

Interim financial report for the half-year ended 31 December 2022

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 2022

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This interim report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made in respect of Franklin Templeton Australia Funds during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Responsible Entity of the ClearBridge Investments Limited is Franklin Templeton Australia Limited.
The Responsible Entity's registered office is Level 47, 120 Collins Street, Melbourne VIC 3000.

Directors' report
For the half-year ended 31 December 2022

Directors' report

The directors of Franklin Templeton 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 2022.

- 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.

There were no 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:

M. Harrison (Chairperson)

G. Shaneyfelt

E. Venner

Q. Lupo

M. Sund

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' Constitution.

Directors' report
For the half-year ended 31 December 2022

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 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>5,779</u>	91,632	<u>(51,063)</u>	64,279	<u>21,652</u>	98,620
<i>Distributions - A Class</i>						
Distribution paid and payable (\$'000)	<u>11,388</u>	12,428	<u>11,789</u>	3,993	<u>41,067</u>	26,411
Distributions (cents per unit)	<u>1.5000</u>	1.7000	<u>3.0000</u>	2.2500	<u>6.0000</u>	4.0000
<i>Distributions - B Class</i>						
Distribution paid and payable (\$'000)	<u>—</u>	—	<u>9,321</u>	5,160	<u>—</u>	—
Distributions (cents per unit)	<u>—</u>	—	<u>2.5000</u>	1.7500	<u>—</u>	—
<i>Distributions - C Class</i>						
Distribution paid and payable (\$'000)	<u>320</u>	485	<u>324</u>	32	<u>—</u>	—
Distributions (cents per unit)	<u>1.5000</u>	1.7000	<u>3.0000</u>	2.3000	<u>6.0000</u>	4.0000
<i>Distributions - I Class</i>						
Distribution paid and payable (\$'000)	<u>1,547</u>	1,470	<u>—</u>	—	<u>—</u>	—
Distributions (cents per unit)	<u>1.7500</u>	1.7000	<u>—</u>	—	<u>—</u>	—
<i>Distributions - Total</i>						
Distribution paid and payable (\$'000)	<u>13,255</u>	14,383	<u>21,434</u>	9,185	<u>41,067</u>	26,411

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

Significant changes in state of affairs

Markets continue to be affected by global interest rate and inflation pressures, ongoing geopolitical events as well as fears of a looming global recession. Such events can affect the assets of the Funds, and thus performance of the Funds. Management continues to monitor these developments and evaluate their impact on the Funds.

In the opinion of the directors, there were no other 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

As disclosed in note 9 to the financial statements, no matter or circumstance has arisen since 31 December 2022 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.

Directors' report (continued)**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.

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.

Single set of financial statements

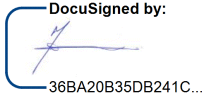
The Schemes are of the kind referred to in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* issued by the Australian Securities and Investments Commission ("ASIC") and in accordance with that ASIC Instrument, Schemes with a common Responsible Entity (or related responsible entities) can include their financial statements in adjacent columns in a single set of financial statements.

Directors' report (continued)

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 5.

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

Director 
M. Sund

Melbourne
7 March 2023



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 2022, 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, appearing to read "Kate L Logan".

Kate L Logan
Partner
PricewaterhouseCoopers

Melbourne
7 March 2023

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Statements of comprehensive income
For the half-year ended 31 December 2022

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 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Notes							
Investment income							
		246	—	330	—	269	—
		8,770	8,213	15,751	8,972	8,986	7,675
		1,495	687	2,756	1,947	1,553	655

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

Balance sheets
As at 31 December 2022

Balance sheets

		Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
		As at		As at		As at	
		31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Notes							
Assets							
Cash and cash equivalents		43,391	33,128	35,907	40,888	41,822	37,594
Receivables		1,258	1,502	2,456	2,456	2,179	1,295
Accrued income		2,511	1,536	4,500	5,017	2,680	1,465
Due from brokers - receivable for securities sold		–	15,001	20,710	2,492	–	14,310
Financial assets at fair value through profit or loss	4	838,931	906,644	965,049	779,703	869,893	864,044
Total assets		886,091	957,811	1,028,622	830,556	916,574	918,708
Liabilities							
Distribution payable	7	8,995	72,205	13,392	37,289	20,911	35,546
Payables		1,109	1,883	1,257	982	1,205	1,352
Due to brokers - payable for securities purchased		4,172	17,943	5,994	19,555	1,102	17,116
Financial liabilities at fair value through profit or loss	5	5,042	45,946	8,138	25,415	–	11
Total liabilities (excluding net assets attributable to unitholders)		19,318	137,977	28,781	83,241	23,218	54,025
Net assets attributable to unitholders - liability	6	866,773	819,834	999,841	747,315	893,356	864,683

