Shane Hurst

Managing Director, Portfolio Manager
Clearbridge Investments*

*Clearbridge Investments is a Franklin Templeton Specialist Investment Manager

LEGG MASON CLEARBRIDGE GLOBAL INFRASTRUCTURE INCOME FUND

HOW TO FIND SUSTAINABLE INCOME IN A MORE CHALLENGING WORLD

7 July 2021

Shane Hurst

The value of investments and the income from them may go down as well as up and you may not get back the amount you originally invested. This information is only for use by professional clients, eligible counterparties or qualified investors. It is not aimed at, or for use by, retail clients.

ClearBridge Investments

A Long-Term Focus Drives a Distinguished History

Global investment manager with a 50+ year legacy as a leader in active management

Committed to authentic active management

- Performance distinct from market benchmarks and factor-based strategies
- Long-term investment horizon
- Robust risk management
- Active ownership

Client focus

- Alignment of interests with clients
- Innovative compensation plan

Culture of longevity, consistency and risk awareness

- Highly experienced and tenured investment professionals
- Deliberate succession planning
- Risk considerations examined in all decisions

Robust fundamental research platform

- Bottom-up, quality focus
- Proprietary research and ESG ratings
- 30 year history of ESG investing with a fully-integrated approach

USD $184.0 billion in assets under management
Headquartered in New York; offices in Baltimore, San Francisco, Wilmington
London, San Francisco, Sydney, Melbourne and Brisbane
Operate with investment independence, wholly-owned subsidiary of Franklin Resources
PRI Signatory since 2008

Data as at 31 March 2021.
ClearBridge Investments refers to ClearBridge Investments Limited and its representative ClearBridge Investments, LLC.

Why Listed Infrastructure

Significant growth

- Secular growth story
- Sovereign fiscal constraints
- Competition for capital underpins allowed returns
- Infrastructure driver and outcome of economic activity

Stable cash flows/dividends

- Cash flows underpinned by regulation or long-term contracts

Inflation hedge

- Most revenues are linked to inflation

Diversification

- Lower correlation to most major asset classes
- Strong upside capture, lower downside capture

vs Unlisted

- Universe differences and liquidity
- Valuation
- Cheaper fees than investing in unlisted infrastructure

Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

What is an infrastructure asset?

Services and facilities necessary for an economy to function

- Government backed cash flows, availability payments
- Hospitals, schools, housing etc.

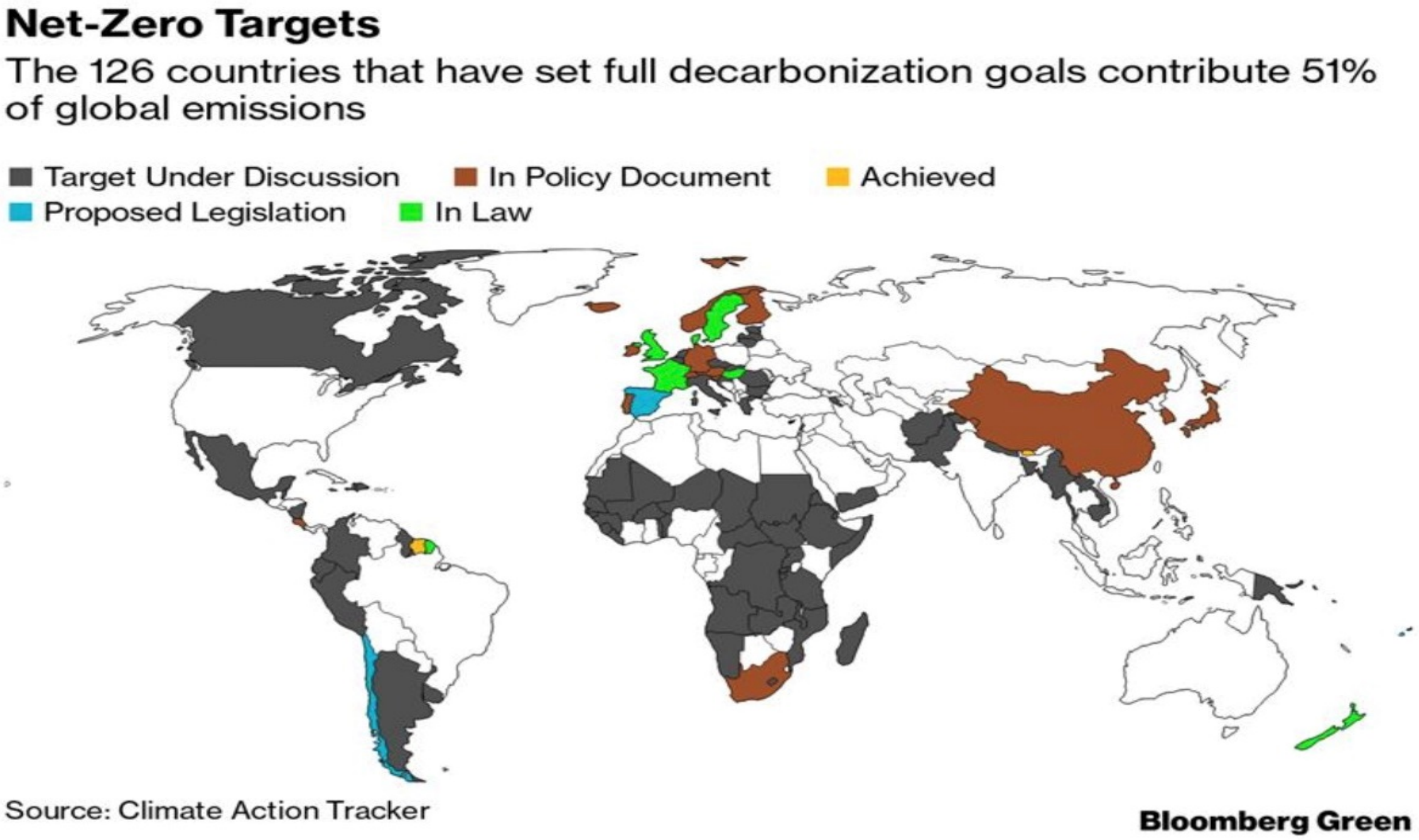
- Asset based regulation, return on assets/equity
- Poles, wires, pipes
- Defensive assets, high income, low GDP exposure.

