

Interim financial report for the half-year ended 31 December 2021

ClearBridge RARE Infrastructure Value Fund - Hedged

ARSN 121 027 709

ClearBridge RARE Infrastructure Income Fund - Hedged

ARSN 132 182 631

ClearBridge RARE Infrastructure Value Fund - Unhedged

ARSN 150 677 017

Interim financial report for the half-year ended 31 December 2021

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The Responsible Entity of the ClearBridge Investments Limited is Franklin Templeton Australia Limited (previously known as Legg Mason Asset Management Australia Limited).
The Responsible Entity's registered office is Level 47, 120 Collins Street, Melbourne VIC 3000.

Directors' report

The directors of Franklin Templeton Australia Limited (previously known as Legg Mason Asset Management Australia Limited: ABN 76 004 835 849), the Responsible Entity of the following managed investment schemes (the "Funds") present their report together with the interim financial statements of the Funds for the half-year ended 31 December 2021.

- ClearBridge RARE Infrastructure Value Fund - Hedged (referred to in this document as "Infrastructure Value Fund - Hedged") constituted on 1 August 2006;
- ClearBridge RARE Infrastructure Income Fund - Hedged (referred to in this document as "Infrastructure Income Fund - Hedged") constituted on 9 July 2008;
- ClearBridge RARE Infrastructure Value Fund - Unhedged (referred to in this document as "Infrastructure Value Fund - Unhedged") constituted on 2 May 2011.

Principal Activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the half-year.

The Responsible Entity was renamed from Legg Mason Asset Management Australia Limited to Franklin Templeton Australia Limited effective 1 October 2021.

There were no other significant changes in the nature of the Funds' activities during the half-year.

Directors

The following persons held office as directors of Franklin Templeton Australia Limited during the half-year or since the end of the half-year and up to the date of this report:

Q. Lupo

E. Venner

M. Harrison

J. Besley (appointed 1 October 2021)

A. Stitt (resigned 30 June 2021)

Review and results of operations

During the half-year, the Funds continued to invest in accordance with target asset allocations as set out in the governing documents of the relevant Funds and in accordance with the provisions of the Funds' Constitutions.

Directors' report (continued)

Results

The performance of the Funds, as represented by the results of their operations, were as follows:

	Infrastructure Value Fund - Hedged Half-year ended		Infrastructure Income Fund - Hedged Half-year ended		Infrastructure Value Fund - Unhedged Half-year ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	91,632	97,741	64,279	30,151	98,620	43,949
<i>Distributions - A Class</i>						
Distribution paid and payable (\$'000)	12,428	22,394	3,993	2,234	26,411	19,405
Distributions (cents per unit)	1.7000	3.0000	2.2500	3.7500	4.0000	3.0000
<i>Distributions - B Class</i>						
Distribution paid and payable (\$'000)	-	-	5,160	6,162	-	-
Distributions (cents per unit)	-	-	1.7500	3.0000	-	-
<i>Distributions - C Class</i>						
Distribution paid and payable (\$'000)	485	599	32	-	-	-
Distributions (cents per unit)	1.7000	1.5000	2.3000	-	4.0000	-
<i>Distributions - I Class</i>						
Distribution paid and payable (\$'000)	1,470	1,334	-	-	-	-
Distributions (cents per unit)	1.7000	1.5000	-	-	-	-

Further information on distributions to unitholders is disclosed in note 7 to the financial statements.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds that occurred during the financial half-year.

Matters subsequent to the end of the financial half-year

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect assets of the Funds and thus performance of the Funds. Management is continuing to monitor this development and evaluate its impact on the Funds.

Apart from the above no matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Directors' report (continued)**COVID-19 Outbreak**

During the reporting period, the spread of the coronavirus (COVID-19) outbreak expanded and has significantly impacted the global economy and financial markets. The eventual severity of the impact as a result of COVID-19 remains uncertain; however, the length and depth of the downturn, as well as its impact on financial markets, will be driven by a number of factors, such as government economic, health and social policies, as well as efforts to increase vaccination rates and re-opening of domestic and international borders.

In the meantime, aggressive monetary and fiscal actions have been taken around the globe. We encourage investors to maintain a long-term perspective with respect to their financial holdings and recommend they seek the guidance and support from a trusted financial professional regarding their individual circumstances during this challenging time.

We will continue to assess the potential financial and other impacts of the COVID-19 outbreak on Fund operations, as well as the impact on investment outcomes and increased volatility in investment performance.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of Franklin Templeton Australia Limited or the auditors of the Funds. So long as the officers of Franklin Templeton Australia Limited act in accordance with the Funds' Constitutions and the law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

Indemnity of auditors

The auditors of the Funds are in no way indemnified out of the assets of the Funds.

Interests in the Funds

The movement in units on issue in the Funds during the financial half-year is disclosed in note 6 to the financial statements.

The value of the Funds' assets and liabilities is disclosed on the balance sheets and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

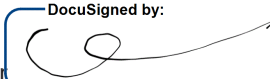
Rounding of amounts to the nearest thousand dollars

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.

DocuSigned by:

Director
D96DBC094F8348F...
Q.Lupo

Melbourne
07 March 2022



Auditor's Independence Declaration

- ClearBridge RARE Infrastructure Value Fund – Hedged
- ClearBridge RARE Infrastructure Income Fund - Hedged
- ClearBridge RARE Infrastructure Value Fund – Unhedged (collectively “the Funds”)

As lead auditor for the review of the Funds for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "Kate L Logan".

Kate L Logan
Partner
PricewaterhouseCoopers

Melbourne
7 March 2022

Statements of comprehensive income
For the half-year ended 31 December 2021

Statements of comprehensive income

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
	Half-year ended		Half-year ended		Half-year ended	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Note						
Investment income						
Interest income	-	3	-	7	-	10
Dividend income	8,213	6,588	8,972	6,436	7,675	6,739
Distribution income	687	519	1,947	1,037	655	518
Net gains/(losses) on financial instruments at fair value through profit or loss	87,548	94,807	56,065	23,580	94,698	40,661
Other operating income	-	78	-	96	-	76
Total net investment income/(loss)	96,448	101,995	66,984	31,156	103,028	48,004
Expenses						
Responsible Entity's fees	4,292	4,049	1,951	854	4,335	3,864
Transaction costs	452	205	671	151	-	191
Other operating expenses	72	-	83	-	73	-
Total operating expenses	4,816	4,254	2,705	1,005	4,408	4,055
Operating profit/(loss)	91,632	97,741	64,279	30,151	98,620	43,949
Finance costs attributable to unitholders						
Distributions to unitholders	7 (14,383)	24,327	(9,185)	8,396	(26,411)	-
(Increase)/decrease in net assets attributable to unitholders	6 (77,249)	73,414	(55,094)	21,755	(72,209)	-
Profit/(loss) for the half-year	-	-	-	-	-	43,949
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	-	43,949

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Balance sheets
As at 31 December 2021

Balance sheets

	Note	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
		As at		As at		As at	
		31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Assets							
Cash and cash equivalents		41,800	17,999	37,944	21,701	41,563	15,924
Receivables		1,116	1,321	1,239	910	1,128	1,256
Accrued income		1,173	1,111	1,848	1,561	1,129	1,052
Due from brokers - receivable for securities sold		-	-	-	56	-	-
Financial assets at fair value through profit or loss	4	<u>906,298</u>	<u>899,165</u>	<u>630,660</u>	<u>418,725</u>	<u>892,033</u>	<u>830,114</u>
Total assets		<u>950,387</u>	<u>919,596</u>	<u>671,691</u>	<u>442,953</u>	<u>935,853</u>	<u>848,346</u>
Liabilities							
Distribution payable	7	10,025	44,093	6,519	20,226	16,589	17,307
Payables		1,005	1,901	681	604	1,458	1,625
Due to brokers - payable for securities purchased		-	-	12,262	8,221	-	-
Financial liabilities at fair value through profit or loss	5	<u>3,719</u>	<u>14,406</u>	<u>3,762</u>	<u>10,052</u>	<u>-</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>14,749</u>	<u>60,400</u>	<u>23,224</u>	<u>39,103</u>	<u>18,047</u>	<u>18,932</u>
Net assets attributable to unitholders - liability	6	<u>935,638</u>	<u>859,196</u>	<u>648,467</u>	<u>403,850</u>	<u>917,806</u>	<u>829,414</u>

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity
For the half-year ended 31 December 2021

Statements of changes in equity

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
	Half-year ended		Half-year ended		Half-year ended	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Total equity at the beginning of the half-year	-	770,286	-	192,925	-	757,795
Comprehensive income for the half-year						
Profit/(loss) for the half-year	-	-	-	-	-	43,949
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	-	43,949
Transactions with unitholders						
Operating profit/(loss) attributed to unitholders	-	97,741	-	30,151	-	-
Applications	-	219,620	-	139,013	-	92,734
Redemptions	-	(199,670)	-	(17,705)	-	(78,714)
Units issued upon reinvestment of distributions	-	-	-	-	-	1,973
Distributions paid and payable	-	(24,327)	-	(8,396)	-	(19,405)
Total transactions with unitholders	-	93,364	-	143,063	-	(3,412)
Total equity at the end of the half-year	<u>-</u>	<u>863,650</u>	<u>-</u>	<u>335,988</u>	<u>-</u>	<u>798,332</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of cash flows
For the half-year ended 31 December 2021

Statements of cash flows

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
	Half-year ended		Half-year ended		Half-year ended	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Cash flows from operating activities						
Proceeds from sale of financial instruments at fair value through profit or loss	275,272	271,956	157,800	131,421	222,393	233,204
Purchases of financial instruments at fair value through profit or loss	(205,550)	(276,089)	(315,832)	(244,069)	(189,618)	(236,293)
Transaction costs	(452)	(205)	(671)	(151)	–	(191)
Dividends/distributions received	8,714	10,358	10,470	7,212	8,130	9,938
Interest received	–	3	–	7	–	10
Other income received	33	78	–	96	29	76
Management fees paid	(4,247)	(4,106)	(1,807)	(786)	(4,262)	(3,860)
Payment of other expenses	(72)	–	(92)	–	(73)	–
Net cash inflow/ (outflow) from operating activities	73,698	1,995	(150,132)	(106,270)	36,599	2,884
Cash flows from financing activities						
Proceeds from applications by unitholders	109,056	216,086	226,203	136,399	90,913	92,812
Payments for redemptions by unitholders	(124,792)	(201,642)	(38,959)	(17,650)	(81,760)	(80,368)
Distributions paid from operating activities	(34,142)	(10,474)	(20,821)	(7,554)	(20,095)	(7,666)
Net cash inflow/ (outflow) from financing activities	(49,878)	3,970	166,423	111,195	(10,942)	4,778
Net increase/(decrease) in cash and cash equivalents	23,820	5,965	16,291	4,925	25,657	7,662
Cash and cash equivalents at the beginning of the half-year	17,999	18,101	21,701	5,308	15,924	10,988
Effects of foreign currency exchange rate changes on cash and cash equivalents	(19)	–	(48)	(2)	(18)	–
Cash and cash equivalents at the end of the half-year	41,800	24,066	37,944	10,231	41,563	18,650

Statements of cash flows
For the half-year ended 31 December 2021

Statements of cash flows (continued)

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
	Half-year ended		Half-year ended		Half-year ended	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Non-cash financing activities	<u>14,308</u>	<u>3,541</u>	<u>2,072</u>	<u>1,167</u>	<u>7,033</u>	<u>1,973</u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

1 General information

This interim general purpose financial report covers the following managed investment schemes (the "Funds"). The Funds are registered managed investment schemes under the *Corporations Act 2001*. The Funds may be terminated in accordance with the provisions of the Funds' Constitutions. The Funds are domiciled in Australia. The respective constitution dates are as follows:

- ClearBridge RARE Infrastructure Value Fund - Hedged (referred to in this document as "Infrastructure Value Fund - Hedged") constituted on 1 August 2006;
- ClearBridge RARE Infrastructure Income Fund - Hedged (referred to in this document as "Infrastructure Income Fund - Hedged") constituted on 9 July 2008;
- ClearBridge RARE Infrastructure Value Fund - Unhedged (referred to in this document as "Infrastructure Value Fund - Unhedged") constituted on 2 May 2011.

