

# Dexus Core Infrastructure Fund<sup>1</sup>

## Off-Platform Class H

April 2023

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

### Performance summary

- The Dexus Core Infrastructure Fund (DCIF) has outperformed its benchmark over the past month. The Fund has outperformed its benchmark over a ten-year basis, and since inception.
- The listed component of DCIF returned 2.32% for April, outperforming the MSCI World ex AU Accumulation Hedged AUD Index return of 1.61%.

### Investment approach

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

### Important Note Regarding Performance Fee Estimate\*

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

For more information visit [dexus.com/dcif](https://dexus.com/dcif)

### Performance – as at 30 April 2023

**Inception Date:** 30 Oct 2007

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

**Management costs:** 1.61%

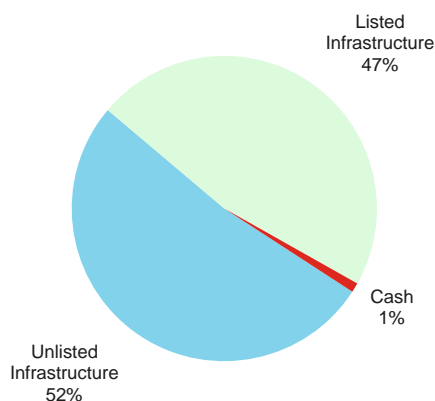
The Management costs include a management fee, a performance fee, and indirect costs. The performance fee is 15.39% (inclusive of GST less reduced input tax credits) of the outperformance of the Fund, based on the Fund's total return over the 10 year Australian Government Bond Yield plus 3.25% p.a. Outperformance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

%	1 mth	3 mth	1 yr	3 yr	5 yr	10yr	Incept
Total return - after fees	0.99	-0.17	-1.32	3.61	4.23	6.99	6.67
Distribution	0.00	0.78	3.43	3.11	3.04	3.99	4.92
Growth	0.99	-0.94	-4.75	0.50	1.20	2.99	1.75
Benchmark	0.53	1.61	6.83	5.40	5.26	5.74	6.57

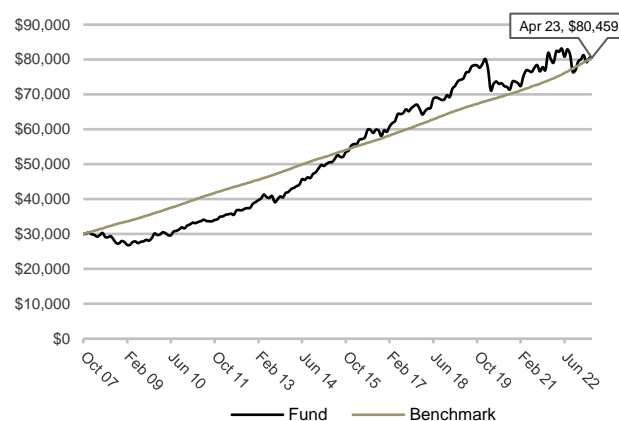
Past performance is not a reliable indicator of future performance. Performance is annualised for periods greater than one year.

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

### Asset Allocation



### \$30,000 Invested Since Inception



### Regional Allocation

Region	Current %
US	33.99
Australia	32.45
UK	11.20
Europe	8.73
Canada	6.28
New Zealand	6.08
Asia excl. Japan	0.73
Japan	0.54

### Top 10 Holdings

Security Details	Portfolio %
Australia Pacific Airports Corporation	16.11
London Luton Airport	6.04
ANU Student Accommodation	5.61
American Tower Corp	5.13
ITS ConGlobal	5.06
Enbridge Inc	4.35
Vinci SA	3.33
Auckland South Corrections Facility	3.32
Macarthur Wind Farm	3.05
Crown Castle International Corporation	2.87

<sup>1</sup> Dexus Funds Management Limited as responsible entity of Dexus Property Trust and Dexus Operations Trust (**Dexus**) recently acquired the responsible entity AMP Capital Funds Management Limited (**Responsible Entity**) of AMP Capital Core Infrastructure Fund (ARSN 127 019 238) (Fund). Following the acquisition, Dexus intends to change the legal name of the Fund to Dexus Core Infrastructure Fund and the name of the Responsible Entity to Dexus Capital Funds Management Limited. Dexus has registered each name as a business name with the Australian Securities and Investments Commission. Subject to regulatory filings and approvals, the change of name is expected to be completed in 2023. AMP Capital Investors Limited (**Investment Manager**) remains the investment manager of the Fund. Dexus has also recently entered into a conditional agreement to acquire the Investment Manager, with completion of the acquisition expected to occur following receipt of a required regulatory consent.