- Concession based contracts
- Roads, rail, ports, airports
- Growth assets, lower income, leveraged to GDP.

- Unregulated assets, supply/demand risk
- Energy retail & generation, logistics, exploration and production.

Source: ClearBridge. For illustrative purposes only.

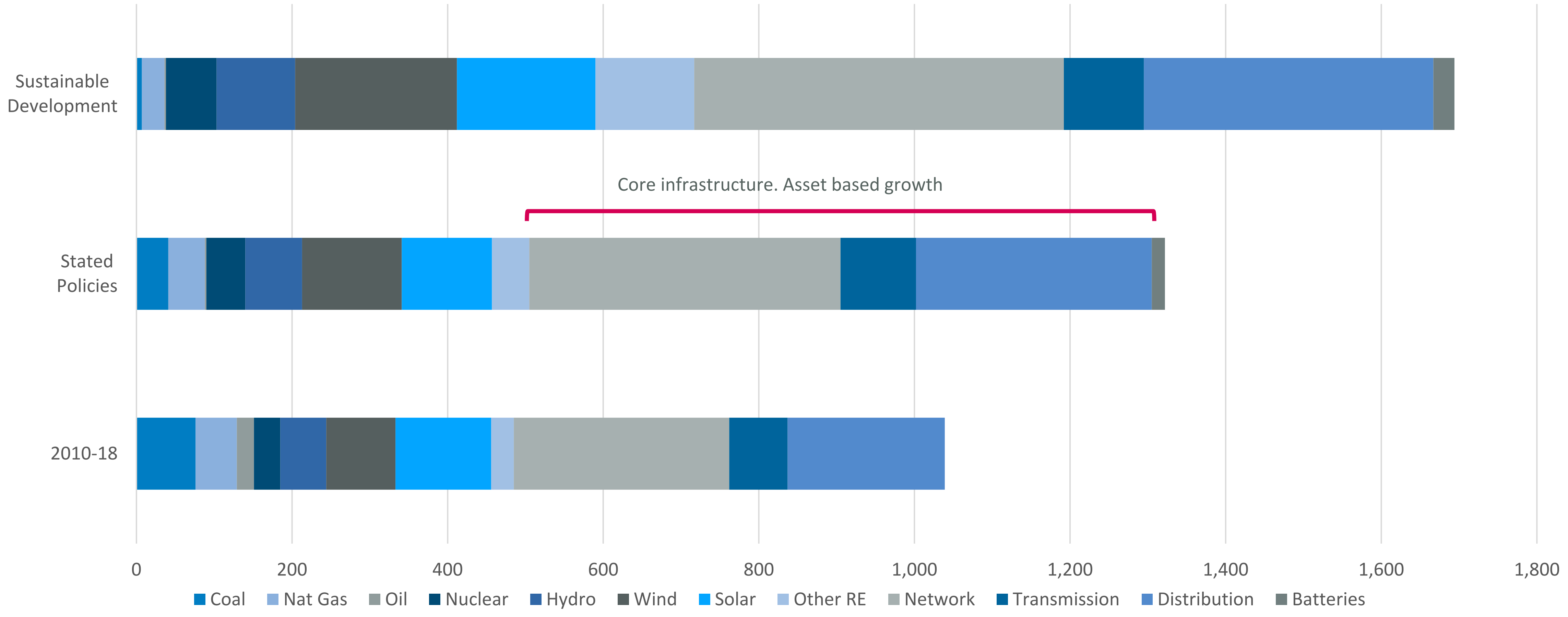
Towards Net - Zero



Bloomberg Green image based on data from Climate Action Tracker ‘Warming Projections Global Update’ September 2020

How Big Could This Be?
Trillions of Infrastructure Investment (Per Annum!)

Global Annual Average Power Sector Investment (USDb, constant 2018 dollars)



IEA, Global annual average power sector investment, historical and by scenario, 2019-2040, IEA, Paris. Opinions may change at any time without notice

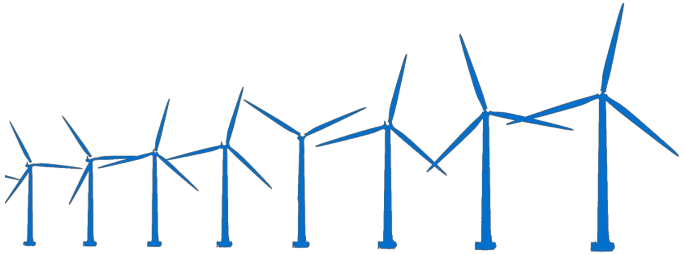
What will drive infrastructure spending?

