

# AMP Capital Advantage Core Infrastructure Fund

Product Disclosure Statement



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particular rate of return. The repayment of capital is not guaranteed. Investments in the Fund are not deposits or liabilities of any company in the AMP Group or of any investment manager.

The offer in this PDS is available only to eligible persons as set out in this PDS, who receive the PDS (including electronically) within Australia. We cannot accept cash. Unless otherwise specified, all dollar amounts in this PDS are Australian dollars.

## About this Product Disclosure Statement (PDS)

This PDS contains important information about investing in the AMP Capital Core Infrastructure Fund (the Fund).

Before making a decision about investing or reinvesting in the Fund, you should consider the information in the PDS. A copy of the current PDS can be obtained free of charge, on request by contacting us on 1800 658 404.

Information in this PDS can help you compare the Fund to other funds you may be considering. The information in this PDS is general information only and does not take into account your personal objectives, financial situation or needs. You are encouraged to obtain appropriate financial advice before investing and to consider how appropriate the Fund is to your objectives, financial situation and needs.

## Important information

The AMP Capital Core Infrastructure Fund (referred to in this PDS as 'the AMP Capital Core Infrastructure Fund', or 'the Fund' - ARSN 127 019 238, APIR code AMP1179AU) is a managed investment scheme structured as a unit trust and registered under the *Corporations Act 2001* (Cth), referred to in this PDS as 'the Corporations Act'. The Fund is subject to investment risks, which could include delays in repayment, and loss of income and capital invested. No company in the AMP Group or any investment manager assumes any liability to investors in connection with investment in the Fund or guarantees the performance of our obligations to investors or that of the Responsible Entity, the performance of the Fund or any

# About AMP Capital Funds Management Limited

AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455) is the Responsible Entity of the Fund and issuer of this PDS.

AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497), referred to in this PDS as 'AMP Capital', 'we', 'our' or 'us', has been appointed by the Responsible Entity to provide investment management and associated services in respect of the Fund, including the preparation of this PDS on behalf of the Responsible Entity. No company in the AMP Group other than the Responsible Entity is responsible for the preparation and issue of this PDS or for any statements or representations made in this PDS.

AMP Capital has provided consent to the statements made by or about them in this document and has not withdrawn that consent prior to the issue of this PDS.

## About AMP Capital

AMP Capital is a global investment manager with a large presence in Australia. AMP Capital is 85% owned (indirectly) by AMP Limited. As part of the AMP Group, we share a heritage that spans almost 170 years.

Our home strength in Australia and New Zealand has enabled us to grow internationally, and today we have operations established in China, Hong Kong, Dubai, India, Ireland, Japan, Luxembourg, the United Kingdom and the United States. We also collaborate with a network of global investment partners, leveraging our shared capabilities to provide greater access to new investment opportunities.

Our asset class specialists, investment strategists and economists work together with the aim of delivering strong investment outcomes for clients. That is why our clients trust us to invest over A\$189.3 billion (as at 30 June 2018) on their behalf, across a range of single sector and diversified funds.

AMP Capital has been appointed by the Responsible Entity, under an agreement, to provide other Fund related services, including responding to investor enquiries and the preparation of this PDS on behalf of the Responsible Entity.

More information about AMP Capital is available online at [www.ampcapital.com/aboutus](http://www.ampcapital.com/aboutus).

# About the AMP Capital Core Infrastructure Fund

## Overview

The Fund aims to provide investors with access to a diversified global portfolio of unlisted infrastructure assets and listed infrastructure securities.

The Fund is designed to give investors exposure to the defensive characteristics of infrastructure businesses and aims to provide:

- equity-like returns with lower levels of volatility than listed equities
- an attractive cash yield
- access to high quality unlisted infrastructure assets that are usually only accessible to very large institutional investors
- liquidity through withdrawals - information about liquidity and withdrawals is provided in the 'Risks of investing' and 'Accessing your money' sections of this PDS.

Infrastructure refers to a project or business that supports the provision of essential services to a community, and can include transport assets, energy and water utilities, and community amenities. Through the Fund, investors have the opportunity to invest in global infrastructure assets such as energy and water utilities, and airports – assets that otherwise may be difficult for individual investors to access.

## The Fund's investments

The Fund aims for diversification by investing across infrastructure assets, sectors and geographic locations, with asset allocation targeting:

- **50% to unlisted infrastructure assets** – assets which are either:
  - held directly by the Fund, or
  - accessed through the Fund's investment in infrastructure funds which invest in unlisted infrastructure assets
- **50% to listed infrastructure securities and cash** – listed infrastructure securities are currently accessed through investment in the AMP Global Listed Infrastructure Index Fund Hedged.

Our infrastructure investment philosophy guides our decisions when considering assets for the Fund, and involves assessing each asset against a number of characteristics, such as competitive advantage and operating risk (see the 'Our investment approach' section of this PDS).

## A diversified portfolio

The Fund seeks to provide income and capital growth while managing risk through diversification across assets, sectors and geographic locations. Asset lifecycle is also considered, from early stage projects to growth and mature infrastructure assets. This diversification provides investors in the Fund with the potential for a more stable risk-return profile than would be achieved by investing in a single asset or sector. Additionally, given the nature of infrastructure assets, returns from the Fund are expected to have a low correlation with returns from other asset classes such as shares and bonds, providing further diversification benefits for investors.

## At a glance

### Withdrawals

Our ability to meet withdrawal requests is dependent on the Fund remaining liquid for Corporations Act purposes. We aim to pay withdrawal requests within 10 Business Days<sup>i</sup>; however, due to the liquidity characteristics of the Fund's unlisted infrastructure assets, we may take up to 365 days or longer to pay withdrawal requests, as allowed under the Fund's constitution.

Where we determine we cannot fully meet all withdrawal requests within 10 Business Days, the conditions for the processing of redemptions may be varied as follows, and as permitted under the Fund's constitution. We may process withdrawal requests on a monthly basis according to a specified withdrawal date. In these circumstances withdrawal amounts may be reduced on a pro-rata basis for all withdrawal requests. We will notify you in writing if we intend to process withdrawals on this basis.

See the 'Risks of investing' and 'Accessing your money' sections of this PDS.

### ASIC benchmarks and disclosure principles

The Australian Securities and Investments Commission (ASIC) has released benchmarks and disclosure principles to help investors better understand the characteristics of infrastructure entities and the risks associated with them.

Information about how these benchmarks and disclosure principles apply to the Fund is provided in the 'ASIC benchmarks and disclosure principles for the AMP Capital Advantage Core Infrastructure Fund' document, which is taken to be included in this PDS and should be read in conjunction with this PDS. This document is available online at

**[www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds)** and can be obtained free of charge, on request.

<sup>i</sup> A Business Day for us is any day other than Saturday, Sunday or a bank or public holiday in Sydney, NSW

## Benefits of investing in the Fund

For investors seeking access to infrastructure investment opportunities that otherwise may not be readily available to them, investment in the Fund provides:

- access through a single fund, to a globally diversified portfolio of unlisted infrastructure assets and listed infrastructure securities
- access to unlisted infrastructure assets without the large capital outlay generally associated with this type of investment
- access to two sources of return by investing in unlisted infrastructure businesses and market listed securities
- the potential for strong total returns (income and capital growth)
- diversification provided by:
  - investment in both unlisted infrastructure assets and listed infrastructure securities
  - exposure to assets across a range of sectors, asset lifecycles and geographic locations, and
  - equity-like returns that are expected to have a lower level of volatility than listed equities and a low correlation to shares and bonds
- a higher level of liquidity than is generally associated with investments in unlisted infrastructure assets, through a strategic blending of unlisted infrastructure assets with listed infrastructure securities, and
- access to the investment expertise demonstrated by AMP Capital's track record of managing infrastructure investments for over 25 years.

## Investment risks

All investing involves risk, and you should consider investment risks before making an investment decision. The risks specific to the Fund may include or be associated with:

- **liquidity** – assets subject to liquidity risk may be difficult to trade and it may take longer for their full value to be realised, and in circumstances where the Fund's portfolio ceases to be 'liquid' for Corporations Act purposes, there may be significant delays or a freeze on withdrawal requests.
- **share market investments** – the value of the Fund's investment in listed securities may decrease as a result of adverse share market movements.
- **gearing** – has the effect of magnifying the Fund's returns, both positive and negative.
- **interest rates** – including the risk of capital loss in a rising interest rate environment.
- **international investments** – including losses related to currency exchange rates, hedging, and changes in the state of the Australian and world economies.

- **deal flow** – the availability and volume of new opportunities suitable for the Fund is difficult to predict. We compete against other investors (including other funds managed by us) to secure access to these assets. Consequently, the Fund may not be able to identify or secure access to suitable investments, and this may affect the Fund's returns.
- **co-ownership** – where the Fund's assets are co-owned with other investors (including other funds managed by us), any issues arising out of the co-ownership could affect the performance of the asset.
- **derivatives** – the use of derivatives may magnify any losses incurred.
- **infrastructure investments** – factors affecting infrastructure assets (such as a company's ability to service debt in a rising interest rate environment) may negatively affect the value of the Fund's investments.
- **investment management** – there is a risk that the investment manager will not perform to expectation or factors such as changes to the investment team or a change of investment manager may affect the Fund's performance.

The 'Risks of investing' section of this PDS provides further information about some of the risks noted above, as well as information about other investment risks of which you should be aware.

## Further information

For platform operators, if you have questions about investing in the Fund or require further information, please contact our Client Services team on 1800 658 404 between 8.30 am and 5.30 pm Sydney time, Monday to Friday. Indirect investors should contact their financial adviser or platform operator.

Further information about the Fund is also available online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds). This information may include performance reports.

When reading Fund performance information, please note that past performance is not a reliable indicator of future performance and should not be relied on when making a decision about investing in the Fund.

# Our investment approach

## Infrastructure investment philosophy

Our infrastructure investment philosophy guides our decisions when considering investments for the Fund.

An asset or security in which the Fund invests must exhibit a majority of the following characteristics:

- providing or facilitating the provision of an essential service
- sustainable competitive advantage – through monopolistic characteristics or having high barriers to entry from competitors
- low inherent operating risk and volatility
- low counterparty payment risk
- predictable, long duration, inflation-adjusted cashflows, and
- cashflows that are robust enough to support a geared capital structure.

## Investment style

The Fund aims to provide diversification across a broad range of infrastructure sectors, through investment in both unlisted infrastructure assets and listed infrastructure securities.

As the Fund's unlisted infrastructure assets and listed infrastructure securities are different in nature, they require different investment styles and can have different return cycles.

For unlisted infrastructure assets, we take a 'bottom-up' approach where each opportunity is analysed on an individual basis taking into account the nature of the returns and risks of the asset.

For listed infrastructure securities, we take a 'top-down' approach where the focus is on selecting sectors that fit our infrastructure investment philosophy (see 'Listed infrastructure securities' in this section).

## The Fund's investments

The Fund invests in unlisted infrastructure assets (either held directly by the Fund or accessed through the Fund's investment in infrastructure funds which invest in unlisted infrastructure assets) and in listed infrastructure securities (currently through investment in the AMP Global Listed Infrastructure Index Fund Hedged). In the future, the Fund may invest in other assets and securities.

A list of the Fund's current material investments can be obtained by contacting us.

### Unlisted infrastructure assets

The Fund may access unlisted infrastructure assets in two ways:

- by investing primarily in established and yield generating infrastructure assets directly, including as a co-investor with other investors and with other AMP Capital managed clients and funds, and
- through investing in AMP Capital's infrastructure funds that in turn invest directly in unlisted infrastructure assets that are at any stage of the asset lifecycle, from start up to mature.

### Investing directly, including as a co-investor

The Fund seeks to invest directly (either by itself or as a co-investor) in established infrastructure assets. Assets may be sourced from existing infrastructure portfolios managed by AMP Capital. Such assets may include:

- transport assets such as toll roads, airports, ports or rail which benefit from a lengthy concession from relevant government authorities
- social infrastructure assets including educational and justice facilities, hospitals and aged care
- energy and water utilities which benefit from sustainable competitive advantage and/or monopolistic positions in regulated markets, and
- assets such as rolling stock, which have typical infrastructure characteristics and return profiles.

Having an allocation to infrastructure assets through co-investment gives the Fund the opportunity to acquire assets that are generally only accessible by institutional investors. This also places AMP Capital in a position to be able to have an influence over the asset, through board representation for example, and actively manage these investments with the objectives of increasing their values and income growth prospects.

Certain terms apply when co-investing, including AMP Capital's conflict management process (see 'Co-ownership' and 'Conflict management' in the 'Fund Profile' section of this PDS).

### **Access through investment in infrastructure funds**

The Fund may also gain exposure to unlisted infrastructure assets through investment in infrastructure funds managed by AMP Capital.

### **Listed infrastructure securities**

The Fund currently gains exposure to listed infrastructure securities through investment in the AMP Global Listed Infrastructure Index Fund Hedged, which in turn invests in a customised index of infrastructure securities based on our infrastructure investment philosophy criteria (see 'Infrastructure investment philosophy' in this section). The index is made up of a portfolio of 106 infrastructure securities with a market capitalisation of more than \$1,600 billion (as at 30 June 2018). It is well diversified by country and sector and excludes sectors that are more exposed to competitive rather than regulated markets.

Classifications within the index may include:

- toll roads
- airports
- ports
- rail
- communication infrastructure, such as mobile phone towers
- integrated regulated utilities, which are more exposed to regulated than competitive markets
- transmission and distribution, such as electricity and gas networks, and
- water.

AMP Capital designs and maintains the portfolio within the index, and outsources the implementation of the portfolio to an external party which has proven expertise in implementing global equity portfolios. The external party may change from time to time. The Fund may invest in other listed securities or funds that invest in listed infrastructure securities in the future.

## **Infrastructure investment expertise**

AMP Capital has been investing in infrastructure since 1988, when we participated in financing the Sydney Harbour Tunnel. Today, we manage infrastructure investments in Australia, Asia, Europe and North America, across all infrastructure sectors. Our market presence and reputation has grown through continued participation in infrastructure projects, the building of strong relationships with financial, industry, government and community bodies, and the development of an investment philosophy that guides our infrastructure investment decisions.

### **Our investment team**

Our specialist infrastructure investment team is made up of investment professionals located in Australia, the United Kingdom, Europe, the United States and India.

The team takes an active role in identifying, acquiring and managing investments, and benefits from access to AMP Capital's broader investment management resources and capabilities.

Information about the team can be obtained by contacting us.

# Fund profile

## Asset allocation

Targeted asset allocations for the Fund are as follows:

- **50% to unlisted infrastructure assets** – assets which are either:
  - held directly by the Fund, or
  - accessed through the Fund's investment in infrastructure funds which invest in unlisted infrastructure assets
- **50% to listed infrastructure securities and cash** – listed infrastructure securities are currently accessed through investment in the AMP Global Listed Infrastructure Index Fund Hedged.