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 2022

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 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Total equity at the beginning of the half-year	-	-	-	-	-	-
Comprehensive income for the half-year						
Profit/(loss) for the half-year	-	-	-	-	-	-
Other comprehensive income for the half-year	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	-	-
Total equity at the end of the half-year	-	-	-	-	-	-

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 2022

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 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities						
Proceeds from sale of financial instruments at fair value through profit or loss	349,031	275,272	413,542	157,800	339,735	222,393
Purchases of financial instruments at fair value through profit or loss	(320,233)	(205,550)	(712,787)	(315,832)	(330,530)	(189,618)
Transaction costs	(716)	(452)	(1,328)	(671)	(695)	—
Dividends/distributions received	8,353	8,714	18,677	10,470	8,413	8,130
Interest received	246	—	330	—	269	—
Other income received	—	33	—	—	—	29
Management fees paid	(4,014)	(4,247)	(3,469)	(1,807)	(4,415)	(4,262)
Payment of other expenses	(130)	(72)	(138)	(92)	(141)	(73)
Net cash inflow/(outflow) from operating activities	32,537	73,698	(285,173)	(150,132)	12,636	36,599
Cash flows from financing activities						
Proceeds from applications by unitholders	112,934	109,056	386,757	226,203	114,816	90,913
Payments for redemptions by unitholders	(71,921)	(124,792)	(63,311)	(38,959)	(76,481)	(81,760)
Distributions paid from operating activities	(63,443)	(34,142)	(43,293)	(20,821)	(46,891)	(20,095)
Net cash inflow/(outflow) from financing activities	(22,430)	(49,878)	280,153	166,423	(8,556)	(10,942)
Net increase/(decrease) in cash and cash equivalents	10,107	23,820	(5,020)	16,291	4,080	25,657
Cash and cash equivalents at the beginning of the half-year	33,128	17,999	40,888	21,701	37,594	15,924
Effects of foreign currency exchange rate changes on cash and cash equivalents	156	(19)	39	(48)	148	(18)
Cash and cash equivalents at the end of the half-year	43,391	41,800	35,907	37,944	41,822	41,563

Statements of cash flows
For the half-year ended 31 December 2022

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 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Non-cash financing activities	<u>13,021</u>	<u>14,308</u>	<u>2,038</u>	<u>2,072</u>	<u>8,811</u>	<u>7,033</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.

Markets continue to be affected by global interest rate and inflation pressures, ongoing geopolitical events as well as fears of a looming global recession. Such events can affect the assets of the Funds, and thus performance of the Funds. Management continues to monitor these developments and evaluate their impact on the Funds.

This interim financial report is authorised for issue by the directors of the Responsible Entity on 7 March 2023. 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 2022 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Funds are for-profit unit trusts for the purpose of preparing the financial statements. 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 2022 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*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Funds' 2022 annual financial report for the financial year ended 30 June 2022, except as noted below.

(i) New accounting standards or amendments adopted by the Funds

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial half-year beginning 1 July 2022 that would be expected to have a material impact on the Funds.

(ii) 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.

(iii) 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 2022.

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); and
- Derivative financial instruments.

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.

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 2022

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 2022 and 30 June 2022:

Infrastructure Value Fund - Hedged				
At 31 December 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	24,979	–	24,979
Listed equities	743,015	–	–	743,015
Listed unit trusts	70,937	–	–	70,937
Total	813,952	24,979	–	838,931
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	5,042	–	5,042
Total	–	5,042	–	5,042
At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	908	–	908
Listed equities	783,597	23,701	–	807,298
Listed unit trusts	98,438	–	–	98,438
Total	882,035	24,609	–	906,644
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	45,946	–	45,946
Total	–	45,946	–	45,946
Infrastructure Income Fund - Hedged				
At 31 December 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	13,669	–	13,669
Listed equities	830,614	–	–	830,614
Listed unit trusts	120,766	–	–	120,766
Total	951,380	13,669	–	965,049
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	8,138	–	8,138
Total	–	8,138	–	8,138
At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	5,981	–	5,981
Listed equities	660,053	–	–	660,053
Listed unit trusts	113,669	–	–	113,669
Total	773,722	5,981	–	779,703
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	25,415	–	25,415
Total	–	25,415	–	25,415

Notes to the financial statements
For the half-year ended 31 December 2022

3 Fair value measurement (continued)

Recognised fair value measurements (continued)

At 31 December 2022	Infrastructure Value Fund - Unhedged			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	1	–	1
Listed equities	793,974	–	–	793,974
Listed unit trusts	75,918	–	–	75,918
Total	869,892	1	–	869,893
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	–	–	–
Total	–	–	–	–
At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	2	–	2
Listed equities	770,140	–	–	770,140
Listed unit trusts	93,902	–	–	93,902
Total	864,042	2	–	864,044
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	11	–	11
Total	–	11	–	11

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 2022 and for the financial year ended 30 June 2022.

