February 2023

# AMP CAPITAL CORE INFRASTRUCTURE FUND - OFF-PLATFORM CLASS H

Aims to generate income and capital growth from a diversified portfolio of Australian and global unlisted infrastructure assets and listed infrastructure securities.

## Performance summary

> The Core Infrastructure Fund (CIF) has underperformed its benchmark over the past month. The Fund has outperformed its benchmark over a ten-year basis and since inception.

> The listed component of CIF returned -5.05% for February, underperforming the MSCI World ex AU Accumulation Hedged AUD Index return of -1.63%.

## Investment approach

The Fund aims to invest primarily in unlisted infrastructure assets (50%) and listed infrastructure securities and cash (50%).

## Important Note Regarding Performance Fee Estimate*

The estimated performance fees are calculated based on an average of the actual performance fees charged for the unit class for the previous five financial years to 31 December 2021. This estimate does not take into account carried forward underperformance which will reduce future performance fees, therefore future performance fees may be lower than estimated. During 2020 performance of the Fund was negatively impacted by the COVID-19 pandemic and its associated impacts, resulting in a carried forward negative performance fee position as at 31 December 2021. This negative amount will be deducted from any future performance fees that may be payable. Future performance will need to recover the negative amount and exceed the Fund's benchmark before additional performance fees may be charged by the Responsible Entity.

For more information visit **ampcapital.com.au**

## Performance – as at 28 February 2023

**Inception Date:** 30 Oct 2007

**Performance benchmark:** 10 year Australian Government Bond Yield plus 3.25% pa

**Management Fees and Costs:** 1.61%

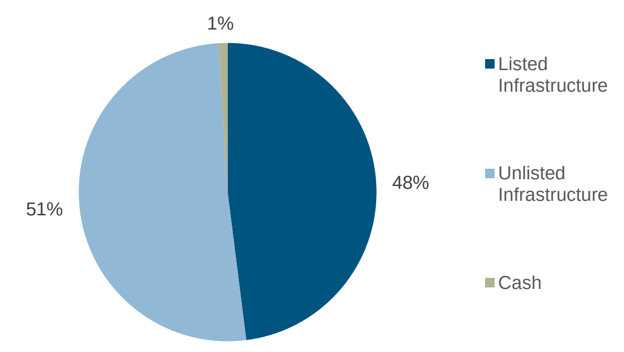
The Management Fees and Costs are comprised of a management fee, recoverable expenses and estimated other indirect costs. The performance fee is 15.39% (inclusive of GST less reduced input tax credits) of the outperformance of the Fund, based on the Fund's total return over the 10 year Australian Government Bond Yield plus 3.25% p.a. Outperformance is measured on an after management fee, indirect costs and transactional and operational costs basis. The Fund PDS outlines the management costs components, as well as other fees and costs that may apply to your investment. You can review the PDS at www.ampcapital.com.au

| % | 1 mth | 3 mth | 1 yr | 3 yr | 5 yr | Incept |
|---|---|---|---|---|---|---|
| Total return - after fees | -2.49 | -0.24 | 0.17 | 0.78 | 4.29 | 6.58 |
| Distribution | 0.00 | 0.65 | 3.18 | 2.92 | 3.00 | 4.91 |
| Growth | -2.49 | -0.89 | -3.01 | -2.13 | 1.29 | 1.67 |
| Benchmark | 0.52 | 1.66 | 6.72 | 5.26 | 5.24 | 6.57 |

