

7 July 2022

Market Announcements Office  
ASX Limited

## **INVESTMENT UNIVERSE OF THE BETASHARES MARTIN CURRIE REAL INCOME FUND (MANAGED FUND) (ASX: RINC) IS BEING EXPANDED**

BetaShares Capital Ltd (**BetaShares**), the issuer of BetaShares Martin Currie Real Income Fund (managed fund) (ASX: RINC), an exchange traded managed fund quoted on the AQUA market of the ASX (**Fund**), announces that the Fund's investment universe will be expanded with effect on 8 August 2022.

### **Details of modification**

RINC's current objective is to provide a pre-tax income yield above that of the S&P/ASX 200 Index and to grow this income above the rate of inflation (as measured by the Consumer Price Index) over the long term. The Fund currently seeks to achieve this objective by investing in a diversified portfolio of Australian listed real assets (such as A-REITs, utility and infrastructure securities) characterised by established physical assets with recurring cash flows.

RINC's current investment universe of listed Australian real assets will be expanded to allow an allocation of up to 20% to listed real asset securities from global developed countries. Importantly, RINC will only allocate beyond ASX-listed securities when the investment manager, Martin Currie Australia (a division of Franklin Templeton Australia), has identified opportunities that are expected to enhance the Fund's return or risk characteristics.

The Fund's performance objective - to provide a pre-tax income yield above that of the S&P/ASX 200 Index and to grow this income above the rate of inflation (as measured by the Consumer Price Index) over the long term – will remain the same.

In addition, RINC will exclude securities issued by companies directly involved in:

- the production of controversial weapons, including but not limited to cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons;
- the manufacture of tobacco products;
- mining or extraction of thermal coal, or extraction of oil from tar sands (subject to a 20% revenue threshold, with revenue estimated based on company-reported information); and
- human rights abuses and exploitation, such as child labour and modern slavery, based on a qualitative assessment by Martin Currie Australia.

Further information about the modification is set out in the attached Supplementary Product Disclosure Statement for the Fund.

### **Why is this modification being made?**

The modification will support RINC having the broadest investment universe available across real asset sub-sectors, building a diversified portfolio of high-quality securities that aims to produce a high and growing income stream.

Expanding the Fund's investment universe will support high quality and enhanced growth opportunities as it is expected to facilitate:

- deeper access to real asset sub-sectors not available in Australia;
- stocks to replace recent Australian de-listings; and

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- attractive Australian-based real asset exposures accessible via offshore listed names.

Within this broader opportunity set, Martin Currie Australia will consider exposure to regions and cities with attractive growth demographics, selecting companies that they consider most suitable for the portfolio.

Additional sub-sector, country and currency exposures are anticipated to function as a diversifier with the aim of reducing expected volatility and enhancing income.

#### **Effective date of modification**

The modification will take effect on 8 August 2022.

#### **Next steps**

Investors who wish to remain invested in RINC are not required to take any action as a result of the modification. Investors who wish to transact in their units can do so in the normal way, via their broker or adviser.

As the information in this letter does not take into account the personal circumstances of any particular investor, investors should consider consulting their financial adviser regarding this information.

#### **Supplementary PDS**

A Supplementary Product Disclosure Statement updating RINC's PDS dated 1 December 2021 has been issued reflecting this modification and is attached. It is also available at RINC's product page at <https://www.betashares.com.au/fund/real-income-fund/>.

#### **Contact**

For any inquiries regarding this announcement, please contact the BetaShares Client Services team on 1300 487 577 or via email [info@betashares.com.au](mailto:info@betashares.com.au).

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**IMPORTANT INFORMATION:** This information has been prepared by BetaShares Capital Ltd (ABN 78 139 566 868 AFSL 341181) (**BetaShares**), the issuer and responsible entity of the Fund. BetaShares has appointed Franklin Templeton Australia Limited (ABN 76 004 835 849 AFSL 240827) (Franklin Templeton Australia) as investment manager for the Fund. Franklin Templeton Australia is part of Franklin Resources, Inc. Martin Currie Australia provides investment management services for the Fund.

