

# 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 outperformed its benchmark over the past month. The Fund has outperformed its benchmark over a one, three, five, seven and ten-year basis, and since inception.
- > The listed component of CIF returned 8.41% for December, outperforming the MSCI World ex AU Accumulation Hedged AUD Index return of 3.97%.

## 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 Management Costs consist of a management fee component, a performance fee component, and an indirect costs component. The performance fee component is an estimate which is calculated based on an average of the performance fees for the previous five years to 31 December 2020. 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 2020. This negative amount will be deducted from any future performance fees that may be payable. Future performance will need to exceed the Fund's benchmark by 9.30% of NAV (as at 31 December 2020) before additional performance fees may be charged by the Responsible Entity.

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## Performance – as at 31 December 2021

**Inception Date:** 30 Oct 2007

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

**Management costs:** 2.17%

The Management costs include a management fee, a performance fee, and 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](http://www.ampcapital.com.au)

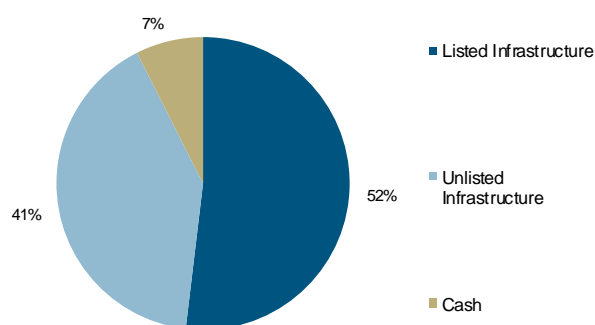
%	1 mth	3 mth	1 yr	3 yr	5 yr	Incept
Total return - after fees	6.42	6.90	11.15	5.75	6.51	7.39
Distribution	0.64	0.64	3.35	2.89	3.27	5.12
Growth	5.78	6.25	7.80	2.86	3.24	2.27
Benchmark	0.39	1.21	4.75	4.56	5.10	6.58

Past performance is not a reliable indicator of future performance.

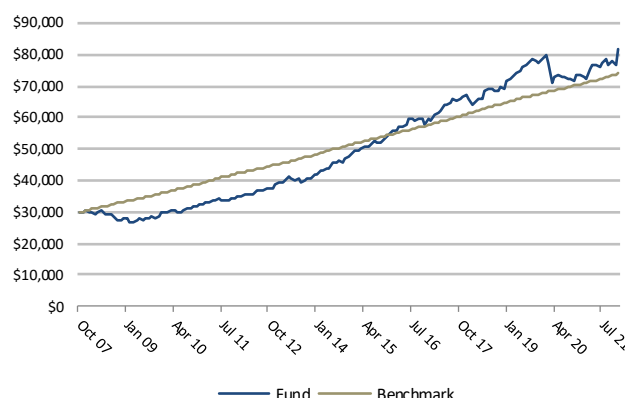
Performance is annualised for periods greater than one year.

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

%	Current
US	34.96
Australia	29.22
UK	11.02
Europe	10.38
Canada	6.98
New Zealand	6.02
Asia excl. Japan	0.78
Japan	0.64

## Top 10 holdings

Security Details	Portfolio %
Australia Pacific Airports Corporation	13.37
American Tower Corp	6.96
Luton Airport	4.95
Crown Castle International Corporation	4.74
Enbridge Inc	4.18
ANU Student Accommodation	3.39
SecureFuture Wiri Holdings Limited	3.09
Vinci SA	2.79
Macarthur Windfarm	2.75
National Grid PLC	2.73

## Performance and activity

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

The listed component of CIF returned 8.41% for December, outperforming the MSCI World ex AU Accumulation Hedged AUD Index return of 3.97%.

### 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, AMP Capital Global Infrastructure Fund and AMP Capital Global Infrastructure Fund II.

### Australia Pacific Airports Corporation (APAC)

The COVID-19 pandemic has continued to impact the operational and financial performance of Melbourne Airport in FY22, however, traffic volumes are seeing an improvement from the 2020 low point. Total passenger volumes at Melbourne Airport for the year-to-date (YTD) (five months to 30 November 2021) were 3.4% above the forecast volumes, however, only 7.1% of November 2019 YTD volumes.

APAC's YTD earnings before interest, tax, depreciation and amortisation (EBITDA) was 22.5% above the PCP and 6.1% above the forecast. Total revenues were 1.4% above forecast (40.7% above the PCP) while operating expenses were 0.9% below forecast (52.2% above the PCP).

YTD international passenger volumes at Melbourne Airport were 11.9% below forecast. International traffic increased substantially following the end of lockdowns in October 2021, with weekly volumes increasing by 298% in November 2021. YTD domestic passenger volumes at Melbourne Airport were 5.9% ahead of the forecast.

