

Martin Currie Global Long-Term Unconstrained Fund

MAR 2023 | Commentary

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. 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)	8.19	19.24	3.81	5.40	9.68
Benchmark	3.87	8.74	3.82	11.86	9.88

Calendar year performance (%)

	2022	2021	2020	2019	2018
Fund (net)	-30.09	19.54	15.09	32.16	6.13
Benchmark	-12.73	25.99	6.04	26.86	0.71

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 market?

Global equities (as represented by the MSCI ACWI ex Australia index) rose 3.87% in March, with the Fund also rising by 8.19%. The most notable feature of the month was the collapse of Silicon Valley Bank, which led to heightened volatility for financial stocks, especially in the US and Europe. We do not hold any banks, and overall, have limited financial exposure. We believe banks struggle to create value for shareholders and have unfavourable industry dynamics. Overall, despite the turmoil, markets finished on a positive note, with Information Technology and Consumer Discretionary companies performing well. The fall in bond yields over the period was also beneficial for the performance of growth stocks.

What happened in the Fund?

The Fund was up 8.29% over the month of March and up 19.24% over the March quarter, substantially outperforming its benchmark (as measured by the MSCI ACWI ex Australia index) which gained 3.87%. In March and 8.74% over the March quarter.

At the Fund level, Nvidia's share price was strong again in March as it held its GTC conference. The company had already previewed its new Artificial Intelligence (AI) cloud services offering with its Q4 2022 results at the end of February, and the key takeaway from the conference was that AI adoption is spreading across multiple industries. Luxury outerwear firm Moncler's financial year results highlighted strong performance versus both the market and peers in Q4 2022. US tech giant Microsoft was also strong during March, with technology stocks enjoying a positive month.

Swedish conglomerate Assa Abloy underperformed. The company anticipates a legal ruling in April on whether its proposed acquisition of the US-based Hardware & Homeware (HHI) division of Spectrum Brands can proceed. If approved, Assa Abloy could lead the strategically important US DIY channel. UK bootmaker Dr Martens underperformed in March as the market continued to digest January's profit warning. There was limited news flow in the month but following a meeting with the company we exited the stock (see below). China's Wuxi Biologics also detracted during the month. The company's full-year results were in line with expectations, although it needs to expand capacity, which is putting some near-term pressure on margins.

During the month, we exited Dr Martens, as we were unable to rebuild our conviction following January's weak results and guidance.

While much of the positive investor sentiment during Q1 came from expectations that the US Federal Funds rate might be close to peaking, we do not believe this to be the case. We therefore see a major risk of disappointment and volatility for investors expecting an early end to the hiking cycle this year. We still believe central banks are unlikely to pivot until 2024. However, the wide range of possible monetary policy outcomes is what will drive an important bull-bear debate across asset classes. An early end to the hiking cycle would be supportive for markets, and for the Quality and Growth equity style.

On the macroeconomic cycle, with the reopening of China, we expect Chinese leading indicators to continue to show a supportive picture in the months to come. The recovery of the world's second-largest economy also has the potential to be supportive for global leading indicators, which have been improving slightly, notably for Europe, which is more cyclically exposed to China than the US.

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

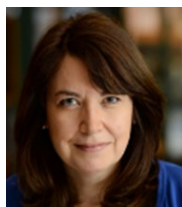
Martin Currie, our global equity specialist manager, has had a presence in Australia since 1954. Today Martin Currie is a leading provider of active equity solutions in Australia, managing a growing suite of equity, multi-sector and tailored strategies across a common investment research platform.

Meet the team

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

Qualitative



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

Past performance is not a reliable indicator of future performance.

This publication is issued for information purposes only and does not constitute investment or financial product advice. It expresses no views as to the suitability of the services or other matters described in this document as to the individual circumstances, objectives, financial situation, or needs of any recipient. You should assess whether the information is appropriate for you and consider obtaining independent taxation, legal, financial or other professional advice before making an investment decision. 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. Issued by Franklin Templeton Australia Limited (ABN 76 004 835 849, AFSL 240827). Franklin Templeton Australia Limited as Responsible Entity has appointed Martin Currie Investment Management Limited as the fund manager of the Martin Currie Global Long-Term Unconstrained Fund (ARSN 609 150 889). **The Lonsac Rating** (assigned as follows: Martin Currie Global Long Term Unconstrained Fund - Apr 2022) presented in this document are published by Lonsac Research Pty Ltd ABN 11 151 658 561 AFSL 421445. The Ratings are limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial products. Past performance information is for illustrative purposes only and is not indicative of future performance. They are not a recommendation to purchase, sell or hold Legg Mason Asset Management Australia Limited products, and you should seek independent financial advice before investing in these products. The Ratings are subject to change without notice and Lonsac assumes no obligation to update the relevant documents following publication. Lonsac receives a fee from the Fund Manager for researching the products using comprehensive and objective criteria. For further information regarding Lonsac's Ratings methodology, please refer to the website at: <http://www.beyond.lonsac.com.au/intelligence/lonsac-ratings>. **The Zenith Investment Partners** ("Zenith") Australian Financial Services License No. 226872 rating (Martin Currie Global Long Term Unconstrained Fund assigned November 2022) 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>.