

ClearBridge RARE Infrastructure VaValue

Quarterly Investment Option Update

31 December 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 / Very High
Investment style	Value
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global listed Infrastructure	100	95.64
Cash	0	4.36

Sector Allocation	%
Electric	35.05
Railway	17.30
Communications	10.57
Toll Roads	9.64
Energy Infrastructure	8.37
Renewables	6.02
Airport	4.07
Gas	2.62
Water	2.00
Cash	4.36

Regional Allocation	%
USA & Canada	57.29
Western Europe	33.28
Asia Pacific Developed	5.07
Cash	4.36

Top Holdings	%
CSX Corporation	5.23
Exelon Corporation	5.19
Union Pacific Corporation	5.08
Getlink SE	3.94
SSE plc	3.94
Public Service Enterprise Group Inc	3.82
American Tower Corporation	3.42
CMS Energy Corporation	3.27
NextEra Energy, Inc.	3.22
Pembina Pipeline Corporation	3.05

Investment Option Commentary

On a regional basis, the U.S. and Canada region was the top contributor to quarterly performance, of which U.S. rail operators Union Pacific and CSX were the lead performers. Union Pacific is the largest listed railroad company in North America. CSX is one of five leading North American rail companies, with over 21,000 miles of rail, covering 23 states and 40+ ports. CSX is engaged in the transportation of rail freight in the Southeast, East and Midwest via interchange with other rail carriers, to and from the rest of the U.S. and Canada. Union Pacific and CSX performed well during the quarter after both companies beat market expectations on their third-quarter results. The beats were largely driven by strong pricing, which could be hitting record highs, and healthy commodity/coal volume driven by the current energy crisis.

Elsewhere in the region, U.S. electric utility Exelon also performed well, contributing to quarterly performance. 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 rose as the company received approvals for its anticipated spinoff, in addition to broader supportive datapoints around nuclear support.

Turning to Western Europe, Spanish electric utility Iberdrola also performed well. Iberdrola is a multinational integrated electric utility company headquartered in Spain. Iberdrola is engaged in energy networks, renewables and wholesale and retail operations. The company has expanded internationally with operations in the U.K. (via Scottish Power), the U.S. (via Avangrid), Brazil (via Neoenergia) and Mexico. The share price rallied as political risks receded after the gas clawback measures proposed by the Spanish government in September scaled back significantly.

Japanese rail operator East Japan Railway was the largest detractor from quarterly performance. East Japan Railway (JR East) is Japan's largest passenger railway operator. Transporting 17 million passengers per day, JR East operates the Shinkansen high-speed rail lines north of Tokyo, as well as commuter trains within the Tokyo metropolitan network. Shares were weak due to ongoing concerns around COVID-19-induced mobility restrictions impacting traffic volumes. As Japan exits its state-of-emergency lockdowns and reintroduces its "go-to-travel" campaign, Rare expects traffic to rebound.

All returns are in local currency.

Market Commentary

The ClearBridge Global Infrastructure Value Strategy outperformed the S&P Global Infrastructure Index during the fourth quarter as well as global equities as represented by the MSCI ACWI.

Macroeconomic factors continued to focus on the outlook for Fed policy given the current environment of higher inflation, with market expectations for a faster pace of interest rate hikes compared to previous months. The spread of the Omicron variant has started to impact mobility globally, although the severity of the new variant seems milder than previous strains. Markets remain volatile in response.

Ongoing COVID-19 disruption, supply chain issues and high inflation have the potential to delay the full economic recovery; however, markets are not expecting a recession to be a near-term probability.

Outlook

On a regional level, the Strategy's largest exposure is in the U.S. and Canada (58%) and consists of exposure to regulated and contracted utilities (31%) and economically sensitive user pays infrastructure (27%).

For the Global Infrastructure Value Strategy, the primary quantitative tool in portfolio construction is excess return, on which Rare's stock-ranking system is based. As such, driven by valuation, the Investment Committee initiated positions in U.S. energy infrastructure company Williams Companies and Canadian energy infrastructure company Gibson Energy.

The strategy also used the opportunity to crystallise some gains by exiting Australian airport operator Sydney Airport and U.S. electric utility Alliant Energy.

Availability

Product name	APIR
SignatureSuper*	AMP1552AU
SignatureSuper Allocated Pension*	AMP1564AU
Flexible Lifetime Investment (Series 2)**	AMP2042AU

*Closed to new investors

**Closed to new and existing investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). 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 AMP Limited ABN 49 079 354 519 (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.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super), AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455 (AMPCFM) and/or ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac). Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement (PDS) for the relevant product, available from the issuer or your financial planner.

Any advice 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. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

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. 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.

Neither NM Super, AMPCFM, ipac, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document, unless expressly stated in the PDS. Past performance is not a reliable indicator of future performance. Any slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging