

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 (%)						Fund details	
	1 mth	3 mths	6 mths	1 yr	3 yrs pa		
Fund (net)	-0.99	4.69	6.83	0.32	-	Inception date	May 2019
MSCI World ESG Leaders Index(AUD)	-0.72	4.92	7.93	5.03	-	Performance Benchmark	MSCI World ESG Leaders Index (AUD)
MSCI World Index (AUD)	-0.46	5.85	9.74	5.58		Benchmark	MSCI World Index (AUD)
						ISIN	AU60SSB57389
						APIR	SSB5738AU

Monthly review

What happened in the market?

The MSCI World ESG Leader Index fell -0.72% in December and rose 4.9% for the December quarter. Markets advanced despite the discovery of a new, more contagious coronavirus strain and new lockdowns. Equities were supported by new stimulus packages in the U.S. and other economies, as well as vaccination rollouts across the world and Brexit developments (a deal was signed on Christmas Eve). However, strengthening of the Australian dollar against many major currencies decreased equity returns in that currency. Crude oil (WTI) increased 7.0% (U.S. dollars) during the month on hopes that the stimulus packages and vaccines will boost demand. The U.S. dollar depreciated against most major currencies, dropping -2.1% (Dollar Index Spot). This supported equities, as well as gold, which increased 6.7% (U.S. dollars). Precious metals received a boost with interest rates remaining low into the foreseeable future. Concerns of possible inflation and the sustainability of debt ratios mounting across the world further support precious metal prices.

Generally, cyclical sectors continued their strong performance from the previous month. The top performing sectors were Materials, Information Technology and Consumer Discretionary. The worst performers were Utilities, Real Estate and Industrials.

What happened in the Fund?

The Fund was -0.99% in December compared with the MSCI World Index (AUD), which fell -0.46% for the month. The Fund was up 4.7% for the December quarter while MSCI World Index (AUD) rose 5.85%. Stock selection detracted value for the month, most notably in the U.S. In the U.S. region, selection within Consumer Discretionary, Consumer Staples, and Health Care was weak. Selection also detracted in Continental Europe and Australia, New Zealand, and Canada. Selection effects were positive in Japan and the U.K. Across sectors selection was weak in Consumer Discretionary and Consumer Staples. Regional and sector allocation effects were flat.

At month end and quarter 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 the U.K. region, and the largest underweight was to Japan. The Fund was most overweight in Real Estate and most underweight in Consumer Discretionary.

What is the outlook?

The Macro factors related to the global pandemic, including rising COVID 19 numbers and new strains on the one hand and progress on the development (and administration) of vaccines and therapeutics on the other, are likely to be key drivers of markets for the near future. As we enter 2021, the prospect of an end to the global pandemic and its economic impact, as well as a market friendly election outcome, may have investors redeploying cash that they have kept on the sidelines. Cyclical value stocks, those most beaten down in the COVID crisis, are positioned for continued gains. That said, risks to the economy remain elevated as another wave of confirmed COVID-19 cases is prompting state and local governments to tighten restrictions in an effort to contain it.

While we cannot forecast how long it will take for these risks to subside, we are confident that investors will again 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.

Ratings



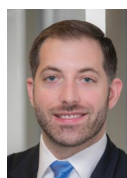
QS Investors

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.



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@leggmason.com or visit 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. 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>.