# Dexus Core Infrastructure Fund - Off-Platform Class H

## Performance and activity

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

The listed component of DCIF returned 2.32% for April, outperforming the MSCI World ex AU Accumulation Hedged AUD Index return of 1.61%\*.

\* Past performance is not a guarantee for future performance.

## Unlisted infrastructure

The unlisted component of the portfolio comprises Australia Pacific Airports Corporation (APAC) (Melbourne and Launceston Airports), Powerco, AquaTower, SA Schools, Port Hedland International Airport (PHIA), ITS ConGlobal (ITSC), London Luton Airport (LLA), Australian National University Student Accommodation (ANU), Macarthur Wind Farm, Auckland South Corrections Facility (ASCF), Royal Adelaide Hospital (acquisition completed in early May 2023), Dexus Diversified Infrastructure Trust<sup>2</sup>, InfraBridge Global Infrastructure Fund and InfraBridge Global Infrastructure Fund II.

### Australia Pacific Airports Corporation (APAC)

Melbourne Airport continues to deliver strong financial and operational performance, with total passenger numbers in April 2023 reflecting circa. 87% of FY19 (pre-COVID) levels. Pleasingly, international passenger volumes returned to 82% of pre-COVID figures and were 7% higher than March 2023 volumes. This segment's strong recovery was further accentuated by the welcomed growth in international capacity with Singapore Airline's A380 aircraft returning to regular service at Melbourne Airport. The A380 is a flagship aircraft in Singapore Airlines' fleet and carries over 200 more seats than the existing Boeing 777 aircraft which it replaces on for this service. In addition, the domestic passenger segment also delivered strong operational performance with April 2023 volumes reflecting 89% of pre-COVID figures.

Year to date (YTD) (for the nine months to March 2023) earnings before interest, tax, depreciation and amortisation (EBITDA) outperformed the budget by 7%. Aviation revenue tracked slightly ahead of budget, driven predominantly by the domestic passenger performance. Pleasingly, ground transport revenue exceeded budget by 7%, attributable to the domestic passenger segment. Both retail and property revenues were in line with budget.

Melbourne Airport is looking forward to further expected increases to international capacity which include Cathay Pacific increasing the frequency of flights to Hong Kong to twice daily (from once daily); Emirates returning to pre-COVID frequency of three flights a day and VietJet commencing flights to Ho Chi Minh in April 2023.

### Port Hedland International Airport (PHIA)

YTD (for the nine months to 31 March 2023) passenger volumes were 18% above the prior corresponding period (PCP) and tracked 16% favourable to the budget. February and March 2023 passenger volumes were 24% and 17% higher than February and March 2022 volumes respectively.

YTD EBITDA reflected the strong passenger performance, outperforming the budget by 17%. On a YTD basis, aeronautical revenues exceeded the budget by 11%, with the higher than

budgeted passenger volumes slightly offset by high load factors. Passenger numbers have been particularly strong in each month of the financial year to date. Non-aeronautical revenues tracked 6% ahead of budget, primarily due to higher-than-expected hire car income and food and beverage retail turnover.

The terminal redevelopment continues, with the Stage 3 works expected to complete in late June 2023. There were no significant issues to the project from Tropical Cyclone Ilsa in April 2023. While several days were lost due to cyclone preparation and site closure, there are no significant delays expected to the Stage 3 works.

## Powerco

Powerco's full year revenue (for the 12 months to March 2023) tracked 0.6% ahead of budget, attributable to the strong performance of the customer works segment which outperformed the budget by 13%. Project delivery remained strong with the business successfully delivering its customised price path (CPP) target. FY23 capital expenditure (capex) tracked 7.7% favourable to the budget, driven primarily by customer works and resilience spending related to the recent storm activities. Operational expenditure tracked above the annual target as expected, with the majority of the expenditure driven by maintenance spending related to the storm activities experienced over the last year.