Before making an investment decision you should read the Product Disclosure Statement (PDS) and Target Market Determination (TMD) carefully and 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 and TMD are available and can be obtained by contacting BetaShares on 1300 487 577 or Franklin Templeton Australia on 1800 673 776 or at [www.betashares.com.au](http://www.betashares.com.au) or [www.franklintempleton.com.au](http://www.franklintempleton.com.au). Neither BetaShares, Franklin Templeton Australia, nor any of their related parties guarantees any performance or the return of capital invested. Past performance is not necessarily 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.

# BETASHARES MARTIN CURRIE REAL INCOME FUND (MANAGED FUND)

ARSN: 621 862 619 | ASX CODE: RINC

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## SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

DATED: 7 JULY 2022  
ISSUER: BETASHARES CAPITAL LTD  
ABN: 78 139 566 868  
AFS LICENCE: 341181

This Supplementary Product Disclosure Statement (“**SPDS**”) is supplemental to the Product Disclosure Statement dated 1 December 2021 in respect of BetaShares Martin Currie Real Income Fund (Managed Fund) (the “**PDS**”).

The PDS and this SPDS should be read together.

A copy of this SPDS has been lodged with the Australian Securities and Investments Commission (“**ASIC**”) on 7 July 2022. Neither ASIC nor ASX Limited takes any responsibility for the contents of this SPDS.

Terms defined in the PDS have the same meanings when used in this SPDS.

### **The investment universe of the BetaShares Martin Currie Real Income Fund (Managed Fund) is being expanded effective 8 August 2022**

The Responsible Entity gives notice that the investment universe of the Fund is being expanded with effect on 8 August 2022.

The Fund’s current objective is to provide a pre-tax income yield above that of the S&P/ASX 200 Index and to grow this income above the rate of inflation (as measured by the Consumer Price Index) over the long term. The Fund currently seeks to achieve this objective by investing in a diversified portfolio of Australian listed real assets (such as A-REITs, utility and infrastructure securities) characterised by established physical assets with recurring cash flows.

The Fund’s current investment universe of listed Australian real assets will be expanded to allow an allocation of up to 20% to listed real asset securities from global developed countries. Importantly, the Fund will only allocate beyond ASX-listed securities when the investment manager, Martin Currie Australia (a division of Franklin Templeton Australia), has identified opportunities that are expected to enhance the Fund’s return or risk characteristics.

The Fund’s performance objective - to provide a pre-tax income yield above that of the S&P/ASX 200 Index and to grow this income above the rate of inflation (as measured by the Consumer Price Index) over the long term – will remain the same.

In addition, the Fund will exclude securities issued by companies directly involved in:

- the production of controversial weapons, including but not limited to cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons;
- the manufacture of tobacco products;
- mining or extraction of thermal coal, or extraction of oil from tar sands (subject to a 20% revenue threshold, with revenue estimated based on company-reported information); and
- human rights abuses and exploitation, such as child labour and modern slavery, based on a qualitative assessment by Martin Currie Australia.

With effect on 8 August 2022, the specific amendments to the PDS pursuant to this SPDS are as follows:

1. In section 1.1 titled “About the Fund” the wording below the title is deleted and replaced with the following:

The BetaShares Martin Currie Real Income Fund (managed fund) offers exposure to an actively managed portfolio of real assets, defined as Australian listed property (REITs), utility, infrastructure and like securities that are listed on the Australian Securities Exchange or other developed market exchanges.

The benefits of the Fund include:

- The opportunity to receive regular income distributions from dividends (including a small component of 'franked dividends') and net gains on the disposal of assets;
- The Fund aims to provide long term growth in its income stream to at least match the rate of inflation;
- Professional management of the Fund by an experienced investment manager;
- Diversification benefits that would be difficult to achieve through direct investment; and
- Disciplined portfolio construction.

The Fund carries certain investment risks. For information on the risks applicable to the Fund, see section 4.

2. In section 1.2, the following amendments are made to Table 1.2 titled "Summary of Key Information"

In the "Investment objective" row, the "Summary" column text is deleted and replaced with the following:

The Fund aims to provide a pre-tax income yield above that of the S&P/ASX 200 Index by investing in a portfolio of listed real assets and to grow this income above the rate of inflation (as measured by the Consumer Price Index) over the long term.

The Fund aims to achieve these objectives by adopting the investment strategy set out in section 2.1.2.