November 2021 saw restrictions continue to ease between Victoria, New South Wales and South Australia, with domestic services reopening and international flights from Melbourne opening for the first time in 20 months after COVID-19 grounded international travel. All States and Territories have surpassed the 80% double dose vaccination threshold for eligible people. Domestic travel rebounded strongly in November 2021 following the easing of restrictions, with weekly traffic volumes at Melbourne airport increasing 237% throughout November 2021.

Year-to-date passenger volumes at Launceston Airport were approximately 188.3% above the PCP and 3.7% above the forecast. YTD EBITDA was above the forecast, primarily due to higher-than-forecast landside access and security revenues, while expenses were favourable to forecast due to cost savings. The Tasmanian border opened to all states and jurisdictions in mid-December 2021, which is expected to see an increase in flights and seat capacity in the near-term.

### Port Hedland International Airport (PHIA)

Passenger volumes at PHIA for the four months to 31 October 2021 (YTD) remained resilient notwithstanding the wider disruption caused by COVID-19. The YTD passenger total was 8.1% ahead of budget and 28.4% above the prior corresponding period (PCP).

YTD EBITDA was 11.7% above budget. The positive result was primarily attributed to stronger-than expected aeronautical revenues, which was partially offset by higher-than-expected operating expenses. Aeronautical revenues were 15.0% above budget, with the higher-than-budgeted passenger volumes and higher-than-expected aircraft tonnage both driving the positive result.

Passenger numbers were particularly strong in October 2021, with aeronautical revenues for the month 20.3% above budget. Non-aeronautical revenues were 5.0% above budget, primarily due to higher-than-expected hire car income and lease revenue and carpark income. Total expenses were 6.1% above budget, predominantly due to an increased provision against the recovery of airline charges.

### Powerco

As at 30 November 2021 the YTD earnings before interest, tax, depreciation, amortisation and financial movements (EBITDAF) is tracking 5.8% favourable to budget, as a result of robust customer initiated works and electricity revenues. The quarter saw continued record breaking levels of customer-initiated works with a new record of customer enquiries set in November 2021. YTD capex is also 3.5% favourable to budget driven by strong overhead renewals and growth projects.

In August 2021, Powerco along with Vector and First Gas wrote to the Minister of Energy and Resources, Dr. Megan Woods, on the future of gas. In particular, the letter underlined issues with the existing gas infrastructure regulatory regime in the face of the energy transition, and encouraged the government to consider repurposing gas infrastructure. Minister Dr. Megan Woods' response suggests Powerco continues engagement with the Commerce Commission (ComCom) and highlights the importance of framing engagement around renewable gases. The letter also suggests changes to gas regulation, outside of changes directly via ComCom, will be unlikely until the Emissions Reduction Plan (ERP) and Energy Strategy are released. It is Powerco's view that these plans are likely two years away.

On 8 December 2021, the ComCom released their draft decision to implement a weighted average cost of capital (WACC) reset for four years rather than five years, in respect to gas regulated revenue, given uncertainty in the gas policy environment. This was a preliminary publication before the remaining default price-quality path (DPP) announcement, scheduled to be before 31 May 2022. The outcome is a positive result consistent with Powerco's advocacy and engagement which was encouraged and supported by AMP Capital. Furthermore, recent engagement with ComCom on gas regulation was positive, with continued discussion around changes to the Input Methodology to enable accelerated cashflow recovery.

## **ITS ConGlobal (ITSC)**

ITS ConGlobal's YTD operating EBITDA was 6.7% below the PCP, however, YTD revenue was 8% above the PCP. This decline in EBITDA was principally driven by the Intermodal business unit. This unit has been impacted by competitive US labour market conditions and COVID-related changes to consumer spending patterns, with more goods flowing through the intermodal network causing congestion. While Intermodal performance has materially underperformed in 2021, it has begun to stabilise and is improving in response to the recontracting efforts put in place during 2021. Pleasingly, the Depot business has outperformed the PCP, with operating EBITDA 27.6% above the PCP.

The AMP Capital asset management team and the ITSC management team are in the midst of tactical plans to renegotiate or exit 17 underperforming Intermodal contracts by June 2022. To date, six terminals have been addressed, with an US\$8 million run-rate benefit.

## **London Luton Airport (LLA)**

Passenger volumes for 2021 finished at 4.6 million, reflecting 25% of 2019 levels, and 16% below 2020 levels. The impact of the Omicron variant, both through hampering consumer confidence and the re-introduction of strict testing rules at the beginning of the month of December, contributed to a weaker than expected finish for the year. However, the relaxation of pre-departure testing requirements, as well as the removal of broader restrictions is expected to contribute strongly to passenger performance in 2022.

YTD (for the eleven months to November 2021) revenue was in line with the forecast and 9.3% lower than the PCP. This has been due to a material reduction in revenues across all categories as a result of the low passenger volumes, however, noting that revenue per passenger is materially higher due to the fixed nature of certain contracts.

LLA has been named the second-best UK airport in Condé Nast Reader's Choice Awards 2021. The airport was ranked 0.8 percentage points behind London Heathrow, and was listed ahead of Gatwick, Manchester and London City.

