

Martin Currie Tactical Allocation Fund

JUN 2022 | Commentary

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)	-3.70	-5.46	-7.08	1.97	4.02
Benchmark	-5.04	-7.86	-8.35	0.62	4.15

Calendar year performance (%)

	2021	2020	2019	2018	2017
Fund (net)	1.29	10.47	13.20	-1.62	8.19
Benchmark	6.67	3.85	15.47	1.19	7.63

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 market?

The Australian equity market fell 8.77% in June (as measured by the S&P/ASX 200 Accumulation Index) amid a global equity sell-off. Driving this were concerns over rising inflation, central banks rate hikes and increasing fears of an economic recession. The Australian 10-year yield rose in response to tightening monetary policy from the Reserve Bank of Australia (RBA). While we note that the prospect of higher interest rates is likely to be contractionary, we expect the RBA to be cautious, and a recession in Australia is not our base case.

Rising inflation played a large role in sector performance, with defensive consumer staples the only sector to produce positive returns during the month. Energy was the next best performer, with oil and gas prices rising ~10% on the back of the European Union imposing a partial ban on Russian oil. Banks and metals & mining were the weakest sectors, with the latter due to a broad fall in commodity prices coupled with rising costs.

The Bloomberg Ausbond Composite Index contracted in June falling 1.78%, the Bloomberg Ausbond Composite Index has fallen each month of the calendar year thus far.

What happened in the Fund?

The Fund was down 3.70% during June, outperforming the benchmark which fell 5.04% over the same period. The Funds allocations to both Australian Equities and Australian Fixed Income both fell over June with Australian Fixed Income the main drag on absolute performance over the month. From a positioning perspective at the end of June, Australian Equities is the largest allocation within the Fund (52%), with the balance split across Australian Fixed Income (46%) and Cash (2%).

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 Investor Services Team on 1800 673 776, email auclientadmin@franklintempleton.com or visit franklintempleton.com.au.

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Please read the relevant Product Disclosure Statements (PDSs) and any associated reference documents before making an investment decision. In accordance with the Design and Distribution Obligations and Product Interventions Powers requirements, we maintain Target Market Determinations (TMD) for each of our Funds. All documents can be found via www.franklintempleton.com.au or by calling 1800 673 776.

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