

# AMP Capital Core Infrastructure Fund Update

Andrea Theouli

The headlines have been dominated by AMP for quite a while now. They have been under scrutiny since before the finalisation of the Hayne Royal Commission but most recently for the company's conduct and culture.

Earlier this year we added the AMP Capital Core Infrastructure Fund to our SMA and model portfolios. The strategy invests 50% in listed global infrastructure stocks and 50% in direct global infrastructure assets which provide reasonable income in addition to portfolio diversification benefits. This fund has demonstrated a low correlation to listed equity markets and reasonable capital protection in past episodes of market volatility and weakness.

Since the fund was added to the portfolios it has performed as expected. It has insulated portfolio results and despite recent write-downs has shown resilience due to:

- Two-thirds of the portfolio assets are unaffected by COVID-19 as they rely on government-regulated cashflows e.g. New Zealand correctional facility;
- The portfolio is holding excess cash ensuring quick deployment of funds when opportunities to acquire good assets arise.

We are keeping in close contact with John Julian (PM) and monitoring fund flows. Since the strategy invests 50% of its funds in listed shares there is sufficient capacity to pay redemptions if they arise. To date, there have been no trends in outflows from the portfolio. We will continue to monitor the situation to identify potential trends. We have asked Quilla to provide options for suitable alternatives.

No immediate action is required, we will notify you with appropriate updates as the situation at AMP unfolds.

In the meantime, if you or your clients require specific information, please call us on 1300 789 575 or email [investmentservices@madisonfg.com.au](mailto:investmentservices@madisonfg.com.au) with any questions.