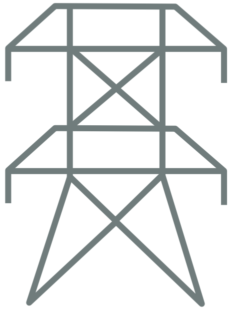
Developed Mkts: Maintenance, upgrades, capacity, sustainability

USD 20 trillion investment in electricity supply/efficiency[1]
2018-2040

USD 8.6 trillion
in networks/storage

USD 8.4 trillion in regulated/contracted generation (gas, solar, wind largest adds)

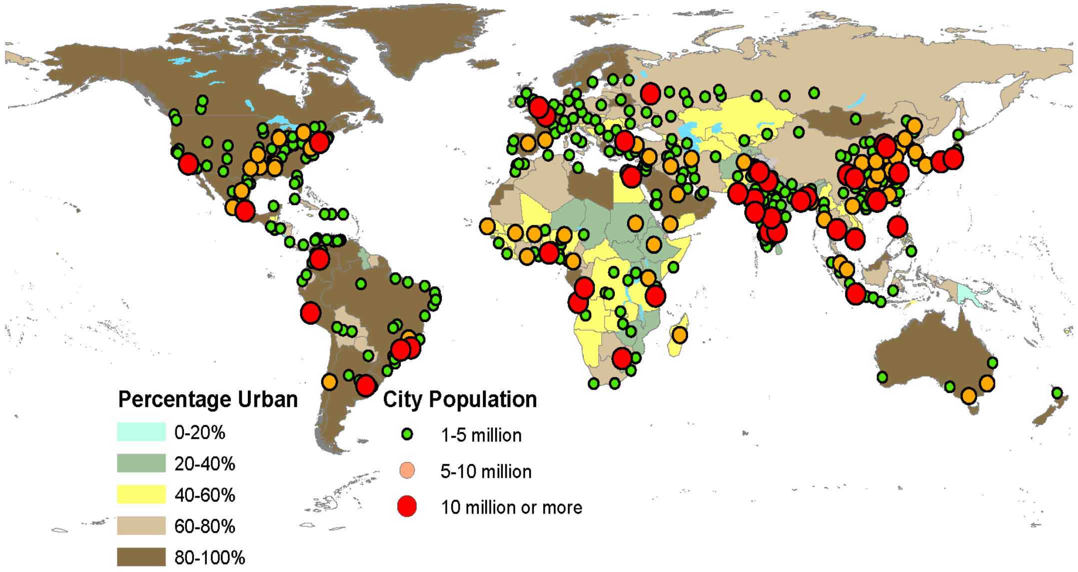




2018-2038

144%

passenger travel[2]
from global airports



- In 2030, there are projected to be 43 megacities (population greater than 10m) vs 33 in 2018
- By 2030, 60% of the world's population is projected to be urban compared with 55% in 2018

Emerging Mkts: Population growth and urbanisation

Source: ClearBridge. International Energy Agency, (2018), World Energy Outlook, iea.org/weo2018/electricity. 2. Measured in Revenue Passenger Kilometres (RPKs), Boeing (2019), Commercial Market Outlook. United Nations Department of Economic and Social Affairs, Population Division, World Urbanization Prospects 2018 – Percentage urban and urban agglomerations by size class

Thematics and Opportunities

- **Decarbonisation**
  - Clean Energy: contracted renewables
  - Decarbonisation: deployment of renewables, retirement of hydrocarbon emitting generation, strengthening of networks and a move towards cleaner fuel sources such as hydrogen - Global Utility exposure
  - Beginning and facilitating a transition – selected energy infrastructure
- **US Utilities**
  - Portfolio simplification
  - World leaders in clean energy
  - Compelling Valuations on an excess return or other market metrics such as PERs or DYs
- **Recovery**
  - Roads recovering fastest as lockdowns ease
  - Rail driven by an economic recovery as mobility improves in the US and Europe
  - Airports more of a slower burn to recovery, 2-4 years
- **Restructuring exposures**
- **5G Evolution benefitting Infrastructure**

