

DEC 2020 | 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 | 6 mths | 1 year | 3 years p.a. |
|-------------------|-------|--------|--------|--------|--------------|
| Fund (net) | 1.27 | 4.79 | 12.48 | 15.09 | 17.31 |
| Benchmark | -0.10 | 6.39 | 10.61 | 6.04 | 10.65 |

Calendar year performance (%)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|-------------------|-------|------|-------|------|------|
| Fund (net) | 32.16 | 6.13 | 20.82 | 1.48 | - |
| Benchmark | 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 equity markets (as represented by the MSCI ACWI ex Australia) broadly flat for the month meanwhile the Fund was up 1.3%. The December out-performance rounded out a strong year for the Fund, which returned 15.1% through 2020, well ahead of the benchmark return of 6.0%.

Shares in security software provider CyberArk performed well over the month. The recent SolarWinds hack (which targeted US federal government data), brought cybersecurity into the spotlight, including areas in which CyberArk operates in. Additionally, we think it is reasonable now to expect an increase in the US government cybersecurity budget or at least, stronger acceptance of new products. Italian luxury fashion house Moncler also saw strong performance following the announcement of a €1.15 billion deal to buy men's apparel brand Stone Island, which was received well by the market. Chinese pharmaceutical firm Wuxi Biologics, a recent purchase, was another notable positive over the month – its share price rising on the back of positive news flow for the company during the month.

On the other side, Kingspan, a global leader in insulation and building envelope solutions, was the worst performer in absolute terms. This stock is a recent purchase for the portfolio as we believe it is poised to benefit from tighter energy-efficiency regulations. Share price weakness continued after the purchase, due to what appears to be negative sentiment related to the ongoing Grenfell Inquiry in the UK. We are doing additional research work on the stock to assess the extent of the risk to the investment case as a result of this share price move. Chinese e-commerce giant Alibaba was also a notable detractor over the period. Regulators halting the IPO of Ant Group (where Alibaba holds a stake) in the previous month and China's move to regulate aspects of monopolistic behaviour of the country's internet giants have continued to weigh on sentiment. Cloud computing business Veeva was another negative for returns.

In terms of Fund transactions, we sold dental equipment manufacturer Straumann and Canadian National Railway.

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 December 2020.

Qualitative



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

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