

## LEGG MASON QS INVESTORS GLOBAL RESPONSIBLE INVESTMENT FUND

### Investment objective

The Fund aims to earn an after-fee return in excess of the MSCI World ESG Leaders Index ("Performance Benchmark"), in Australian dollars over rolling three-year periods.

Performance (%)	1 mth	3 mths	6 mths	1 yr	3 yrs pa
Fund (net)	3.46	9.79	22.57	30.94	-
MSCI World ESG Leaders Index (AUD)	4.63	9.13	16.71	25.96	-
MSCI World Index (AUD)	4.64	9.31	16.19	27.52	-

Calendar year performance (%)	2020	2019	2018	2017	2016
Fund (net)	0.32	-	-	-	-
Benchmark	5.03	-	-	-	-

Fund details	
Inception date	May 2019
Performance Benchmark	MSCI World ESG Leaders Index (AUD)
Benchmark	MSCI World Index (AUD)
ISIN	AU60SSB57389
APIR	SSB5738AU

### Monthly review

#### What happened in the market?

Global equity markets were mixed during June 2021. Sentiment was generally dominated by expectations of how central banks would respond to rising inflation caused by increasing demand, supply chain disruptions and higher commodity prices. The US Federal Reserve (Fed) projected there could be two interest-rate hikes in 2023 (earlier estimates put the first rate hike in 2024), which was initially perceived to be a hawkish move. However, later in the month, many investors began to focus on vaccine progress and continued economic recovery in certain major countries. Developed stock markets were mixed but collectively advanced ahead of a global index while emerging equity markets were flat overall, also on mixed underlying results.

Broad US equity indexes closed the month higher as investors recalibrated their expectations for inflation, interest rates and risks introduced by a firming economic reboot. The Fed kept the federal funds target rate unchanged at its June meeting. However, its overall policy tone shifted in a hawkish direction as the Fed raised its forecasts for growth and inflation and as a majority of Fed officials brought forward their projected expectations for rate hikes. European stock markets were mixed as inflation concerns appeared to outweigh signs of the economic recovery picking up. The European Central Bank (ECB) in June raised its economic forecast for the euro area but stated it intends to continue its accommodative monetary stimulus. The ECB president said underlying price pressures are expected to increase somewhat this year due to temporary supply constraints and domestic demand recovery but are likely to remain subdued. In Asia, Japanese equities contended with uninspiring economic data amid rising coronavirus cases and slow vaccine rollouts.

#### What happened in the Fund?

The Fund returned 3.46% during June, and 9.79% for the quarter. Stock selection detracted value for the month. Selection within the U.S. was notably weak, especially in the Information Technology, Consumer Discretionary, and Banks sectors. Selection was also weak in Australia, New Zealand, and Canada, but mostly flat across other regions. From a sector perspective, selection was weak virtually across the board, mainly in the Consumer Discretionary and Information Technology sectors. The impact of region and sector allocation decisions was essentially neutral.

At month end, the Fund was attractively valued with a lower 12-month forward PE than the benchmark. The Fund was well diversified across regions and sectors. The largest region overweight was to Australia, New Zealand, and Canada and the largest underweight was to the Japan. From a sector perspective, the Fund was most overweight in Health Care and most underweight in Utilities.

#### What is the outlook?

As we close out the second quarter of 2021, growth expectations continue on an upward trend as central banks remain accommodative. Cyclical value stocks most beaten down in the COVID crisis continue to make gains with the market anticipating the recovery from the pandemic-induced recession. The spread between 'cheap' and 'expensive' stock continues to be historically wide in both Value and Cash Flow factors outside the US, though the strong rally has brought Value back to more neutral levels in the US Small Cap space.

There are still near-term risks from Covid-19 as vaccine roll outs globally continue to be slow and the worrisome Delta variant gains traction. Inflation too is a near term concern, as it could lead to a tightening of accommodative fiscal policies. With all this said, investor optimism may outweigh these residual concerns. Value-oriented names appear likely to continue to benefit as consumer and corporate spending patterns begin to normalize and investors continue to roll out of pandemic lock down winners.