The Impact of Inflation on Utilities and Infrastructure

Infrastructure share prices have no to low historical correlation with inflation

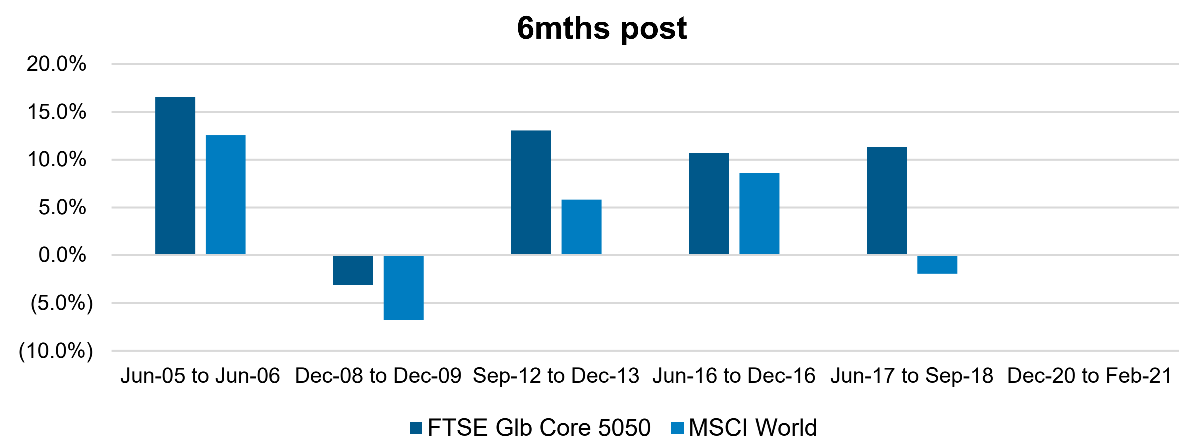
❖Utilities - pricing is controlled by regulators

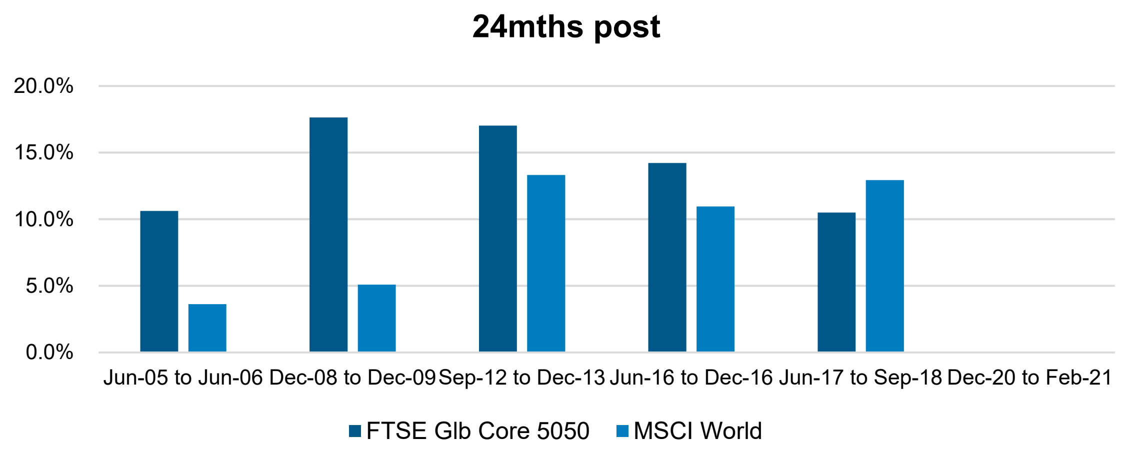
- ❖ Regulatory environments globally are designed to protect the capital structure of the assets as they provide an essential service to a society
- ❖ Regulation varies between regions - in essence all regulators "protect" the remuneration structure against medium term macroeconomic changes
  - ❖ The two main forms of regulation:
    - ❖ WACC set in nominal terms therefore greater exposure to short term movements in inflation during the reset period However, adjustments are made on a lagged basis so long-term inflationary impacts are passed through
    - ❖ WACC and allowed returns set in real terms – typically adjusted annually – impacts from movements in inflation are deemed low

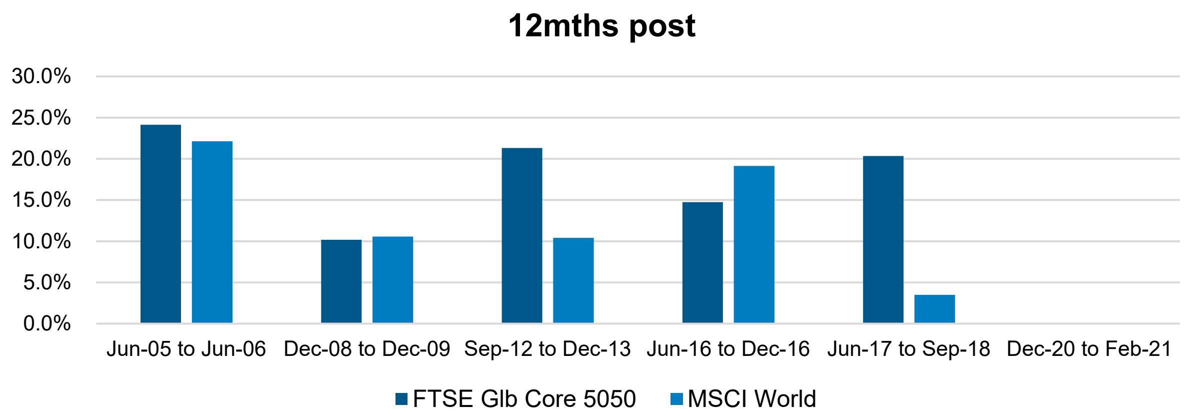
❖User pay assets - typically hold long dated contracts and take on volume risk

- ❖ Pricing is contractually set with a range of pass-through mechanisms i.e prices can be adjusted to short term movements in inflation either full or partially
- ❖ Growth driven higher interest rates tends to be offset by increased usage of an asset

Infrastructure Post Rate Rising Periods







In period of rising bond yields (6 periods over 16 years), listed Infrastructure tends to underperform general equities.

But….

