

13 April 2020

Lonsec awards ‘Highly Recommended’ Rating to the Legg Mason Martin Currie Real Income Fund and Active ETF (ASX: RINC)

In its most recent sector review, Lonsec has upgraded the Legg Mason Martin Currie Real Income Fund rating to ‘Highly Recommended’.

Launched in 2010, Legg Mason Martin Currie Real Income Fund has built a long-term record of success in delivering high, sustainable and growing income alongside capital growth. In pursuing its objectives, the Fund invests in a mix of Australian listed companies that own hard, physical assets, such as property, utilities and infrastructure.

Its Active ETF version - the Betashares Legg Mason Real Income Fund (managed fund) (ASX: RINC) has also been awarded ‘Highly Recommended’ rating and was listed on the ASX in February 2018.

Supporting the ratings is Lonsec’s “high regard for the Martin Currie Listed Real Assets investment team” and “the disciplined investment process”.

Lonsec notes that the “Real Assets team are very experienced, and the portfolio managers have good tenure of working together”. Ashton Reid is the Lead Portfolio Manager of the Fund is supported by Andrew Chambers and the broader investment team based in Melbourne and led by CIO, Reece Birtles.

In its report, Lonsec made note of the ESG integration within the Fund stating: “The Manager has clearly articulated a strong commitment to the integration of ESG within their investment process with a strong policy framework and clear public positioning.”

“Overall Lonsec views the strength of this commitment to be well above peers. Lonsec’s review of the overall level of disclosure with respect to the Manager’s proxy voting and engagement, policies and reporting are assessed as industry leading, with particular credit paid to the details and clarity provided in the Manager Proxy Voting Policy.”

They added: “The Portfolio Managers demonstrated an ability to engage on broad ESG topics, and that the Manager could demonstrate clear ESG based engagement outcomes. Importantly, there was clear evidence that ESG considerations were at the forefront of proxy voting decisions. The Manager had a well-structured approach to the collection and use of ESG specific data supported by a dedicated three person ESG team.

Overall, on a peer relative basis, Lonsec considers the overall level of ESG integration within this fund to be ‘High’.”

Commenting on the strong long-term performance record, Lonsec notes: “The Fund has delivered a three-year total return of 11.4% p.a. (all figures net of fees) to 31 December 2019. Relative to the reference index consisting of 50% A-REIT /40% Utilities /10% Infrastructure, the Fund out-performed by +3.17% p.a. over this period. Over the same period, the Fund outperformed the Lonsec peer group median by 1.4% p.a. For calendar year 2019, the Fund achieved a net total return of 21.85% outperforming the reference index by +3.75% (both figures net of fees). The income component of the gross return was 5.8%, in excess of the Fund’s objective of 120% of the yield of the Benchmark (approx 4.3%).”

Ashton Reid, Portfolio Manager, Legg Mason Martin Currie Real Income Fund said: “With record low bond yields and heightened equity market volatility, these are challenging times for investors looking for stable and growing income streams. In this environment, we believe that ‘Real Assets’ remain the tangible building blocks of the economy that are used every day (even in a recession) and can offer compelling lower-risk income exposure. Longer-term growth continues to be underpinned by the strong population and urbanisation rather than being directly dependent on the business cycle.”

Andy Sowerby, Head of Australia for Legg Mason concluded: “The Legg Mason Martin Currie Real Income Fund is an innovative, differentiated and proven investment strategy with a track record dating back almost a decade. It has been designed to provide an attractive income stream that grows over time and this has never been more needed than today. We are delighted that Lonsec has recognised this Fund with their highest possible rating of ‘Highly Recommended’.”

Ends

Legg Mason Martin Currie Real Income Fund Highlights

- Invests in Australian listed companies owning real assets (such as property, utility and infrastructure securities) that deliver strong dividend income from reliable revenue streams
- Targets income growth that exceeds the rise in the cost of living by owning securities that can grow revenue and profit over time
- Targets companies with large, sunk capital bases and recurring revenue streams to provide consistent income through the business cycle

About Legg Mason

Guided by a mission of ‘Investing to Improve Lives™’, Legg Mason helps investors globally achieve better financial outcomes by expanding choice across investment strategies, vehicles and investor access through independent investment managers with diverse expertise in equity, fixed income, alternative and liquidity investments. Legg Mason’s assets under management are A\$1.1 trillion as of 31 December 2019.

Legg Mason provides centralised business and distribution support for its nine affiliated fund managers: Brandywine Global, Clarion Partners, ClearBridge, Entrust Global, Martin Currie, RARE Infrastructure, Royce & Associates, QS Investors and Western Asset. Each affiliate operates independently under its own brand and investment process and is considered an industry expert in its asset class.

Australia business Facts:

- Legg Mason’s Australian business was established in 1954
- Assets Under Management in Australia are A\$61.7 billion as at 31 December 2019 (Source: Rainmaker Data. Consists of AUM managed in Australia for Australian and offshore investors and AUM managed offshore for Australian investors)
- Legg Mason Australia was awarded the Money Management/Lonsec Fund Manager of the Year in 2015, 2017 and 2018.

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Media Contacts

Shed Connect
Simrita Virk
M: +61 434 531 172

Legg Mason Global Asset Management
Felicity Nicholson
M: +61 427 842 650

E: simrita.virk@shedconnect.com

E: fnicholson@leggmason.com

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Before making an investment decision you should read the Product Disclosure Statement (PDS) for the Fund carefully and you need to consider, with or without the assistance of a financial advisor, whether such an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. The PDS is available and can be obtained by contacting Legg Mason Australia on 1800 679 541 or at www.leggmason.com.au. This product has not been prepared to take into account the investment objectives, financial objectives or particular needs of any particular person. Neither Legg Mason Australia, nor any of its related parties guarantees any performance or the return of capital invested. Past performance is not necessarily indicative of future performance. Investments are subject to risks, including, but not limited to, possible delays in payments and loss of income or capital invested. These opinions are subject to change without notice and do not constitute investment advice or recommendation.

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