The actual asset allocations will be affected by the availability and volume of suitable unlisted infrastructure investment opportunities. Consequently the actual asset allocations may vary significantly from the target allocations. Actual asset allocations can be obtained by contacting us. The Fund may also hold some cash from time to time.

## Acquisition restriction

No more than 25% of the Fund's net asset value, measured at the time of acquisition, can be invested in any single asset, including any single listed security, whether held directly or through another fund. If the Fund size falls below \$100 million, the Fund may only invest up to \$25 million at the time of acquisition, in any single asset, including any single listed security, whether held directly or through another fund.

## Derivatives

The Fund may use derivatives such as forward contracts, swaps, futures or options to hedge against currency fluctuations, reduce risk or gain exposure to physical investments where this is consistent with the Fund's objectives. Derivatives will not be used to gear the Fund. Underlying funds in which the Fund invests may also use derivatives.

We impose restrictions on the use of derivatives within the Fund and monitor the implementation of these restrictions in accordance with the AMP Capital Derivatives Risk Statement, which can be obtained online at [www.ampcapital.com/derivativesriskstatement](http://www.ampcapital.com/derivativesriskstatement), or by contacting us.

## Gearing

Although the Fund's constitution allows the Fund to use gearing (borrowing against its assets) to acquire unlisted infrastructure assets or meet its short term liquidity needs, we do not currently intend to gear the Fund. However, underlying structures through which the Fund invests may use gearing as part of their investment strategies.

## Currency management

The Fund's international investments are primarily hedged back to Australian dollars, with the aim of minimising the volatility of investment returns due to currency fluctuations.

Currency exposures and hedging are overseen by the Exposure Management team and monitored at both the portfolio and individual currency level.

## Co-ownership

Under the Fund's constitution, the Fund may co-invest with other investors including other AMP Capital infrastructure funds, on terms which:

- give the co-owner the first right of refusal over the Fund's interest in the asset, and
- permit the co-owner to acquire the Fund's interest at market value if AMP Capital ceases to manage the Fund.

The Fund currently has co-ownership investments with other AMP Capital infrastructure funds and with unrelated third parties. As is common market practice with co-ownership arrangements, the Fund may enter into agreements with co-owners which govern a number of issues, that may include:

- business scope
- confidentiality of information
- rights to appoint the Board of Directors
- approval of major capital expenditure and financing decisions, and
- sale of shares and the rights of other shareholders (pre-emptive rights).

Agreements can also contain penalties for non-compliance, including refusal to transfer shares, and the right of a co-owner to acquire shares at valuation where a change of ownership has not been undertaken as authorised by the shareholder agreement.

## Conflict management

The Fund normally seeks to access unlisted global infrastructure investments through co-investment with other AMP Capital managed infrastructure funds. Under the Fund's constitution, the Fund is authorised to make investments in other infrastructure funds managed by us.

To manage any conflict of interest between funds managed by us, we have conflicts management procedures and protocols, as well as a deal allocation protocol that has been developed to ensure fair and transparent distribution of deal flow between competing fund and client portfolios.

## Environmental, social and governance (ESG) considerations

AMP Capital takes account of labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments relating to the Fund to the extent set out below.

AMP Capital has no predetermined view about what we regard to be a labour standard or environmental, social or ethical consideration or how far they will be taken into account in the selection, retention or realisation of investments relating to the Fund. However, we take these considerations into account in the selection, retention or realisation of investments relating to the Fund to the extent that they may financially affect the investment.

AMP Capital acknowledges there are links between an organisation's environmental and social impacts, the quality of its corporate governance, and its long-term financial success. AMP Capital has an ESG policy describing our approach to considering ESG issues in investments.

Decisions about whether to buy, hold or sell investments are based primarily on financial and economic factors. ESG issues are taken into account by us in making these decisions as part of our investment research and analysis. AMP Capital also engages with the board and management teams of companies in which we invest on relevant ESG topics.

Other than to the extent stated above, AMP Capital does not exclude companies, asset types or industry sectors wholly on moral or ethical grounds.

## Further information

More detailed information about the Fund, including further information about co-ownership and conflict management, is provided in the 'ASIC benchmarks and disclosure principles for the AMP Capital Advantage Core Infrastructure Fund' document, which is taken to be included in this PDS and should be read in conjunction with this PDS. This document is available online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) and can be obtained free of charge, on request.

# Risks of investing

## All investing involves risk

Generally, the higher the expected return, the higher the risk.

Assets with the highest long term returns may also carry the highest level of short term risk, particularly if you do not hold your investment for the minimum suggested investment timeframe. Additionally, different investment strategies may carry different levels of risk, depending on the assets in which a fund invests.

Whilst the Fund is managed with the aim of providing competitive investment returns against the Fund's performance benchmark and protecting against risk, you should be aware that the Fund is subject to investment risks, which could include delays in repayment, the non-payment of distributions and loss of capital invested.

When you invest in a fund, you should be aware that:

- returns are not guaranteed – future returns may differ from past returns, and the level of returns may vary, and
- the value of your investment may vary, and there may be the risk of loss of invested capital.

Investment risks can affect your financial circumstances in a number of ways, including:

- your investment in the Fund may not keep pace with inflation, which would reduce the future purchasing power of your money
- the stated aims and objectives of the Fund may not be met
- the amount of any distribution you receive from the Fund may vary or be irregular, which could have an adverse impact if you depend on regular and consistent distributions to meet your financial commitments, and
- your investment in the Fund may decrease in value, which means you may get back less than you invested.

The value of your investment in the Fund may be affected by the risks listed in this section and by other risks or external factors such as the state of the Australian and world economies, consumer confidence and changes in government policy, taxation and other laws.

Other factors such as your age, the length of time you intend to hold your investment, other investments you may hold, and your personal risk tolerance will affect the levels of risk for you as an investor. As the risks noted in this section do not take into account your personal circumstances, you should consider the information provided in 'Making an investment decision' at the end of this section, before making a decision about investing or reinvesting in the Fund.

## Risks specific to the Fund

### Liquidity

Liquidity refers to the ease with which an asset can be traded (bought and sold). An asset subject to liquidity risk may be more difficult to buy or sell and it may take longer for the full value to be realised.

Where the Fund has exposure to investments which are generally considered to be illiquid, it may be subject to liquidity risk.

We manage the Fund's portfolio with the aim of ensuring that exposure to illiquid assets is no greater than 20%. However, in circumstances where the Fund's portfolio consists of less than 80% in value of liquid assets, we may not be able to meet withdrawal requests within the periods specified under the 'Payment times' section of this PDS, and may suspend processing all withdrawal requests for such period as we determine.

In addition, we will not meet withdrawal requests if the Fund ceases to be 'liquid' for the purposes of the Corporations Act. However, although we are not obliged to, we may offer investors the opportunity to make withdrawals where the Fund is not 'liquid' during this period, as set out under the 'Processing withdrawal requests' section of this PDS.

### Share market investments

Share market investments have historically produced higher returns than cash or fixed interest investments over the long term. However, the risk of capital loss exists, especially over the shorter term. You should be aware that past share market investment performance is not an indication of future performance.

Specific risks may include a slowdown in economic growth, individual companies reporting disappointing profits and dividends, and management changes. Where a fund is invested in listed securities, the value of these securities may decrease as a result of these and other events.

### Gearing and interest rates

Most infrastructure assets are financed using a moderate to high degree of gearing measured as a proportion of the total enterprise value. Gearing has the effect of magnifying returns, both positive and negative, which means that the risk of loss of capital may be greater than if gearing did not take place. The cost and availability of leverage is dependent on the state of the broader credit markets, and increases in interest rates may affect the cost of borrowings and so reduce returns.

### International investments

- **Currency exchange rates** – where the Fund's investments are located overseas, the relative strength or weakness of the Australian dollar against other currencies may influence the value of, or income from, an investment.
- **Currency hedging** – where international investments are primarily hedged back to Australian dollars, the Fund could still incur losses related to hedging or currency exchange rates. Such losses may affect the Fund's taxable income and its subsequent ability to pay distributions. Risks such as illiquidity or default by the other party to the hedging transaction may also apply.
- **Less protection under laws outside of Australia** – the laws under which assets located outside of Australia operate may not provide equivalent protection to that of Australian laws, which may mean that the Fund is unable to recover the full or part value of an offshore investment.
- **Operational risk** – investing across multiple markets and currencies magnifies risks associated with international investments.

Changes in the state of the world economies may affect the value of your investment in the Fund.

### Deal flow

The availability and volume of new opportunities suitable for the Fund is difficult to predict. We compete against other investors (including other funds managed by us) to secure access to these assets. Consequently, the Fund may not be able to identify or secure access to suitable investments, and this may affect the Fund's returns.

### Co-ownership

Where the Fund's assets are co-owned with other investors (including other funds managed by us), any issues arising out of the co-ownership could affect the performance of the asset (see 'Co-ownership' in the 'Fund profile' section of this PDS).

### Derivatives

There are risks of losses to the Fund through the use of derivatives, and where derivatives are used by underlying funds in which the Fund invests, including:

- the value of a derivative may not move in line with the value of the underlying asset
- a derivative position cannot be reversed
- losses may be magnified, and
- the party on the other side of a derivative contract defaults on financial or contractual obligations.

### Infrastructure investments

Risks associated with investing in infrastructure investments may include the following:

- a company's ability to meet debt commitments may be adversely affected by such factors as interest rate movements
- construction and project management costs may increase due to factors such as delays in completion of a project
- external parties associated with the operation of the asset may not meet their contractual obligations
- the expected usage and subsequent returns on the asset may be less than originally projected
- changes in regulation or the introduction of new regulations could affect the value of the asset, and
- the carrying value of the Fund's investments used to generate the Fund's unit price may not reflect their currently realisable value. This may be due to a range of factors, including liquidity pressures, market sentiment at the time of sale, the volume of assets being sold, availability of willing purchasers for an asset and delays between valuation and realisation of an asset.

### Investment management

There is a risk that the investment manager will not perform to expectation or factors such as changes to the investment team or a change of investment manager may affect the Fund's performance.

### Other risks

Other risks of investing may apply and you should seek appropriate advice before investing.

### Making an investment decision

As the risks noted in this PDS do not take into account your personal circumstances, you should consider the following before making a decision about investing or reinvesting in the Fund:

- **Obtain professional advice** to determine if the Fund suits your investment objectives, financial situation and particular needs.
- **Ensure** you have read the most up-to-date AMP Capital Core Infrastructure Fund PDS.
- **Consider** the suggested minimum investment timeframe for the Fund, as set out in the Fund's PDS.
- **Regularly review** your investments in light of your investment objectives, financial situation and particular needs.

# Fees and other costs

## DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

## TO FIND OUT MORE

If you would like to find out more, or see the impact of fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneySMART.gov.au](http://www.moneySMART.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This PDS shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in the 'Taxation' section of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Unless otherwise specified, all dollar amounts are Australian dollars.

**Table 1****AMP Capital Core Infrastructure Fund**

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the managed investment product</b>		
<b>Establishment fee</b> The fee to open your investment.	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment.	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment.	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment.	Nil	Not applicable
<b>Management costs<sup>i</sup></b>		
The fees and costs for managing your investment.	1.43% pa of the Fund's net assets	Management costs are comprised of: – a <b>management fee<sup>ii</sup></b> of 1.51% pa- calculated daily and paid monthly out of the Fund's assets and reflected in the unit price.
<b>Service fees</b>		
<b>Switching fee</b> The fee for changing investment options.	Nil	Not applicable

## Example of annual fees and costs

Table 2 gives an example of how the fees and costs in the Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products. The fees and costs shown in this table are an example only and are not additional to the fees and costs described in Table 1.

### Table 2

Management costs are calculated with reference to your investment balance. Management fees are calculated on gross assets which may be higher than investment balances because of gearing within the Fund and underlying funds. The figures above assume no gearing. The gearing level of the Fund and underlying funds is not expected to be significant over the long term. This may change as new investments are made in other underlying funds.

## Additional explanation of fees and costs

### Management costs

Management costs are expressed as a percentage of the Fund's net assets, rounded to two decimal places. Management costs are made up of a management fee, an estimated performance fee (if applicable) and estimated indirect costs. Any management fees, performance fees or indirect costs charged by interposed vehicles are included in the management costs in Table 1; they are not an additional cost to you.

### Management costs components

The management costs shown in Table 1 comprise the following components. The sum of these figures may differ to the total management costs, due to rounding. All figures in the table below are expressed as a percentage of the net assets of the Fund.

#### Management fee

The management fee is charged by the Responsible Entity for managing and operating the Fund. The management fee of 1.50% is charged on the value of the gross assets of the Fund. When calculating the value of the gross assets of the Fund for this purpose, we may value any units held by the Fund in underlying funds by reference to the gross assets of the underlying funds (that is, disregarding the value of any borrowings, other liabilities or provisions in those underlying funds) rather than the net asset value. For the purposes of the management costs calculation in Table 1, the management fee has been expressed as a percentage of the net assets.

#### Performance fee

The performance fee is charged by the Responsible Entity as an amount calculated by reference to the performance of the Fund as a whole, subject to the satisfaction of certain conditions. A performance fee of 15.375% (inclusive of GST less reduced input tax credits) of the outperformance of the Fund may be charged, based on the Fund's total return over the 10 year Australian Government Bond Yield plus 3.25% pa. Outperformance is measured on an after management fee, indirect costs and transactional and operational costs basis. Estimated performance fees are included in the management costs in Table 1.

Performance fee periods are at half-yearly intervals, 30 June and 31 December.

The performance fee is normally calculated each Business Day, and is calculated separately for each class of units. The daily performance fee calculation can be a positive or negative amount depending on whether or not the benchmark return has been exceeded.

If the aggregate of all performance fee calculations for a performance fee period is positive, a performance fee is payable. If the amount is negative, no performance fee is payable and any performance fee payable for the next performance fee period is reduced by that negative amount.

Performance fees are generally accrued in the unit price. The Responsible Entity may elect to receive units in the Fund instead of cash in respect of any management or performance fee payable.

### Indirect costs

Indirect costs are generally any amount the Responsible Entity knows or estimates will reduce the Fund's returns, that are paid from the Fund's assets or the assets of interposed vehicles.

Generally, an interposed vehicle is a body, trust or partnership in which the Fund's assets are invested. It includes, for example, an underlying fund.

The amount of indirect costs include, but are not limited to:

- recoverable expenses of the Fund
- management costs of an interposed vehicle (including recoverable expenses, performance-related fees and any other indirect costs of underlying managers or interposed vehicles in which the Fund invests), and
- a reasonable estimate of the costs of investing in over-the-counter (OTC) derivatives (either at the Fund level or in interposed vehicles), which may be used by the Fund to gain economic exposure to assets.

