September 2021

AMP Capital Global Infrastructure Securities Fund (Hedged) - Off-platform Class H

Investment objective

To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark (Dow Jones Brookfield Global Infrastructure Index Australian Dollar Hedged) over the long term.

How we manage your money

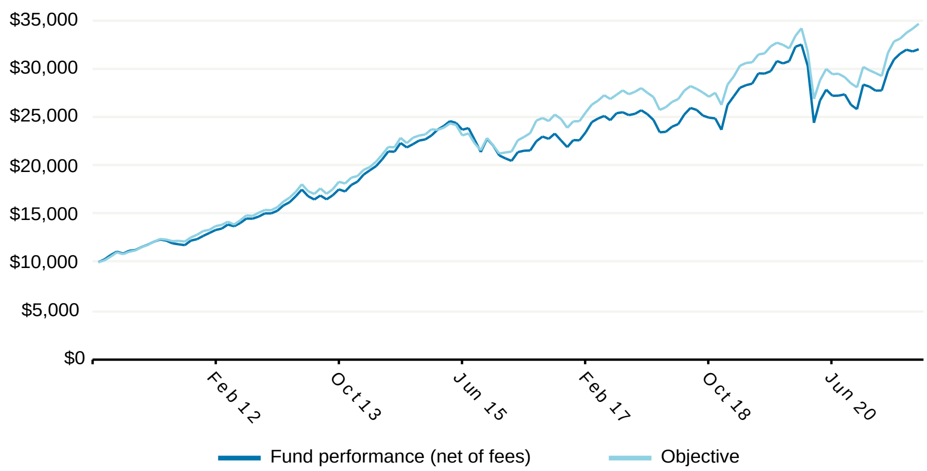
The Fund seeks to invest mainly in listed infrastructure securities where we consider that the underlying infrastructure assets are stable, have strong management teams and appropriate capital structures, and are available at attractive prices. The Fund utilises a bottom-up value-based investment approach, choosing a mix of infrastructure securities - from the more conservative assets with high and stable income levels to the more opportunistic investments that have the potential to produce higher returns. Generally, the Fund's international investments are hedged back to Australian dollars.

Performance as at 30 September 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	-0.41	-0.28	21.35	8.19	6.47	5.53	11.41
Income	0.82	0.82	4.05	2.86	2.78	2.44	3.84
Capital	-1.23	-1.09	17.30	5.33	3.70	3.09	7.57
Objective	-2.58	0.11	18.45	7.00	5.95	6.08	11.99
Excess return	2.17	-0.39	2.89	1.19	0.52	-0.56	-0.59

Past performance is not a reliable indicator of future performance. Performance is annualised for periods greater than one year. Total returns are calculated using the net asset value per unit for the relevant month end. This price may differ from the actual unit price for an investor buying or selling an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after fees and costs and assume all distributions are reinvested.

$10,000 invested since inception



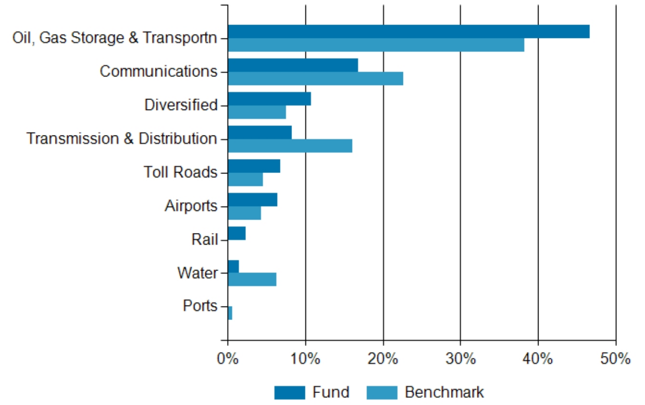
FUND FACTS	
APIR	AMP1594AU
Inception date	02 July 2010
Fund Size	$1,118,273,251
Management costs*	1.11% p.a.
Buy/Sell spread*	+0.20%/-0.20%
Distribution frequency	Quarterly
Minimum investment	$10,000
Minimum suggested time frame	5 years

*Fee information is accurate as at 30 June 2020, figures are updated bi-annually. The Fund PDS outlines the latest management costs and other relevant components, as well as other fees and costs that may apply to your investment. You can review the PDS at **www.ampcapital.com**

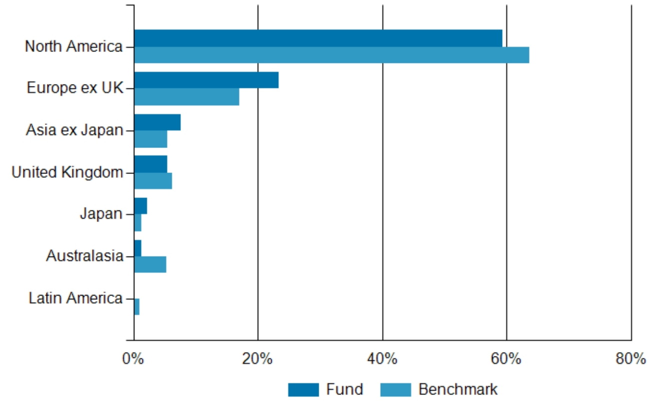
What happened last period

- The Fund outperformed the index during September
- The House of Representatives delayed voting on the $1 trillion bipartisan infrastructure bill
- The volatility in markets were driven by falling iron ore prices and China Evergrande Group's debt concerns.

