

STRATEGY FACTSHEET



MARTIN CURRIE

A Legg Mason Company

ASIA PACIFIC REAL INCOME

QUARTER 2, 2019 FOR INSTITUTIONAL INVESTORS ONLY

STRATEGY SUMMARY

The Martin Currie Asia Pacific Real Income strategy seeks to provide a growing income stream by investing in a diversified portfolio of listed real asset securities (such as REITs, infrastructure and utilities) characterised by established physical assets with recurring cash flows from developed and emerging Asia Pacific ex Japan countries.

KEY FACTS

Strategy inception	28 June 2016
Benchmark	Benchmark unaware
Investment objective	To provide a pre-tax yield above the MSCI AC Asia Pacific ex Japan Index and provide income growth above inflation.
Strategy assets	US\$25.0 million
Number of holdings	44

PERFORMANCE

Martin Currie Asia Pacific Real Income composite, net of fees (US\$)

30 June 2019	Three months (%)	One year (%)	Two years (% p.a.)	Three years (% p.a.)	Since inception (% p.a.)
Dividends	1.4	5.5	5.4	5.5	5.5
MSCI AC Asia Pacific ex Japan Index Dividends	1.0	3.0	2.9	2.8	2.8
Total Return	4.7	17.0	10.3	9.2	9.2
50% MSCI Asia Pac ex Japan Utilities Index/ 50% S&P Asia Pac ex Japan REITs Index*	3.2	14.0	10.5	8.6	8.6
MSCI AC Asia Pacific ex Japan Index*	0.7	0.8	5.2	11.4	11.4

Dividends



Past performance is not a guide to future returns.

Data calculated in US\$ net of fees. The return may increase or decrease as a result of currency fluctuations.

Source: Martin Currie as at 30 June 2019. Data presented is the Martin Currie Asia Pacific Real Income composite in US\$, net of investment advisory fees, broker commissions, and all other expenses borne by investors. An annual fee rate of 0.75% has been used in the presentation of net performance data. This is our standard fee offering for a US\$100 million mandate for this strategy. This fee may vary from other strategy accounts that the investment advisor manages. The figures provided include the re-investment of dividends. The composite since inception date is 30 June 2016. This performance record is a clear representation of the strategy's performance over the periods shown. Performance information showing five years (or since inception) in complete 12-month periods is available upon request. Please refer to the end of this factsheet for important disclosures. *This strategy is not constrained by a benchmark but we show total returns versus the MSCI AC Asia Pacific ex Japan Index and the 50% MSCI Asia Pac ex Japan Utilities Index/ 50% S&P Asia Pac ex Japan REITs Index for illustrative purposes only.

LARGEST POSITIONS

Security	Country	Industry	Weight (%)	NTM Income Yield (%)*
Capitaland Mall Trust	Singapore	Retail REIT	5.0	4.6
Transurban	Australia	Toll Road	4.9	4.2
Mapletree Industrial Trust	Singapore	Industrial REIT	4.8	5.6
Vicinity Centres	Australia	Retail REIT	4.6	6.4
Hui Xian Real Estate	Hong Kong / China	Retail REIT	4.1	7.6
Fortune REIT	Hong Kong	Retail REIT	3.8	5.0
Contact Energy	New Zealand	Electric Utilities	3.6	5.0
Scentre Group	Australia	Retail REIT	3.5	5.9
Bharti Infratel	India	Wireless Telecom	3.4	5.0
AGL Energy	Australia	Electric Utilities	3.4	5.4

SECTOR EXPOSURE

Sector	Portfolio (%)
Real estate	51.1
Infrastructure	20.1
Utilities	28.8

COUNTRY EXPOSURE

Country	Portfolio (%)
Australia	32.6
New Zealand	9.5
Singapore	16.4
Hong Kong	11.7
China	10.7
Malaysia	4.7
Thailand	0.8
India	10.4
Philippines	3.2
South Korea	0.0
Indonesia	0.0
Taiwan	0.0

STOCK ATTRIBUTION

Top five contributors Q2 2019	Country	Industry	Contribution to return (%)
Transurban	Australia	Toll Road	0.60
Capitaland Mall Trust	Singapore	Retail REIT	0.57
Aurizon Holdings	Australia	Railroads	0.40
Contact Energy	New Zealand	Electric Utilities	0.37
Ascendas India Trust	Singapore / India	Office REIT	0.32

Bottom five contributors Q2 2019	Country	Industry	Contribution to return (%)
Bharti Infratel	India	Wireless Telecom	(0.40)
AGL Energy	Australia	Electric Utilities	(0.36)
Vicinity Centres	Australia	Retail REIT	(0.19)
Scentre Group	Australia	Retail REIT	(0.17)
CLP Holdings	Hong Kong	Electric Utilities	(0.16)

RISK PROFILE

	Portfolio (%)
NTM income yield*	5.0
Maximum drawdown**	(10.6)
Volatility of total return**	9.7
Volatility of forward income growth rate**	9.8

Past performance is not a guide to future returns.

The information provided should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the security transactions discussed here were, or will prove to be, profitable.

