

MAY 2021 | Commentary

LEGG MASON MARTIN CURRIE GLOBAL LONG-TERM UNCONSTRAINED FUND

Investment objective

The Fund objective is to provide capital appreciation through investment in global equities (ex Australia). The Fund is expected to generate returns in excess of the benchmark over rolling five-year periods with lower volatility. The Fund is unhedged and performance is measured in Australian dollars before fees and taxes.

Performance (%)

	1 mth	3 mths	1 year	3 years p.a.	5 years p.a.
Fund (net)	2.47	8.73	21.79	18.19	16.07
Benchmark	1.31	8.84	21.49	13.07	12.73

Calendar year performance (%)

	2020	2019	2018	2017	2016
Fund (net)	15.09	32.16	6.13	20.82	1.48
Benchmark	6.04	26.86	0.71	14.86	8.29

Fund details

Inception date	December 2015
Benchmark	MSCI All Country World Index (ex Australia) in AUD
ISIN	AU60SSB00660
APIR	SSB0066AU

Monthly review

What happened in the Fund?

Global equities (as represented by the MSCI ACWI ex Australia index) were up in Australian dollar terms during the month, rising 1.31%. The Fund outperformed the benchmark, gaining by 2.47%.

In May, Italian luxury jacket manufacturer Moncler performed strongly post the completion of its acquisition of the Stone Island brand. French luxury group Kering also performed well following a strong first quarter where it broadly beat expectations. Adidas, the German sportswear firm beat expectations and raised its sales growth outlook.

On the other side, despite strong earnings results, Masimo underperformed due to elevated expectations and the rotation away from quality defensive growth equities. Ansys was negative during the month; although its revenue and profit were ahead of expectations, there were concerns flagged around a small miss to its Annual Contract Value (ACV) metric. Alibaba also underperformed as the market digested its quarter-four fiscal results; while revenues remain solid, higher investment levels could lead to earnings downgrades.

During the month we purchased Farfetch, the US online luxury clothing platform. This gives the Fund exposure to the growing online luxury channel and we project a strong sales growth for the business, driven by an ongoing increase in market share. We funded the purchase by exiting the position in Starbucks, which has had a strong run and was sold close to our price target. We also bought US tech firm Autodesk, it is well positioned to capture the ongoing growth in the construction sector that we foresee in the years to come, with a potential upside scenario linked to a stronger impetus from the infrastructure spending programs targeted by various governments. The sector still has a low software penetration rate, which gives the company a strong structural long-term growth opportunity. Also, during the month, we exited cybersecurity firm CyberArk due reduced conviction on the growth potential of the business.

Highlights

- Invests in a concentrated global portfolio (ex Australia) of stocks across developed and emerging markets
- Focuses on companies' cash flow and assets, which the Martin Currie believes are better long-term indicators of corporate sustainability
- A low turn-over, unconstrained global equity portfolio in which investments are not restricted by country or sector limits, but determined by the conviction of the investment team

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

Meet the team

The Global Long-Term Unconstrained team is led by Zehrid Osmani. Focused on identifying companies capable of generating long-term value creation, the team combine a background in portfolio management, sector research and corporate accountancy.



Zehrid Osmani, CA
Head of Global Long-Term Unconstrained
With firm since 2018



Amanda Whitecross
Portfolio Manager
With firm since 2008

Ratings

Quantitative



The Legg Mason Martin Currie Global Long-Term Unconstrained Fund received an overall rating of 5 stars out of 253 Equity World Large Blend as of 31 May 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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