

**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.

<b>Inception Date</b>	1 July 2016
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000XGBH">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000XGBH</a>

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

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2017 – 30<sup>th</sup> April 2021

	2017	2018	2019	2020	2021
<b>Legg Mason IF RARE Global Infrastructure Income Fund</b>	7.80%	-0.72%	26.96%	8.90%	0.00%
<b>FTSE World ex UK</b>	13.45%	-2.68%	23.10%	14.15%	8.48%

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

	1 year	3 years	Since launch
<b>Legg Mason IF RARE Global Infrastructure Income Fund</b>	15.79%	44.99%	51.80%
<b>FTSE World ex UK</b>	34.44%	50.88%	95.30%

*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.*

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Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
7.97	71.55	100.24	59.31	55.56	0.74	7.98	Value/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	13.38%
3-Yr Mean Return (average)	13.18%

Investment Style Details	
Giant	6.21%
Large	46.32%
Medium	35.42%
Small	6.23%
Micro	0.00%

Top 5 Holdings – 37 Equity Holdings		
Exelon Corp	Utilities	4.73%
SSE PLC	Utilities	4.62%
Atlas Arteria Ltd	Industrials	4.39%
Transurban Group	Industrials	4.09%
Public Service Enterprise Group Inc	Utilities	3.85%

Top 5 Sectors	
Utilities	59.92%
Industrials	25.06%
Energy	10.61%
Real Estate	4.07%
Technology	0.35%

Top 5 Regions	
United States	26.00%
Australia	18.08%
Canada	13.38%
France	8.94%
United Kingdom	8.14%

## UPDATE....

As a reminder, the three main pillars of this strategy are:

1. To provide a rising yield for investors (the historic yield is 5.67% 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

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They define regulated assets as poles, wires and pipes and user payer assets as roads, rail, ports, and airports. The reason they believe in listed infrastructure is a 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 is coming up to its 5<sup>th</sup> anniversary and during this time has been able to deliver its target yield of 5% p.a. This is a global strategy with the team working out of Sydney. The team of managers work together and operate collaboratively so each holding is one that they all agree with. The strategy has underperformed equities recently and the strategy tends to underperform when bond yields are rising but then outperforms general equities following the peak of rising bond yields. They believe they are close to this peak and therefore the fund is well positioned to outperform.

This is not a green strategy, although they are aware as the drive to net zero will underpin growth for many years to come and therefore they need to be on the right side of this. During 2020 they added to their renewable names. However as the valuations recovered, they cut back, but this still makes up around 13% of the portfolio. The strategy also invests in recovery stories like Eurotunnel which will benefit from the gradual re-opening of economies.

In summary, this is a listed infrastructure strategy aiming to deliver a growing income stream of at least 5% p.a. It is not a green strategy, but the managers are careful not to be on the wrong side of change. It has underperformed but they think bond yields have peaked and this should benefit the fund moving forward.

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