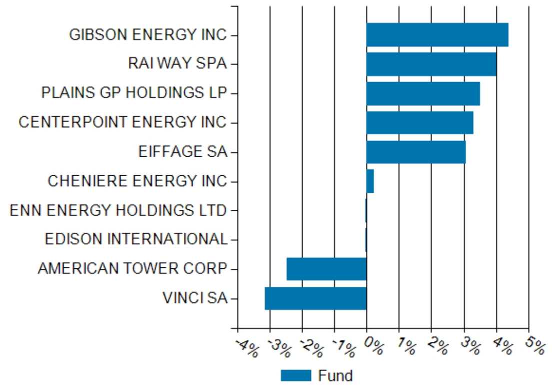
Sector allocation (%)



Regional allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund outperformed the index during September on a total return local basis.

At a sector level, the Fund is overweight in oil, gas storage & transportation, diversified, toll roads, airports, and rail; and is underweight in transmission & distribution, communications, water, and ports.

Overall positive contributions to relative returns came from communications, oil, gas storage & transportation, airports, water, and transmission & distribution; whilst toll roads, diversified, ports, and rail detracted. From an asset allocation perspective, positive contributions to relative returns came from communications, oil, gas storage & transportation, airports, water, transmission & distribution, toll roads, rail and diversified; whilst ports, and rail detracted. At a stock selection level, positive contributions came from communications, oil, gas storage & transportation, airports, and water; whilst there were negative contributions from toll roads, diversified, and transmission & distribution. There was a neutral effect from ports and rail.

The top three individual contributors to relative performance in the period were from overweight positions in Plains GP Holdings in oil, gas storage & transportation, and Aeroports de Paris in airports; and an underweight position in Crown Castle International Corp in communications (where we held no position). Plains GP Holdings benefited from the reflationary commodity environment. Aeroports de Paris performed well throughout the month as a result of improved mobility and recovery from within and outside of the European Union. The city of Paris was also positioned well as a popular tourist destination. Crown Castle International Corp was impacted by the broader sector weakness as there was no stock specific news.

The bottom three individual contributors to relative performance during the period were from an overweight position in Atmos Energy Corp in oil, gas storage & transportation; and underweight positions in ONEOK Inc and Kinder Morgan Inc in oil, gas storage & transportation (where we held no positions in both). Atmos Energy Corp was impacted by the rise in near-term gas prices which led to concerns on customer affordability and the ability for gas utilities to continue with their planned investments. Both ONEOK Inc and Kinder Morgan Inc outperformed in September along with other midstream companies off the back of commodity price tailwinds. ONEOK also benefited from its plans to reduce greenhouse gas emissions by 30% by 2030.

Portfolio Positioning

We maintained a sizeable overweight allocation to the North American oil, gas storage & transportation sector. Our outlook for the energy sector remains positive as we believe that low-cost US production will continue to drive export growth as overall demand recovers in the long term.

We retained an underweight position in the communications sector. Secular trends such as e-commerce penetration, video streaming, working from home, and the continued rapid growth in data usage have only been accelerated by the pandemic. Although we are positive on the tailwinds for the sector, valuations in developed markets currently remain stretched.

We maintained an underweight position in the utilities sector. Energy policy is directing investments towards the sector, creating growth opportunities across all regions. We are seeing infrastructure investment targets on the rise globally, especially to build and connect renewable assets. However, volatile risk-free rates can result in valuation volatility, and thus potential entry and exit points within the sector. Additionally, higher commodity prices and the resulting higher energy price are further adding to volatility and increase the likelihood of government intervention and regulation.

We maintained our overweight position in the transportation sector. The valuation dislocations in the sector have narrowed following positive announcements on the global vaccination programs. With high vaccination rates in developed markets, we see increasing 'market opening' for international travel. Whilst domestic travel recovery is much more advanced, with toll road traffic continuing to benefit from a marginal shift away from public transport and a general shift in travel patterns throughout the week. In toll roads, we remain positioned towards assets where traffic is either already above, or rapidly returning towards 2019 levels, yet remain at substantially discounted valuation levels. On the other hand, airport shares remain volatile and subject to headline risk, however, we continue to see compelling value opportunity in strong 'destination' airports – namely capital cities with robust local economies and tourist appeal.