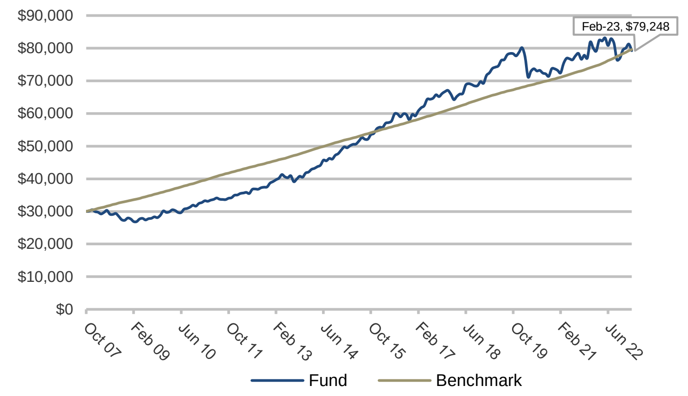
Past performance is not a reliable indicator of future performance. Performance is annualised for periods greater than one year.

Total returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after Class 'H' fees and costs, assume all distributions are reinvested and are annualised for periods greater than one year.

## Asset Allocation




## $30,000 invested since inception




## Asset Allocation

| Region | Current % |
|---|---|
| US | 34.38 |
| Australia | 32.10 |
| UK | 10.78 |
| Europe | 8.75 |
| Canada | 6.69 |
| New Zealand | 5.98 |
| Asia excl. Japan | 0.75 |
| Japan | 0.56 |

## Top 10 holdings

| Security Details | Portfolio % |
|---|---|
| Australia Pacific Airports Corporation | 15.77 |
| London Luton Airport | 5.85 |
| ANU Student Accommodation | 5.51 |
| American Tower Corp | 5.34 |
| ITS ConGlobal | 4.93 |
| Enbridge Inc | 4.60 |
| Vinci SA | 3.30 |
| Crown Castle International Corporation | 3.28 |
| Auckland South Corrections Facility | 3.26 |
| Macarthur Windfarm | 3.04 |

## Performance and activity

The Core Infrastructure Fund (CIF) has underperformed its benchmark over the past month. The Fund has outperformed its benchmark over a ten-year basis and since inception.

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### Unlisted infrastructure

The unlisted component of the portfolio comprises Australia Pacific Airports Corporation (APAC) (Melbourne and Launceston Airports), Powerco, AquaTower, SA Schools, Port Hedland International Airport (PHIA), ITS ConGlobal (ITSC), London Luton Airport (LLA), Australian National University Student Accommodation (ANU), Macarthur Wind Farm, Auckland South Corrections Facility (ASCF), AMP Capital Diversified Infrastructure Trust, DigitalBridge Global Infrastructure Fund and DigitalBridge Global Infrastructure Fund II.

### Australia Pacific Airports Corporation (APAC)

Melbourne Airport continues to welcome back domestic and international passengers, with the total passenger volumes for the month of February 2023 representing 81% of February 2019 (pre-COVID) volumes. Domestic passenger numbers reflected 84% of pre-COVID volumes and international passenger figures represented 74% of pre-COVID volumes. Pleasingly, travellers from India, New Zealand, China, the United Kingdom and Malaysia formed a substantial proportion of international arrivals for the month, attributable to Melbourne Airport's recent success in securing more flights and increasing capacity to and from those respective countries.

APAC's earnings before interest, tax, depreciation and amortisation (EBITDA) for the month of January 2023 were 10% higher than the forecast. Aviation revenue exceeded the forecast, attributable to solid international passenger performance. International passengers led a stronger than expected retail revenue performance, outperforming the forecast by 33%. Ground transport improved from December 2022 levels, however, was unfavourably impacted by slightly lower domestic travel. Meanwhile, property results were in line with forecast.

Pleasingly, international capacity increased to 75% of pre-COVID levels in January 2023, attributable to the return of Chinese airlines, including China Eastern Airlines, Air China and China Southern Airlines, and the increasing frequency of flights to China following the reopening of its borders.

### Port Hedland International Airport (PHIA)

PHIA continued to see strong passenger volume performance for the seven months to 31 January 2023 (YTD). The YTD passenger volumes outperformed the budget by 16%. Passenger volumes were strong in the month of January, tracking 29% favourable to the budget and 32% above the prior corresponding period (PCP).

