

ClearBridge RARE Infrastructure

Quarterly Investment Option Update

30 June 2022

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 (%) |
|------------------------------------|---------------|------------|
| Listed Property and Infrastructure | n/a | 96.65 |
| Cash | n/a | 3.35 |

| Sector Allocation | % |
|-----------------------|-------|
| Electric | 36.97 |
| Rail | 13.07 |
| Communications | 10.52 |
| Energy Infrastructure | 9.60 |
| Toll Roads | 9.30 |
| Renewables | 5.38 |
| Water | 4.94 |
| Gas | 4.00 |
| Airports | 2.87 |
| Cash | 3.35 |

| Regional Allocation | % |
|------------------------|-------|
| USA & Canada | 59.54 |
| Western Europe | 30.24 |
| Asia Pacific Developed | 6.87 |
| Cash | 3.35 |

| Top Holdings | % |
|----------------------------------|------|
| Nextera | 5.48 |
| GetLink | 5.06 |
| Cheniere | 4.01 |
| Enbridge Inc | 4.00 |
| Exelon Corp | 3.91 |
| American Tower | 3.89 |
| Public Services Enterprise Group | 3.84 |
| East Japan Railway | 3.62 |
| Ferrovial | 3.45 |
| Cellnex | 3.27 |

Investment Option Commentary

On a regional basis, Asia Pacific was the top contributor to quarterly performance (+0.17%), of which Australian toll road operator Transurban (+0.23%) was the lead performer.

Transurban owns a suite of intra-urban toll road assets that dominate the Australian toll road network in the three state capital cities on the eastern seaboard. Additionally, it has several toll roads in North America, predominantly in the Washington D.C. area. Transurban's share price increased owing to easing concerns on bond rates and a slightly better than expected second half dividend driven by the ongoing traffic recovery.

French rail operator Getlink (+0.24%) and U.S. communications company American Tower (+0.12%) also performed well during the quarter.

Getlink is a French rail company that owns the concession over the Channel Tunnel rail link between the U.K. and France. Getlink's tunnel traffic continues to recover following the easing of lockdowns across the U.K. and Europe, and Getlink's Eleclink project was finally placed into service in May and began generating cash flow.

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 (75,000 in India, 40,000 in Latin America and 18,000 in Africa). Shares outperformed after American Tower successfully raised equity to fund a recent acquisition, lifting an overhang that had been dragging on the stock's performance.

U.S. rail operator Union Pacific (-0.85%) was the largest detractor from monthly performance.

Union Pacific is the largest listed railroad company in North America. Shares were down amid concerns of an economic growth slowdown and implications for Union Pacific's freight rail volumes outlook. Further, Union Pacific revised lower their operating margin expectations for the year due to inflation and labour shortages.

All returns are in local currency.

Market Commentary

Clearbridge's global listed infrastructure strategies outperformed infrastructure benchmarks and global equities for the second quarter.

The outlook for interest rates and inflation continues to cause volatility in markets as investors digest the expectation of a global slowdown in growth in conjunction with central bank tightening that has been more hawkish than previously expected.

Inflation remains a large risk to economic growth as increasing energy prices and costs of living put pressure on consumers. The market is increasingly viewing recession as a base case.

Outlook

On a regional level, the strategy's largest exposure is in the U.S. and Canada (59%) and consists of exposure to regulated and contracted utilities (35%) and economically sensitive user-pays infrastructure (24%).

For the Global Infrastructure Value Strategy, the primary quantitative tool in portfolio construction is excess return, on which our stock-ranking system is based. As such, driven by valuation, the Investment Committee initiated a position in U.S. water company American Water.

The strategy also used the opportunity to crystallise some gains by exiting U.S. energy infrastructure company Williams Companies, U.K. electric utility National Grid, French toll road operator Eiffage and U.S. electric utility Dominion 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



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