The Responsible Entity of the Funds is Franklin Templeton Australia Limited (ABN 76 004 835 849) (the "Responsible Entity"). The Responsible Entity's registered office is Level 47, 120 Collins Street, Melbourne, VIC 3000. This interim financial report is presented in the Australian currency.

The principal activity of each Fund is to invest in accordance with the investment objectives and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

Net assets attributable to unitholders of Infrastructure Value Fund - Hedged, Infrastructure Income Fund - Hedged and Infrastructure Value Fund - Unhedged remain disclosed as a liability as its multi-class structure means they have not met the strict criteria for recognition as equity, despite their election into the AMIT tax regime.

This interim financial report is authorised for issue by the directors of the Responsible Entity on 07 March 2022. The directors of the Responsible Entity have the power to amend and reissue this interim financial report.

2 Summary of significant accounting policies

(a) Basis of preparation

This interim general purpose financial report for the half-year ended 31 December 2021 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual financial report for the financial year ended 30 June 2021 and any public announcements made in respect of the Funds during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(i) Compliance with International Financial Reporting Standards

The financial statements of the Funds also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Significant accounting policies

The accounting policies in these interim financial statements are the same as those applied in the Funds' financial statements for the year ended 30 June 2021.

There are no standards that are not yet effective and that are expected to have a material impact on the Funds in the prior periods or will affect the current or future reporting periods and on foreseeable future transactions.

3 Fair value measurement

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis;

- Financial assets/liabilities at fair value through profit or loss (see note 4 and 5).

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current half-year.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the financial half-year without any deduction for estimated future selling costs.

3 Fair value measurement (continued)

(i) Fair value in an active market (level 1) (continued)

The Funds value their investments in accordance with the accounting policies set out in note 2 of the financial statements. For the majority of their investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

The market price used for financial assets held by the Funds is the current last price; the market price used for financial liabilities is the current asking price. When the Funds hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply this last or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the financial half-year applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the financial half-year. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the financial half-year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such trusts.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Notes to the financial statements
For the half-year ended 31 December 2021

3 Fair value measurement (continued)

Recognised fair value measurements

The following tables present the Funds' assets and liabilities measured and recognised at fair value as at 31 December 2021 and 30 June 2021:

At 31 December 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Infrastructure Value Fund - Hedged				
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	1,792	–	1,792
Listed equities	809,501	–	–	809,501
Listed unit trusts	95,005	–	–	95,005
Total	904,506	1,792	–	906,298
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	3,719	–	3,719
Total	–	3,719	–	3,719
At 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	12,583	–	12,583
Listed equities	745,121	–	–	745,121
Listed unit trusts	141,461	–	–	141,461
Total	886,582	12,583	–	899,165
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	14,406	–	14,406
Total	–	14,406	–	14,406
Infrastructure Income Fund - Hedged				
At 31 December 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	4,870	–	4,870
Listed equities	530,428	–	–	530,428
Listed unit trusts	95,362	–	–	95,362
Total	625,790	4,870	–	630,660
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	3,762	–	3,762
Total	–	3,762	–	3,762
At 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	2,471	–	2,471
Listed equities	326,220	–	–	326,220
Listed unit trusts	90,034	–	–	90,034
Total	416,254	2,471	–	418,725
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	10,052	–	10,052
Total	–	10,052	–	10,052

Notes to the financial statements
For the half-year ended 31 December 2021

3 Fair value measurement (continued)

Recognised fair value measurements (continued)

At 31 December 2021	Infrastructure Value Fund - Unhedged			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets at fair value through profit or loss				
Listed equities	798,350	-	-	798,350
Listed unit trusts	93,683	-	-	93,683
Total	892,033	-	-	892,033
At 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Listed equities	697,699	-	-	697,699
Listed unit trusts	132,415	-	-	132,415
Total	830,114	-	-	830,114

The Funds' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(iii) Transfers between levels

There were no transfers between levels during the half-year ended 31 December 2021 and for the financial year ended 30 June 2021.