The amount of indirect costs shown in the 'Management costs component' table is based on the Responsible Entity's knowledge of, or where required, reasonable estimate of, such costs. Indirect costs are generally calculated on the basis of indirect costs paid by the Fund in the Fund's previous financial year. As such, the actual indirect costs may differ from the amount shown in the 'Management costs components' table. Indirect costs are deducted from the returns on your investment or from the Fund's assets as a whole. They are reflected in the unit price and are not an additional cost to you. Estimated indirect costs are included in the management costs in Table 1.

#### Recoverable expenses

The Fund's constitution entitles the Responsible Entity to be reimbursed from the Fund for any expenses incurred in relation to the proper performance of its duties.

The Responsible Entity may also recover other expenses relating to the operation of the Fund. These expenses include but are not limited to audit and legal fees, tax and accounting services, custody, administration and registry services, regulatory compliance and the cost of preparing disclosure documents. Internal expenses incurred in connection with these matters may also be recovered from the Fund. Recoverable expenses are included in the management costs in Table 1.

## Updated fees and costs information

The management costs components are based on the Responsible Entity's actual knowledge, or reasonable estimate, of the particular fee or cost. Estimates may be based on a number of factors, including (where relevant), previous financial year information, information provided by third parties or as a result of making reasonable enquiries, and typical costs of the relevant investment. As such, the actual fees and costs may differ and are subject to change from time to time. Updated information that is not materially adverse to investors will be updated online at [www.ampcapital.com/feesandcosts](http://www.ampcapital.com/feesandcosts), or you may obtain a paper copy or an electronic copy of any updated information from us, free of charge, on request. However, if a change is considered materially adverse to investors, the Responsible Entity will issue a replacement PDS and/or updated

incorporated information, both of which will be available online. You can also obtain a copy of these documents free of charge, by contacting us.

## Transactional and operational costs

The Fund incurs transactional and operational costs when dealing with the assets of the Fund. Transactional and operational costs may include transactional brokerage, clearing costs, stamp duty, the buy and sell spreads of any underlying fund and the costs of (or transactional and operational costs associated with) derivatives. These costs will differ according to the type of assets in the Fund, or for the purpose for which any derivatives are acquired and will be paid out of the Fund's assets.

We estimate the Fund's transactional and operational costs to be approximately 0.11% of the net assets of the Fund.

### Buy and sell spreads

Transactional and operational costs associated with dealing with the Fund's assets may be recovered by the Fund from investors, in addition to the fees and costs noted in Table 1.

Investments and withdrawals in the Fund may incur buy and sell spreads, which are designed to ensure, as far as practicable, that any transactional and operational costs incurred as a result of an investor entering or leaving the Fund are borne by that investor, and not other investors.

Buy and sell spreads are calculated based on the actual or estimated costs the Fund may incur when buying or selling assets. They will be influenced by our experience of the costs involved in trading these assets or the costs that the Fund has actually paid, and will be reviewed whenever necessary to ensure they remain appropriate.

When you enter or leave the Fund, any buy or sell spread applicable at that time is a cost to you, additional to the fees and costs noted in Table 1, and is reflected in the unit price. The buy and sell spreads are retained within the Fund, as assets of the Fund; they are not fees paid to the Responsible Entity, AMP Capital or any investment manager.

The buy spread is taken out of application amounts. The sell spread is taken out of withdrawal amounts. As at the date of this PDS, a buy spread of 0.125% and a sell spread of 0.125% apply to the Fund.

Based on the buy and sell spreads noted above, an investment of \$50,000 would incur a buy spread of \$62.50, and a withdrawal of \$50,000 would incur a sell spread of \$62.50. This is an example only; it is not an estimate or forecast. The actual buy and/or sell spreads may be higher or lower.

Current buy and sell spreads can be obtained online at [www.ampcapital.com.au/spreads](http://www.ampcapital.com.au/spreads) or by contacting us.

If investments and withdrawals in the Fund incur buy and sell spreads, we estimate that a buy spread of 0.125% and a sell spread of 0.125% will recover the Fund's transactional and operational costs incurred due to investor activity. However, the balance of the Fund's transactional and operational costs will be borne by the Fund from the Fund's assets without any recovery from individual investors and reflected in the Fund's unit prices.

The following table shows a breakdown of the total estimated transactional and operational costs and how these are borne by investors.

Total estimated transactional and operational costs	0.11%
Estimated transactional and operational costs offset by buy/sell spreads	0.04%
Estimated transactional and operational costs borne by the Fund	0.07%

## Other costs

### Borrowing costs

Borrowing costs (or gearing costs) are the costs associated with borrowing money or securities (such as interest, establishment fees, government charges and stock borrowing fees). Borrowing costs are paid out of the Fund's assets or the underlying fund's assets (as the case may be) and reflected in the unit price.

We estimate these borrowing costs to be 0.00% of the Fund's net assets. These costs will be paid out of the Fund's assets and are additional to the fees and costs noted in Table 1 above.

### Costs related to certain specific assets or activities to produce income

The Fund may also incur costs (related to certain specific assets or activities to produce income) that an investor would incur if they invested directly in a similar portfolio of assets. These costs will be paid out of the Fund's assets and are additional to the fees and costs noted in Table 1 above.

## Liabilities properly incurred

The Fund's constitution entitles the Responsible Entity to be indemnified from the Fund for any liability properly incurred.

## Maximum fees

The maximum fees that can be charged under the Fund's constitution (exclusive of GST) are:

- **Contribution fee** – 5% of the application amount. Currently, no contribution fee is charged.
- **Withdrawal fee** – 5% of the withdrawal amount. Currently, no withdrawal fee is charged.
- **Management fee** – 3% per annum of the value of the assets of the Fund. The current management fee charged is 1.50% per annum.

Under the Fund's constitution, the Responsible Entity is entitled to be paid an additional amount on the above fees, on account of GST, calculated in accordance with the Fund's constitution.

## Changes to fees

The Responsible Entity may change the fees noted in this PDS at its discretion and without the consent of investors. For example, fees may be increased where increased charges are incurred due to changes to legislation, where increased costs are incurred, if there are significant changes to economic conditions, or if third parties impose or increase processing charges. However, we will give investors 30 days' written notice of any intention of the Responsible Entity to increase the existing fees, or introduce performance fees or contribution or withdrawal fees.

## Goods and Services Tax

Unless otherwise stated, the fees and other costs shown in this section are inclusive of GST, less reduced input tax credits or other input tax credits claimable. For information about the tax implications of investing in the Fund, refer to the 'Taxation' section of this PDS.

## Differential fees

A rebate of part of the management fee or a lower management fee may be negotiated with investors who are wholesale clients for the purposes of the Corporations Act or with AMP Group staff. Further information can be obtained by contacting us.

## Alternative forms of remuneration

AMP Capital and the Responsible Entity may provide alternative forms of remuneration, such as professional development, sponsorship, and entertainment for financial advisers, dealer groups and master trust or investor directed portfolio service (IDPS) operators, where the law permits. Where such benefits are provided, they are payable by us or the Responsible Entity and are not an additional cost to you. AMP Capital and the Responsible Entity maintain a register to record any material forms of alternative remuneration we or the Responsible Entity may pay or receive. We will provide you with a copy of our register free of charge, on request.

## Payments to your financial adviser

Although we do not make any payments to financial advisers whose clients invest in the Fund through the Fund's PDS, your financial adviser may receive payments and/or other benefits from the dealer group or organisation under which they operate. These payments and benefits are not a cost to the Fund.

## Other payments

Payments may be made to entities such as dealer groups, platform operators, master trusts and investment administration services in relation to the Fund, where the law permits. They are paid by us and are not a cost to you.

The amount of these payments may change during the life of this document. For further information, please refer to the offer document issued by the relevant entity.

# Taxation

## Taxation treatment of your investment

It is important that you seek professional taxation advice before you invest or deal with your investment, as the taxation system is complex, and the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

These comments are for information purposes and are intended for tax paying investors who hold their investment on capital account for income tax purposes and are based on our interpretation of Australian taxation laws and Australian Taxation Office administrative practices at the date of publication of this document.

The Fund is a Managed Investment Trust (MIT) and will be administered as an Attribution Managed Investment Trust (AMIT).

The AMIT tax regime seeks to improve the operation of the taxation law for MITs by increasing certainty for responsible entities and unit holders and allowing greater flexibility around how MITs are administered.

Under the AMIT tax regime, you are taxed on the taxable income that is attributed to you by the Responsible Entity on a fair and reasonable basis and in accordance with the Fund's constitution. You may be entitled to tax offsets, which reduce the tax payable by you, and concessional rates of tax may apply to certain forms of taxable income such as capital gains.

Australian resident individuals are liable to pay tax at their marginal rates on the taxable income attributed to them from the Fund. Generally, tax is not paid on behalf of investors. If you are not an Australian resident for income tax purposes, withholding tax may be deducted from the taxable income of the Fund attributed to you at prescribed rates, dependent on the components of the Fund's taxable income.

Please note that at the time of your initial or additional investment there may be unrealised capital gains or accrued income in the Fund. If later realised, these capital gains and income may form part of the taxable income attributed to you. In addition, there may be realised but undistributed capital gains or income in the Fund, which may form part of the taxable income attributed to you.

Any losses generated by the Fund cannot be passed onto investors. However, where specific requirements are satisfied, the Fund should be eligible to offset losses to reduce later year income or capital gains.

You may also be liable to pay capital gains tax on any capital gains in respect of your investment, such as from disposing of your investment. You may instead realise a capital loss in respect of your investment, which may be used to reduce capital gains in the same or later years. The cost base of your investment, which is relevant when calculating any such capital gains or losses, may change over the duration of holding your investment. The cost base of your interest in the Fund may

increase or decrease if the taxable income attributed to you differs to the amounts that you have received as a cash distribution.

Each year we will send you an AMIT Member Annual Statement (AMMA Statement), which will contain details of the taxable income attributed to you for the year, together with any net cost base adjustment amount by which the cost base of your interest in the Fund should be increased or decreased.

Taxation laws and administrative practices change from time to time. Such changes may impact the taxation of the Fund and you as an investor. It is your responsibility to consider and monitor the impact of any taxation reforms impacting your investment.

## Providing a Tax File Number (TFN)

You do not have to provide a TFN, exemption code or Australian Business Number (ABN) when you complete an application to invest or reinvest in the Fund. However, if you do not provide any of these, the Responsible Entity is required to deduct tax from most distributions, including where those distributions are reinvested, at the highest marginal tax rate plus any applicable levies.

# Distributions

The Fund aims to pay distributions quarterly.

You should be aware that although the Fund's objective is to pay distributions quarterly, the amount of each distribution may vary or no distribution may be payable in a distribution period.

Unit prices will normally fall after the end of each distribution period. Consequently, if you invest just before the end of a distribution period, some of your capital may be returned to you as income in the form of a distribution.

Any distributions you receive may affect the social security benefits to which you are or may be entitled, and you should consider discussing this with your financial adviser, Centrelink or the Department of Veterans' Affairs before investing.

Distributions paid are based on the income earned by the Fund and the number of units you hold at the end of the distribution period. For example, if you held 50,000 units in the Fund, and the Fund paid a distribution of \$0.02 per unit for the distribution period, you would receive \$1,000 (that is, 50,000 units x \$0.02 per unit). Please note this is an example only and not a forecast, the distribution rate will vary for each distribution.

## Payment of distributions

You can choose to have distributions:

- paid directly into your current nominated account, or
- reinvested in the Fund

by indicating your selection on your application form. If no selection is made, distributions will be reinvested.

## Reinvestment

Under the Fund's constitution, the issue price for reinvested distributions is determined by the net asset value (adjusted by any distribution payable), any transaction costs and the number of units on issue in the unit class as at the last day of the distribution period. However, no buy spread is applied to reinvested distributions (see 'Buy and sell spreads' in the 'Fees and other costs' section of this PDS).

# Investing in the Fund

## Who can invest?

Applications to invest in the Fund through this PDS can only be made by:

- individual and joint investors 18 years of age or over
- partnerships
- companies
- trusts, or
- superannuation funds.

Further information is provided in the 'Applying for an investment' section of this PDS.

## How to invest

The offer to invest in the Fund is subject to the terms and conditions described in the PDS current at the time of contributing any investment amount. A current PDS can be obtained free of charge online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) or by contacting us.

### Platform operators

You will need to complete an application form when applying for an initial or additional investment in the Fund. An application form can be obtained free of charge by contacting us on 1800 658 404.

### Indirect investors

Your financial adviser or platform operator can provide you with a current PDS and information about how to apply, including the form you will need to complete, minimum initial and additional investment amounts, and the method of paying your investment amount.

## Processing applications

We generally process applications each Business Day<sup>i</sup>, using the close of business issue price for that day.

Currently, if we receive an application after 1.00pm or on a non-Business Day for us, we treat it as having been received before 1.00pm the next Business Day.

## Issue price

The issue price is determined under the Fund's constitution by reference to the net asset value and transaction costs pertaining to the relevant class of units, and the number of units on issue in that unit class.

The market value and net asset value of the Fund are normally determined at least each Business Day, using the market prices and unit prices of the assets in which the Fund is invested.

The Responsible Entity may exercise certain discretions in determining the unit price (see 'Unit Pricing Discretions Policy' in the 'Other important information' section of this PDS).

## Cooling off rights

Where your application to invest or reinvest in the Fund has been accepted, you can request the return of your investment within 14 days of the earlier of the initial transaction being confirmed, or the end of the fifth Business Day after the units were issued.

The amount to be returned will be your investment, adjusted to take into account any increase or decrease in the unit price, any reasonable administration and transaction costs incurred, and any tax or duty payable on the units. Because of this adjustment, the amount returned to you may be less than the amount of your initial investment in the Fund.

Your investment cannot be returned if you have exercised any rights or powers available under it.

## Nominated representative

You may nominate a representative to operate your investment in the Fund on your behalf. Your nominated representative will be able to exercise the same powers as you under the Fund's constitution, including transacting on your investment account.

### Conditions

By nominating a representative, you agree to certain conditions, including indemnifying the Responsible Entity against any liabilities arising out of the nomination of your representative. You will be provided with the full terms and conditions when you nominate your representative.

Please contact us if you require further information.

## The value of your investment

Investors in a managed investment scheme are issued with 'units', each of which represents a share of the value of the scheme's assets. The Fund has a number of classes of units. Investments made through this PDS relate to On-platform Class G units.

Unit prices can rise and fall on a daily basis depending on a number of factors, including the market value of the Fund's assets. Consequently, the value of your investment will vary from time to time.

<sup>i</sup> A Business Day for us is any day other than Saturday, Sunday or a bank or public holiday in Sydney, NSW.

### Platform operators

The value of your investment at any point in time is calculated by multiplying the number of units you hold, by the On-platform Class G unit price current at that time. Unit prices are updated regularly online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) and can also be obtained by contacting us.