We are confident that investors will continue to reward stocks that are attractively valued and invest in companies that have solid growth prospects and the ability to generate cash for their shareholders. We believe that our well-diversified, disciplined strategy will serve investors well in this environment.

## Highlights

- Investment approach that seeks attractively valued companies that also embody good and improving Environmental, Social and Governance (ESG) practices with the aim of delivering more sustainable returns
- An ethical screen which actively screens out companies that do not meet the Fund's ethical investment criteria\*

## 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.

### QS Investors

QS Investors is a quantitative asset manager that provides multi-asset class and global equity solutions. Their approach unites intellectual and academic precision with the power of data and technology in their quest to elevate the certainty of outcomes they deliver. Effective October 1, 2020, QS Investors and Franklin Templeton Multi-Asset Solutions combined capabilities to form Franklin Templeton Investment Solutions with the primary goal of offering best-in-class

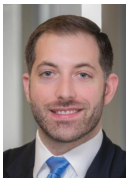
## Ratings

### Qualitative



## Meet the Portfolio managers

QS Investors employ a diverse team of trained scientists, mathematicians, engineers, finance and investment experts across three core disciplines of research, strategy and portfolio management. Key to the investment process is also the management and processing of large and complex data sets, hence a dedicated team is tasked with the quality and timeliness of these inputs. QS Investors has a team based approach for portfolio management. The key personnel for this fund include Michael LaBella CFA, Head of Global Equity Strategy, Russel Shtern CFA, Head of Global Equity, Portfolio Management and Joseph Giroux.



**Michael LaBella, CFA**  
Head of Global Equity Strategy



**Joseph S. Giroux**  
Portfolio Manager

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).

\* Please read Product Disclosure Statement (PDS)

**Past performance is not a reliable indicator of future performance.** Legg Mason Asset Management Australia Limited (ABN 76 004 835 849 AFSL 240827) is part of Franklin Resources, Inc. . Any reference to 'Legg Mason Australia' is a reference to Legg Mason Asset Management Australia Limited. Legg Mason Australia is the responsible entity of the Legg Mason QS Investors Global Responsible Investment Fund (ARSN 631 941 172) (Fund). QS Investors, LLC. (QS Investors) is the fund manager of the Fund. Before making an investment decision you should read the Product Disclosure Statement (PDS) for the Fund carefully and you need to consider, with or without the assistance of a financial advisor, whether such an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. The PDS is available and can be obtained by contacting Legg Mason Australia on 1800 679 541 or at [www.leggmason.com.au](http://www.leggmason.com.au). This product has not been prepared to take into account the investment objectives, financial objectives or particular needs of any particular person. Neither Legg Mason Australia, nor any of its related parties, guarantees the performance or the return of capital invested. Past performance is not indicative of future performance. Investments are subject to risks, including, but not limited to, possible delays in payments and loss of income or capital invested. These opinions are subject to change without notice and do not constitute investment advice or recommendation. © 2020 FE Money Management. All rights reserved. The information, data, analyses, and opinions contained herein (1) include the proprietary information of FE Money Management and Lonsec (2) may not be copied or redistributed (3) do not constitute investment advice offered by FE Money Management or Lonsec (4) are provided solely for informational purposes and therefore are not an offer to buy or sell a security (5) are not warranted to be correct, complete, or accurate. FE Money Management and Lonsec shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. FE Money Management and Lonsec does not guarantee that a fund will perform in line with its Fund Manager of the Year award as it reflects past performance only. Likewise, the Fund Manager of the Year award should not be any sort of guarantee or assessment of the creditworthiness of a fund or of its underlying securities and should not be used as the sole basis for making any investment decision. **The Zenith Investment Partners** ("Zenith") Australian Financial Services License No. 226872 rating (Legg Mason QS Investors Global Responsible Investment Fund assigned November 2019) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product (s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>.