## **SA Schools**

AMP Capital continues to progress the two significant modifications for new classrooms and associated facilities at the project's two high schools, Mark Oliphant College and Roma Mitchell Secondary College. During the quarter, works continued on site, with good progress being made by the builder, Hansen Yuncken. The Mark Oliphant College works were completed prior to Christmas, with the Roma Mitchell Secondary College works scheduled for completion in January 2022. The works have been executed extremely well by Hansen Yuncken, in a compressed program.

The operational performance for the project is measured against 294 KPIs. For the 12 months to 30 November 2021, 99.98% of the service fee was received from the state and the 0.02% abatement was passed through to the subcontractor.

## **AquaTower**

AquaTower is performing broadly in line with expectations, although treated water volumes for the calendar year to 31 December 2021 were approximately 7.5% behind budget. However, the asset did see a significant increase in consumption in December 2021, with some treated water volumes at individual

plants approaching some of the highest quantities AquaTower has seen in a number of years.

Operational performance is measured against 29 KPIs. For the 12 months to 31 December 2021, no abatements were levied on AquaTower.

## **Australian National University Student Accommodation (ANU)**

The asset continued to face operational challenges driven by lockdowns in the Australian Capital Territory (ACT) and Australia's international border restrictions. However, the occupancy outlook for 2022 is more positive with the international border open to students and the relaxing of state-based public health restrictions.

Occupancy throughout 2021 has remained stable at around 70% despite the continued closure of Australia's border to international students. The performance of the asset is a marked difference from the difficult conditions being experienced at competing Australian universities and reflects the premium quality of the asset and strong demand for study at the ANU.

The ACT has been successful in managing the pandemic and 98.5% of the population over the age of 12 years have received two doses of a COVID-19 vaccine. The ACT and international border remained shut for much of Q4 2021, however, on 22 November 2021 the Australian Government announced the easing of border restrictions to enable the return of international students to Australia. Students were permitted to enter Australia from 15 December 2021, provided they adhere to the relevant vaccination requirements and state-based quarantine requirements. AMP Capital and the University have been working very closely to develop a strategy to enable the efficient return of international students to the ANU in 2022, while remaining agile to respond to changing requirements. The ANU received Federal Government approval to directly transport groups of international students from offshore locations to the ANU, independent of any future changes to rules that may be imposed on students via commercial flights. At the time of writing, students arriving by air or bus charter into Canberra will be subject to an isolation period while they await their COVID-19 test results. AMP Capital has agreed, with financier consent, an arrangement whereby the University will use a designated Purpose-Built Student Accommodation building for the purposes of the student isolation and any subsequent quarantine requirements. The University will compensate the equity owners for use of the facilities to temporarily house students. With the above arrangements in place, it is anticipated that there will be a higher number of international students in residence compared to 2021.

## **Macarthur Wind Farm**

AMP Capital has continued to deepen our relationships with AGL. We have seen a number of staffing changes on the project from AGL, however, we are also seeing good continuity of the issues as the project transitions between staff at AGL.

AMP Capital are very pleased to have Ms Bopha Ly, AMP Capital's Managing Director for Energy and Renewables, appointed to the Macarthur boards. Bopha brings a great depth of knowledge and expertise to the project and further enhances our governance and oversight of the asset.

## **Auckland South Corrections Facility (ASCF)**

The project continues to perform well both financially and operationally. During the quarter, the ASCF board reviewed and

approved updated contractual documents between New Zealand Department of Corrections, ASCF and Serco (the operator), to implement a new performance regime for the project.

Operational performance is measured against 52 KPIs. For the 12 months to 30 September 2021, 99.12% of the service fee was received from the State and of the 0.88% abatement, 100% was passed through to the subcontractor.

#### Global listed infrastructure

The listed component of CIF returned 8.41% for December, outperforming the MSCI World ex AU Accumulation Hedged AUD Index return of 3.97%.

#### Utilities

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

#### Infrastructure

Airports, rail, toll roads, communications infrastructure provided a positive return. Ports 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 via 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	\$927.64 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 2021
Distribution cents per unit	0.84

Investors should consider the Product Disclosure Statement (PDS) available from AMP Capital Investors Limited (ABN 59 001 777 591) (AFSL 232497) (AMP Capital) for the AMP CAPITAL CORE INFRASTRUCTURE FUND - OFF-PLATFORM CLASS H (Fund) before making any decision regarding the Fund. AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426 455) is the responsible entity of the Fund and the issuer of units in the Fund. The PDS contains important information about investing in the Fund and it is important investors read the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. **A target market determination has been made in respect of the Fund and is available at [www.ampcapital.com/TMD](http://www.ampcapital.com/TMD).** Neither AMP Capital, nor any other company in the AMP Group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance. While every care has been taken in the preparation of this document, AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This fact sheet has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this fact sheet, and seek professional advice, having regard to their objectives, financial situation and needs.

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