

# Betashares Martin Currie Equity Income Fund (managed fund)



 **ASX: EINC**

31 January 2024

## Objective

EINC invests in an actively managed portfolio of income-oriented Australian shares that aims to generate an after-tax yield higher than that produced by the S&P/ASX 200 Index, and to grow that income above the rate of inflation. EINC is managed by Martin Currie, a leading equities manager and member of the Franklin Templeton Group.

## Benefits



### Attractive income from quality companies

EINC actively selects quality Australian companies paying attractive income, and with the potential for long-term income growth.



### Simple investment strategy, tax efficient

EINC invests only in high-quality shares and does not use derivatives to generate income. It also aims to maximise the benefits of franking credits for investors.



### Lower volatility

EINC's active management approach targets lower portfolio volatility than the S&P/ASX 200 Index and less concentrated stock and sector exposures.

## Performance

PERIOD	1 mth	3 mth	6 mth	1 yr	3 yr (p.a.)	5 yr (p.a.)	10 yr (p.a.)	Inception (p.a.)
FUND	2.05%	11.11%	1.63%	4.78%	7.29%	7.22%	-	5.35%

## Calendar year performance

PERIOD	YTD	2023	2022	2021	2020	2019	2018	2017
FUND	2.05%	7.13%	0.50%	14.19%	-4.50%	21.31%	-	-

Value of \$100 invested since inception



Source: Betashares, Bloomberg. **Past performance is not indicative of future performance.**

Fund returns are calculated in A\$ using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or bid-ask spread that investors may incur when buying and selling units on the ASX. Returns are after fund management costs, assume reinvestment of any distributions and do not take into account income tax.

## Fund information

Betashares Funds can be bought or sold during the trading day on the ASX, and trade like shares.

ASX CODE EINC

BLOOMBERG CODE EINC AU

IRESS CODE EINC.AXW

IRESS INAV CODE

EINCINAV.ETF

DISTRIBUTIONS QUARTERLY

MGT FEE\* 0.85% P.A.

FUND INCEPTION 13 FEB 18

\*Other costs apply. Please refer to the PDS.



MARTIN CURRIE

Martin Currie Australia, a wholly owned Specialist Investment Manager of Franklin Templeton, is the investment manager. 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. 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.

## Categorisation

AUSTRALIAN SHARES

ACTIVELY MANAGED

INCOME GENERATION

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

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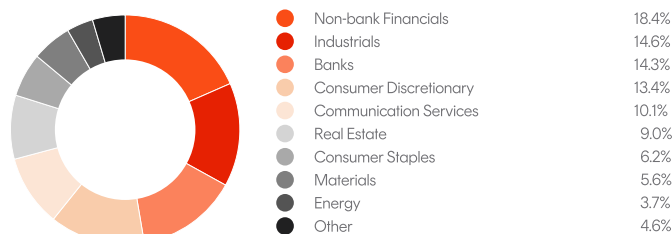
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## Sector allocation



The target asset allocation is reviewed, and may be adjusted, annually.

## Portfolio forecast yield (%) - next 12 months

**Forecast unfranked portfolio yield** 5.1%

**Forecast franked portfolio yield** 6.4%

Yield forecast is calculated using the weighted average of broker consensus forecasts of each portfolio holding and research conducted by Franklin Templeton Australia, and excludes the Fund's fees and costs. Franking credit benefit assumes a zero tax rate. It is not to be interpreted as the offset achieved by unitholders during this period. Actual yield 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.

## COMPANY

ANZ Group

Aurizon Holdings

Lottery Corp

Medibank Private

National Australia Bank

QBE Insurance Group

Scentre Group

Suncorp Group

Telstra Corp

Wesfarmers

## Monthly commentary

### What happened in the market?

The Australian equity market rose 1.2% in January (as measured by the S&P/ASX 200 Accumulation Index), as inflation pressures continue to ease, and the likelihood of slow and steady rate cuts increase. Low-beta stocks were the notable outperformers in January, flipping December's factor performance, with strength in large-caps and high-yield strategies also observed. Value-style stocks saw a small bounce back following their sell off in November and December. At the sector level, banks were the best performer despite the earnings outlook for banks being down around 15% to 20% for the year ahead. This was followed by energy, where rising uranium and oil prices helped. Metals & mining was the weakest sector as iron ore, lithium and gold prices all traded lower over the month.

### What happened in the Fund?

The Fund was up 2.05% for the month of January. Within the Fund, at the sector level, non-bank financials and banks were the largest positive contributors, while industrials and metals & mining were the biggest detractors. At the stock level, Medibank Private, QBE Insurance Group and ANZ Group Holdings were the largest positive contributors, while Worley, Atlas Arteria Group and BHP Group were the biggest detractors.

Positives within the Fund included Insurance companies Medibank Private and QBE Insurance Group rebounded from weakness in prior months when lower bond yields drove some rotation out of the sector. The backdrop for insurers remains supportive and we note Medibank is seeing subdued claims inflation and strong industry member growth. ANZ Group Holdings outperformed the ASX Financial index, consistent with bank peers. Valuation for ANZ remains positive relative to other major banks.

On the other side, Engineering company Worley was accused in an Ecuadorian arbitration hearing of being involved in a widespread pattern of illegality, acting in bad faith and showing wilful blindness towards corrupt activities of its sub-contractor, Tecnazul. We believe the likelihood of these accusations impacting the company's ability to win new contracts is low given the events are historic, predate the current management team and the company has introduced improved processes. The degree of dispute appears immaterial and to be a tactic used by the Ecuadorian government to discredit Worley into dropping the claim for \$58m in fees which is outstanding from over 10 years ago. Please see the following page for further details from our meeting with the company to discuss this issue. Additionally impacting Worley's contracts, the Biden administration has paused permits for LNG projects due to environmental concerns, which has delayed the massive Louisiana LNG export project, and Saudi Arabia's government ordered state oil company Aramco to cap its oil production. Global toll road operator Atlas Arteria Group underperformed on negative sentiment following the French Government increase to taxes on the transport infrastructure sector. In addition, recent strength in the AUD will reduce reported cashflows given all key assets are offshore. Mining company BHP Group was impacted by falling iron ore prices, with steel production in China down 13% year-on-year, which has reduced the annual production growth for steel to 0% after being above 2% for most of 2023.

Betashares Capital Ltd (ABN 78 139 566 868 AFSL 341181) (Betashares) is the issuer and responsible entity of the Fund. Betashares has appointed Franklin Templeton Australia Limited (ABN 76 004 835 849 AFSL 240827) (Franklin Templeton Australia) as investment manager for the Fund. Franklin Templeton Australia is part of Franklin Resources, Inc. Martin Currie Australia provides investment management services for the Fund. Before making an investment decision you should read the Product Disclosure Statement (PDS) and Target Market Determination (TMD) carefully and consider, with or without the assistance of a financial advisor, whether such an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. The PDS and TMD are available and can be obtained by contacting Betashares on 1300 487 577 or Franklin Templeton Australia on 1800 673 776 or at [www.betashares.com.au](http://www.betashares.com.au) or [www.franklintempleton.com.au](http://www.franklintempleton.com.au). Neither Betashares, Franklin Templeton Australia, nor any of their related parties guarantees any performance or the return of capital invested. Past performance is not necessarily 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.