(iv) Movement in level 3 instruments

There were no investments classified as level 3 within the Funds as at 31 December 2021 and 30 June 2021.

(v) Fair value of financial instruments not carried at fair value

The carrying value of receivables and payables are assumed to approximate their fair values. Net assets attributable to unitholders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current half-year or for the year ended 30 June 2021.

Notes to the financial statements
For the half-year ended 31 December 2021

4 Financial assets at fair value through profit or loss

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
	As at		As at		As at	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Financial assets at fair value through profit or loss						
Derivatives	1,792	12,583	4,870	2,471	-	-
Equity securities	809,501	745,121	530,428	326,220	798,350	697,699
Listed unit trusts	95,005	141,461	95,362	90,034	93,683	132,415
Total financial assets at fair value through profit or loss	<u>906,298</u>	<u>899,165</u>	<u>630,660</u>	<u>418,725</u>	<u>892,033</u>	<u>830,114</u>
Comprising:						
Derivatives						
Forward currency contracts	1,792	12,583	4,870	2,471	-	-
Total derivatives	<u>1,792</u>	<u>12,583</u>	<u>4,870</u>	<u>2,471</u>	<u>-</u>	<u>-</u>
Equity securities						
Australian equity securities listed on a prescribed stock exchange	-	-	-	17,152	-	-
International equity securities listed on a prescribed stock exchange	809,501	745,121	530,428	309,068	798,350	697,699
Total equity securities	<u>809,501</u>	<u>745,121</u>	<u>530,428</u>	<u>326,220</u>	<u>798,350</u>	<u>697,699</u>
Listed unit trusts						
Australian listed trusts	19,132	58,187	66,086	58,614	18,892	54,474
International listed trusts	-	-	-	5,946	-	-
International listed property trusts	75,873	83,274	29,276	25,474	74,791	77,941
Total listed unit trusts	<u>95,005</u>	<u>141,461</u>	<u>95,362</u>	<u>90,034</u>	<u>93,683</u>	<u>132,415</u>
Total financial assets at fair value through profit or loss	<u>906,298</u>	<u>899,165</u>	<u>630,660</u>	<u>418,725</u>	<u>892,033</u>	<u>830,114</u>

Notes to the financial statements
For the half-year ended 31 December 2021

5 Financial liabilities at fair value through profit or loss

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
	As at		As at		As at	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Financial liabilities at fair value through profit or loss						
Derivatives	3,719	14,406	3,762	10,052	-	-
Total financial liabilities at fair value through profit or loss	3,719	14,406	3,762	10,052	-	-
Comprising:						
Derivatives						
Forward currency contracts	3,719	14,406	3,762	10,052	-	-
Total derivatives	3,719	14,406	3,762	10,052	-	-
Total financial liabilities at fair value through profit or loss	3,719	14,406	3,762	10,052	-	-

6 Net assets attributable to unitholders - equity/liability

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. Otherwise the financial instrument should be disclosed as a liability.

Net assets attributable to unitholders of Infrastructure Income Fund - Hedged remain disclosed as a liability as its multi-class structure means it has not met the strict criteria for recognition as equity, despite its election into the AMIT tax regime.