### Indirect investors

When you invest through this PDS, the platform operator holds units on your behalf. The value of your investment at any point in time is calculated by multiplying the number of units held for you, by the unit price set by the platform operator. Your financial adviser or platform operator can provide you with the current unit price relevant to your investment in the Fund.

## Risk

The Fund is not capital guaranteed and the value of an investment in the Fund can rise and fall. You should consider the risks of investing before making a decision about investing in the Fund (see the 'Risks of investing' section of this PDS).

## Terms and conditions of investing

The offer to invest in the Fund is subject to the terms and conditions described in the Fund's current PDS and as set out in the Fund's constitution (see the 'Other important information' section of this PDS). The Responsible Entity reserves the right to change the terms and conditions (see below) and to refuse or reject an application.

We can only accept applications signed and submitted from within Australia. We cannot accept cash.

## Changes to the information in a PDS

Before making an investment decision, it is important to read a current PDS, as information provided in a PDS may change from time to time. If changes are not materially adverse to investors, the relevant information will be updated online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds). However, if a change is considered materially adverse to investors, the Responsible Entity will issue a replacement or supplementary PDS which will be available online. You can also obtain a copy of the replacement or supplementary PDS free of charge, by contacting us.

The Responsible Entity may change the Fund's investment return objective or investment approach, from time to time, if it considers it to be in the best interests of investors. If it does so, it will advise investors.

## Retaining this PDS

You should keep this PDS and any replacement or supplementary PDS, as you may need to refer to information about the Fund for ongoing investing. We will send you a current PDS and any replacement or supplementary PDS free of charge, on request.

## Questions about your investment

Please contact our Client Services team on 1800 658 404 if you have questions relating to your investment.

# Accessing your money

## Requesting a withdrawal

### Nominated account

When you complete your application form, you nominate the account into which you would like withdrawals to be paid. Withdrawal amounts will only be paid into your current nominated account.

You can change your nominated account at any time by providing the new nominated account details to us in writing, by mail.

### Withdrawal requests

You can request a withdrawal by completing a withdrawal form or sending us a letter. Your withdrawal request can be sent to us:

- by mail or fax\* if the withdrawal is to be paid to your current nominated account, or
- by mail only if the withdrawal is to be paid to an account other than your current nominated account.

Withdrawal forms can be obtained online at [www.ampcapital.com.au/forms](http://www.ampcapital.com.au/forms) or by contacting us.

If requesting a withdrawal by letter, please include your client number, the name of the Fund and the withdrawal amount. Withdrawal request letters can only be accepted if they are signed by the authorised signatories.

\* Please refer to 'Communication by fax' in the 'Other important information' section of this PDS.

### Minimum withdrawal amount and account balance

A minimum withdrawal amount of \$5,000 applies, and a balance of \$10,000 is generally required to keep your investment open. If your account balance falls below this level, the Responsible Entity may redeem your investment and pay the proceeds to you. The Responsible Entity reserves the right, however, to accept lower account balances.

## Processing withdrawal requests

If our Sydney office receives a withdrawal request before 1.00pm on a Business Day, your withdrawal will be processed using the withdrawal price for that day. If received and accepted after 1.00pm, it will be processed using the withdrawal price for the next day. If it is a non-Business Day in Sydney, your withdrawal will be processed using the next available withdrawal price.

The proceeds of your withdrawal request will usually be available within 10 Business Days (see 'Payment times' in this section).

The unit price used to calculate your withdrawal value will generally be the price calculated on the last valuation date before we process the payment of your withdrawal request.

In circumstances where the Fund's portfolio consists of less than 80% in value of liquid assets, for example because of an unexpected fall in the value of those liquid assets against the

value of the illiquid assets in the Fund's portfolio, we may not be able to meet withdrawal requests until the Fund's exposure to illiquid assets falls to 20% or less of its portfolio. We may, at our discretion, offer investors the opportunity to make withdrawals during this period. At such times, we will notify investors of the offer, providing details about:

- the period during which the offer will remain open, and
- which assets will be used to satisfy withdrawal requests.

### **Total withdrawals**

Where the total withdrawals exceed 5% of the net assets of the Fund on any one day, we may determine that part of the withdrawal amount payable consists of income.

### **Large withdrawals**

We may restrict the amount that an investor may withdraw during any three month period to 25% of the greatest number of units they held during the last 12 months if, either at the date of the withdrawal request or at any time within the previous 12 months, the investor held 20% or more of the total units in the Fund.

### **Monthly processing of withdrawal requests (if applicable)**

The existing withdrawal process set out above may be changed where it is determined that the amount of funds available for meeting withdrawal requests is not sufficient to fully meet all withdrawal requests within 10 Business Days. The conditions for the processing of redemptions will be varied as permitted under the Fund's constitution.

We will determine to process withdrawal requests on a monthly basis according to a specified withdrawal date. In these circumstances withdrawal amounts may be reduced on a pro-rata basis for all withdrawal requests. We will notify you in writing if we determine to process withdrawals on this basis.

If the monthly processing of withdrawal requests and pro-rata processing of withdrawal payment amounts applies:

- You can still submit a withdrawal request at any time, and withdrawal requests will be paid into your nominated bank account. More than one withdrawal request per investor will be accepted in relation to any specified withdrawal date. If we receive more than one withdrawal request from you, we will aggregate and process your total withdrawal requests received before 1.00pm Sydney time on the specified withdrawal date.
- The specified withdrawal date will be the 15th day of each calendar month, or the next Business Day if the specified withdrawal date is not a Business Day (see above in this section).
- Withdrawal requests will be met out of the total amount of funds available for the purpose of meeting withdrawal requests. In determining this amount, we will act in the best interests of investors, while taking into account a number of factors, including the amount of cash available in the Fund.
- Where we determine cash is not available to fully meet withdrawal requests relating to a specified withdrawal date, withdrawal payment amounts will be reduced on a pro-rata basis for all withdrawal requests. If we reduce withdrawal payment amounts, you will need to submit a new withdrawal request for the balance of the unpaid withdrawal amount (or any other amount).
- This new withdrawal request will be processed at the specified withdrawal date relevant to the date we receive the request, and will be reduced on a pro-rata basis if there is insufficient cash available in the Fund to fully meet the request.
- The unit price used to calculate your withdrawal value will generally be the price calculated on the last valuation date

before we process the payment of your withdrawal request (or part of your withdrawal request), not the day you notify us of your intention to withdraw.

- Withdrawal requests subject to monthly processing and pro-rata processing of withdrawal payment amounts will be satisfied within 365 days, or such longer period as permitted under the Fund's constitution.

We will notify you in writing if we determine to stop processing withdrawal requests on a monthly basis.

### **Withdrawal price**

The withdrawal price is determined under the Fund's constitution by reference to the net asset value and transaction costs pertaining to the relevant class of units, and the number of units on issue in that unit class.

The market value and net asset value of the Fund are normally determined at least each Business Day, using the market prices and unit prices of the assets in which the Fund is invested.

The Responsible Entity may exercise certain discretions in determining the unit price (see 'Unit Pricing Discretions Policy' in the 'Other important information' section of this PDS).

## Payment times

Although the proceeds of your withdrawal request will usually be available within 10 Business Days of receipt, you should be aware that:

- payment and processing of withdrawal requests is dependent on the Fund's cash position, and
- the Fund's constitution allows up to 365 days, or longer in some circumstances, to process withdrawal requests. These circumstances include but are not limited to:
  - where the Responsible Entity is unable to realise sufficient assets due to circumstances beyond its control, such as restricted or suspended trading in the market for an asset, or
  - if the Responsible Entity does not consider it is in the best interests of investors to realise sufficient assets to satisfy a withdrawal request.

If monthly processing of withdrawal requests applies, subject to the above conditions and the Fund's constitution, you should be aware that the amount paid to you may be less than the amount requested or that no amount may be payable in a month.

### **Suspension of withdrawals**

Withdrawals may be suspended in certain circumstances. These circumstances include:

- where we are unable to realise sufficient assets due to circumstances beyond our control, such as restricted or suspended trading in relevant markets
- if we do not consider it is in the best interests of investors to realise sufficient assets to satisfy a withdrawal request
- where the Fund ceases to be 'liquid' as defined in the Corporations Act
- where it is reasonably considered to be in the best interests of investors to suspend, for example where we are unable to manage the Fund in order to meet its investment objectives, or
- where the law otherwise permits.

We treat withdrawal requests outstanding when a suspension occurs, or received during a suspension period, as having been received by us immediately after the end of the suspension period.

The withdrawal provisions outlined in this PDS only apply while the Fund is liquid. Where the Fund ceases to be liquid as defined in the Corporations Act, withdrawals are suspended and investors will not be able to withdraw from the Fund unless and until we choose to make a withdrawal offer to investors.

## Transfer of units

Please contact us for all transfer requests.

# Keeping you informed

## **Investment information**

We will send you the following information:

- confirmation of each transaction (other than transactions made through a regular investment plan)
- quarterly statements which show the balance of your investment and any transactions made and fees charged since your last statement, and
- a tax statement at the end of each tax year.

## **Online access**

Online access allows you to view your investment information, annual reports and statements at any time. To register for online access, please contact us.

## **Fund information**

We will provide you with the following information free of charge, on request:

- the Fund's annual financial reports
- a paper copy of any updated information, and
- any replacement or supplementary PDS.

# Other important information

## The Fund's constitution

The Fund's constitution provides the framework for the operation of the Fund and with the Fund's PDS, the Corporations Act and other relevant laws, sets out the relationship between the Responsible Entity and unitholders. We will send you a copy of the Fund's constitution free of charge, on request.

## Overview of the Fund's constitution

The Fund may have a number of classes of units. Under the Fund's constitution, the different unit classes may have different management costs, expenses and distributions, but otherwise all classes of units have similar rights. Some of the provisions of the Fund's constitution are set out in this PDS. Further provisions relate to:

- the rights and liabilities of unitholders
- the times when processing of withdrawal requests can be extended, such as if the Fund is illiquid or it is not in the best interests of unitholders
- where taxes or other amounts can be deducted from payments to unitholders
- where transfers and applications may be refused
- the liability of the Responsible Entity to unitholders in relation to the Fund, which is limited to any liability imposed by the Corporations Act, so long as the Responsible Entity acts in good faith and without gross negligence
- the powers, rights and liabilities of the Responsible Entity, including its power to invest the assets of the Fund, to deal with itself and its associates, to be paid fees and to be reimbursed or indemnified out of the assets of the Fund
- the right of the Responsible Entity to be reimbursed by a unitholder or former unitholder for tax or expenses it incurs as a result of the unitholder's request, action or inaction, or to redeem units to satisfy amounts due to the Responsible Entity from a unitholder
- changing the Fund's constitution, including in some cases without unitholder approval, such as to meet regulatory changes
- the ability of the Responsible Entity to terminate the Fund at any time
- when the Responsible Entity can terminate the Fund or retire, and what happens if this occurs, and
- voting rights.

Although the Fund's constitution limits a unitholder's liability to the value of their units, the courts have yet to determine the effectiveness of provisions like this.

## Compliance plan

The Responsible Entity has a compliance plan for the Fund, which sets out the measures that will apply in operating the Fund to ensure compliance with the Corporations Act and the Fund's constitution. The compliance plan is lodged with the Australian Securities and Investments Commission (ASIC) and is audited by independent auditors annually to determine compliance with it.

A compliance committee monitors the operation of the Fund and overall compliance with the compliance plan. The majority of the members of the compliance committee must be, and are, independent of both AMP Capital and the Responsible Entity. The compliance committee has the obligation to monitor compliance with the compliance plan and to report certain breaches of the Corporations Act and the compliance plan to ASIC.

## Related party transactions

Any transaction between AMP Capital or the Responsible Entity and any of their respective related parties must comply with related party protocols and AMP Capital policies and procedures. For these purposes, a related party includes certain entities and individuals that have a close relationship with AMP Capital or the Responsible Entity. Related parties of the Responsible Entity include the Responsible Entity itself, entities that the Responsible Entity controls, funds operated or managed by the Responsible Entity and agents of the Responsible Entity.

As at the date of this document, the relevant policies and procedures that apply to related party transactions of AMP Capital or the Responsible Entity are contained in the AMP Conflicts of Interest Policy. Under this Policy, the parties must transact on terms that would be reasonable if they were dealing at arm's length, relevant legislative requirements must be satisfied and the interests of investors must be protected. The Policy will be reviewed on a regular basis and may change from time to time.

Under the Fund's constitution, the Responsible Entity may:

- deal with itself, an associate, investor or any other person
- be interested in and receive a benefit under any contract or transaction with itself, an associate, investor or any other person, or
- act in the same or similar capacity in relation to any other fund.

The Fund's constitution also provides that amounts may be paid to related parties for services provided to AMP Capital in connection with the Fund and for expenses. These payments are on arm's length terms.

## Continuous disclosure obligations

Where the Fund has more than 100 unitholders it is subject to regular reporting and disclosure obligations under the Corporations Act. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office or can be obtained free of charge by contacting us. These documents may include:

- the Fund's annual financial report most recently lodged with ASIC, or
- the Fund's half year financial report lodged with ASIC (after the lodgment of the annual financial report and before the date of the current PDS).

Where the Fund has continuous disclosure obligations, the Responsible Entity will meet those obligations by publishing material information online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds).

## Complaints procedure

AMP Capital and the Responsible Entity follow an established procedure to deal with complaints. We are committed to providing you with a high level of service, but sometimes things go wrong. If this happens, we will help you resolve the issue. If you have concerns relating to your investment in the Fund, please contact us by telephone on 1800 658 404 or in writing to AMP Capital Investors Limited, GPO Box 5445, Sydney NSW 2001.

If the matter is not resolved to your satisfaction or is not resolved within 45 days, you may wish to contact the Australian Financial Complaints Authority, by telephone on 1800 931 678, in writing to GPO Box 3, Melbourne Victoria 3001 or by email on [info@acfa.org.au](mailto:info@acfa.org.au), free of charge. Further information can be obtained on the AFCA website [www.afca.org.au](http://www.afca.org.au). The Australian Financial Complaints Authority is independent from us.

If the complaint is privacy related, please refer to the AMP Capital Privacy Policy for more details, which can be obtained online at [www.ampcapital.com/privacy](http://www.ampcapital.com/privacy).

## Your privacy

The main purpose in collecting personal information is so that we can set up and administer your investment account. If you do not provide the required information, we may not be able to process your application. If you would like us to not use your personal information for direct marketing purposes, please contact us.

Our Privacy Policy, which can be obtained online at [www.ampcapital.com/privacy](http://www.ampcapital.com/privacy) or by contacting us, sets out AMP Capital's policies on management of personal information. This information may be disclosed to other members of the AMP Group, financial advisers where applicable, to external service suppliers (including suppliers that may be located outside of Australia) who supply administrative, financial or other services that assist us in providing services to you, and to anyone you have authorised or if required by law.

You may access personal information held about you, although there are some exemptions to this. If you believe information held about you is inaccurate, incomplete or out of date, please contact us.