YTD EBITDA was 17% higher than the budget reflecting the strong passenger performance. Aeronautical revenues were 11% higher than the budget, with the higher than budgeted passenger volumes slightly offset by lower-than-expected aircraft tonnage landed, as airline operators continue to manage yield. Higher-than-expected hire car income and deferred rental abatement during the terminal redevelopment improved the YTD non-aeronautical revenues, resulting in an outperformance of 7% above the budget. YTD total expenses tracked 6% favourable to the budget, predominantly due to lower operating and screening costs.

The terminal redevelopment continues to progress well with Stage 2 (the upgrade of the existing check-in area, back of house offices and security screening points) on track for completion in mid-March. Completion of the entire program of works remains on schedule for completion in June 2023.

### Powerco

Earnings before interest, tax, depreciation, amortisation, and financial movements (EBITDAF) for the 10 months to January 2023 (YTD) tracked slightly behind budget. This was primarily driven by lower gas and electricity revenues, and electricity corrective maintenance expenditure. These impacts were slightly offset by management actively pursuing cost savings in system operations and business support costs. The majority of maintenance overspend was driven by reactive spending in response to the recent storm activities. YTD capital expenditure (capex) tracked 6.7% favourable to the budget, largely attributable to renewals capex though partially offset by non-network spending below capex targets.

Cyclone Hale impacts resulted in an overspend in reactive maintenance, further exacerbated by Cyclone Gabrielle. Despite this, Powerco's Customised Price-Quality Path project delivery remained on track. Powerco management have been working to mitigate the level of overspend by actively reducing noncritical spend in other parts of the business. Planned maintenance works are scheduled to be deferred to allow crews to focus on cyclone related priorities with additional resources planned to be made available for recovery related works.

Whilst Cyclone Gabrielle's impacts will challenge Powerco's reliability metrics, the Powerco team was well prepared, taking learnings from Cyclone Dovi (experienced at the same time last year) to put forward a proactive management plan before the storm hit the network. This included mobilising a Crisis Management Team and providing daily reports to the board with detailed outage information. Other New Zealand electric distribution network operators are also likely to miss reliability targets and are aligned on collective opposition to any unreasonable penalties from the Commerce Commission. This position has been communicated to the Council of Energy Regulators and dialogue with the Commerce Commission on these issues has commenced.

### ITS ConGlobal (ITSC)

ITSC's January 2023 monthly revenue tracked 9% higher than the PCP. YTD adjusted EBITDA tracked 25% above the PCP, however, was below target. This is due to "loaded" containers exiting ITSC's depots, given the observed shift and return towards a more normalised supply chain environment.

The Intermodal business is continuing to stabilise to a degree, albeit is still tracking behind budget due to lower-than-expected volumes and productivity challenges. January intermodal volumes were 10% adverse to the budget and 11% lower than the PCP as US buying patterns are reverting to more normalised levels and congestion in certain regions has further limited volumes. However, the impact has been partially offset by decreases in labour costs as a result of the lower volumes. The ITSC management team are monitoring and adjusting labour hours to account for lower volumes while still maintaining service expectations. It is expected that lower and more stable volumes may help improve productivity though this effect will take time and is not immediate.

There is strong momentum in ITSC's commercial depot pipeline with a number of depot related projects gaining traction. ITSC management and the asset management team will continue to progress and advance these projects over the course of 2023.

## London Luton Airport (LLA)

YTD (for the two months to 28 February 2023) passenger volumes reflected 87% of 2019 levels, tracking 19% favourable to the budget and 93% higher than the PCP, signalling LLA's strong and continuing recovery from the pandemic.

YTD EBITDA outperformed the budget by 33% and was 96% higher than the PCP mostly due to higher passenger levels and favourable timing variance on some operational expenditures.