(iv) Movement in level 3 instruments

There were no investments classified as level 3 within the Funds as at 31 December 2022 and 30 June 2022.

(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 2022.

Notes to the financial statements
For the half-year ended 31 December 2022

4 Financial assets at fair value through profit or loss

	Infrastructure Value Fund - Hedged As at		Infrastructure Income Fund - Hedged As at		Infrastructure Value Fund - Unhedged As at	
	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Financial assets at fair value through profit or loss						
Derivatives	24,979	908	13,669	5,981	1	2
Equity securities	743,015	807,298	830,614	660,053	793,974	770,140
Listed unit trusts	70,937	98,438	120,766	113,669	75,918	93,902
Total financial assets at fair value through profit or loss	838,931	906,644	965,049	779,703	869,893	864,044
Comprising:						
Derivatives						
Forward currency contracts	24,979	908	13,669	5,981	1	2
Total derivatives	24,979	908	13,669	5,981	1	2
Equity securities						
International equity securities listed on a prescribed stock exchange	743,015	807,298	830,614	660,053	793,974	770,140
Total equity securities	743,015	807,298	830,614	660,053	793,974	770,140
Listed unit trusts						
Australian listed trusts	39,326	30,458	93,930	87,923	42,090	29,054
International listed property trusts	31,611	67,980	26,836	25,746	33,828	64,848
Total listed unit trusts	70,937	98,438	120,766	113,669	75,918	93,902
Total financial assets at fair value through profit or loss	838,931	906,644	965,049	779,703	869,893	864,044

Notes to the financial statements
For the half-year ended 31 December 2022

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 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Financial liabilities at fair value through profit or loss						
Derivatives	5,042	45,946	8,138	25,415	–	11
Total financial liabilities at fair value through profit or loss	5,042	45,946	8,138	25,415	–	11
Comprising:						
Derivatives						
Forward currency contracts	5,042	45,946	8,138	25,415	–	11
Total derivatives	5,042	45,946	8,138	25,415	–	11
Total financial liabilities at fair value through profit or loss	5,042	45,946	8,138	25,415	–	11

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 2022

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 2022		30 June 2022	
	No.'000	\$'000	No.'000	\$'000
A Class				
Opening balance	717,464	715,841	718,250	740,287
Applications	108,498	110,867	159,606	174,585
Redemptions	(62,590)	(64,200)	(166,976)	(183,702)
Units issued upon reinvestment of distributions	5,184	5,156	6,584	6,921
Increase/(decrease) in net assets attributable to unitholders	—	(7,011)	—	(22,250)
Closing balance	<u>768,556</u>	<u>760,653</u>	<u>717,464</u>	<u>715,841</u>
C Class				
Opening balance	22,942	22,375	33,198	33,386
Applications	1,175	1,171	2,634	2,762
Redemptions	(3,283)	(3,287)	(12,890)	(13,750)
Increase/(decrease) in net assets attributable to unitholders	—	(89)	—	(23)
Closing balance	<u>20,834</u>	<u>20,170</u>	<u>22,942</u>	<u>22,375</u>
I Class				
Opening balance	83,161	81,618	84,862	85,523
Applications	503	494	2,738	2,840
Redemptions	(3,593)	(3,651)	(13,265)	(14,120)
Units issued upon reinvestment of distributions	8,038	7,865	8,826	9,101
Increase/(decrease) in net assets attributable to unitholders	—	(376)	—	(1,726)
Closing balance	<u>88,109</u>	<u>85,950</u>	<u>83,161</u>	<u>81,618</u>
Total		<u>866,773</u>		<u>819,834</u>

Notes to the financial statements
For the half-year ended 31 December 2022

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

Infrastructure Income Fund - Hedged				
As at				
	31 December 2022		30 June 2022	
	No.'000	\$'000	No.'000	\$'000
A Class				
Opening balance	245,136	367,050	120,664	169,390
Applications	205,685	305,116	160,162	248,158
Redemptions	(26,544)	(39,202)	(35,914)	(55,690)
Units issued upon reinvestment of distributions	229	337	224	335
Increase/(decrease) in net assets attributable to unitholders	—	(42,869)	—	4,857
Closing balance	<u>424,506</u>	<u>590,432</u>	<u>245,136</u>	<u>367,050</u>
B Class				
Opening balance	344,307	376,681	228,471	234,460
Applications	60,093	64,429	150,970	170,864
Redemptions	(21,556)	(23,424)	(37,444)	(42,376)
Units issued upon reinvestment of distributions	1,580	1,701	2,310	2,501
Increase/(decrease) in net assets attributable to unitholders	—	(28,244)	—	11,232
Closing balance	<u>384,424</u>	<u>391,143</u>	<u>344,307</u>	<u>376,681</u>
C Class				
Opening balance	2,389	3,584	—	—
Applications	11,240	16,817	2,699	4,137
Redemptions	(516)	(751)	(310)	(495)
Increase/(decrease) in net assets attributable to unitholders	—	(1,384)	—	(58)
Closing balance	<u>13,113</u>	<u>18,266</u>	<u>2,389</u>	<u>3,584</u>
Total		<u>999,841</u>		<u>747,315</u>

