

SHINING A LIGHT ON THE.....
Legg Mason IF RARE Global Infrastructure Income Fund

AT A GLANCE

Investment Objective
The Fund aims to provide investors with an income comprised of dividends with a secondary investment objective of long-term (over five or more years) capital growth. The Fund seeks to outperform the OECD G7 Inflation Index by 5.5% over an investment time frame of five years (gross of fees). The Fund seeks to achieve its objective by investing at least 80% of the Fund's net asset value 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	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000XGBH

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

FUND PERFORMANCE

Performance from 1st January 2017 – 28th February 2021

	2017	2018	2019	2020	2021
Legg Mason IF RARE Global Infrastructure Income Fund	8.34%	-0.25%	27.45%	9.17%	-6.59%
FTSE World ex UK	13.45%	-2.68%	23.10%	14.15%	-0.69%

Performance over 12 months, 3 years, and since launch:

	1 year	3 years	Since launch
Legg Mason IF RARE Global Infrastructure Income Fund	1.72%	39.39%	44.29%
FTSE World ex UK	20.01%	36.31%	78.80%

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.

LWM Consultants Ltd

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
7.55	75.01	104.83	65.75	58.33	0.76	7.49	Value/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	13.21%
3-Yr Mean Return (average)	11.71%

Investment Style Details	
Giant	8.60%
Large	38.60%
Medium	35.60%
Small	8.06%
Micro	0.00%

Top 5 Holdings – 36 Equity Holdings		
Red Electrica Corporacion SA	Utilities	4.92%
SSE PLC	Utilities	4.70%
Atlas Arteria Ltd	Industrials	4.68%
Transurban Group	Industrials	4.10%
NextEra Energy Partners LP	Utilities	4.10%

Top 5 Sectors	
Utilities	70.92%
Industrials	15.78%
Energy	8.94%
Real Estate	4.03%
Technology	0.34%

Top 5 Regions	
United States	26.70%
Australia	18.40%
Canada	10.37%
United Kingdom	10.27%
Spain	8.79%

UPDATE....

The three main pillars of this strategy are:

1. To provide a rising yield for investors, the historic yield is 5.27% p.a.
2. To provide compelling upside / downside capture. So when markets fall this aims to fall less, and yet capture some of the upside
3. To invest in listed regulated infrastructure such as gas/electric transmission and distribution, water and wastewater, and user payer assets such as airports, toll roads, railways, and ports

LWM Consultants Ltd

They define regulated assets as poles, wires and pipes, and “user payer” which includes roads, rail, ports, and airports. The reason why they believe in listed infrastructure is strong secular growth story driven by the essential nature of infrastructure. They provide stable cash flows underpinned by regulation or long-term contracts, they act as an inflation hedge as revenue is often linked to inflation and they offer diversification with a low correlation to major asset classes.

The strategy aims to deliver steady dividend (yield growth) and crucially if the market falls by 1% this will be down about 0.44%. It will also capture some of the upside but will fall behind in a racing market. They have increased transport infrastructure from 10% to 22% as they are looking to leverage from a recovery in road, rail and air. They have also increased exposure to North American pipelines to around 10% as prices have become cheaper.

In terms of renewables this has been reduced as the prices have become expensive at around 14%. This is not a green strategy and we talked about stranded assets. They are not concerned about this because if infrastructure assets are forced to close they would be compensated, but equally they believe that oil and gas still needs to exist and therefore the likelihood of stranded assets is low. However, this is actively managed so something they monitor and manage closely.

Moving forward they believe the exposure to road, rail and air will increase as opening gathers pace. Also, they expect a move towards decarbonisation as more investment is placed in this area.

In summary, this is not a clean / green infrastructure strategy. It invests across the market and provides investors with an alternative asset class to pure equities. It is protected on the downside. There are a few different infrastructure options for investors. This is a good fund, but it depends on what investors want. With the drive towards responsible investing for these types of investors this fund might not be the right option, however, if this is not a consideration then this may be a fund to look at against others in the market.

The source of information in this note has been provided by Legg Mason and is correct as at March 2021. 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.