LLA's Development Consent Order application was submitted on 27 February 2023, marking a major milestone in the Airport's growth strategy. If accepted, this planning application will allow LLA to increase its capacity from 18 million passengers per annum to 32 million passengers per annum.

The Luton Direct Air-Rail Transit (DART) system commenced operations on 10 March 2023, signalling another major milestone for the Airport. The DART facilitates a seamless c. 30 minutes journey between London St Pancras Station and the Airport terminal, significantly improving the passenger experience.

Customer experience has continued to maintain very high standards at LLA, with an overall ASQ score of 4.0 (out of 5) for February 2023, reflecting the success of various initiatives. Importantly, statistics from measures which look at whether customers felt safe and secure, confident to travel and relaxed all scored very highly and close to 100%.

## SA Schools

SA Schools continues to perform well. Operational performance is measured against 294 KPIs. For the 12 months to 28 February 2023, 99.98% of the service fee was received from the State of South Australia; and of the 0.02% abatement, 100% was passed through to the subcontractor.

## AquaTower

All plants continued to operate well during February 2023. Production in February and for the calendar year to date was similar to 2022 levels.

For the 12 months to 28 February 2023, no abatements were levied on AquaTower, with each plant meeting all contractual water quality parameters.

## Australian National University (ANU) Purpose Built Student Accommodation (PBSA)

Semester 1, 2023 started on 20 February 2023 with the teaching semester now underway. The Semester 1 2023 occupancy letup reached 99% at the start of March. The unoccupied 1% was a result of student application preferences not aligning with available room types. Notwithstanding this, there has been very strong demand for on-campus PBSA at the ANU with the total number of applications exceeding the number of available beds. The AMP Capital student accommodation asset management team expects to fill the remaining available beds over the course of the first few weeks of the semester. The newly acquired Yukeembruk residence is at 99.5% occupancy, which is a fantastic result and reflects the success of joint initiatives between the ANU and the AMP Capital asset management team. International student visas granted by the Department of Home Affairs during January 2023 remained well above 2019 levels, and contributed to the strong letup.

## Macarthur Wind Farm

Macarthur's production in January 2023 saw continued improvements from prior months despite the impacts from maintenance activities and convertor issues. Focused discussions with counterparties are underway on replacing convertors in the near term to restore Macarthur's production. Notwithstanding this, the asset continues to receive its scheduled payments in full from AGL under its fixed contract.

## Auckland South Corrections Facility (ASCF)

The project continues to perform well both financially and operationally.

Operational performance is measured against 52 KPIs. For the 12 months to 31 December 2022, 99.87% of the service fee was received from the New Zealand State; and of the 0.13% abatement, 100% was passed through to the subcontractor.

Discussions with the NZ Department of Corrections continue to progress on the review of the current performance regime, which will form part of an ongoing wider contract reset exercise.

## Global listed infrastructure

The listed component of CIF returned -5.05% for February, underperforming the MSCI World ex AU Accumulation Hedged AUD Index return of -1.63%.

## Utilities

Diversified utilities, water, integrated regulated and transmission & distribution all provided a negative return.

## Infrastructure

Airports, rail, toll roads and ports provided a positive return. Communications infrastructure provided a negative return.

## Outlook

CIF remains an attractive investment opportunity, particularly on a risk-adjusted return basis and during periods of high market volatility. The Fund provides a well-diversified investment opportunity, with exposure to the performance of a wide range of infrastructure and utilities sectors through its blend of unlisted and listed infrastructure.

## Investment objective

To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark. The benchmark for the Fund is the 10 year Australian Government Bond Yield plus 3.25% pa.

## Facts

| | |
|---|---|
| Fund size | $808.20 million |
| Minimum suggested time frame | 5 years |
| Minimum initial investment | $10,000 |
| Buy/sell spread | +0.05/-0.05 |

| | |
|---|---|
| Distribution frequency | Quarterly |
| Date of last distribution | Dec 2022 |
| Distribution cents per unit | 0.85 |



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