

ClearBridge RARE Infrastructure Value

Quarterly Investment Option Update

30 September 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	3 to 5 years
Relative risk rating	7 / High
Investment style	Value
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global listed infrastructure	n/a	97.51
Cash	/a	2.49

Sector Allocation	%
Electric	35.14
Railway	13.85
Communications	10.74
Toll Roads	10.18
Renewables	7.03
Energy Infrastructure	6.92
Airport	6.69
Gas	5.04
Water	1.92
Cash	2.49

Regional Allocation	%
USA & Canada	56.27
Western Europe	33.67
Asia Pacific Developed	7.57
Cash	2.49

Top Holdings	%
Enbridge Inc.	5.04
Exelon Corporation	4.71
Union Pacific Corporation	4.28
Getlink SE	4.05
SSE plc	4.05
Public Service Enterprise Group Inc	3.78
Cheniere Energy, Inc.	3.47
Pembina Pipeline Corporation	3.45
American Tower Corporation	3.37
East Japan Railway Company	3.29

Investment Option Commentary

The fund outperformed hedged developed and global infrastructure indices, which fractionally underperformed equities for the quarter.

On a regional basis, Asia Pacific was the top contributor to quarterly performance (+0.88%), of which Australian airport operator Sydney Airport (+0.91%) was the lead performer.

Sydney Airport manages Australia's largest airport at a strategic and operational level under a 99-year lease. Sydney Airport's share price increased during the quarter as a result of an indicative takeover offer that was revised several times to \$8.75/share and resulted in the granting of due diligence by the board.

Turning to the U.S. and Canada region, U.S. electric utility Exelon (+0.41%), U.S. energy infrastructure company Cheniere (+0.38%) and U.S. renewables utility Clearway Energy (+0.27%) also performed well during the quarter.

Exelon is a U.S. energy provider with one of the cleanest and lowest-cost power generation fleets. Its utilities serve millions of electric and gas customers across Delaware, Illinois, Maryland, New Jersey, Pennsylvania and the District of Columbia. The share price of Exelon benefitted from rising power prices and potential federal support for nuclear energy.

Cheniere Energy is an energy infrastructure company that owns and operates U.S. liquefied natural gas (LNG) export facilities. Strong quarterly results and the disclosure of capital allocation policies were positively received by the markets. In addition, continued supply and demand tightness in the LNG market created a favourable commodity price environment.

Clearway Energy primarily owns and operates contracted renewable generation assets in the U.S. It also owns and operates conventional generation and thermal infrastructure assets. Clearway Energy's share price benefitted from the speculation that management may sell Clearway's thermal business, which was then confirmed in the most recent earnings call.

U.S. rail operator Union Pacific (-0.47%) was the largest detractor from quarterly performance. Union Pacific is the largest listed railroad company in North America. After a strong start to the year, rail volumes began to slow noticeably in the third quarter largely due to supply chain issues in intermodal, an exceptionally weak grain harvest and a lack of auto volumes due to the ongoing semiconductor shortage. A combination of these issues has resulted in a weaker third-quarter performance for Union Pacific.

Market Commentary

Economic activity continued to rebound amidst strong consensus expectations for corporate earnings and economic growth forecasts.

COVID-19 vaccine rollouts gained pace in many regions, helping ease mobility restrictions despite the new Delta variant causing an increase in confirmed cases.

Government policy remained supportive, with continued implementation of previously announced stimulus. Bond rates remained range bound to September following the September FOMC meeting; the Fed continues with the view that the recent inflation spike is largely transitory, with upside risk able to be addressed through possible tapering later in the year. Strong labour and wage data, combined with large increases in commodity prices, highlight the risk of inflation to the upside in the near term. However, significant slack in the labour markets is expected to contain inflation risk. Despite strong economic data, markets remained flat due to fears that supply chain bottlenecks and larger than expected commodity price increases would be headwinds to the recovery.

Outlook

On a regional level, the Strategy's largest exposure is in the U.S. & Canada (57%) and consists of exposure to regulated and contracted utilities (35%) and economically sensitive user pays infrastructure (22%).

The fund initiated positions in U.K. electric utility National Grid, U.S. electric utilities Dominion Energy and Entergy. The fund also used the opportunity to crystallise some gains by exiting Australian toll road operator Atlas Arteria, U.S. electric utility Sempra and Canadian rail operator Canadian National Railway.

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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