

## APR 2021 | Commentary

### LEGG MASON MARTIN CURRIE TACTICAL ALLOCATION FUND

#### Investment objective

The Fund aims to earn an after-fee return in excess of the Benchmark over rolling five-year periods.

#### Performance (%)

	1 mth	3 mths	1 yr	3 yrs pa	5 yrs pa
<b>Fund (net)</b>	0.60	-0.01	11.17	6.79	8.02
<b>Benchmark</b>	2.02	2.34	12.95	7.34	7.10

#### Calendar year performance (%)

	2020	2019	2018	2017	2016
<b>Fund (net)</b>	10.47	13.20	-1.62	8.19	10.70
<b>Benchmark</b>	3.85	15.47	1.19	7.63	7.31

#### Fund details

Inception date	September 1998
Benchmark	50% S&P/ASX 200 Accumulation Index 50% Bloomberg AusBond Treasury Index
ISIN	AU60SSB01304
APIR	SSB0130AU

#### Monthly review

##### What happened in the Fund?

The Fund was up 0.60% (net of fees) while the benchmark gained 2.02% in April. The Fund's relative underperformance was driven by the underweight to Australian Equity as the sector returned a solid 3.47% (as measured by the S&P/ASX 200 Accumulation Index), buoyed by better-than-expected employment data and rising commodity prices. During April, the allocation to Australian Fixed Income has been trimmed and the Fund's tactical allocation is currently weighted towards Australian Fixed Income (73%), with the balance split across Australian Equities (13%) and Cash (14%).

##### What happened in the market?

The fall in bond yields supported the outperformance of Growth style stocks over Value, reversing the trend of prior months.

At the sector level, information technology was the best performer, partially driven by the decline in Australian bond yields. Metals & mining was also a strong performer in April, benefiting from rising metal prices. Energy was the weakest sector, dragged down in part by a fall in Australian dollar oil prices.

Within the Equity allocation of the Fund, exposure to non-bank financials and consumer staples were accretive to return, however these were offset by industrials and metals and mining sectors. At a stock level, Medibank Private and underweight Woolworths Group were positive contributors, while not holding Fortescue Metals Group and Afterpay detracted.

The Bloomberg AusBond Composite Index returned 0.56% with yields sliding a little lower in April. The tightening of spreads across sectors provided the main impetus for outperformance as the Fund holds spread duration overweight positions in all spread sectors. This was most pronounced in corporate bonds while carry on corporate bonds also contributed. Security selection and active interest rate strategies were of neutral benefit during the period.

## Highlights

- A diversified portfolio of Australian equities, fixed income and cash designed to take advantage of relative asset class mispricing
- Tilted toward the relatively undervalued asset class in anticipation that it will outperform as it returns to assessed fair value
- Asset allocation switching provides another level of diversification in addition to the underlying equity and fixed income strategies

## 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, our global equity specialist manager, has a presence in Australia since 1954. Today Martin Currie is a leading provider of active equity solutions in Australia, managing a growing suite of equity, multi-sector and tailored strategies across a common investment research platform.



## Meet the team

Martin Currie's investment process draws on a wide range of proprietary fundamental and quantitative research metrics. The Fund benefits from the close collaboration of the well-resourced and experienced team that includes Matthew Lambert and Reece Birtles.



**Matthew Lambert**  
Portfolio Manager  
With firm since 1997



**Reece Birtles, CFA, GAICD**  
Chief Investment Officer  
With firm since 1995

**For enquiries, please contact Client Services team on 1800 679 541, email [auclientadmin@franklintempleton.com](mailto:auclientadmin@franklintempleton.com) or visit [leggmason.com.au](http://leggmason.com.au).**

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