

JUN 2021 | Commentary

LEGG MASON MARTIN CURRIE EMERGING MARKETS FUND

Investment objective

The Fund aims to deliver capital growth by investing directly or indirectly in equities of companies that are quoted in or operating in one or more countries deemed to be emerging markets. The Fund aims to generate after fee returns in excess of the MSCI Emerging Markets Index expressed in Australian dollars over rolling five-year periods.

Performance (%)

	1 mth	3 mths	1 yr	3 yrs pa	5 yrs pa
Fund (net)	4.09	6.34	34.63	13.48	17.02
Benchmark	3.28	6.57	29.22	10.68	12.84

Calendar year performance (%)

	2020	2019	2018	2017	2016
Fund (net)	14.94	28.22	-9.11	38.77	13.62
Benchmark	7.77	18.61	-5.10	27.09	11.72

Fund details

Inception date	September 2011
Benchmark	MSCI Emerging Markets Index (AUD)
ISIN	AU60ETL02010
APIR	ETL0201AU

Monthly review

What happened in the market?

The Emerging Market (EM) index continues to see strong returns. In June, the MSCI Emerging Market index was up 3.3% in Australian dollar terms.

The month was relatively muted while the market wrestled with the competing forces of economic recovery, rising inflation, potential policy tightening and ongoing high COVID-19 case numbers. At an index level, industrials was the strongest sector during the month, while from a country view Brazil performed notably well. On the other side, real estate was the weakest performer at the sector level, while at the country level, Peru had notably poor returns.

What happened in the Fund?

The Fund was also strong, rising 4.1% over the month.

For relative performance within our Fund, IT was the best-contributing sector and China was the strongest at a relative country level.

At a stock level, Contemporary Amperex Technology (CATL) was the top relative performer after extending its battery supply agreement with Tesla, and rumours of a supply contract with Apple. Sunny Optical posted positive returns after highlighting strong demand at its annual investor conference. In Brazil, Cosan's filing for the IPO of its subsidiary Raizen was well received by the market, resulting in strong gains.

On the other side, financials was the biggest drag, while at a country level, Indonesia fared the worst.

At a stock level, the share price of China Gas suffered after a tragic gas pipeline explosion at a city gas project. The project was a joint venture which China Gas co-owned. The cause is still being investigated. Ping An Insurance performed poorly as the market remains concerned about the near-term growth outlook following an industry data release highlighting weak monthly sales. Tencent's share price was depressed by concerns on tightening payment regulations in China.

During the period, there were no new purchases or outright sales from the Fund.

Highlights

- A high conviction Fund of the best emerging market companies identified by Martin Currie's fundamental bottom up research process
- Focuses on companies where the investment team believes long-term growth prospects are not yet reflected in their stock prices
- Flexible Fund construction as investments are not restricted by market cap, country or sector limits

About us

Franklin Templeton

Franklin Resources, Inc., is a global investment management organisation, operating as Franklin Templeton, which is headquartered in California. Franklin Resources, Inc., provides, through its subsidiaries, deep investment expertise across all asset classes - including equity, fixed income, and multi-asset solutions. Franklin Resources, Inc. is listed on the New York Stock Exchange and has employees in over 34 countries.

Martin Currie

Martin Currie is an active equity global specialist manager headquartered in Edinburgh, Scotland. Founded in 1881, it has been a part of the Legg Mason group since 2014 and has a significant presence in Australia through Martin Currie Australia, dating back to 1954.



Ratings

Quantitative



The Legg Mason Martin Currie Emerging Markets Fund received an overall rating of 5 stars out of 71 Equity Emerging Markets funds as of 30 June 2021.

Qualitative



For enquiries, please contact Client Services team on 1800 679 541, email auclientadmin@franklintempleton.com or visit leggmason.com.au.

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