Market review

September saw a small, but notable pullback in global bullishness relative to recent months, as some volatility crept back into markets, with several global drivers evident. Falling iron ore prices reflecting Chinese constraints on steel production, financial difficulties with major Chinese property developer, China Evergrande Group and a continued slow shift towards more hawkish statements and policies from some central banks were all factors. Meanwhile, the jury remains out on whether the current inflation spike will prove to be "transient" or not, with opinion and data somewhat split. Countries continued to emerge and open in wake of the pandemic, including some removing almost all COVID-related restrictions, notably in Scandinavia.

In the US, somewhat unsurprisingly, the US Federal Reserve signalled tapering "may soon be warranted", with Chair Powell saying it could start in November and end around mid-2022, implying an approximate $US15 billion reduction in monthly bond purchases. Expectations of the "dot plot" of US interest rates accordingly moved higher. However, the central bank's optimism on growth, it's gradual approach towards removing stimulus, the taper remaining conditional on further progress towards the US Federal Reserve's goals and the likelihood that key central bank officials do not expect a rate hike until 2023 are all positive for markets. On the economic data front, US business conditions Purchasing Managers' Index and housing remained strong, despite falling slightly in September on Delta fears and supply constraint concerns. Home sales meanwhile were mixed, though home builder conditions along with housing starts remained strong. Retail sales figures showed a rebound in August. Consumer price index inflation for August also came in weaker than expected.

The US House speaker, Nancy Pelosi has delayed the deadline to late October for the House of Representatives to pass the US$1 trillion bipartisan infrastructure bill, as some Progressive Democrats demanded action on a larger social policy bill first.

In Asia, the Bank of Japan made no changes to its ultra-easy monetary policy, but provided details as to how its green financing operations will work, which entails cheap funding to be made available to 'green' financial institutions that meet certain conditions. Meanwhile, Japanese business conditions Purchasing Managers' Index improved slightly in September and core inflation remained weak at just -0.5% year-on-year. Chinese activity data for August slowed more than expected, reflecting a combination of coronavirus restrictions, earlier policy tightening and regulatory action in property and steel production. Property price growth also slowed further. China's official Purchasing Managers' Index fell slightly for the month of July, as did the Caixin manufacturing conditions Purchasing Managers' Index, but the Caixin services Purchasing Managers' Index surprisingly rose slightly resulting in a rather confused picture of growth.

News regarding transactions and the privatisation of infrastructure assets continue to dominate headlines, particularly in Australia. These assets are particularly attractive to superannuation and pension funds, which are eager to deploy their low-cost capital for stable, long-term gains.

In Europe, the Bank of England was more hawkish than expected, opening the possibility of an earlier end to its quantitative easing programme and earlier rate hikes. Norway's central bank meanwhile became the first G10 central bank to raise rates. Restrictions also continued to be eased across the continent. The UK, which remains an important test case for reopening, given its relatively high level of vaccination, has continued to see hospitalisations and deaths remain more subdued.

In the UK, the government published its National Infrastructure and Construction Pipeline covering its 10-year spending plan worth up to £650 billion to deliver its National Infrastructure Strategy. In Spain, the government passed emergency measures to reduce the impact of high electricity prices on energy bills by redirecting billions of euros in extraordinary profits from energy companies to consumers and capping increases in gas prices. The government expects to channel about €2.6 billion from companies to consumers over the next six months.

Outlook

Our outlook for North American oil, gas storage & transportation remains positive as a cyclical recovery with strong commodity prices favours cash flow growth and deleverage. Commodity prices continue to recover, driven by robust demand and limited supply growth. In the long term, low-cost North American production will continue to drive export growth as overall demand recovers.

The outlook for transportation remains focused on global vaccination rates as an important signpost for traffic recovery. Although government restrictions remain, we are seeing much more political support for cross-border travel than at prior points in the pandemic and increasing 'market opening' for international travel. Domestic travel recovery is much more advanced, with toll road traffic continuing to benefit from a marginal shift away from public transport. We will continue to be selective in our positioning, favouring highly discounted valuations based on conservative forecasts and robust financial structures.

We are positive on the thematic of digitalisation, connectivity, and data usage for the communication sector; however, valuations have broadly remained stretched in developed markets. We expect to see a more substantial increase in activity around 5G in 2021, particularly as more 5G handsets become available in the race to accelerate the build-out coverage and capacity. Within the sector we favour European and developing economies' assets over the US due to more supportive valuations.

Portfolio Manager

Giuseppe Corona

Giuseppe Corona is the Head of AMP Capital's Global Listed Infrastructure Team, based in the London office. He also leads the research effort of infrastructure companies in North America and Europe. He joined the financial industry in 1999, and began portfolio management across long only and long/short products in 2008. Prior to joining AMP Capital, Mr Corona spent two years at Exane-BNP Paribas and infrastructure companies.

Further information

For information about the Fund including fees, features, benefits and risks talk to your financial advisor today or read the product disclosure statement (PDS) which can be found on:
www.ampcapital.com/global-infrastructure-securities-hedged-fund
You can also call us on **1800 658 404**

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