Notes to the financial statements
For the half-year ended 31 December 2021

6 Net assets attributable to unitholders - equity/liability (continued)

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	Infrastructure Value Fund - Hedged			
	As at			
	31 December 2021		30 June 2021	
	No.'000	\$'000	No.'000	\$'000
A Class				
Opening balance	718,250	740,287	803,278	770,287
Applications	96,427	103,936	159,434	164,617
Redemptions	(98,178)	(106,969)	(251,210)	(260,306)
Units issued upon reinvestment of distributions	5,983	6,228	6,748	6,736
Profit/(loss) for the half-year	-	-	-	87,881
Increase/(decrease) in net assets attributable to unitholders	-	66,273	-	(28,928)
Closing balance	<u>722,482</u>	<u>809,755</u>	<u>718,250</u>	<u>740,287</u>
C Class				
Opening balance	33,198	33,386	-	-
Applications	1,980	2,054	43,375	45,644
Redemptions	(7,376)	(7,757)	(10,177)	(10,716)
Increase/(decrease) in net assets attributable to unitholders	-	2,773	-	(1,542)
Closing balance	<u>27,802</u>	<u>30,456</u>	<u>33,198</u>	<u>33,386</u>
I Class				
Opening balance	84,862	85,523	-	-
Applications	2,652	2,746	89,716	94,633
Redemptions	(8,720)	(9,125)	(7,372)	(7,837)
Units issued upon reinvestment of distributions	7,926	8,080	2,518	2,642
Increase/(decrease) in net assets attributable to unitholders	-	8,203	-	(3,915)
Closing balance	<u>86,720</u>	<u>95,427</u>	<u>84,862</u>	<u>85,523</u>
Total		<u>935,638</u>		<u>859,196</u>

Notes to the financial statements
For the half-year ended 31 December 2021

6 Net assets attributable to unitholders - equity/liability (continued)

	Infrastructure Income Fund - Hedged			
	As at			
	31 December 2021		30 June 2021	
	No.'000	\$'000	No.'000	\$'000
A Class				
Opening balance	120,664	169,390	29,717	40,575
Applications	84,601	127,085	113,397	165,213
Redemptions	(16,463)	(24,682)	(22,622)	(33,140)
Units issued upon reinvestment of distributions	159	229	172	244
Increase/(decrease) in net assets attributable to unitholders	-	23,866	-	(3,502)
Closing balance	<u>188,961</u>	<u>295,888</u>	<u>120,664</u>	<u>169,390</u>
B Class				
Opening balance	228,471	234,460	153,437	152,350
Applications	88,012	96,827	93,940	98,211
Redemptions	(12,936)	(14,129)	(20,893)	(22,282)
Units issued upon reinvestment of distributions	1,755	1,842	1,987	2,047
Increase/(decrease) in net assets attributable to unitholders	-	31,083	-	4,134
Closing balance	<u>305,302</u>	<u>350,083</u>	<u>228,471</u>	<u>234,460</u>
C Class				
Opening balance	-	-	-	-
Applications	1,643	2,428	-	-
Redemptions	(51)	(77)	-	-
Increase/(decrease) in net assets attributable to unitholders	-	145	-	-
Closing balance	<u>1,592</u>	<u>2,496</u>	<u>-</u>	<u>-</u>
Total		<u>648,467</u>		<u>403,850</u>

	Infrastructure Value Fund - Unhedged			
	As at			
	31 December 2021		30 June 2021	
	No.'000	\$'000	No.'000	\$'000
A Class				
Opening balance	653,621	829,414	633,497	757,795
Applications	67,408	90,670	140,759	173,331
Redemptions	(60,919)	(81,520)	(125,515)	(155,009)
Units issued upon reinvestment of distributions	5,342	7,033	4,880	5,938
Profit/(loss) for the half-year	-	-	-	48,679
Increase/(decrease) in net assets attributable to unitholders	-	72,209	-	(1,320)
Closing balance	<u>665,452</u>	<u>917,806</u>	<u>653,621</u>	<u>829,414</u>
C Class				
Opening balance	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u>917,806</u>		<u>829,414</u>

6 Net assets attributable to unitholders - equity/liability (continued)

Capital risk management

Infrastructure Value Fund - Hedged, Infrastructure Income Fund - Hedged and Infrastructure Value Fund - Unhedged Fund consider their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

For all Funds, daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitutions, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Responsible Entity monitors the impact of applications and redemptions relative to the liquid assets in the Funds.