Powerco has successfully concluded its 5-year CPP program with commissioned assets tracking ahead of the CPP target, attributable to storm repair and resilience spending. Pleasingly, the business also delivered its largest capital delivery program and customer-initiated works program. This successful outcome highlights Powerco's ability to undertake the capex works forecast in the business' asset management plan over the next 10 years.

The International Energy Agency (IEA) have released a comprehensive report assessing the energy policy in New Zealand, which includes several recommendations for the New Zealand government to consider in setting the nation's energy policy. Powerco management met with the IEA on their recent tour to New Zealand and positively noted that the report aligns with industry's perspective on New Zealand's reaching its 100% renewable electricity target by 2030. Powerco continues to engage with the government and industry bodies to promote and advocate for further government investment in the decarbonisation of the New Zealand electricity network as well as allowing and encouraging electricity distribution businesses to spend more of their allowed resources on innovation. The report can be found [here](#).

### ITS ConGlobal (ITSC)

ITSC's YTD revenue was flat to the PCP and the YTD adjusted EBITDA tracked 5% behind budget due to near-term macroeconomic headwinds arising from the slowdown in consumer demand.

The Depot business' YTD adjusted EBITDA tracked 4% behind budget. This is a result of loaded (or full) containers beginning to depart ITSC's storage facilities as the supply chain begins to normalise and trade volumes weaken. The ITSC asset management team expects the empty containers to return to the business' network though the rebalancing will take time and is not expected to normalise until the second half of 2023.

YTD intermodal volumes were 15% lower than the PCP, largely due to US consumption reverting to more normalised levels and macroeconomic factors affecting consumer demand. The decline in intermodal volumes, however, has been partially offset by the re-

<sup>2</sup> Dexus Funds Management Limited as responsible entity of Dexus Property Trust and Dexus Operations Trust (Dexus) recently acquired the trustee AMP Investment Services Pty Limited (Trustee) of AMP Capital Diversified Infrastructure Trust (Fund). Following the acquisition, Dexus intends to change the legal name of the Fund to Dexus Diversified Infrastructure Trust, the name of each stapled trust to Dexus Diversified Infrastructure Trust A and Dexus Diversified Infrastructure Trust B (respectively) and the name of the Trustee to Dexus Investment Services Pty Limited. Dexus has registered the proposed name of the Trustee as a business name with the Australian Securities and Investments Commission. Subject to regulatory filings and approvals, the change of name is expected to be completed in 2023.

AMP Capital Investors Limited (Investment Manager) remains the investment manager of the Fund. Dexus has also recently entered into a conditional agreement to acquire the Investment Manager, with completion of the acquisition expected to occur following receipt of a required regulatory consent.

contracting efforts which generate a higher average revenue per lift in comparison to prior years. Pleasingly the Intermodal business' YTD productivity targets are in line with the budget.

The ITSC management team has developed a remediation plan to address the difficult operating conditions, which includes rate increases and targeting new business wins.

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

LLA's YTD (for the four months to April 2023) passenger volumes reflected approximately 89% of pre-COVID levels. Pleasingly, the strong traffic performance was 52% higher than the PCP and tracked 16% favourable to the budget, highlighting LLA's resilient recovery from the pandemic.

YTD revenue tracked 22% favourable to the budget, attributable to the solid passenger volumes. The YTD operating costs tracked slightly behind budget due to higher concession fees resulting from the improved passenger levels. Notwithstanding this, the YTD EBITDA remains strong, outperforming the PCP by circa. 67%.

LLA continues to maintain high standards for customer experience, with an overall ASQ score of 3.9 (out of 5) for April 2023.

### **SA Schools**

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

On the night of 9 April 2023, the asset management team was advised that a fire had occurred at Building 6 at John Hartley Primary School. Unfortunately, the building was lost, however, the swift response of emergency services ensured that the damage was limited to just the one building.

Our team is in the process of demolishing the existing building and seeking a proposal for the construction of a replacement building at the School. SA Schools is also insured for the loss and the team is working with contractors to undertake the works and insurers to ensure that SA Schools is covered for the cost of replacement.