## Communication by fax

When you communicate with us by fax, it is your responsibility to obtain confirmation from us that we have received your fax. Neither we nor the Responsible Entity are responsible for any loss or processing delay that occurs as a result of us not receiving a faxed communication. Please note that we do not accept a sender's fax transmission record as evidence that a communication has been received by us. You also indemnify us and the Responsible Entity against any loss or liability arising from us or the Responsible Entity acting on any fraudulent communication received by fax.

## Unit Pricing Discretions Policy

The Responsible Entity may exercise certain discretions in determining the unit price of units on application and withdrawal in the Fund. The Unit Pricing Discretions Policy, which can be obtained online at [www.ampcapital.com](http://www.ampcapital.com) or a copy can be obtained, free of charge, by contacting us, sets out the types of discretions that the Responsible Entity may exercise and in what circumstances the Responsible Entity exercises the discretions and the reasons why it considers the policies are reasonable. The Responsible Entity is required to keep a record of any instance where a discretion is exercised in a way that departs from these policies.

## Asset Valuation Policy

Assets in which the Fund invests are held directly by the Fund or through underlying funds in which the Fund invests. Generally, these assets are valued at least each Business Day using market prices in accordance with the AMP Capital Asset Valuation Policy, with the exception of the following:

- **direct assets** are valued by us at least twice a year
- **units in unlisted infrastructure funds** are valued at the most recent unit price supplied by the manager of the relevant fund, and
- **investments in underlying funds** are valued by an independent administrator.

For further information on AMP Capital's Asset Valuation Policy, please go to [www.ampcapital.com.au](http://www.ampcapital.com.au) or a copy can be obtained, free of charge, by contacting us.

# Applying for an investment

## Platform operators

### How to apply

Please contact our Client Services team on 1800 658 404 to obtain an application form.

The application form should only be completed and signed by:

- the person who is, or will become, the unit holder
- an authorised signatory if the application is on behalf of a company, trust or superannuation fund, or
- an agent for the investor, acting under power of attorney or as a legal or nominated representative.

All investments are made on the basis of the PDS current at the time of contributing your investment amount. You can obtain a current PDS free of charge online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) or by contacting us.

## Minimum investment amounts

- Initial investment – \$500,000
- Additional investment – \$5,000

The Responsible Entity reserves the right to accept lower investment amounts.

## Submitting your application

Application forms should be mailed to:

Client Services  
AMP Capital Investors Limited  
GPO Box 5445  
SYDNEY NSW 2001

Please include all required identification documentation when submitting your application.

## Indirect investors

Your financial adviser or platform operator will provide you with information about how to apply, including:

- the form you will need to complete
- minimum initial and additional investment amounts, and
- the method of paying your investment amount.

All investments are made on the basis of the PDS current at the time of contributing your investment amount. You can obtain a current PDS from your financial adviser or platform operator.

## Contact us

**AMP Capital Funds Management Limited**  
**Registered office**  
33 Alfred Street  
SYDNEY NSW 2000

**For North Platform investors:**  
**North Service Centre**  
T: 1800 667 841  
E: [north@amp.com.au](mailto:north@amp.com.au)  
W: [www.northonline.com.au](http://www.northonline.com.au)

**For PortfolioCare and WealthView investors:**  
**AMP Capital Client Services**  
T: 1800 658 404  
E: [clientservices@ampcapital.com](mailto:clientservices@ampcapital.com)  
W:  
[www.amp.com.au/portfoliocare](http://www.amp.com.au/portfoliocare)  
(PortfolioCare investors)  
[www.amp.com.au/wealthview](http://www.amp.com.au/wealthview)  
(WealthView investors)

### Mailing address

**North Platform investors:**  
North Service Centre  
GPO Box 2915  
MELBOURNE VIC 3001

**PortfolioCare and WealthView investors:**  
AMP Capital Investors Limited  
GPO Box 5445  
SYDNEY NSW 2001

# ASIC BENCHMARKS AND DISCLOSURE PRINCIPLES FOR THE AMP CAPITAL ADVANTAGE CORE INFRASTRUCTURE FUND

11 DECEMBER 2018

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## IMPORTANT INFORMATION

AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455) is the responsible entity of the Fund, the issuer of the Product Disclosure Statement (PDS) for the Fund and referred to in this document as 'the Responsible Entity' or 'AMPCFM'.

AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) is the investment manager of the Fund, and is referred to in this document as 'AMP Capital', 'we' or 'us'.

The Fund is the AMP Capital Core Infrastructure Fund (ARSN 127 019 238), referred to in this document as the AMP Capital Advantage Core Infrastructure Fund.

Unless otherwise specified, all dollar amounts in this document are Australian dollars.

This document should be read in conjunction with a current PDS for the AMP Capital Advantage Core Infrastructure Fund.

The Australian Securities and Investments Commission (ASIC) has released benchmarks and disclosure principles to help investors better understand the characteristics of infrastructure entities and the risks associated with them.

Benchmarks and disclosure principles for the AMP Capital Advantage Core Infrastructure Fund (the Fund) are set out in this document and should be read in conjunction with a current PDS for the Fund.

This document will be reviewed annually, and will be updated where material changes are identified.

A copy of the 'ASIC benchmark and disclosure principles for the AMP Capital Advantage Core Infrastructure Fund' and a current PDS for the Fund are available online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds), and can also be obtained free of charge, on request.

## 1. CORPORATE STRUCTURE AND MANAGEMENT

**BENCHMARK:** The infrastructure entity’s corporate governance policies and practices conform with the principles and recommendations in ASX Listing Rules Guidance Note 9, Corporate governance – ASX Corporate Governance Council – Revised corporate governance principles and recommendations.

### ASX CORPORATE GOVERNANCE STANDARDS

ASX listed entities are required to disclose the extent of their compliance with the Corporate Governance Principles and Recommendations (ASX Recommendations), released by the ASX Corporate Governance Council, and, where they have not adopted a particular ASX Recommendation, to explain the reasons. The Fund is not listed on ASX and accordingly is not subject to this requirement.

A third edition of the ASX Recommendations was released on 27 March 2014 and has taken effect for the AMP Group financial year beginning 1 January 2015. The Responsible Entity of the Fund and issuer of this document is AMPCFM, which is a member of the AMP Group.

In accordance with the third edition of the ASX Recommendations, the AMP Group has posted copies of its governance practices in the About AMP section of its website:

[www.amp.com.au/amp/about-amp](http://www.amp.com.au/amp/about-amp) (the AMP website). Fund specific materials can be found at [www.ampcapital.com/wtif](http://www.ampcapital.com/wtif) (the Fund website).

The information in this statement is current as at the date of this report.

For the Fund, AMPCFM complies with the third edition ASX Recommendations, and accordingly the Benchmark is met, except for:

- ASX Recommendations 1.2(b), 4.3, 5.1, 6.3, 8.2 and 8.3, which are not applicable, and
- the following recommendations set out in summary:

#### Principle 2

- Recommendation 2.2 – A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership

#### Principle 4

- Recommendation 4.2 – The Board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position of the entity and that opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

An explanation of the rationale for why ASX Recommendations 1.2(b), 4.3, 5.1, 6.3, 8.2 and 8.3 are not applicable and for departures from the ASX Recommendations is provided below.

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

As part of the AMP Group, AMPCFM operates under the AMP Group’s governance framework and its management and officers are subject to the AMP Group’s governance practices and policies.

The Board of AMPCFM ('Board') places great importance on the highest standards of governance. A number of AMP Group Boards and committees assist AMPCFM in overseeing the governance of the Fund. These are set out in the following chart:



## **Board and management**

The Board is responsible to investors in the Fund for the overall governance and performance of the Fund. The role and responsibilities of the Board and its committees are set out in a corporate governance charter, which is available on the Fund website. Matters specific to the operation of the Fund are set out in the Fund's constitution, which is available on the Fund website.

The Board is responsible for:

- overseeing and monitoring the operation and performance of AMPCFM and its various businesses, including management of the Fund
- all investment decisions which it delegates to AMP Capital Investors Limited
- implementing AMPCFM's strategy, consistent with that of the AMP Group
- monitoring AMPCFM's risk management framework including internal compliance systems and controls and ongoing compliance monitoring
- ongoing monitoring of AMPCFM's financial performance, including approving the financial reports of the Fund, and
- ensuring all regulatory requirements are met, and reporting to investors in the Fund.

The AMP Group delegations of authority outlines decisions reserved by the Board and those delegated to senior management. The Chief Executive Officer of AMP Capital is responsible for the overall management and performance of AMPCFM. This includes managing its business and operations in accordance with the strategy, plans, risk appetite and policies approved by the AMP Limited, AMP Capital Holdings and AMPCFM Boards.

The Board comprises a majority of independent non-executive directors. The Board meets regularly and additionally as required to carry out its functions.

Details of the Board and profiles of the directors, including their respective lengths of service, are set out on the Fund website.

In respect of ASX Recommendation 1.2, at the time of appointment to the Board, appropriate checks are conducted on non-executive directors. For executive directors, appropriate background checks are completed as part of the on-boarding process, and at any other time as deemed necessary. Further, the directors of the Board are not required to be elected or re-elected by the security holders and therefore, material information in this respect is not disclosed to security holders. Consequently, ASX Recommendation 1.2(b) is not applicable.

Where non-executive directors are appointed to the Board, a written agreement is entered into with each non-executive director setting out the terms of their appointment in accordance with ASX Recommendation 1.3. In respect of executive directors, any appointment as a director of an AMP Group entity is considered to form part of their executive role. A written agreement is entered into at the time the executive director is employed by AMP Capital Investors Limited setting out the terms of their employment. As such, a separate written agreement in respect of an executive director's appointment to the Board is considered to be unnecessary.

AMPCFM has appointed two company secretaries with responsibility for advising the Board on governance matters and facilitating the flow of information between the Board and its committees, and between executive managers and the Board. The company secretaries are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All directors have access to the advice and services of the company secretaries, whose appointment and removal are a matter for decision by the Board.

An evaluation of the performance of the AMPCFM Board has not previously been undertaken. Following the changes to the composition of the AMPCFM Board, it is anticipated that the Board will undertake an evaluation of its performance during 2018.

AMP's Inclusion and Diversity Council sets the organisation's goals and direction for inclusion and diversity, and is comprised of the AMP CEO and Group Leadership Team. The AMP Limited People and Remuneration Committee is responsible for overseeing the implementation of AMP's inclusion and diversity initiatives, and reporting key actions and progress to the AMP Limited Board. The AMP Limited diversity and inclusion policy can be found in the corporate governance section of the AMP website.

Detailed reporting of AMP's gender diversity targets and progress in achieving them is set out in the AMP Limited corporate governance statement, available in the corporate governance section of the AMP website. The Board periodically reviews its own performance and from time to time, the Chairman considers the performance of the Board and that of individual executive directors as part of his role as AMP Capital Chief Executive Officer.

### **Audit & Risk Committee (ARC)**

The AMPCFM Board has established an Audit & Risk Committee (ARC). The key responsibilities of the ARC, which are set out in the Terms of Reference approved by the Board, include:

- reviewing financial reports and making recommendations to the Board for the approval of financial reports
- monitoring the effectiveness of the risk management and compliance framework
- monitoring and reporting to the Board on the extent to which AMPCFM complies with its regulatory requirements including licence conditions and the Schemes' constitutions and compliance plans
- monitoring the effectiveness of material outsource providers, and
- monitoring AMPCFM's relationship with and the performance and independence of, its external auditors.

The ARC is comprised of three members, each of whom are independent non-executive directors. No executive directors shall serve as members of the ARC.

The ARC must meet at least four times a year, unless the members agree it is not necessary or desirable for a particular meeting to be held.

In carrying out its responsibilities, the ARC:

- will have unrestricted access to senior management, the Head of Internal Audit AMP Capital, senior risk and financial control personnel and the external auditor and these persons will have unrestricted access to the ARC, and
- to the extent the ARC considers necessary and at AMPCFM's expense, has the power to retain any external advisers and obtain any other information or resources.

### **Management Accounts Committee**

The Management Accounts Committee (MAC) is an internal management committee that is responsible for reviewing the financial reporting processes and financial statements of the Fund for reporting to the Board. The MAC provides the Board with the benefit of a dedicated committee to focus on financial reporting integrity.

The structure, roles, responsibilities and operation of the MAC are governed by its terms of reference. The MAC terms of reference require its composition to be of at least three members, each of whom must be financially literate. Members are appointed via the approval of the AMP Capital Chief Executive Officer and must possess specific technical expertise and skill required to fulfil the role, with at least one member to be considered a financial expert.

### **AMP Capital Holdings Limited Board and Audit & Risk Committee**

The Board of AMPCFM's parent entity, AMP Capital Holdings Limited (AMP Capital Holdings), monitors the operation of its subsidiary boards, including that of AMPCFM. The relationship between the Board and the Board of AMP Capital Holdings is set out in the AMPCFM corporate governance charter.

The AMP Capital Holdings Board has established an Audit and Risk committee to oversee financial reporting and risk management for AMP Capital. The role, responsibilities and operation of the Audit and Risk committee are set out in its terms of reference. It requires the Audit and Risk committee to be comprised of at least three non-executive members, a majority of whom are independent. The independent chair is not the chair of the AMP Capital Holdings Board or the Board.

The AMP Capital Holdings Audit and Risk committee assists the boards of AMP Capital Holdings, and AMPCFM in respect of the Fund, by:

- providing oversight of the framework of risk management in AMP Capital Holdings and its subsidiaries including compliance, internal controls and the assurance provided by internal audit
- reviewing reports on the effectiveness of the risk management framework for AMP Capital, including reports on any incident involving fraud or other break down of controls in relation to the Fund
- reviewing the key risks for AMP Capital and making recommendations to the AMP Capital Holdings Limited Board in relation to the approval of the AMP Capital risk appetite statement, which incorporates risks relating to the Fund
- reviewing the insurance program for AMP Capital, incorporating the operations of the Fund and AMPCFM as responsible entity of the Fund
- overseeing the AMP Capital business relationship with, and the independence of, the external auditor, including all aspects of financial reporting and auditing, and
- regularly meeting with internal and external auditors on risk matters pertaining to AMP Capital, including that of the Fund, in the absence of management.

### **AMP Limited Board and Audit Committee**

The AMP Limited Board has overall responsibility for the management and performance of AMP. It has established an Audit Committee to oversee financial reporting for the AMP Group. The AMP Limited Board and Audit Committee are required to be comprised of at least three members, a majority of whom are independent. The chairs of the AMP Limited Board and Audit Committee are not the chair of the Board.

The AMP Limited Audit Committee assists the Board in respect of the Fund by:

- reviewing and monitoring the performance, objectivity and resourcing of the internal audit function
- reviewing and approving the internal audit plan and internal audit charter
- monitoring the progress of the internal audit plan and work program, and monitoring AMP's effectiveness in managing its risks and internal controls, and
- in consultation with the CEO, reviewing and approving the appointment or replacement of the head of internal audit.

