 2-year bond yields briefly exceeded 10-year bond yields, and 5-year bond yields briefly exceeded 30-year bond yields. This may have supported listed real estate markets as investors switched into defensive assets.

## Outlook

Global listed real estate markets will continue to be subject to near-term volatility, which is affecting all risk assets as the Russian invasion of Ukraine causes significant uncertainty. While the portfolio has no exposure to Russia or Ukraine, concerns about a potential energy crisis leading to higher inflation and the risk of higher interest rates are likely to add to uncertainty. In this environment, we aim to maintain a well-balanced, diversified portfolio focussed on investing in companies with capable management teams that can execute their strategy through all market cycles, and possess healthy balance sheets and well-funded capital plans, which offer sustainable dividend growth.

## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 2)	AMP2043AU**
SignatureSuper	AMP1602AU*
SignatureSuper - Allocated Pension	AMP1626AU*

\*Closed to new investors

\*\*Closed to new and existing investors

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