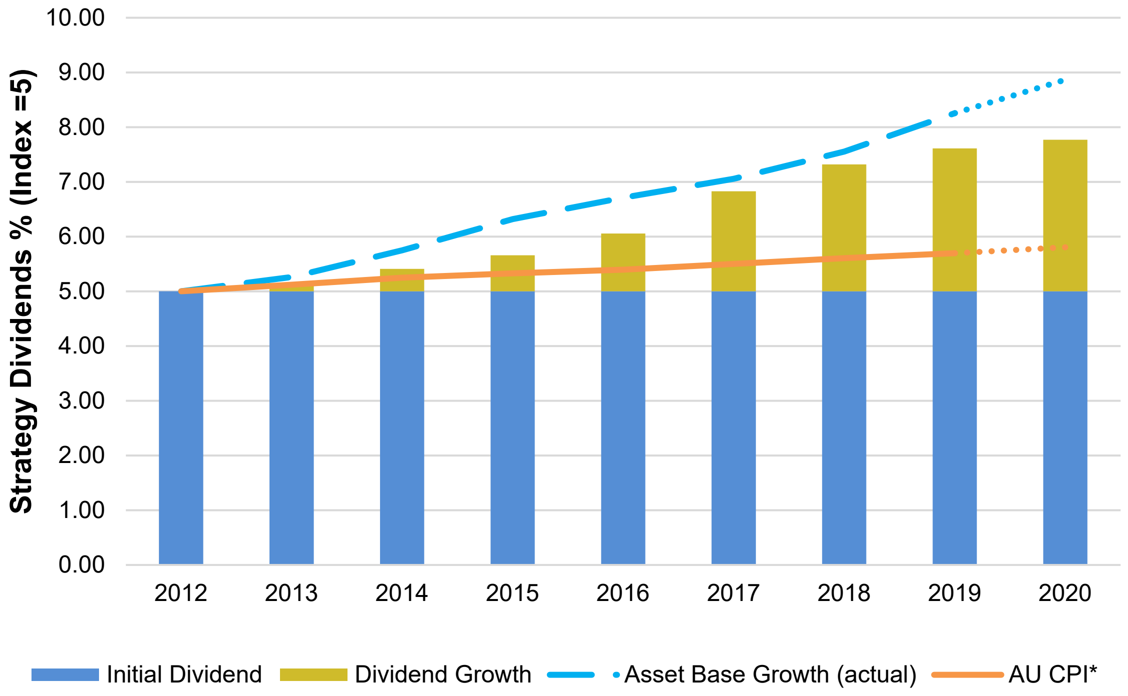
6, 12 and 24 months following the peak listed Infrastructure has performed well vs general equities.

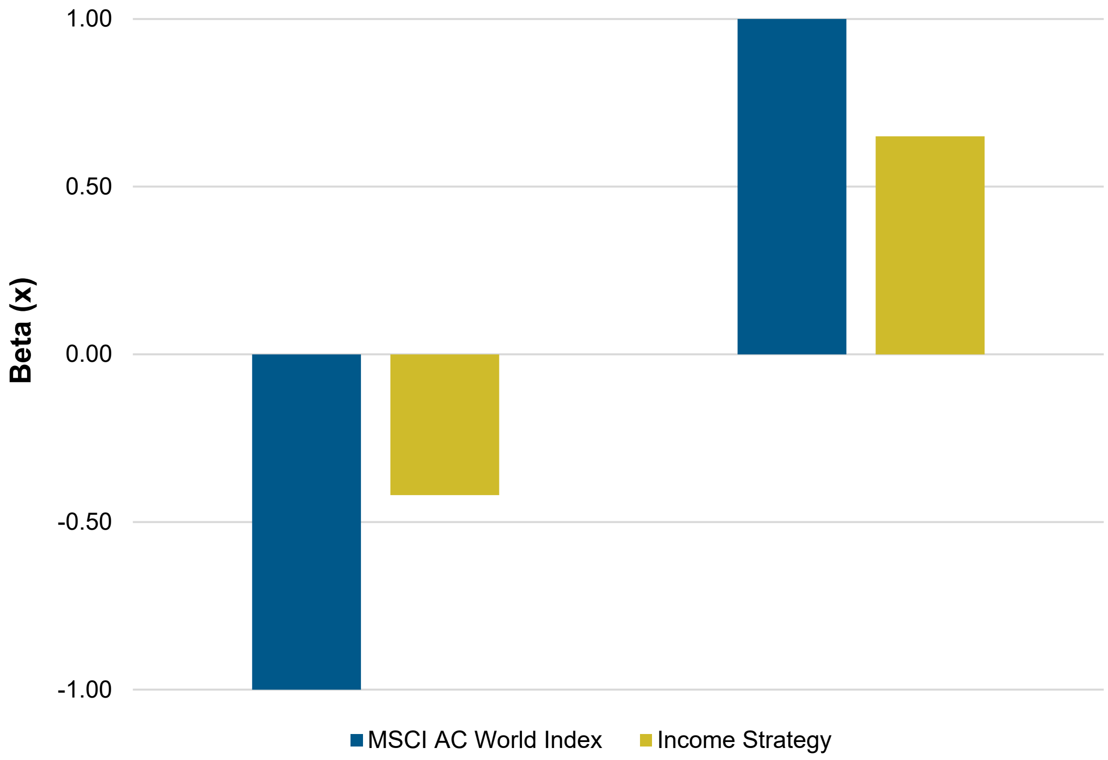
ClearBridge internal research using FactSet data. The above information is included for illustrative purposes only and does not constitute specific investment advice or recommendations on any securities.
Past performance is not indicative of future performance.

