

R I N C



BetaShares Legg Mason Real Income Fund (managed fund)

REAL INCOME FROM REAL ASSETS

ASX: RINC

SEP₂₀₂₁

RINC: REALIABLE INCOME THAT KEEPS PACE WITH INFLATION

The BetaShares Legg Mason Real Income Fund (managed fund) (ASX Code: RINC) is an Active ETF that is managed with the proven investment expertise of active equity specialist, Martin Currie.

Growing a real (after inflation) income

RINC invests in ASX-listed securities that hold real or 'hard' physical assets like property, utilities and infrastructure. Specific examples include A-REITs, toll roads, ports, airports, electricity and gas grids. Very few investment funds in Australia offer this combination of assets.

FIVE REASONS TO INVEST IN RINC

1 Sustainable income growing above inflation

Real Income Strategy expected income from A\$100 invested after paying distributions[^]



[^] Source: Martin Currie Australia as at 30 September 2021, FactSet. Next 12 months expected income is calculated using the weighted average of broker consensus forecast dividends per share (DPS) of each portfolio holding and is not guaranteed. As RINC commenced in February 2018, the performance of the unlisted Martin Currie Real Income Fund is shown above to illustrate how a comparable fund managed by Martin Currie Australia using the same strategy has performed over a longer time period. Excludes net realised capital gains. Historic performance of the unlisted fund is not a reliable indicator of the performance of RINC. The investment vehicles shown may have different risk profiles and a direct comparison may not be appropriate.

The above chart highlights how this strategy has produced robust growth in income to match the rise in cost of living by increasing distributions above inflation.

The increase in 12 month forecasted income for \$100 invested in the unlisted Martin Currie Real Income Fund held continuously since inception (blue line) compares favourably to that of the S&P/ASX 200 Index (orange line) and has outpaced the rate of inflation. The growth in income is derived from underlying profit growth of securities held.

2 Focus on high quality stocks

Through active management, RINC aims to have a bias to higher quality companies, and avoid those with low quality (or high risk) attributes. The chart below compares the quality rating for stocks in the unlisted fund on which RINC is based and the sharemarket. The quality rating is based on an extensive checklist using fundamental research that includes such factors as leverage, management quality, diversification and certainty of cash flows. Relative to the wider equity market, the high quality of the underlying stocks held in the strategy is demonstrated by the larger proportion of stocks rated 'Higher', relative to the S&P/ASX 200 Equity Index.



*Indicative only, actual portfolio may differ. Source: Martin Currie Australia as at 30 September 2021.

3 Lower concentration risk than A-REITs

Lower sector concentration

As a benchmark-unaware strategy, RINC offers diversified exposure to listed real assets and aims to avoid the concentration issues associated with the widely followed Australian Property Securities Index (A-REIT Index). The table below illustrates that RINC's sector allocations are expected to be more diversified than this index, with the inclusion of utility and infrastructure providing broader diversification.

Greater economic diversification in sector allocation[#]

Sector	A-REIT Index (%)	Real Income Strategy [#] (%)
A-REITs	100	67
Utilities	-	19
Infrastructure	-	14

[#] Based on the corresponding unlisted Martin Currie Real Income Fund as at 30 September 2021.

Lower stock concentration

Since RINC has a broader investable universe than the A-REIT index and is benchmark unaware, its level of stock concentration is comparatively lower. RINC has a target 9% maximum stock limit ensuring that it remains well diversified across real asset sub-sectors.

As an example, Scentre Group has approximately 11% weighting in the A-REIT Index, while its allocation in RINC's strategy is significantly lower at approximately 6%¹. Unlike index strategies, RINC has the ability to sell out of a stock if better value and dividends are available elsewhere.

¹Based on the corresponding unlisted Martin Currie Real Income Fund as at 30 September 2021.

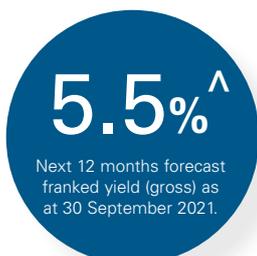
4 Real assets, real advantages

- **Dividend stability** – Real assets can have large 'sunk' capital bases driving cash flow, so future growth does not rely on additional investment and returns are less affected by the business cycle, resulting in more stable dividends for investors.
- **Inflation hedge** – Real assets typically have built-in contracts that allow revenues to be increased in line with (or sometimes above) the inflation rate. Everyday examples include toll roads and returns from electricity grids. By investing in such companies, investors can notionally hedge against future price rises.
- **Assets match income needs** – Real assets are highly transparent investments structured with long duration predictable cash flows, so the investment characteristics of the asset better match the profile of income investors.