### **PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE**

Given the nature of the Board's functions and responsibilities of other committees with the AMP Group, the Board does not have a nominations committee. The nominations of new directors are considered by the full Board, having regard to its current composition. Board candidates are nominated by the AMP Capital Chief Executive Officer, and are assessed against a range of criteria, including education and experience, professional skills, personal qualities and their capacity to commit to the Board's activities.

The names, biographical details, skills, diversity and length of service of each director, is available on the Fund website. Given the governance framework adopted by AMP Capital in respect of the Fund, the information available to investors in relation to the Board's mix of skills and diversity is considered to be sufficient without the need for a formal board skills matrix to be disclosed.

The offices of Chief Executive Officer of AMP Capital and Chairman of the AMPCFM Board are independent of each other.

Directors appointed to the Board participate in a formal induction process. AMP also provides continuing education and development for directors of the companies in the AMP Group, including AMPCFM.

### **PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

AMP Capital's directors, employees, contractors and consultants are subject to the AMP Limited code of conduct (the Code), which sets out the expectations for the behaviour of everyone who represents AMP. The Code outlines the minimum standards for behaviour, decision making, and how employees treat each other, customers, business partners and shareholders. The Code requires employees to report all suspected code violations, and provides that no action be taken against any employee who reports a suspected violation in good faith. The Code is available on the corporate governance section of the AMP website.

#### **PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

The ARC is responsible for reviewing the Fund's financial reports and making recommendations to the Board for the approval of those reports.

##### **Financial reporting certification**

Prior to approving the Fund's most recent full year and half year financial statements, the Board did not receive certification from the AMPCFM's Chief Executive Officer and Chief Financial Officer stating that:

- the Fund's financial statements have been properly maintained and that the financial statements comply with the Australian accounting standards and give a true and fair view of the financial position and performance of the Fund and;
- the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

As such, ASX Recommendation 4.2 is not complied with. However, all financial statements are reviewed by the MAC, the ARC and approved by the Board which includes AMP Capital's Chief Executive Officer and Chief Financial Officer. In addition, management of the Fund submits to the Board, representations that:

- the financial statements and notes for the Fund are in accordance with the *Corporations Act 2001* (Cth) including section 296 (compliance with Australian Accounting Standards) and section 297 (true and fair view)
- the financial records of the Fund for the financial period have been properly maintained in accordance with section 286 of the *Corporations Act 2001* (Cth), and
- appropriate representations have been received from the custodian in relation to the internal control environment of the Fund.

The Board considers this to be appropriate, given the roles, responsibilities and composition of the forums that support AMPCFM in reviewing the financial statements of the Fund and overseeing the risk management of the Fund, as described in this document.

##### **External auditors**

AMP has appointed EY as the group's external auditors.

The AMP Group has adopted a charter of audit independence (Audit Charter). AMP Capital adheres to this Audit Charter, which provides for:

- the rotation of the lead and independent review audit partners
- the annual confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence, financial service fees paid to the external auditor and each half year it reviews and reports to the Board on the independence of the external auditor.

The Audit Charter requires the external auditor to rotate the lead and independent review audit partners in accordance with the Corporations Act, and have suitable succession planning in place to ensure consistency for the AMP Group. The lead audit partner for AMP was replaced in 2015 in accordance with these rotation requirements.

The AMP Limited Audit Committee is responsible for reviewing the performance of the external auditor and for recommending to the AMP Limited Board the terms of engagement and fees of external auditors for AMP Limited and its group companies. A performance evaluation of EY was conducted during 2015.

If it becomes necessary to replace the external auditor for independence or performance reasons then the AMP Limited Audit Committee will formalise a procedure for the selection and appointment of the new auditor and make a recommendation to the AMP Limited Board. The decision of the AMP Limited Board will only apply to AMP Capital after consideration and approval by the AMP Capital Holdings Board.

ASX Recommendation 4.3 requires that a listed entity that has an annual general meeting ensures that its external auditor attends its annual general meetings and is available to answer questions from security holders relevant to the audit. As the Fund is an unlisted registered managed investment scheme it is not required to hold an annual general meeting and therefore ASX Recommendation 4.3 is not applicable.

#### **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

ASX Recommendation 5.1 provides that a listed entity should have a written policy for compliance with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it. The Fund does not comply with ASX Recommendation 5.1 as neither the Fund nor AMPCFM are listed and therefore the continuous disclosure obligations under the Listing Rules do not apply.

#### **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

Information about the Fund and its governance is available to investors in this document and on the Fund website, the AMP Capital website.

ASX Recommendation 6.3 requires that a listed entity disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. ASX Recommendation 6.3 is not applicable as the Fund is not required under the Corporations Act to convene annual general meetings and historically no meetings of security holders have been held.

##### **Investor communications**

AMPCFM is committed to transparency and quality in its communication to investors. The Board's policy is to ensure announcements are made in a timely manner, are expressed in a clear and balanced way, do not omit material information and that factual statements are accurate. This allows investors to assess the impact of the information when making investment decisions.

All investors are able to communicate with the Fund directly by using the contact details included on each announcement.

Regular updates on the performance of the Fund, including changes in the investment portfolio of the Fund and relevant commentary are disclosed to investors on the Fund website.

## **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

The ARC is responsible for monitoring the effectiveness of the risk management and compliance framework as it relates to AMPCFM and the schemes and trusts for which AMPCFM is the responsible entity or trustee, including the Fund.

Oversight of the AMP Capital risk management framework is undertaken effectively by the Board in conjunction with the:

- AMP Limited Board and Audit Committee, and the
- AMP Capital Holdings Board and Audit and Risk Committee

The AMP Limited Board has overall responsibility for establishing a system of risk management, internal controls and compliance for AMP, and for monitoring and reviewing its effectiveness. It also has responsibility for approving the risk appetite of the AMP Group and the risk management related policies to support that appetite, and for seeking to ensure these are implemented. A summary of the enterprise risk management policy, which sets out the principles, processes, roles and responsibilities for the management of risk at AMP, is available in the corporate governance section of the AMP website.

The Board has implemented an integrated risk management and compliance framework based on the AMP Group's enterprise risk management framework. In accordance with AMP's enterprise risk management policy, AMP Capital has a risk management framework in place, which enables the identification of risks, development of appropriate responses, and the monitoring of risks and controls.

The AMP Capital Holdings Audit and Risk Committee has responsibility for reviewing the effectiveness of the risk and compliance framework for AMP Capital at least on an annual basis. This includes reviewing and recommending key risk management and compliance policies to the AMP Capital Holdings Board for approval in addition to helping formulate AMP Capital's risk appetite. During 2015, it reviewed quarterly reports on the measurement of risk and the effectiveness of AMP Capital's risk management framework.

The Board is responsible for ensuring appropriate measures are in place to manage material business risks specific to its operations, including the Fund, in line with the Fund's compliance plan and AMP Group's overall risk strategy. The Board and management keep a strong focus on the adequacy and use of processes and systems supporting the framework, and closely monitor AMP Capital's culture to ensure appropriate decisions and accountabilities are implemented.

### **Internal audit**

Our internal audit team provides the ARC, Board and management team with an independent and objective evaluation of the adequacy and effectiveness of the control over the risks for AMP and its subsidiaries. The team calls on support and advice from external experts as required.

To maintain independence, the internal audit team does not have responsibility over any of our business or risk management processes or practices. The director of internal audit reports to the Chairman of the AMP Limited Audit Committee and regularly meets with the committee without management present. Every four years, an independent review of the internal audit team is undertaken to assess the effectiveness of the team and their compliance with international internal audit standards. This review was last performed in 2013 and showed the team was functioning well and effectively fulfilling its duties.

The internal audit function conducts audits for AMP Limited and its subsidiaries including AMPCFM by following a risk-based structured approach. The ARC, Board and management receive regular reports from internal audit on the control environment, areas for improvement and progress in addressing those areas for improvement as they relate to relevant entities including the Fund.

### **Economic, environmental and social sustainability risks**

The investee companies in which the Fund invests may have a material exposure to economic, environmental or social sustainability risks. Where these risks are known to the Fund, the Fund will not invest in the investee company. The Fund does not believe it has any material exposure to economic, environmental and social sustainability risks.

## **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

The Board does not have a remuneration committee as suggested by ASX Recommendation 8.1. Instead the remuneration policies of AMP Capital and AMPCFM are approved by the AMP Limited People and Remuneration Committee. The AMP Limited People and Remuneration Committee will be composed of at least three non-executive directors of AMP, the majority being independent directors. No executive directors will serve as members of the Committee. The Chairman of the Committee will be an independent non-executive director of AMP. If the chairman of the Committee is absent from a meeting, the members of the Committee present at that meeting will appoint a chairman for the meeting.

The AMP Limited People and Remuneration Committee's terms of reference are available in the corporate governance section of the AMP website.

The Fund is not responsible for the remuneration of AMPCFM's directors, officers or employees and therefore ASX Recommendation 8.2 requiring a disclosure of policies and practices regarding remuneration of directors and senior executives is not applicable. Executive directors on the Board are remunerated by the AMP Group in accordance with its remuneration policies and procedures. Fees for the non-executive directors were set by the AMP Capital Chief Executive Officer in consultation with AMP Limited's Nominations and Governance Committee and are payable by AMPCFM in its corporate capacity.

No non-executive member of a committee, AMP director or AMP Group employee is entitled to receive any securities of the Fund, or options over such securities, as part of their remuneration. As such, ASX Recommendation 8.3 which requires the listed entity to have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the equity based remuneration scheme, is not applicable.

There is a clear distinction between the remuneration structure for AMP Group non-executive directors and executives. Further information is available in the AMP Limited Annual Report.

## 2. REMUNERATION OF MANAGEMENT

**BENCHMARK:** Incentive-based remuneration paid to management for the infrastructure entity is derived from the performance of the infrastructure entity and not the performance of other entities within its consolidated group, except where the infrastructure entity is the parent of the consolidated group.

The benchmark is not met as remuneration may be linked to the performance of other entities within the consolidated group of the Fund.

AMP Capital is the investment manager of the Fund and provides fund services to the Fund. The Fund is managed by an investment team comprising employees of AMP Capital. An annual management fee is charged to the Fund and paid to AMP Capital based on the gross value of its assets. Performance fees are paid to AMP Capital depending on the performance of the Fund.

Measurement of the return of the portfolio of the Fund relative to the benchmarks is used to assess the performance of individual team members and the investment team. Team members' bonus remunerations reflect the performance of the overall funds managed by the team, rather than via individual attribution. This is designed to encourage thinking as a team rather than individuals. Each team member involved in the management of the Fund has a fixed pay package, supplemented by a short-term incentive payment which is dependent on the value add to the total portfolio of their particular team. Hence, we do not pay for individual trading performance, but for the value add of each individual team in helping to deliver the overall performance.

Performance measurement depends on the individual basis point of value add of each sector for each team. In addition to the actual performance of each sector as measured and verified by our attribution system, there is a subjective overlay applied based on the behavioural aspects of the individual's performance. Performance of portfolio managers and analysts is a combination of investment performance achieved (70% of performance incentives) and behavioural aspects (30% of performance incentives) of the individual's performance.

Behavioural capabilities such as teamwork overlay quantitative performance measures. Other factors including the sharing of information and willingness to go beyond the 'normal' or 'expected' level of commitment are also considered.

For the component of investment performance, we use a time period of three years. However, overall staff performance and Fixed Pay Packages are measured annually. Therefore, there is no direct link between the bonus incentive component and an employee's contribution to the Fund's performance.

Performance fees of up to 15% (exclusive of GST) of the Fund's performance above the performance benchmark (10 year Australian Government Bond Yield plus 3.25% per annum) may be payable. Outperformance is measured net of management fees. For a full description of terms please refer to the Fund's PDS. Performance fees paid to AMP Capital are not linked to the remuneration of management, other than as part of the subjective assessment on the individuals key performance measures noted above.

Comprehensive information on AMP Group's remuneration policies and practices is contained in the AMP Limited remuneration report. AMP uses a variety of equity-based remuneration arrangements to align employee interests with shareholders' long-term interests and aid in the retention of selected individuals.

AMP's policy on hedging of equity incentives prohibits employees from using any hedging arrangements over the restricted shares, share rights, share bonus rights, options or performance rights held by employees in any of AMP's equity incentive plans. The purpose of the policy is to ensure that the alignment between employee and shareholder interests is not undermined by the use of hedging arrangements.

## 3. CLASSES OF UNITS AND SHARES

**BENCHMARK:** All units or shares are fully paid and have the same rights.

The benchmark is not met.

The Fund's constitution permits the Fund to issue different classes of units and the different unit classes have the right to different management costs, expenses and distributions, but otherwise each class of units has the same rights.

The Fund contains multiple unit classes reflecting the different servicing requirements of various unitholders. Due to the additional services required by some unitholder classes, different management fees apply to different unit classes. Management fees are detailed in the PDS for the Fund.

The Fund currently has four unit classes:

- Class A units – On-platform investors
- Class G units – On-platform (Advantage) investors
- Class H units – Off-platform individual retail investors
- Class O units – Institutional investors and AMP Capital staff

All units within the same class have the same rights. This structure is appropriate for the Fund which has a number of different classes. All units in the Fund are fully paid.

## 4. SUBSTANTIAL RELATED PARTY TRANSACTIONS

**BENCHMARK:** The infrastructure entity complies with ASX Listing Rule 10.1 for substantial related party transactions.

The benchmark is not met.

None of AMP Capital, AMPCFM or the Fund are listed on the Australian Securities Exchange and so do not comply with ASX Listing Rule 10.1. However, the Fund is subject to obligations under Chapter 2E and Chapter 5C of the Corporations Act. Under these duties, neither AMP Capital nor AMPCFM is able to provide a benefit to other AMP entities unless it is either on arms' length terms or member approval has been obtained. Further, they cannot prefer the interests of other AMP entities over the interests of members and must at all times act in the best interests of Fund unitholders.

Accordingly, AMP Capital maintains and complies with written policies on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.

Related party transactions undertaken by AMP Capital and AMPCFM are done in accordance with the AMP Conflicts of Interest Procedure. These procedures also have regard to the requirements of ASIC Regulatory Guide 76, Related Party Transactions.

A related party transaction is a transaction involving parties that have a close relationship with us. For example, where a fund managed by AMP Capital or for which AMPCFM is the responsible entity invests in other funds where we are the responsible entity,

trustee or investment manager, or where the Fund invests in assets where other AMP Group entities may have an interest, or where assets are transferred between different AMP Group funds.

As at the date of this document, the Fund's investment manager complies with the AMP Conflicts of Interest Procedures. For further information on related party transactions including a summary of key elements of the relevant policies, please contact us.