There is no assurance or guarantee that the Fund will meet its investment objectives.

In the "Risks" row, the "Summary" column text is deleted and replaced with the following:

There are a number of risks associated with investing in the Fund. The key risks include the following:

- There is no guarantee that the Fund's investment strategy will be successful or that the investment objectives will be achieved.
- The Fund's investment returns will be influenced by the performance of the market as a whole. Changes in Australian and global share prices, which may be volatile and fluctuate from day to day, may result in a loss in the value of Units.
- Investments in listed real assets can rise and/or fall in value due to factors specific to these sectors or factors which could affect these sectors to a greater extent than other sectors.
- The Fund's investment exposure will be concentrated in the property, infrastructure and utility sectors.
- The Australian dollar value of any international investments denominated in foreign currency held in the Fund will increase or decrease as a result of exchange rate fluctuations.
- Although the Units will be quoted on the ASX under the AQUA Rules, there can be no assurance that there will be a liquid market for Units, and no assurance that there will be a liquid market for the Fund's investments.
- In certain circumstances, the ASX may suspend trading of the Units of the Fund and in that event Unitholders would not be able to buy or sell Units of the Fund on the ASX.
- The trading price of Units on the ASX may differ from the Net Asset Value per Unit and the iNAV.
- The iNAV published by the Fund is indicative only, may not be up to date and may not reflect the true value of a Unit.
- As the Responsible Entity intends to act as a market maker in the Units on behalf of the Fund, the Fund will bear the cost and risk of these market making activities.
- The market making agent appointed by the Responsible Entity may execute activities incorrectly or may fail to comply with settlement processing obligations.

This is not a comprehensive summary of all the risks of investing in the Fund. Before investing, investors should carefully consider the risks associated with an investment in the Fund and obtain financial advice on whether an investment in the Fund is suitable for their objectives, financial situation and needs.

For further details on the risks of investing, see section 4.

3. In section 2.1.1 of the PDS titled "The Fund's investment objectives" the wording below the title is deleted and replaced with the following:

The Fund aims to provide a pre-tax income yield above that of the S&P/ASX 200 Index by investing in a portfolio of listed real assets and to grow this income above the rate of inflation (as measured by the Consumer Price Index) over the long term.

The Fund aims to achieve these objectives by adopting the investment strategy set out in section 2.1.2.

There is no assurance or guarantee that the Fund will meet its investment objectives.

4. In section 2.1.2 of the PDS titled "The Fund's investment strategy" the wording below the title is deleted and replaced with the following:

The Fund seeks to provide a growing income stream by investing in a diversified portfolio of listed real assets (such as A-REITs, utility and infrastructure securities (as defined by Martin Currie Australia)) characterised by established physical assets with recurring cash flows. The

Fund will predominantly invest in securities listed on the Australian Securities Exchange, however up to 20% of the Fund may be invested in securities listed on global developed market exchanges. The Investment Manager does not intend to hedge any foreign currency exposure.

The Investment Manager's approach is premised on the philosophy that high-quality listed real assets can sustain dividends, match rises in the cost of living and are likely to be less volatile than the wider equity market.

The Investment Manager relies on complementary fundamental and quantitative research, and collective insights into the current investment landscape, to identify the most attractive opportunities.

The Fund aims to hold investments so that at the time of purchasing securities:

- exposure to individual securities is no more than 9% of the portfolio; and
- approximately 20 to 45 securities are held.

Cash comprises no more than 10% of the Fund.

The Fund is intended to be fully invested at all times with cash being held for liquidity purposes only.

The Fund will not invest in securities issued by companies directly involved in:

- the production of controversial weapons, including but not limited to cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons;
- the manufacture of tobacco products;
- mining or extraction of thermal coal, or extraction of oil from tar sands (subject to a 20% revenue threshold, with revenue estimated based on company-reported information); and
- human rights abuses and exploitation, such as child labour and modern slavery. This screen involves a qualitative assessment by the Investment Manager having regard to certain factors such as evidence of a company's policies and systems to prevent modern slavery and other human rights abuses.

The Fund may use exchange-traded derivatives, such as futures, where this may help to achieve the Fund's investment objectives. For example, exchange-traded derivatives may be used where direct investment in a particular security or securities is not possible or practical, or to obtain an investment exposure without physically buying or selling the underlying asset.<sup>1</sup>

The Fund will not use short selling, leverage or gearing to seek to enhance its returns.

