



REAL ASSETS, REAL (ABOVE INFLATION) INCOME

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? By investing in a portfolio of companies that own “REAL” assets, like listed property, utilities and infrastructure, you may be able to achieve this essential goal – a sustainable, inflation-protected income on which to live.

Real assets – an effective inflation hedge

Many real assets, by their nature, have inflation protection built into their pricing. That’s because they’re often government regulated and party to long term contracts that allow them to increase their prices, tolls or rates in line with (or sometimes above) the inflation rate. Everyday examples include toll roads, gas companies and electricity grids. So, by investing in real assets, investors can notionally hedge against future price rises.

Real assets, real advantages

Real assets also have other real advantages for investors:

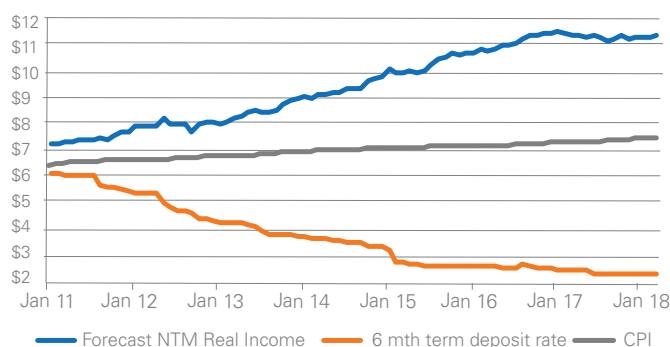
- Low correlation to the business cycle – Unlike most companies, the revenues of companies that have real assets tend to hold up well when growth weakens as people still heat their homes, drive on toll roads and use water, gas and electricity. More stable revenue means more stable returns.
- Dividend stability - Large ‘sunk’ capital bases drive cash flow, so future growth does not rely on additional investment. This, coupled with revenues that are less affected by the business cycle, results in more stable dividends for investors.
- Assets match investors’ income needs – Real assets are highly transparent investments structured with long duration predictable cash flows, so their investment characteristics better match the profile of income investors.

RINC is managed by wholly owned Legg Mason investment affiliate, 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.

The Fund can be bought and sold like any share using the **ASX code: RINC**

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The chart highlights how the Fund aims to produce robust growth in income to match the rise in cost of living by increasing distributions above inflation. The increase in 12-month expected income for \$100 invested in Legg Mason’s comparable unlisted Real Income Strategy held continuously since inception (blue line) compares very favourably to inflation and the 6-month term deposit rate (orange line). The growth in income is derived from underlying profit growth of held securities and realised capital gains that are reinvested to grow the future income streams of the Fund.



Source: Martin Currie Australia as at March 2018, RBA, ABS. 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, no long term performance or yield data is currently available. The performance of the unlisted Legg Mason 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 in the past. Excludes net realised capital gains. Historic performance of the unlisted fund is not a reliable indicator of the performance of RINC.

The ETF real income specialist

The BetaShares Legg Mason Real Income Fund (managed fund) (ASX: RINC) invests in ASX-listed securities that hold real or ‘hard’ physical assets including listed property, utility and infrastructure (like A-REITs, toll roads, ports, airports, electricity and gas grids). Very few investment funds in Australia offer this combination of assets.

RINC is rated Recommended by research house Lonsec and is expected to provide a dividend yield of 6.1% (grossed up for franking credits) over the next 12 months on a forward-looking basis.¹

Past performance is not an indicator of future performance. BetaShares Capital Ltd (ABN 78 139 566 868 AFSL 341181) (BetaShares) is the issuer and responsible entity of the BetaShares Legg Mason Real Income Fund (managed fund) (ARSN 621 862 619) (Fund). BetaShares has appointed Legg Mason Asset Management Australia Ltd (ABN 76 004 835 849 AFSL 240827) (Legg Mason Australia) as investment manager for the Fund. Legg Mason Australia is part of the Global Legg Mason Inc. group. Martin Currie Australia, a division within Legg Mason Australia, provides the investment management services for the Fund. Any reference to ‘Legg Mason Australia’ or ‘Martin Currie Australia’ is a reference to Legg Mason Asset Management Australia Limited. Before making an investment decision you should read the Product Disclosure Statement (PDS) for the Fund 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 is available and can be obtained by contacting BetaShares on 1300 487 577 or Legg Mason Australia on 1800 679 541 or at www.betashares.com.au or www.leggmason.com.au. This information does not take into account the investment objectives, financial objectives or particular needs of any particular person. Neither BetaShares, Legg Mason 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. The Lonsec Rating (assigned 17 April 2018) presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445. The Rating is limited to “General Advice” (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold Legg Mason Asset Management Australia Limited product(s), and you should seek independent financial advice before investing in this product(s). The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document(s) following publication. Lonsec receives a fee from the Fund Manager for researching the product(s) using comprehensive and objective criteria. For further information regarding Lonsec’s Ratings methodology, please refer to our website at: <http://www.lonsecresearch.com.au/research-solutions/our-ratings>. ¹ As at 30 April 2018, 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 assumes a zero tax rate. Neither the yield forecasts nor past performance is a guarantee of future results.