## 5. CASH FLOW FORECAST

**BENCHMARK:** The infrastructure entity has, for the current financial year, prepared and had approved by its directors:

- 12-month cash flow forecast for the infrastructure entity, and has engaged an independent suitably qualified person or firm to provide, in accordance with the auditing standards
  - negative assurance on the reasonableness of the assumptions used in the forecast, and
  - positive assurance that the forecast is properly prepared on the basis of the assumptions and on a basis consistent with the accounting policies adopted by the entity, and
- an internal unaudited cash flow forecast for the remaining life, or the right to operate (if less), for each new significant infrastructure asset acquired by the infrastructure entity.

The benchmark is not met.

The Fund aims to provide investors with access to a diversified portfolio of Australian and global infrastructure assets as well as listed infrastructure assets. The Fund invests in numerous minority positions in listed and unlisted infrastructure assets. As a minority investor it has no ability to influence any distributions from its investments. Because of this and the uncertainty of market movements of the majority of Fund cash flows, forecasting is not undertaken.

Cash flows as received are tabulated and monitored to ensure Fund liquidity and the meeting of asset allocation targets.

## 6. BASE-CASE FINANCIAL MODEL

**BENCHMARK:** Before any new material transaction, and at least once every three years, an assurance practitioner performs an agreed upon procedures check on the infrastructure entity's base-case financial model that:

- checks the mathematical accuracy of the model, including that:
  - the calculations and functions in the model are, in all material respects, arithmetically correct, and
  - the model allows changes in assumptions, for defined sensitivities, to correctly flow through to the results, and
- includes no findings that would, in the infrastructure entity's opinion, be materially relevant to the infrastructure entity's investment decision.

The benchmark is not met as the Fund does not maintain a base-case financial model.

The Fund invests in both unlisted infrastructure assets (either held directly by the Fund or accessed through the Fund's investment in infrastructure funds which invest in infrastructure assets) and in listed infrastructure securities (through investment in the AMP Global Listed Infrastructure Index Fund (Hedged)), by way of minority positions.

As at 30 September 2018, the Fund is a minority investor in a portfolio of over 110 listed and unlisted infrastructure assets. Accordingly, this style of fund is unusual and different to an infrastructure fund investing in only a handful of assets. For this Fund it is neither useful nor practical to maintain a base-case model.

## 7. PERFORMANCE AND FORECAST

**BENCHMARK:** For any operating asset developed by the infrastructure entity, or completed immediately before the infrastructure entity's ownership, the actual outcome for the first two years of operation equals or exceeds any original publicly disclosed forecasts used to justify the acquisition or development of that asset.

Benchmark 7 is not applicable to the Fund and is therefore not met. The Fund has not developed any (greenfield) operating asset and will not do so. Nor has the Fund invested directly in any asset completed immediately before the Fund's ownership, as it invests only in established (or brownfield) assets.

## 8. DISTRIBUTIONS

**BENCHMARK:** If the infrastructure entity is a unit trust, it will not pay distributions from scheme borrowings.

Benchmark 8 is met.

## 9. UPDATING THE UNIT PRICE

**BENCHMARK:** If the infrastructure entity is unlisted and a unit trust, after finalising a new valuation for an infrastructure asset, the infrastructure entity reviews, and updates if appropriate, the unit price before issuing new units or redeeming units.

Benchmark 9 is met.

## 1. KEY RELATIONSHIPS

### Disclose:

- a. the important relationships for the entity and any other related party arrangements relevant to an investor's investment decision, including any controlling arrangements, special voting rights or director appointment rights, and
- b. for any significant infrastructure asset under development the key relationships and the key participants that bear material development risks.

### CO-OWNERSHIP RELATIONSHIPS

Under the Fund's constitution, the Fund may co-invest with other AMP Capital infrastructure funds, on terms which:

- give the co-owner the right of first refusal over the Fund's interest in the asset, and
- permits the co-owner to acquire the Fund's interest at market value, if AMP Capital ceases to manage the Fund.

Similar co-ownership arrangements may apply in favour of a third party co-owner.

As the Fund has co-owned positions for its direct unlisted infrastructure assets, it is a party to various shareholder and other co-ownership arrangements. The Fund's percentage of these assets is generally small. The Fund may hold the shareholder rights pertaining to direct unlisted infrastructure assets held by it, in conjunction with other entities within the consolidated group of the Fund and third parties (Shareholder Group).

These shareholder rights may include:

- Appointment rights
  - If the aggregate of the equity proportions of a Shareholder Group meets a specified percentage, then that Shareholder Group may appoint one director for each part of its shareholding which constitutes an equity proportion of that percentage.
- Special voting rights
  - In relation to a resolution of the directors, a passing resolution requires the affirmative vote of 75% or more of the votes cast by those directors present and entitled to vote. In relation to a resolution of shareholders, a passing resolution requires the affirmative vote of 75% or more of the votes cast by all shareholders present and entitled to vote.
  - Minority shareholders may have the ability under the shareholders agreement, to prevent a quorum or otherwise veto special majority decisions by the board of directors or shareholders.
- Permitted transfers
  - A shareholder may transfer its legal or beneficial interest in any equity securities held by it to a 'Permitted Transferee' of that shareholder.
  - The Permitted Transferee may refer to:
    - a related body corporate of AMP Capital or AMPCFM, or
    - any entity acting in a trustee or custodial capacity and any other entity holding assets or funds, in respect of which AMPCFM, a controlled entity of AMP Capital or a related body corporate of AMPCFM is the investment adviser.

- Pre-emptive rights
  - If a shareholder wishes to dispose of any of its equity securities then it must first give a transfer notice to the company. The transfer notice authorises the company to act as exclusive agent and attorney of the seller in connection with the sale of the equity securities to all or any of the other shareholders.
  - The company must within a certain number of business days of receiving the transfer notice, give notice of a proposed sale to each shareholder. Equity securities not sold under the pre-emptive offer process may be sold to a qualified buyer/s at a price equal to or greater than the price offered to the other shareholders in the transfer notice.

Shareholder rights and the conditions, to which these rights are subject to, may vary across each direct unlisted infrastructure asset.

The Fund on its own holds no special or controlling rights.

### NO ASSETS UNDER DEVELOPMENT

The Fund has no infrastructure assets under development.

## 2. MANAGEMENT AND PERFORMANCE FEES

### Disclose:

- a. all fees and related costs associated with the management of the entity's assets paid or payable directly or indirectly out of the money invested in the entity, providing a clear justification for the fees, and
- b. if performance fees are payable, how these fees will be paid.

Please refer to the Fund's PDS.

## 3. RELATED PARTY TRANSACTIONS

### Disclose:

- a. value of the financial benefit/consideration payable
- b. the nature of the relationship
- c. whether the arrangement is on arm's length terms
- d. whether member approval of the transaction has been sought
- e. the risks associated with the related party arrangement
- f. policies and procedures in place for entering into these arrangements and how compliance is monitored
- g. for management agreements with related parties: Term, Termination fee and how it would be calculated, Exclusivity arrangements with management, Copy of agreement, Management entrenchment arrangements
- h. for transactions with related parties involving a significant infrastructure asset: Steps taken to evaluate the transaction; If an independent opinion was used, and where access can be obtained.

## Related party holdings of the Fund

Details of the Fund's holdings in related entities, which are registered schemes of which AMPCFM is also the responsible entity or are entities in the same group as the Responsible Entity, are set out below:

	Fair Value (\$)		Interest held		Distributions received or receivable during 12 months ending (\$)	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
AMP Global Listed Infrastructure Index Fund (Hedged)	313,005,706	218,798,376	86.96	84.61	10,821,006	8,431,508
Australia Pacific Airports Fund No.3	52,842,879	43,236,782	9.20	8.95	1,377,019	990,175
AMP Capital Managed Cash Fund	32,024,602	75,101,286	0.80	1.30	881,303	829,520
AMP Capital NZ Power Debt Trust	3,358,467	3,218,981	3.00	3.00	340,833	360,072
AMP Capital NZ Power Equity Trust	3,753,102	3,478,023	3.00	3.00	-	-
AMP Capital Diversified Infrastructure Trust	33,342,499	20,160,466	2.39	1.88	2,100,948	-
AMP Capital Global Infrastructure Fund	20,906,145	17,253,116	1.06	1.06	1,070,293	-
AMP Capital Global Infrastructure Fund II	13,644,771	-	0.94	-	221,429	-

## Transactions with AMP Capital

All transactions between the Fund and related parties have been at market value on normal commercial terms and conditions. This includes purchases and sales of investments as well as applications and redemption of units. There are no direct management agreements with related parties.

In accordance with the Fund's constitution, AMPCFM is entitled to receive fees for the provision of services to the Fund and to be reimbursed for certain expenditure incurred in the administration of the Fund.

RESPONSIBLE ENTITY's fees (\$)		
	31 December 2017	31 December 2016
Responsible Entity fees expensed during the financial year	5,129,736	3,462,148
Rebates received during the financial year <sup>1</sup>	473,827	-
Performance fees expensed during the financial year	2,839,653	2,498,815

1. Rebate of fees incurred in underlying fund investments by the AMP Capital Advantage Core Infrastructure Fund. This rebate has been paid to the AMP Capital Advantage Core Infrastructure Fund.

During the financial year ended 31 December 2017, the Responsible Entity incurred certain expenses on behalf of the Fund. It is AMPCFM's intention not to seek reimbursement of these expenses from the Fund other than transactional and operational costs and costs related to a specific asset or activity to produce income.

## 4. FINANCIAL RATIOS

**Disclose:** where target financial ratios have been publicly disclosed, achievement and how they are calculated and an explanation of what the financial ratios mean.

The Fund has no target financial ratios as it has no debt.

## 5. CAPITAL EXPENDITURE AND DEBT MATURITIES

**Disclose for the infrastructure entity:**

- planned capital expenditure for the next 12 months and how it is to be funded, and
- breakdown of material debt maturities.

The Fund does not have any planned capital expenditure for the next 12 months and no debt obligations.

## 6. FOREIGN EXCHANGE AND INTEREST RATE HEDGING

**Disclose for the infrastructure entity:**

- any foreign exchange and interest rate hedging policy, and
- whether exposure conforms with the policy.

The Fund does not borrow and therefore does not undertake interest rate hedging.

The foreign exchange hedging policy of the Fund prescribes the Fund to hedge the capital values of foreign currency investments into Australian dollars with a tolerance of +/-5%. Hedging exposures are reviewed monthly and adjusted for changes in capital value and distributions as required. The Fund complies with the policy.

The Fund may use derivatives such as futures, options, forward contracts or swaps to hedge against currency fluctuations to reduce risk. Strict restrictions are imposed on the use of derivatives within the Fund, which are closely monitored. Derivatives are not used to gear the Fund.

## 7. BASE-CASE FINANCIAL MODEL

**Disclose for the infrastructure entity:** The base-case financial model.

Not applicable. The Fund does not maintain a base-case financial model. As at 30 September 2018, the Fund is a minority investor in a portfolio of over 110 listed and unlisted infrastructure assets. Accordingly, this style of fund is unusual and different to an infrastructure fund investing in only a handful of assets. For this Fund it is neither useful nor practical to maintain a base-case model.

## 8. VALUATIONS

### Disclosure for the infrastructure entity:

1. valuation policy (see below).
2. whether valuations and support are available to investors (see 'Valuation details' below). If not to supply:
  - a. whether prepared internally or externally
  - b. date of the valuation
  - c. scope
  - d. purpose
  - e. value assessed and assumptions
  - f. key risks to the assets being valued
  - g. valuation methodology
  - h. period of forecast
  - i. discount rate used and the basis for calculating this rate
  - j. income capital expenditure and capital growth rates over the forecast period.
3. any circumstances that may result in a conflict of interest in the preparation of the valuations.

### VALUATION POLICY

The valuations of individual assets in which the Fund invests are derived as follows:

- Publicly listed securities are valued at least each business day using the last sale price quoted on the relevant exchange.
- Direct assets are valued by us at least twice a year. Where the value of the Fund's interest in an asset exceeds \$10 million, this valuation will be externally prepared by an independent valuer. This \$10 million threshold may increase or decrease from time to time in line with the size of the Fund.
- Direct assets may be revalued at any time during the year on the basis of significant underlying business developments or justification provided by an arms' length transaction involving an asset.
- Units in unlisted and listed infrastructure funds are valued at the most recent unit price supplied by the manager of the relevant fund. An unlisted or listed infrastructure fund may calculate unit prices at different times to the Fund and may value underlying assets on a different basis to the Fund.

## VALUATION DETAILS

Valuations are not available to investors. The valuation details are as set out below.

### Scope and purpose of valuation

Unlisted assets directly held in the Fund share similar valuation scopes. Generally, asset valuations will consider the following:

- equity valuation/enterprise valuation of the asset as at 30 June or 31 December
- valuation reflects a 'fair value' price defined as the price paid for an asset by knowledgeable and willing parties, and
- a valuation approach that considers current market conditions.

The valuation of assets is a key determinate in the calculation of the Fund's Net Asset Value (NAV). The primary purpose of deriving a fund's NAV is to determine the appropriate prices at which unit holder entitlements may be transacted, as well as to determine a fund operator's entitlements.

Consistent valuation of an asset enables a proper assessment of asset and fund returns to assist in investment management decisions and performance calculations.

### Valuation methodology

An appropriate valuation methodology for each asset will be determined by an independent valuer. Historically, assets have been valued using a Discounted Cash Flow (DCF) approach as the primary method. The DCF approach requires a forecast of free cash flows that are discounted to their present value using a rate of return that is reflective of the time value of money. Comparable analyses may be used by the valuer as a means of cross-checking the DCF valuation.

The period of forecast assumptions and the selection of the terminal year vary across assets. Generally, the forecasting period for an infrastructure asset ranges from 10 to 50 years.

## Key risks of infrastructure assets

The list below outlines risks that may be attached to an investment in an infrastructure asset.

- **Construction risk** – Delays in construction and overruns in costs may reduce the expected return of an investment.
- **Patronage/volume risk** – The risk of lower than expected product demand may result from changes in the competitive environment, demographic change, shortfalls in forecasted revenues and changes in macroeconomic conditions.
- **Financing risk** – Infrastructure projects typically involve a substantial amount of debt financing. A highly leveraged project is susceptible to interest rate fluctuations if it is not appropriately hedged. Interest rate fluctuations may impact the cost of borrowing during refinancing events.
- **Political/regulatory risk** – Governments may exercise regulatory power to alter agreements, and regulatory and legal frameworks in a way that adversely affects the investment's expected returns.
- **Liquidity risk** – Infrastructure projects are usually long-term investments that may not have a ready market for selling during the interim.
- **Currency risk** – Global infrastructure investments may expose an investor to currency volatility if the cash flows are not appropriately hedged with a currency overlay strategy.

## Discount rate

An appropriate discount rate will be determined by an independent valuer. Historically, valuers have used the generally accepted Capital Asset Pricing Model (CAPM) to determine the discount rate for the Fund's assets.