5 Liquid, transparent and Australian focused

RINC invests only in ASX-listed assets, providing a high degree of liquidity and transparency of pricing. RINC also avoids structured securities that are not considered to have sustainable dividends. Instead, income is delivered from the underlying cash flows from established real assets.

RINC focuses on Australian-based investments that have a high proportion of their revenue generated in Australia. This removes the direct impact of foreign currency exposure that could otherwise create potential uncertainty in income returns for the investor.



[^]Yield forecast is calculated using the weighted average of broker consensus forecasts of each portfolio holding and research conducted by Legg Mason Australia, and excludes the fund's fees and costs. Franking credit benefit is based on the fund distribution and assumes a zero tax rate. It is not to be interpreted as the offset achieved by unitholders during this period. Actual yield of RINC may differ due to various factors, including changes in the prices of the underlying securities and the number of units on issue. Neither the yield forecast nor past performance is a guarantee of future results. Not all investors will be able to benefit from the full value of franking credits.

WHAT IS AN ACTIVE ETF?

Active ETFs are actively managed investment funds that trade on the Australian stock exchange (ASX). Our Active ETF series allows investors to easily access some of our highly acclaimed and successful investment strategies via a simple ASX trade.

Active ETFs have the same legal structure as traditional unlisted managed funds, while additionally providing live intra-day pricing and liquidity. Investors can buy and sell Active ETFs via any stockbroker or online broker as they would a share. This provides administrative ease as there is no extra paperwork required to invest.

MARTIN CURRIE, THE INVESTMENT MANAGER

RINC is managed by Franklin Templeton Specialist Investment Manager, Martin Currie Australia. Martin Currie is a global active equity specialist, crafting high-conviction portfolios, which aim to deliver attractive and consistent risk-adjusted returns for clients. Founded in 1881, the company has a long history in funds management with A\$31 billion* managed globally. Martin Currie has a significant presence in Australia dating back to 1954, through Martin Currie Australia. In Australia, Martin Currie are multiple award winners for both investment performance and product innovation. Martin Currie Australia's success is built upon a fundamental research process and strong portfolio construction disciplines that are combined with the aim of delivering superior investment outcomes for investors.

*As at 30 September 2021.



Ashton Reid
Portfolio Manager,
Martin Currie Australia

“Very few products in Australia offer our combination of real assets, which in turn provides a unique investment solution not possible from a stand-alone listed property or infrastructure fund.”

RINC'S ROLE IN AN INVESTOR'S PORTFOLIO

Income investors currently face a unique real-world problem. Record low deposit rates, low bond yields, low growth, the risk of rising inflation and rising life expectancy bring a new set of challenges that question many traditional investment solutions.

If you rely on investment income to live, one of the biggest risks you face is the erosion of your purchasing power by inflation. But what if the income from your investments rose in line with the cost of living? Investing in RINC, that holds "REAL" assets, like listed property, utilities and infrastructure, can help you achieve this essential goal – a sustainable income stream that aims to grow above the rate of inflation.

RINC may be suitable for retirees as well as investors seeking an alternative to traditional A-REIT or unlisted property strategies, as it is more diversified across the real asset sub-sectors.

RINC – KEY CHARACTERISTICS

Inception date	13 February 2018
Investment objective	To provide a pre-tax income yield above the S&P/ASX 200 Index yield and to grow this income above the rate of inflation.
Management costs	0.85% p.a.
Investment universe	A-REITs, utility, infrastructure and like securities.
Number of securities	Typically 20–45

CONTACT US FOR MORE INFORMATION ON OUR RANGE OF ACTIVE ETFs

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ABOUT BETASHARES

BetaShares is one of Australia's leading and most innovative managers of exchange traded funds with over A\$22 billion* in assets under management and the broadest range of exchange traded solutions available on the market.

ABOUT FRANKLIN TEMPLETON

Franklin Templeton is one of the world's largest asset managers with over A\$2.1 trillion* in assets under management. Franklin Templeton provides centralised business and distribution support for all of its Specialist Investment Managers, which includes Martin Currie, the investment manager of EINC and RINC. Franklin Templeton acquired Legg Mason and its Specialist Investment Managers on 31 July 2020.

* As at 30 September 2021.

There are risks associated with an investment in the Fund, including market risk, sector risk and market making risk. For more information on risks and other features of the Fund please see the Product Disclosure Statement.

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