### **AquaTower**

Operational performance is measured against 29 KPIs. For the 12 months to 30 April 2023, no abatements were levied on AquaTower.

All plants continued to operate well over the course of the quarter without material issues. No service fee abatements were recorded in the period, with each plant meeting all contractual water quality parameters.

For the four months to 30 April 2023, treated water volumes tracked 22.4% ahead of the budget. As AquaTower's annual budget does not account for seasonal variance, we expect to see outperformance against budget in warmer months and weaker performance against budget in the cooler months.

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

The occupancy for Semester 1 2023 reached 98.5% at the end of March. During April, our asset management team focused on analysing the supply and demand dynamics of the Semester 1 letup to inform the rent setting process for 2024. The team will continue to work closely with the university counterparts to ensure that the portfolio pricing is optimised to maximise occupancy. Applications for Semester 2 2023 will open shortly, with approximately 20% of rooms becoming available largely due to students' finishing their degrees at the end of Semester 1.

### **Macarthur Wind Farm**

Macarthur's production was impacted by the ongoing repair and maintenance works relating to electrical switchgears and converters over the quarter. Notwithstanding this, the asset continues to receive its scheduled payments in full from AGL under its fixed contract.

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

The project continues to perform well both financially and operationally.

Operational performance is measured against 52 KPIs. For the 12 months to 31 March 2023, 99.62% of the service fee was received from the New Zealand Crown, and of the 0.38% abatement, 100% was passed through to the subcontractor.

A site inspection of the asset was held in April 2023 with the Board undertaking a work, health and safety inspection of the learning facility onsite.

Discussions with the New Zealand Department of Corrections continue regarding the review of the current performance regime. Several of the Change Notices have now been finalised, with the remainder to be closed out this financial year.

### **Global listed infrastructure**

The listed component of DCIF returned 2.32% for April, outperforming the MSCI World ex AU Accumulation Hedged AUD Index return of 1.61%.

### **Utilities**

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

### **Infrastructure**

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

### **Outlook**

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

## Investment objective

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

### Facts

Fund size	\$805.78 million	Distribution frequency	Quarterly
Minimum suggested time frame	5 years	Date of last distribution	Mar 2023
Minimum initial investment	\$10,000	Distribution cents per unit	1.02
Buy/sell spread (%)	+0.05/-0.05		

Dexus Falcon Pty Limited is licensed to use the AMP Capital trade marks by AMP Limited. AMP Limited announced the sale of AMP Capital's real estate and domestic infrastructure equity business to Dexus Funds Management Ltd on 27 April 2022. Dexus Falcon Pty Limited and its products and services are not affiliated with, guaranteed by or endorsed by AMP Limited.

Important note: Investors should consider the Product Disclosure Statement (PDS) available from AMP Capital Investors Limited (ABN 59 001 777 591) (AFSL 232497) (**AMPCI**) for the AMP Capital Core Infrastructure Fund before making any decision regarding the Fund. AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426 455) (**AMPCFM**) is the responsible entity of the Fund and the issuer of in the Fund. Dexus Funds Management Limited as responsible entity of Dexus Property Trust and Dexus Operations Trust (**Dexus**) recently acquired AMPCFM. The PDS contains important information about investing in the Fund and it is important investors read the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. Neither AMPCI, AMPCFM, Dexus nor any other company in the Dexus Group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document Past performance is not an indicator of future performance. While every care has been taken in the preparation of this document, AMPCI and Dexus make no representation or warranty as to the accuracy or of any statement in it (including, without limitation, any forecasts). This document has been prepared for the purpose of providing general information, without taking account of any particular objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this document and seek professional advice, having regard to their objectives, financial situation and needs.

AMP Capital Investors Limited ("**Investment Manager**") remains the investment manager of the Fund. Dexus has also recently entered into a conditional agreement to acquire the Investment Manager, with completion of the acquisition expected to occur following receipt of a required regulatory consent.

### For more information

T: 1800 658 404  
F: 1800 188 267  
W: [www.dexus.com/dcif](http://www.dexus.com/dcif)  
Or your state account manager

APIR Code AMP1180AU  
AMP Capital Investors Limited  
ABN 59 001 777 591, AFSL 232497