Focus on Asset Base Provides Income/Return Stability Growing DPS and lower beta to global equities

Growing DPS and lower beta to global equities

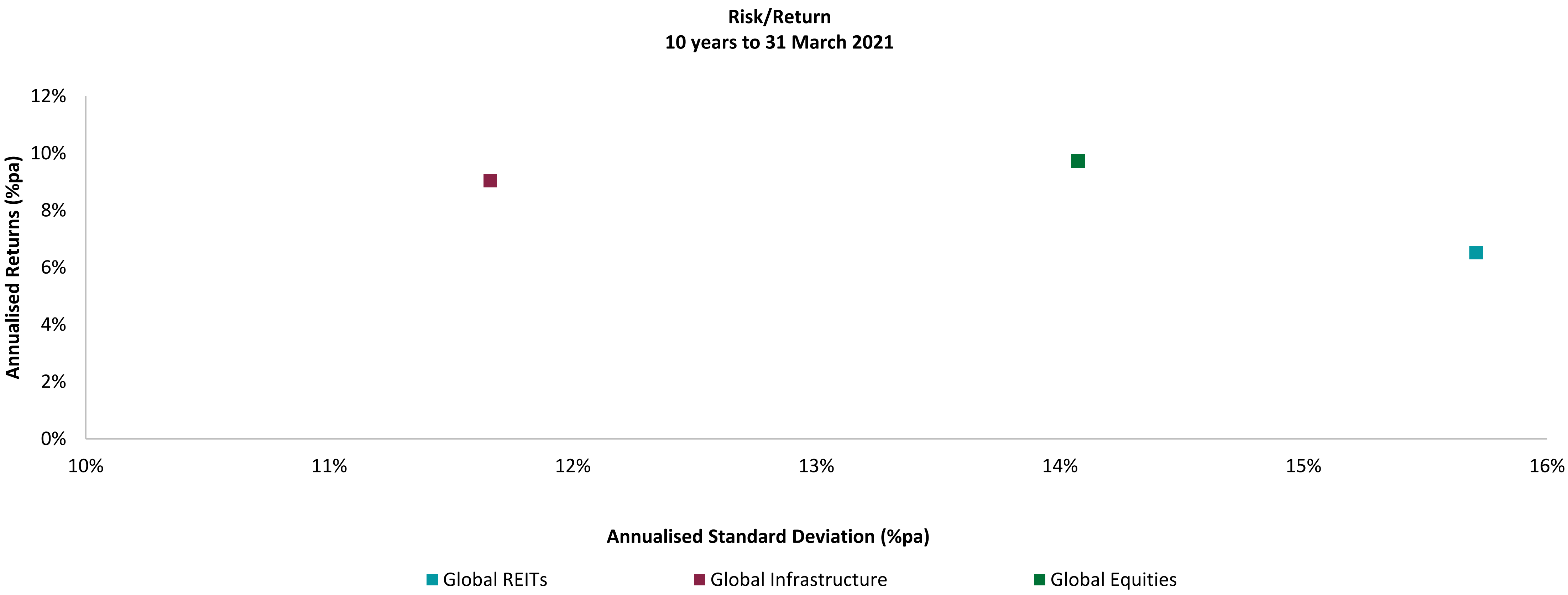
Income Strategy, Portfolio Dividend Growth[1]





1. Internal Calculations as at 31 December 2020. Infrastructure Income Strategy
*OECD estimates used for this calculation
2. Global Equities – MSCI AC World, Gross, Local, FactSet Research Systems (Index Code – MSCI:892400) since 31/10/2010. Calculations as at 31 December 2020
Infrastructure Income Strategy Rep Mandate, Local, since inception 31/10/2010
Past performance is not a reliable indicator of future performance. .

Long-Term Returns vs Volatility



As at 31 March 2021 eVestment, USD
Global Infrastructure refers to the FTSE Global Core Infrastructure 50/50 Index; Global Equities refers to the MSCI ACWI-GD Index; Global REITs refers to the FTSE EPRA/NAREIT Global Index
The above information does not constitute specific investment advice of recommendations on any particular securities
Past performance is not indicative of future performance.

Meet the Income Strategy Investment Team

Average firm tenure of 11 years

Nick Langley

Managing Director
Portfolio Manager
27 years of industry experience
Co-founded predecessor firm RARE Infrastructure in 2006.

Shane Hurst

Managing Director
Portfolio Manager
24 years of industry experience
Joined predecessor firm RARE Infrastructure in 2010.

Charles Hamieh

Managing Director
Portfolio Manager
24 years of industry experience
Joined predecessor firm RARE Infrastructure in 2010.

Daniel Chu

Director
Portfolio Manager
14 years of industry experience
Joined predecessor firm RARE Infrastructure in 2012.

Source: ClearBridge, as at 31 March 2021.

