

Media Release

14 July 2020

Zenith upgrades the Legg Mason Martin Currie Equity Income Fund rating to 'Highly Recommended'

In its most recent sector review, Zenith Investment Partners (Zenith) has upgraded the Legg Mason Martin Currie Equity Income Fund rating to 'Highly Recommended'.

Launched June 2011, the Legg Mason Martin Currie Equity Income Fund has since been at the forefront of retirement income solutions in Australia. The objective of the strategy is to provide a sustainable and growing income stream and to deliver total returns with less volatility than the broader equity market.

Since inception, the Fund has exceeded its aim to provide a total income stream that is higher than that of the S&P/ASX 200 and has also delivered this income with lower volatility than the Australian share market¹.

The Zenith report stated: "The Martin Currie Australian (MCA) equities team is headed by Chief Investment Officer, Reece Birtles. Birtles is an experienced portfolio manager, having managed equity portfolios both domestically and abroad. Birtles is supported by the broader MCA equity team which includes ten fundamental research analysts and two team members focused on quantitative research.

"The research effort is structured to identify companies that can deliver a sustainable, inflation protected income stream. The investment team typically adopts a more conservative approach when determining a company's "through the cycle" dividend payment, with the forecasted dividend being reflective of the free cash flows the company is likely to generate at the bottom of the economic cycle. Zenith believes MCA's research process is well established, appropriately blending the analysts' fundamental insights with internal quantitative directional tools."

Reece Birtles, lead Portfolio Manager for the strategy and key architect of Martin Currie's retirement solutions, noted that the upgrade neatly coincided with the 10-year anniversary of Martin Currie's focus on income oriented solutions.

He said: "Ten years ago we set a goal of helping our clients access a better income stream to facilitate a better standard of living. The objective was to offer lower income variability, provide inflation protection and to provide good income and capital growth for longevity. This rating upgrade represents an important recognition of both our results to date and perhaps more importantly, the process we've put in place to continue to provide for our clients for the future."

Zenith also focused on the Fund's flexibility as an important aspect of differentiation.

Zenith noted: "As a result of the Fund's income target, it is not constructed with reference to a benchmark and is expected to hold between 40 and 60 companies. Consistent with the Fund's inflation protection mandate, Birtles will seek to diversify the Fund's revenue sources to companies whose revenues are more closely linked to domestic economic growth and the level of inflation.

"Overall, Zenith views the portfolio construction process to be complementary to the fundamental research process, which appropriately combines the stock research performed by the analysts and Birtles' construction skills."

Legg Mason Managing Director, Andy Sowerby, said: “The decision to upgrade the rating of the Legg Mason Martin Currie Equity Income Fund to ‘Highly Recommended’ recognises the strong product design underpinned by a world-class investment team and a proven investment process. It is pleasing to note Zenith views this Fund as their preferred option in the Equity Income sector.”

Overall assets in the Equity Income strategy are AUD \$6bn with AUD \$215.3 million in the local Fund (as of 30 June 2020.)

The Fund is also available as an Active ETF – the BetaShares Legg Mason Equity Income Fund (managed fund) (ASX: EINC).

Key features of the Fund include:

- Aims to deliver a growing income stream by investing in quality Australian listed companies
- Strong focus on income growth to protect purchasing power
- Seeks to extract the full benefits of franking credits for zero tax rate payers

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 March 2020.

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\$56.7 billion as at 31 March 2020 (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.

Visit www.leggmason.com.au to learn more

About Martin Currie

Martin Currie is an independent investment affiliate of Legg Mason. An active equity specialist, driven by investment expertise and focused on managing money for a wide range of global clients. Its approach to investing is simple: it focuses on companies. The integrated investment floor seeks out those companies it believes have the fundamentals to deliver material outperformance on a medium to long-term basis. Once identified, these ideas are moulded into well-balanced portfolios. The firm’s approach to portfolio construction reduces and controls macro-factor sensitivity, aiming for client portfolios to derive maximum value from stock insights and for returns to be delivered in a predictable and sustainable fashion.

Media Contacts

Simrita Virk

Felicity Nicholson

Shed Connect
M: +61 434 531 172
E: simrita.virk@shedconnect.com

Legg Mason Global Asset Management
M: +61 427 842 650
E: fnicholson@leggmason.com

Disclaimer

Legg Mason Asset Management Australia Limited (ABN 76 004 835 849 AFSL 240827) is part of the Global Legg Mason Inc. group. Any reference to 'Legg Mason Australia' is a reference to Legg Mason Asset Management Australia Limited.

Legg Mason Australia is the Responsible Entity of the Legg Mason Martin Currie Equity Income Fund (ARSN 150 751 821). Martin Currie Australia is the fund manager of the Fund. Before making an investment decision you should read the Product Disclosure Statement (PDS) carefully and you need to consider, with or without the assistance of a financial adviser, 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 the performance or the return of capital invested. Past performance is not 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.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating June 2020 referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

ⁱ **Past performance is not a guide to future returns.**

Source: Legg Mason, Morningstar, as at 30 June 2020. Fund inception date is June 2011. This strategy is not constrained by a benchmark, however for comparison purposes is shown against the S&P/ASX 200 Accumulation Index.