## Direct asset investments

Valuation details of assets held directly by the Core Infrastructure Fund as at 30 June 2018 are listed below.

DIRECT ASSET	CURRENCY	CURRENT VALUATION (\$M)	CURRENT VALUATION DATE	PREVIOUS VALUATION DATE	DISCOUNT RATE
Australia Pacific Airports Corporation	AUD	26	June 2018	December 2017	9.63%
Australia Pacific Airports Corporation (via Australia Pacific Airports Fund No.3)	AUD	52.2	June 2018	December 2017	9.63%
Angel Trains UK	AUD	31.4	June 2018	December 2017	8.25%
AMP Capital SA Schools Trust	AUD	7.5	June 2018	December 2017	7.70%
AquaTower Pty Ltd	AUD	4	June 2018	December 2017	8.25%
Powerco New Zealand Holdings Ltd	AUD	7.1	June 2018	December 2017	7.60%
Port Hedland International Airport	AUD	6.8	June 2018	December 2017	10.75%
ITS ConGlobal	AUD	33.5	June 2018	December 2017	12.75%
London Luton Airport	AUD	44.3	June 2018	December 2017	n/a*

\* Asset acquired in June 2018 and held at acquisition cost.

## CONFLICTS OF INTEREST

Neither AMP Capital nor AMPCFM are aware of any circumstances that may result in a conflict of interest arising in the preparation of the valuations.

If a conflict of interest arises, the AMP Group has a Conflicts of Interest Policy designed to manage such occurrences. The policy is designed to provide a prudent set of guidelines through which AMP Capital and AMPCFM can meet their responsibilities to all clients in an efficient and responsible manner.

## 9. DISTRIBUTION POLICY

### Disclose:

- current policy and rights to change the policy
- on payment of distributions portion attributable to income, capital and debt
- risks associated with distributions being paid from sources other than operating cash flows, including the sustainability of such distributions.

## POLICY

As set out in the Fund's PDS, the Fund aims to pay distributions quarterly.

Distributions paid are based on the taxable income earned by the Fund. Although the Fund's objective is to pay distributions quarterly, the amount of each distribution may vary or no distribution may be payable in a distribution period.

## DISTRIBUTION COMPONENTS

Distributable income includes capital gains arising from the disposal of assets.

Distributable income does not include unrealised gains and losses on the net value of investments, accrued income not yet assessable, expenses provided for or accrued but not yet deductible, tax free or deferred income and realised capital losses which are retained to offset future realised capital gains. Where the Responsible Entity deems it appropriate, a distribution may include a return of capital.

## RISKS IF DISTRIBUTIONS ARE NOT PAID FROM OPERATING CASH FLOWS

Distributions paid to unitholders of the Fund are recognised in the statement of cash flows as cash flows from financing activities. The Fund does not borrow to pay distributions.

## 10. WITHDRAWAL POLICY

### Disclose:

- a. whether there is a right of withdrawal and, if so, the maximum period allowed for satisfying withdrawal requests under the constitution of the infrastructure entity (see 'Period for satisfying withdrawal request and risk factors' below)
- b. the withdrawal policy and any rights that the infrastructure entity has to change the policy, any significant risk factors or limitations that may impact on the ability of investors to withdraw from the infrastructure entity (see 'Withdrawal policy and possible changes to the policy' below)
- c. how investors can exercise their withdrawal rights, including any conditions on exercise (see 'Conditions on exercise' below)
- d. if withdrawal from the infrastructure entity may be funded from an external liquidity facility, the material terms of this facility, including any rights the provider has to suspend or cancel the facility (see 'Conditions on exercise' below)
- e. how investors will be notified of any material changes to withdrawal rights and the withdrawal policy, e.g. if withdrawal rights are to be suspended (see 'Notifications' below), and
- f. whether the amount of capital in the infrastructure entity has been reduced by more than 10% in the last three months – this information can be updated via website disclosure (see 'Reduction of capital by more than 10% in the last three months' below).

### PERIOD FOR SATISFYING WITHDRAWAL REQUEST AND RISK FACTORS

Our ability to meet withdrawal requests is dependent on the Fund remaining liquid for Corporations Act purposes. We aim to pay withdrawal requests within 10 business days. However, due to the liquidity characteristics of the Fund's unlisted infrastructure assets, we may take up to 365 days or longer to pay withdrawal requests, as allowed under the Fund's constitution.

Where we determine we cannot fully meet all withdrawal requests within 10 business days, the conditions for the processing of redemptions may be varied as follows, and as permitted under the Fund's constitution. We will process withdrawal requests on a monthly basis according to a specified withdrawal date. In these circumstances, withdrawal amounts may be reduced on a pro-rata basis for all withdrawal requests. We will notify you in writing if we intend to process withdrawals on this basis.

Withdrawals may be suspended in certain circumstances. These circumstances include:

- where we are unable to realise sufficient assets due to circumstances beyond our control, such as restricted or suspended trading in relevant markets
- if we do not consider it is in the best interests of investors to realise sufficient assets to satisfy a withdrawal request
- where the Fund ceases to be 'liquid' as defined in the Corporations Act
- where it is reasonably considered to be in the best interests of investors to suspend, for example where we are unable to manage the Fund in order to meet its investment objectives, or
- where the law otherwise permits.

We treat withdrawal requests outstanding when a suspension occurs, or received during a suspension period, as having been received by us immediately after the end of the suspension period.

The withdrawal provisions outlined in the PDS only apply while the Fund is liquid. Where the Fund ceases to be liquid as defined in the Corporations Act, withdrawals are suspended and investors will not be able to withdraw from the Fund unless, and until we choose to make a withdrawal offer to investors.

### WITHDRAWAL POLICY AND POSSIBLE CHANGES TO THE POLICY

Monthly processing of withdrawal requests (if applicable).

We may change the existing withdrawal process (above) where we determine the amount of funds available for meeting withdrawal requests is not sufficient to fully meet all withdrawal requests within 10 business days. The conditions for the processing of redemptions will be varied as permitted under the Fund's constitution.

We will determine to process withdrawal requests on a monthly basis according to a specified withdrawal date. In these circumstances, withdrawal amounts may be reduced on a pro-rata basis for all withdrawal requests. We will notify investors in writing if we determine to process withdrawals on this basis.

If the monthly processing of withdrawal requests and pro-rata processing of withdrawal payment amounts applies:

- Investors can submit a withdrawal request at any time. However, withdrawal requests that are to be paid into your nominated bank account are processed monthly, according to the relevant 'specified withdrawal date'.
- The specified withdrawal date is the 15th day of each calendar month, or the next business day if the specified withdrawal date is not a business day. A business day for us is any day other than Saturday, Sunday or a bank or public holiday in NSW.
- We only accept withdrawal requests if the request is received before 1.00pm Sydney time on any specified withdrawal date. Requests received after 1.00pm on a specified withdrawal date will be held over to the next specified withdrawal date.
- More than one withdrawal request per investor will be accepted in relation to any specified withdrawal date. If we receive more than one withdrawal request from you, we will aggregate and process your total withdrawal requests received before 1.00pm Sydney time on the specified withdrawal date.
- Where we determine cash is not available to fully meet withdrawal requests relating to a specified withdrawal date, withdrawal payment amounts will be reduced on a pro-rata basis for all withdrawal requests. If we reduce withdrawal payment amounts, investors need to submit a new withdrawal request for the balance of the unpaid withdrawal amount (or any other amount).
- This new withdrawal request will be processed at the specified withdrawal date relevant to the date we receive the request, and will be reduced on a pro-rata basis if there is insufficient cash available in the Fund to fully meet the request.
- The unit price used to calculate the withdrawal value will generally be the price calculated on the last valuation date before we process the payment of the withdrawal request (or part of the withdrawal request), not the day the investor notifies us of the intention to withdraw
- Withdrawal requests subject to monthly processing and pro-rata processing of withdrawal payment amounts will be satisfied within 365 days, or such longer period as permitted under the Fund's constitution.

We will notify investors in writing if we determine to stop processing withdrawal requests on a monthly basis.

## CONDITIONS ON EXERCISE

### Total withdrawals

Where the total withdrawals exceed 5% of the net assets of the Fund on any one day, we may determine that part of the withdrawal amount payable consists of income.

### Large withdrawals

We may restrict the amount that an investor may withdraw during any three month period to 25% of the greatest number of units they held during the last 12 months if, either at the date of the withdrawal request or at any time within the previous 12 months, the investor held 20% or more of the total units in the Fund.

### Withdrawal prices

We normally determine the market value and net asset value of the Fund at least each business day, using the market prices and unit prices of the assets in which the Fund is invested.

The withdrawal price is determined under the Fund's constitution by reference to the net asset value and transaction costs pertaining to the relevant class of units, and the number of units on issue in that unit class.

### Payment times

Although we aim to process withdrawal requests within 10 business days of receipt, you should be aware that:

- payment and processing of withdrawal requests is dependent on the Fund's cash position, and
- the Fund's constitution allows up to 365 days, or longer in some circumstances, to process withdrawal requests (as outlined in this section).

If monthly processing of withdrawal requests applies, subject to the above conditions and the Fund's constitution, you should be aware that the amount paid to you may be less than the amount requested or that no amount may be payable in a month.

## NOTIFICATIONS

Investors will be notified in writing of any material changes to withdrawal rights and the withdrawal policy, including if withdrawal rights are to be suspended.

## REDUCTION OF CAPITAL BY MORE THAN 10% IN THE LAST THREE MONTHS

Please refer to the AMP Capital website for any update. As at the date of this document, the amount of capital in the infrastructure entity has not been reduced by more than 10% in the last three months.

## 11. PORTFOLIO DIVERSIFICATION

### Disclose:

- portfolio diversification policy
- actual portfolio diversification position compared to the policy
- explanation of any material variance (set out at b).

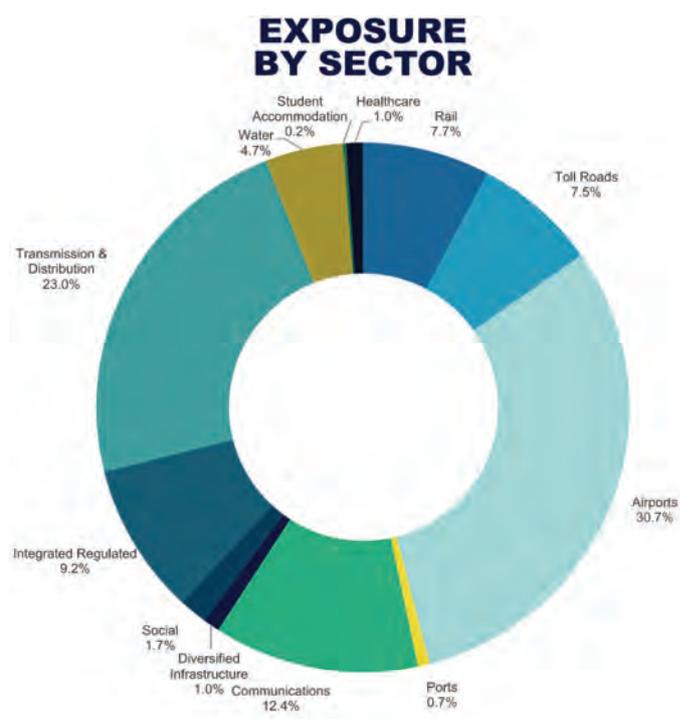
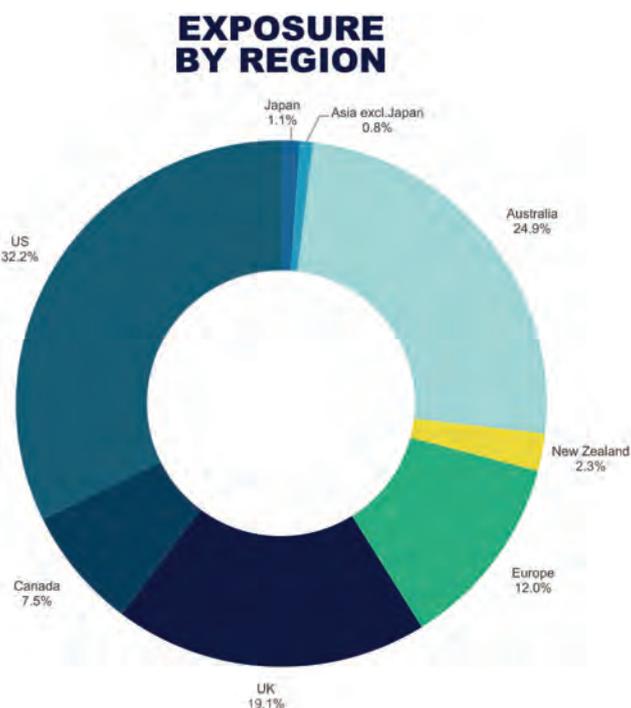
The Fund aims for diversification by investing across infrastructure assets, sectors and geographic locations, with asset allocation targeting 50% unlisted infrastructure assets and 50% listed infrastructure securities. The Fund invests into unlisted infrastructure assets either directly through the Fund and/or via unlisted infrastructure funds, and listed infrastructure securities through the AMP Global Listed Infrastructure Index Fund Hedged.

The Fund's risk parameters do not allow an exposure of more than 25% to any single asset or listed security. The top ten holdings of the Fund as at 30 September 2018 incorporating look through holdings are shown below.

As at 30 September 2018, the Fund does not exhibit any material variance from the portfolio diversification policy and the actual portfolio diversification position of the Fund.

## CORE INFRASTRUCTURE FUND – DIVERSIFIED SECTOR AND REGIONAL ALLOCATIONS

Allocations as at 30 September 2018. Source: AMP Capital, 2018.



## Top Ten Holdings - 30 September 2018

SECURITY DETAILS	% OF CIF	SECTOR	EQUITY	COUNTRY
Australia Pacific Airports Corporation	15.95	Airports	Unlisted	Australia
London Luton Airport	7.58	Airport	Unlisted	UK
ITS ConGlobal	6.13	Transportation logistics	Unlisted	USA
Angel Trains UK	5.32	Rail	Unlisted	UK
American Tower Corp	4.55	Communications	Listed	USA
Enbridge Inc	3.92	Transmission & Distribution	Listed	Canada
Crown Castle International Corp	3.29	Communications	Listed	USA
Vinci SA	3.16	Toll roads	Listed	Europe
National Grid PLC	2.51	Transmission & Distribution	Listed	UK
Powerco New Zealand Holdings Ltd	1.84	Transmission & Distribution	Unlisted	New Zealand
<b>Total</b>	<b>54.25*</b>			

\*The sum of the top ten holdings is not exactly equal to total portfolio weight of top 10 holdings due to rounding. Reflects look through holdings incorporating indirect exposures through listed and unlisted infrastructure fund allocations as at 30 September 2018 Source: AMP Capital, 2018

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