Investment Process Overview

Global Infrastructure Income

All Infrastructure-related securities
600+ companies

RARE Income Universe (Proprietary)
Proprietary methodology based on visibility and predictability of cash flows
Minimum level and quality of dividend yield
~170 companies

Fundamental Analysis
Specialist understanding of regulatory and concession frameworks
Long-term DCF valuation with robust scenario analysis
Investment Profile and proprietary reports

Portfolio Construction
Investment committee approach
Benchmark unaware
Excess return, yield quality, scenarios and risk assessment drive position sizing
30-60 companies

Inputs
Macroeconomic data
Consistent quantitative framework
Sustainability and ESG integration

Risk Management
Multi-layered - built into every stage of the process
Oversight by ClearBridge risk management team

Source: ClearBridge Investments. Illustrative of the investment managers current thinking for the strategy and subject to change.

Legg Mason IF ClearBridge Global Infrastructure Income Fund

Fund positioning, 31 May 2021

Top stocks

Security	(%) of Total Funds
Atlas Arteria NpV	4.95
Exelon Corp. NPV	4.73
SSE plc	4.29
Sydney Airport NpV	4.24
Crown Castle Int'l Corp.	4.15
AusNet Services NpV	4.04
Enbridge Inc.	3.98
Public Service Enterprise Group	3.74
Clearway Energy Inc.	3.67
National Grid plc	3.56

Key portfolio statistics[1]

Average market capitalisation	GBP 18.05 bn
Dividend yield	3.98%
EPS growth next 3-5 years	10.97%

Regional exposure

Sector exposure

Past performance is no guarantee of future results.
Source: Franklin Templeton, as of 31 May 2021. 1) Based on weighted average. The above information is included for illustrative purposes only and does not constitute specific investment advice or recommendations on any particular securities. Portfolio characteristics may change without notice.

Standardised past performance

Rolling period returns, 31 May 2021

Rolling 12-month performance (%)	01 Jun 2020 - 31 May 2021	01 Jun 2019 - 31 May 2020	01 Jun 2018 - 31 May 2019	01 Jun 2017 - 31 May 2018	01 Jun 2016 - 31 May 2017
Legg Mason IF ClearBridge Global Infrastructure Income Fund – Class X Inc. (Q) GBP	**10.24**	**6.98**	**21.38**	**-9.57**	**N/A**
Benchmark TARGET: OECD G7 Inflation Index + 5.5% pa	6.77	7.47	6.77	7.53	N/A
IA Peer Group Target: “Global Equity Income” fund sector	21.82	-0.31	4.14	2.89	N/A

Past performance is not a reliable indicator of future results.
Source for performance figures – Franklin Templeton. Performance is calculated on a NAV to NAV basis, with gross income reinvested without initial charges but reflecting annual management fees. Sales charges, taxes and other locally applied costs to be paid by an investor have not been deducted. Performance returns may change because the estimated dividend may differ from actual dividend used at the time of the calculation and the revision may not be available until the next reporting period. Comparisons to relevant indexes and peer groups are included as a standard against which the performance of a fund can be measured. Returns of the indexes and peer groups do not reflect any fees, expenses or sales charges. An investor cannot invest directly in an index or peer group. Source for sector average performance: Copyright - © Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. For more information, visit www.morningstar.co.uk.

Standardised past performance

Annualised returns, 31 May 2021

Annualised returns (%)	3 months	YTD	1 year	3 years	Since inception (1 Jul 2016)
Legg Mason IF ClearBridge Global Infrastructure Income Fund – Class X Inc. (Q) GBP	**7.56**	**-0.67**	**10.24**	**12.70**	**8.73**
Benchmark TARGET: OECD G7 Inflation Index + 5.5% pa	2.31	3.11	6.77	7.00	7.19
IA Peer Group Target: “Global Equity Income” fund sector	8.04	8.12	21.82	8.14	N/A

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Fund performance returns

Calendar year, 31 December 2020

Calendar returns (%)	2020	2019	2018	2017
Legg Mason IF ClearBridge Global Infrastructure Income Fund – Class X Inc. (Q) GBP	**8.92**	**26.93**	**-0.68**	**7.93**
Benchmark TARGET: OECD G7 Inflation Index + 5.5% pa	6.39	6.93	7.65	7.48
IA Peer Group Target: “Global Equity Income” fund sector	3.35	18.98	-5.70	10.21

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Why the Legg Mason IF ClearBridge Global Infrastructure Income Fund?

31 May 2021

- Fund has delivered a historic yield of **5.68%***
- Globally diversified to reduce country specific risk
- Compelling upside/downside capture
- Proven expertise and long-term cashflow valuation approach
- Fund trades at NAV

Attributes

Fund size	GBP 812.50 million
Currency	GBP
Hedging	Hedged/unhedged
Accumulating/distributing	Accumulating or quarterly distributing
Annual management charge (X class)	0.75%**

Past performance is not a reliable indicator of future results.
Source: Franklin Templeton. Performance is calculated on a NAV to NAV basis, with gross income reinvested and after deduction of annual fund expenses. Sales charges, taxes and other locally applied costs to be paid by an investor have not been deducted. The Legg Mason ClearBridge Global Infrastructure Income Fund was launched on 1 July 2016.
*Class X Distributing GBP (unhedged) as of 31 May 2021. ** As of 31 March 2021. Prior to 29 June 2020, the fund was named the Legg Mason IF RARE Global Infrastructure Income Fund.

