

RARE Infrastructure Value

Quarterly Investment Option Update

30 June 2021

Aim and Strategy

The portfolio's investment objective is to provide investors with regular and stable income, comprised of dividends, distributions and interest, plus capital growth from a portfolio of global infrastructure securities while hedging the fund's currency exposure back to AUD. The portfolio aims to outperform a benchmark comprising OECD G7 inflation plus 5.5% p.a. after fees, hedged back into AUD, over rolling five-year periods.

Investment Option Performance

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

Investment Option Overview

Investment Category	Property and Infrastructure
Suggested Investment timeframe	7 years
Relative risk rating	6 / High
Investment style	Value
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Listed Property and Infrastructure	100	97.92
Cash	0	2.08

Sector Allocation	%
Electric	28.27
Railway	16.16
Toll Road	14.14
Communications	12.98
Airport	6.87
Energy Infrastructure	6.18
Renewables	5.72
Gas	5.11
Water	2.51
Cash	2.08

Regional Allocation	%
USA & Canada	55.05
Western Europe	33.60
Asia Pacific Developed	9.27
Cash	2.08

Top Holdings	%
Enbridge Inc.	5.11
Union Pacific Corporation	4.85
VINCI SA	4.56
Exelon Corporation	4.36
Getlink SE	4.06
Cheniere Energy, Inc.	4.05
American Tower Corporation	3.93
Cellnex Telecom S.A.	3.78
Public Service Enterprise Group Inc	3.74
Ferrovial, S.A.	3.49

Investment Option Commentary

The fund outperformed infrastructure indices, which underperformed equities for the quarter.

On a regional basis, North America was the top contributor to quarterly performance (+2.21%), of which U.S. energy infrastructure company Cheniere Energy (+0.78%), U.S. communications company American Tower (+0.43%) and Canadian energy infrastructure company Enbridge (+0.38%) were the lead performers.

Cheniere Energy owns and operates U.S. liquefied natural gas (LNG) export facilities. Cheniere performed in line with the U.S. pipeline sector, as the current energy market remains constructive.

American Tower is a leading independent owner, operator and developer of wireless and broadcast communications infrastructure. The company has 41,000 sites in the U.S. and a further 139,000 sites across 19 countries, predominantly emerging markets. American Tower performed well after the U.S. network operators announced plans to deploy 5G spectrum, with investment much larger and much sooner than the market was anticipating.

Enbridge owns and operates one of the largest oil and gas pipeline networks in North America. The company also owns regulated gas distribution utilities in Ontario, Canada. Enbridge's Line 3 Replacement Project received a favourable court ruling regarding the adequacy of its Environmental Impact Statement. This significantly lowers the execution risk for the project and enables the company to place the project into service later in the year.

Turning to Western Europe, Spanish communications company Cellnex Telecom also performed strongly, contributing +0.58% to quarterly performance.

Cellnex is Europe's leading independent infrastructure owner and operator for wireless telecommunication. Cellnex share prices increased during the quarter as the overhang from capital requirements dissipated, bond rates stabilised and the focus on M&A opportunities returned with Deutsche Telekom highlighting the willingness to sell their tower portfolio.

U.S. renewables utility Brookfield Renewable Corporation (-0.24%) was the largest detractor from quarterly performance. Brookfield Renewable is a pure-play renewables operator and developer headquartered in Canada, focused on international hydro, solar, wind and storage technology. As more private and public institutions announce ambitious carbon reduction initiatives, Brookfield Renewable's globally diversified, multi-technology renewables business makes Brookfield an attractive partner. Brookfield's development pipeline stands at 18,000 MWs, providing confidence the company can meet its targeted double-digit cashflow growth through to 2025. Shares wavered along with broader weakness across the renewables sector.

Market Commentary

COVID-19 vaccine rollouts gained pace in many regions, although mobility restrictions remained significant as a result of the new Delta variant. With the combined effect of new restrictions and the continuation of vaccinations, the rate of confirmed cases globally has started to decrease.

Government policy remained supportive, with continued implementation of previously announced stimulus. Bond rates declined slightly in June, post the June FOMC meeting as the Fed continues with the view that the recent inflation spike is largely transitory, with upside risk able to be addressed through potential tapering discussions later in the year. Strong labour and wage data, combined with large increases in commodity prices, highlight the risk of inflation to the upside. However, significant slack in the labour markets is expected to contain inflation risk. Markets performed solidly on the back of the strong economic data and confidence that the Fed will act accordingly to contain inflation.

Outlook

On a regional level, the strategy's largest exposure is in the U.S. & Canada (55%) and consists of exposure to regulated and contracted utilities (30%) and economically sensitive user pays infrastructure (25%).

The fund initiated positions in Canadian rail operator Canadian National Railway and U.S. electric utility CenterPoint Energy. The fund also used the opportunity to crystallise some gains by exiting U.S. electric utility Pinnacle West, U.S. renewables utility NextEra Energy Partners and Italian toll road operator Atlantia.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1528AU
AMP Flexible Super - Retirement account	AMP1588AU
AMP Flexible Super - Super account	AMP1576AU
CustomSuper	AMP1528AU
Flexible Lifetime - Allocated Pension	AMP1540AU
Flexible Lifetime Investment (Series 2)**	AMP2042AU
SignatureSuper	AMP1552AU
SignatureSuper Allocated Pension	AMP1564AU
SignatureSuper Select	AMP1552AU

**Closed to new and existing investors

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