7 Distributions to unitholders

The distributions paid/payable during the half-year were as follows:

	Infrastructure Value Fund - Hedged			
	Half-year ended			
	31 December		31 December	
	2021		2020	
	\$'000	CPU	\$'000	CPU
A Class				
Distribution paid				
- 30 September	3,766	0.5000	12,007	1.5000
Distribution payable				
- 31 December	<u>8,662</u>	1.2000	<u>10,387</u>	1.5000
	<u><u>12,428</u></u>		<u><u>22,394</u></u>	
C Class				
Distribution paid				
- 30 September	151	0.5000	-	-
Distribution payable				
- 31 December	<u>334</u>	1.2000	<u>599</u>	1.5000
	<u><u>485</u></u>		<u><u>599</u></u>	
I Class				
Distribution paid				
- 30 September	441	0.5000	-	-
Distribution payable				
- 31 December	<u>1,029</u>	1.2000	<u>1,334</u>	1.5000
	<u><u>1,470</u></u>		<u><u>1,334</u></u>	

Notes to the financial statements
For the half-year ended 31 December 2021

7 Distributions to unitholders (continued)

	Infrastructure Income Fund - Hedged			
	Half-year ended			
	31 December 2021		31 December 2020	
	\$'000	CPU	\$'000	CPU
A Class				
Distribution paid				
- 30 September	1,159	0.7500	798	1.7500
Distribution payable				
- 31 December	<u>2,834</u>	1.5000	<u>1,436</u>	2.0000
	<u><u>3,993</u></u>		<u><u>2,234</u></u>	
B Class				
Distribution paid				
- 30 September	1,500	0.5500	2,442	1.2500
Distribution payable				
- 31 December	<u>3,660</u>	1.2000	<u>3,720</u>	1.7500
	<u><u>5,160</u></u>		<u><u>6,162</u></u>	
C Class				
Distribution paid				
- 30 September	7	0.7500	-	-
Distribution payable				
- 31 December	<u>25</u>	1.5500	<u>-</u>	-
	<u><u>32</u></u>		<u><u>-</u></u>	

	Infrastructure Value Fund - Unhedged			
	Half-year ended			
	31 December 2021		31 December 2020	
	\$'000	CPU	\$'000	CPU
A Class				
Distribution paid				
- 30 September	9,822	1.5000	6,471	1.0000
Distribution payable				
- 31 December	<u>16,589</u>	2.5000	<u>12,934</u>	2.0000
	<u><u>26,411</u></u>		<u><u>19,405</u></u>	
C Class				
Distribution paid				
- 30 September	-	1.5000	-	-
Distribution payable				
- 31 December	<u>-</u>	2.5000	<u>-</u>	-
	<u><u>-</u></u>		<u><u>-</u></u>	

8 Events occurring after the financial half-year

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect assets of the Funds and thus performance of the Funds. Management is continuing to monitor this development and evaluate its impact on the Funds.

Apart from the above there are no significant events that have occurred since balance date which would impact on the financial position of the Funds as disclosed in the balance sheet as at 31 December 2021 or on the results and cash flows of the Funds for the half-year ended on that date.

9 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2021 and 30 June 2021.

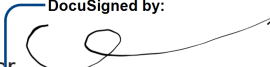
Directors' declaration
For the half-year ended 31 December 2021

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 31 December 2021 and of their performance, for the financial half-year ended on that date;
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- (c) the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

DocuSigned by:

Director _____
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Melbourne
07 March 2022



Independent auditor's review report to the unitholders of:

- **ClearBridge RARE Infrastructure Value Fund – Hedged**
- **ClearBridge RARE Infrastructure Income Fund - Hedged**
- **ClearBridge RARE Infrastructure Value Fund – Unhedged (collectively “the Funds”)**

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of the Funds which comprises the balance sheets as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors of the Responsible Entity' (Franklin Templeton Australia Limited (previously known as Legg Mason Asset Management Australia Limited)) declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Funds do not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Funds' financial position as at 31 December 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors of the Responsible Entity for the half-year financial report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine

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is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Funds' financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Kate L Logan

Kate L Logan
Partner

Melbourne
7 March 2022