

JUL 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
Fund (net)	1.57	2.75	7.70	6.75	7.61
Benchmark	1.55	4.57	13.52	7.67	6.90

Calendar year performance (%)					
	2020	2019	2018	2017	2016
Fund (net)	10.47	13.20	-1.62	8.19	10.70
Benchmark	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 1.57% (net of fees) while the benchmark gained 1.55% in July. The Fund's relative outperformance was driven by the overweight to Australian Fixed Income as the sector outperformed the broader Australian Equity market (as measured by the S&P/ASX 200 Accumulation Index). At the end of July, Australian Fixed Income is the largest allocation within the Fund (70%), with the balance split across Australian Equities (13%) and Cash (17%).

What happened in the market?

The Australian equity market rose 1.1% in July (as measured by the S&P/ASX 200 Accumulation Index), with spread of the Delta variant globally, Sydney's lockdown and increasing M&A activity the dominant themes. Bond yields fell over the month, and while Growth-style names were stronger we did see a late swing to Value.

At the sector level, metals & mining was the best performer despite commodity prices moderating during the month, the exception being gold which rose as investors became increasingly risk-off. Industrials were also strong. Information technology was the weakest sector, negatively impacted by the Chinese Government's regulatory clampdown, which is focussed on reeling in its large technology stocks.

The Bloomberg Ausbond Composite Index returned 1.76% in July, the highest monthly return since the onset of the pandemic, although the index was still marginally lower over the year to date.

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

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