Fund risks

Legg Mason IF ClearBridge Global Infrastructure Income Fund

Investment in company shares: The fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Investment in infrastructure: The fund invests in shares of infrastructure companies, and the value of these shares can be negatively affected by economic or regulatory occurrences affecting their industries. Investments in new infrastructure projects carry risks where they may not be completed within the budget, agreed timeframe or specifications. Operational and supply disruptions can also have a negative effect on the value of the company's shares.

Emerging markets investment: The fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Concentrated fund: The fund invests in fewer companies than other funds which invest in shares usually do. This means that the fund does not spread its risk as widely as other funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the fund and the fund's base currency may negatively affect the value of an investment and any income received from it.

Derivatives: The use of derivatives can result in greater fluctuations of the fund's value and may cause the fund to lose as much as or more than the amount invested.

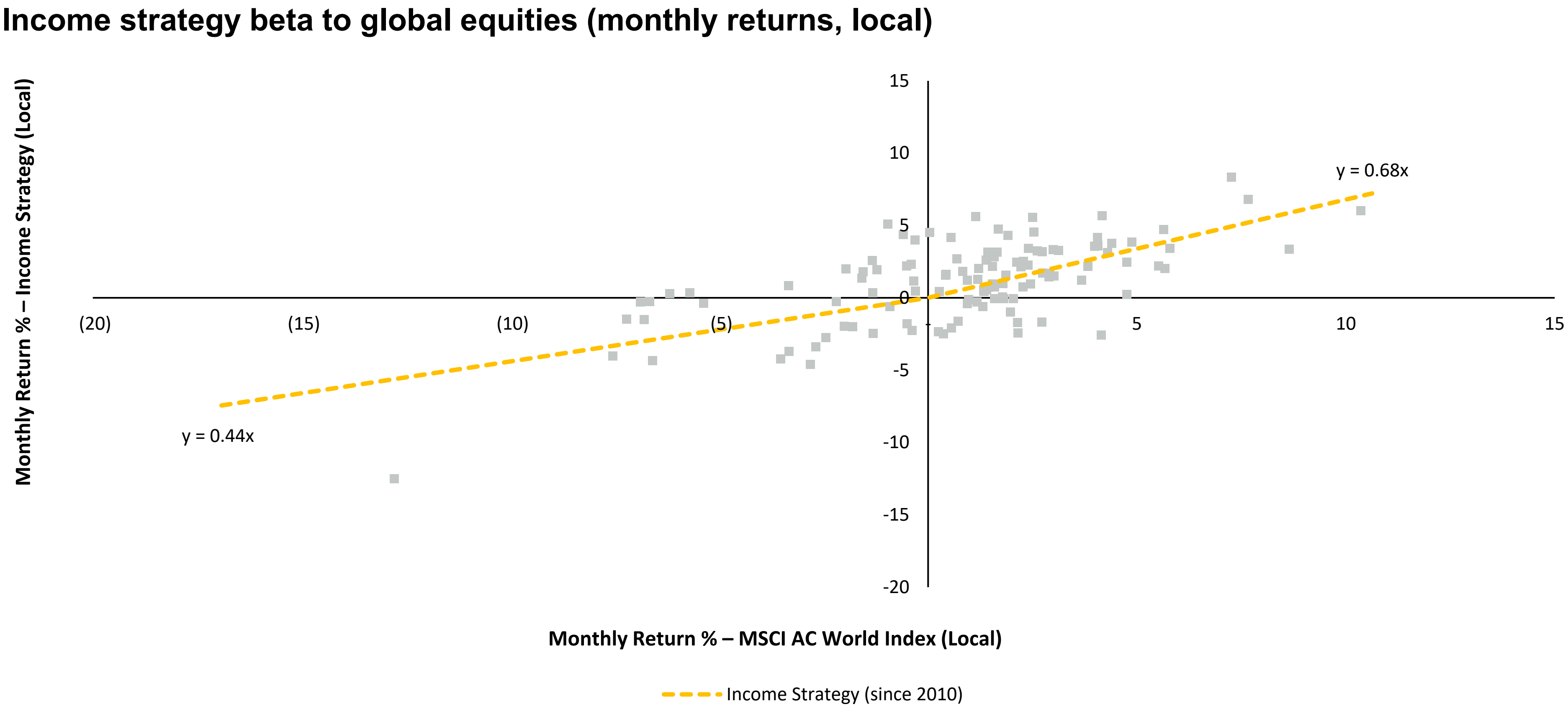
Fund operations: The fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

Charges from capital: The fund's fees and expenses may be taken from its capital (rather than income). This will result in an increase in income available for distribution to investors. However, this will forego some of the capital that the share class has available for future investment and potential growth.

Source: Franklin Templeton.

APPENDIX

Diversification via a ‘defensive growth’ asset
Strong upside capture, limited downside capture



Source: ClearBridge Calculations as at 30 June 2020. Global Equities – MSCI AC World, Gross, Local, FactSet Research Systems (Index Code – MSCI:892400) since 1 July 1996. RARE Infrastructure Income Strategy Rep Mandate , Local, since inception 31 October 2010. For more information on the strategy composite see the composite disclosure in the appendix.

Important information

This is a sub-fund ('fund') of Legg Mason Funds ICVC ('the Company'), an umbrella investment company with variable capital, authorised in the UK by the Financial Conduct Authority as an undertaking for collective investment in transferable securities ('UCITS').

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31 May 2021