Source: Martin Currie, MSCI Barra, FactSet, as at 30 June 2019. Data calculated for a representative Martin Currie Asia Pacific Real Income account in US\$, gross of fees.

*Next 12 Months (NTM) Income yield is calculated using the weighted average of broker consensus forecasts of each portfolio holding – because of this, the returns quoted are estimated figures and are therefore not guaranteed. **Since 30 June 2016.

INVESTMENT PHILOSOPHY

The strategy's approach is premised on the philosophy that a unique blend of high-quality listed real asset securities (REITs, infrastructure, utilities and essential services) can sustain dividends, match rises in the cost of living and are likely to be less volatile than the wider equity market.

INVESTMENT PROCESS

The strategy has a disciplined and repeatable investment approach that is based on four distinct lenses – Quality, Valuation, Direction and Sustainable Dividend.

When analysing real asset securities, our analysts particularly look for those that exhibit the following 'essential ingredients':

- recurring income streams
- a large sunk capital base
- an ability to grow with minimal capital expenditure
- real pricing power
- low volatility

The companies that we invest in are high-quality and have dominant industry positions in key catchments. Demand for real assets is typically inelastic, driven by the Asia Pacific region's significant population and urbanisation growth rather than the business cycle. Their dominant positions give them the ability to raise prices over time and this provides protection against inflation.

Research outputs from the four different investment lenses are combined to determine target security weightings. The portfolio is constructed on a bottom-up, benchmark unaware basis, taking into consideration stock limits as well as geographic and sectorial diversification. Low concentration and diversification helps avoid income shocks and provides a hedge against inflation.

MARTIN CURRIE ASIA PACIFIC REAL INCOME

- The Asia Pacific region's population is growing significantly, the consumerist middle class is expanding, urbanisation is accelerating, and infrastructure spend is increasing at a faster rate than the rest of the world.
- Real asset's leverage to Asia Pacific demographic themes provide a stable and dependable income that few other asset classes can match.
- We focus on high-quality established assets (brownfield) with dominant market positions in key catchments, inelastic demand, high recurring cash flows and less exposure to business cycle risk.
- Benchmark unaware portfolio construction, focus on quality and diversification helps avoid income shocks.
- Real asset pricing structure protects against inflation and provides income growth.
- The strategy benefits from the sector research expertise of Daniel Fitzgerald for Asia ex Japan real assets, Andrew Chambers for Australia and New Zealand infrastructure and utilities and Ashton Reid for Australia and New Zealand REITs, and the close collaboration with the Melbourne-based Martin Currie Australia team.

FIND OUT MORE

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IMPORTANT INFORMATION

GIPS Performance and disclosure notes

Martin Currie Australia (MCA) claims compliance with the Global Investment Performance Standards (GIPS). The composite contains fully discretionary accounts containing diversified portfolios of Asia Pacific ex Japan real estate investment trust, utility, infrastructure and like securities that are listed on an Asia Pacific ex Japan-based Stock Exchange. For purposes of compliance with the GIPS®, the Firm is defined as Martin Currie Australia ("MCA") formerly Legg Mason Australian Equities (LMAE), and comprises all assets managed or advised on a discretionary or non-discretionary basis. MCA is a division of Legg Mason Asset Management Australia Limited (LMAMAL), which is a wholly owned subsidiary of Legg Mason Inc. MCAs predecessor firm for GIPS® purposes, was LMAMAL. The MCA team has and continues to manage the Australian domestic equities portfolio of LMAMAL. The US Dollar is the currency used to express performance. A GIPS compliant presentation and/or the firm's list of composite descriptions can be obtained by contacting info@martincurrie.com

Important information and risk warnings

This information is issued and approved by Martin Currie Investment Management Limited ('MCIM'). It does not constitute investment advice. Market and currency movements may cause the capital value of shares, and the income from them, to fall as well as rise and you may get back less than you invested.

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Some of the information provided has been compiled using data from a representative account. This account has been chosen on the basis that it is longest running account for the strategy. This account is an existing account managed by Martin Currie, within the Asia Long-Term Unconstrained strategy. This data has been provided as an illustration only, the figures should not be relied upon as an indication of future performance. The data provided for this account may be different to other accounts following the same strategy.

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Performance notes:

A fee rate of 0.75% has been used in the presentation of net performance data. This is our standard fee offering for a US\$100 million mandate for this strategy. This fee may vary from other strategy accounts that the investment advisor manages.

Risk warnings - Investors should also be aware of the following risk factors which may be applicable to the strategy.

Investing in foreign markets introduces a risk where adverse movements in currency exchange rates could result in a decrease in the value of your investment.

Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. Accordingly, investment in emerging markets is generally characterised by higher levels of risk than investment in fully developed markets.

This strategy may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the strategy's value than if it held a larger number of investments.

Smaller companies may be riskier and their shares may be less liquid than larger companies, meaning that their share price may be more volatile.

Income strategy charges are deducted from capital. Because of this, the level of income may be higher but the growth potential of the capital value of the investment may be reduced.



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