

SHINING A LIGHT ON THE.....

Legg Mason IF RARE Global Infrastructure Income Fund

AT A GLANCE

| Investment Objective |
|--|
| To provide investors with an income comprised of dividends with a secondary investment objective of long-term capital growth. The Fund seeks to achieve its objective by investing primarily in a diverse range of global listed infrastructure securities across a number of infrastructure sub-sectors, such as gas, electricity and water utilities, toll-roads, airports, rail and communication infrastructure and across different geographic regions, under normal market conditions. |

| | |
|----------------------------|---|
| Inception Date | 1 July 2016 |
| Fund Factsheet Link | http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000XGBH |

| Management | |
|----------------|----------------|
| Manager Name | Start Date |
| Daniel Chu | 1 October 2019 |
| Charles Hamieh | 1 April 2020 |

| Investment Style Details | |
|--------------------------|-------------|
| Equity Style | |
| Market Capitalisation | % of Equity |
| Giant | 1.73% |
| Large | 37.67% |
| Medium | 50.46% |
| Small | 10.14% |
| Micro | 0.00% |

| Top 10 Holdings | | |
|-------------------------------|-----------|-------------|
| Total number of holdings | 39 | |
| Assets in Top 10 Holdings | 43.02% | |
| Name | Sector | % of Assets |
| Red Electrica Corporacion SA | Utilities | 5.62% |
| NextEra Energy Partners LP | Utilities | 5.02% |
| Dominion Energy Inc | Utilities | 4.58% |
| Snam SpA | Utilities | 4.22% |
| United Utilities Group PLC | Utilities | 4.16% |
| EDP - Energias de Portugal SA | Utilities | 4.16% |
| TerraForm Power Inc Class A | Utilities | 3.95% |
| Emera Inc | Utilities | 3.94% |
| Terna SpA | Utilities | 3.70% |
| Clearway Energy Inc Class C | Utilities | 3.67% |

| Volatility Measurements | |
|-----------------------------------|--------|
| 3-Yr Std Dev (volatility) | 13.61% |
| 3-Yr Mean Return (average) | 6.15% |

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FUND PERFORMANCE

Performance from 1st July 2016 to 30th April 2020:

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------|--------|--------|--------|---------|
| Legg Mason IF RARE Global Infrastructure Income Fund | 2.80% | 8.17% | -0.27% | 27.41% | -5.95% |
| MSCI World | 8.86% | 16.27% | -9.13% | 24.86% | -12.23% |

Performance over 12 months, 3 years and since launch:

| | 1 year | 3 years | Since launch |
|---|--------|---------|--------------|
| Legg Mason IF RARE Global Infrastructure Income Fund | 4.21% | 19.62% | 31.10% |
| MSCI World | -5.55% | 9.27% | 26.04% |

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

These updates have been written at the time of the Coronavirus Pandemic in 2020, which has impacted the global financial markets in a way that has never been seen before.

We spoke to the team just after some of the biggest stock market falls in recent history. This was just a brief update to see where they are today. The fund aims to protect on the downside but also capture upside growth. Although the fund is down year to date it has not gone down as much as the MSCI World Index, and since launch it has slightly outperformed. The historic yield on the fund is 6.04% and at a time where investors are seeking different options for income, this could be an interesting option.

The fund focuses on regulated assets (Gas/electric transmission and distribution, water and wastewater) and user payer assets (airports, toll roads, railways and ports). At the time of the market falls they spent a great deal of time looking at each holding and stress testing to see where there were potential weaknesses. About 80% of the holdings showed no hit to earnings and about 7% a significant hit to earnings. The remaining they are currently still working on. In terms of dividends these are slightly higher than forecast in March but lower than in January and February.

The fund has benefited from a bounce back in North American Pipelines, Airports, Road and Rail but some of the holdings in Spain and Italy have remained weak. In terms of what they have done, they have effectively moved up the quality scale as opportunities arose with the market dislocation. They have continued to reduce exposure to North American midstream (mainly pipelines) which they started doing in 2019, and increasing exposure to renewables.

Where opportunities have arisen they have topped-up some holdings, and trimmed China Merchants Port Holdings. Main new holding is NextEra who are a large owner of wind and solar in the US. The fund has about 61% positioned to electricity, and 15% to gas. In terms of areas of weakness, they now have around 3% allocated to airports and 0.90% to ports.

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They remain positive that in these types of crisis, quality will shine, and this fund is perfectly positioned to benefit from this. Also, they believe there will be further opportunities as governments invest in infrastructure to stimulate the economy.

The source of information in this note has been provided by Legg Mason and is correct as at May 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.