Cash may comprise bank deposits and/or Australian exchange traded cash funds (which may include funds managed by the Responsible Entity).

#### *Investment Manager*

The Responsible Entity has appointed Franklin Templeton Australia to provide specialist investment management services in connection with the Fund, under an investment management agreement.

Under this agreement, the Investment Manager will establish the Fund's portfolio and on an ongoing basis make active changes to the composition of the portfolio consistent with the Fund's investment strategy and the Investment Manager's active investment philosophy. Martin Currie Australia (a division of Franklin Templeton Australia) will provide the investment management services for the Fund.

The fees for the Investment Manager's services will be paid by the Responsible Entity from its own resources.

5. In section 2.1.3 of the PDS titled "Labour standards and environmental, social and ethical considerations" the wording below the title is deleted and replaced with the following:

The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments.

In addition to the exclusions described in section 2.1.2, environmental, social and governance (ESG) considerations (including labour standards and ethical considerations) are taken into account by the Investment Manager as part of its process in determining the economic value of an investment. In addition to financial metrics, the Investment Manager maintains a proprietary scoring framework that rates companies on sustainability issues, undertakes a shadow carbon cost assessment to better understand the future impact of climate and energy policy changes on Australian companies and the overall investment portfolio, and considers the impact of ESG factors on

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<sup>1</sup> Derivatives will only be used on a temporary basis (i.e. no more than 28 days) or so that the notional derivatives exposure of the Fund does not exceed 10% of its net asset value.

companies' normalised earnings forecasts. These activities are factored into the assessment of the economic value of an investment which is considered by the Investment Manager in the selection, retention and realisation of investments.

6. In section 4 titled "Risks", new sections 4.4 "International Investment Risk" and 4.5 "Foreign Exchange Risk" are added as follows:

#### 4.4 INTERNATIONAL INVESTMENT RISK

The Fund may have some allocation to international investments. International investments may be affected by political and economic uncertainties, lower regulatory supervision, different accounting and auditing standards, movements in foreign currency and interest rates, and more volatile, less liquid markets, compared with Australian investments.

#### 4.5 FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the Australian dollar value of any Fund assets denominated in foreign currencies will increase or decrease as a result of exchange rate fluctuations. If the currency in which an investment of the Fund is denominated depreciates relative to the Australian dollar, then the value of that investment (in Australian dollar terms, and assuming no other changes) will decrease (and vice versa).

7. In section 5.5 of the PDS titled "Net Asset Value Per Unit and iNAV", the wording below the title is deleted and replaced with the following:

An estimate of the Fund's NAV per Unit will be published daily by the Responsible Entity at [www.betashares.com.au](http://www.betashares.com.au) prior to the commencement of trading on the ASX. This value will reflect the estimated NAV of the Fund as at the previous day in each market in which the Fund invests, divided by the number of Units on issue at that time. The estimated NAV of the Fund is calculated by deducting from the estimated aggregate value of the assets of the Fund all liabilities such as accrued fees and other costs, and provisions relating to the Fund. Fees and other costs, including the Responsible Entity's fees, are normally accrued daily. The Fund's assets reflect their market value.

The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them and be reasonably current.

The Responsible Entity has engaged an agent to calculate an estimated indicative NAV per Unit (iNAV) for the Fund during an ASX Trading Day. The iNAV calculations are based on the portfolio of assets held by the Fund as at the open of trading on the relevant day, using updated intra-day pricing and less any liabilities of the Fund. The iNAV will be published on the BetaShares website at [www.betashares.com.au](http://www.betashares.com.au).

The iNAV will be updated for foreign exchange movements in respect of any international stocks held in the Fund's portfolio and will also be updated in respect of stocks that have live market prices during the ASX Trading Day.

Investors will be notified via the ASX Market Announcements Platform if there is any material change to the methodology for calculating the iNAV.

Any iNAV is not, and should not, be taken to be or relied on as being the price at which Units may be bought or sold on the ASX, and may not reflect the true value of a Unit. No assurance can be given that any iNAV will be published continuously, will be up to date or free from error.