Infrastructure Value Fund - Unhedged				
As at				
	31 December 2022		30 June 2022	
	No.'000	\$'000	No.'000	\$'000
A Class				
Opening balance	660,611	864,683	653,621	829,414
Applications	86,284	115,554	118,627	160,586
Redemptions	(56,698)	(76,277)	(118,513)	(160,230)
Units issued upon reinvestment of distributions	6,822	8,811	6,876	9,121
Increase/(decrease) in net assets attributable to unitholders	—	(19,415)	—	25,792
Closing balance	<u>697,019</u>	<u>893,356</u>	<u>660,611</u>	<u>864,683</u>
C Class				
Opening balance	—	—	—	—
Closing balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total		<u>893,356</u>		<u>864,683</u>

Notes to the financial statements
For the half-year ended 31 December 2022

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 2022		31 December 2021	
A Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	3,702	0.5000	3,766	0.5000
Distribution payable				
- 31 December	7,686	1.0000	8,662	1.2000
	<u>11,388</u>		<u>12,428</u>	
C Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	112	0.5000	151	0.5000
Distribution payable				
- 31 December	208	1.0000	334	1.2000
	<u>320</u>		<u>485</u>	
I Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	446	0.5000	441	0.5000
Distribution payable				
- 31 December	1,101	1.2500	1,029	1.2000
	<u>1,547</u>		<u>1,470</u>	

Notes to the financial statements
For the half-year ended 31 December 2022

7 Distributions to unitholders (continued)

Infrastructure Income Fund - Hedged				
Half-year ended				
	31 December 2022		31 December 2021	
A Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	4,360	1.2500	1,159	0.7500
Distribution payable				
- 31 December	<u>7,429</u>	<u>1.7500</u>	<u>2,834</u>	<u>1.5000</u>
	<u>11,789</u>		<u>3,993</u>	
B Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	3,555	1.0000	1,500	0.5500
Distribution payable				
- 31 December	<u>5,766</u>	<u>1.5000</u>	<u>3,660</u>	<u>1.2000</u>
	<u>9,321</u>		<u>5,160</u>	
C Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	127	1.5000	7	0.7500
Distribution payable				
- 31 December	<u>197</u>	<u>1.5000</u>	<u>25</u>	<u>1.5500</u>
	<u>324</u>		<u>32</u>	

Infrastructure Value Fund - Unhedged				
Half-year ended				
	31 December 2022		31 December 2021	
A Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	20,156	3.0000	9,822	1.5000
Distribution payable				
- 31 December	<u>20,911</u>	<u>3.0000</u>	<u>16,589</u>	<u>2.5000</u>
	<u>41,067</u>		<u>26,411</u>	
C Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	—	3.0000	—	1.5000
Distribution payable				
- 31 December	<u>—</u>	<u>3.0000</u>	<u>—</u>	<u>2.5000</u>
	<u>—</u>		<u>—</u>	

8 Related party transactions

Responsible Entity

The Responsible Entity of the Funds is Franklin Templeton Australia Limited (ABN 76 004 835 849).

Key management personnel

(a) Directors

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

M. Harrison (Chairperson)

G. Shaneyfelt

E. Venner

Q. Lupo

M. Sund

(b) Other Key Management Personnel

There was no other person considered to be Key Management Personnel with the authority for the strategic direction and management of the Funds.

(c) Compensation of Key Management Personnel

No amount is paid by the Funds directly to the directors of the Responsible Entity. Consequently, no compensation as defined by AASB 124 *Related Party Disclosure* is paid by the Funds to the directors as Key Management Personnel.

Key management personnel unitholdings

At 31 December 2022, no key management personnel held units in the Funds (31 December 2021: Nil)

Related party transactions

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the financial half-year and amounts payable at financial half-year end between the Funds and the Responsibility Entity are as follows:

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
	Half-year ended		Half-year ended		Half-year ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	\$	\$	\$	\$	\$	\$
Management fees for the half-year paid by the Funds to the Responsible Entity	4,020,022	4,292,370	3,677,614	1,950,426	4,463,040	4,335,244
Total fees payable to the Responsible Entity at the half-year end	690,818	730,771	700,119	392,073	767,458	754,128

9 Events occurring after the financial half-year

No significant events have occurred since end of half-year which would impact on the financial position of the Funds as disclosed in the balance sheets as at 31 December 2022 or on the results and cash flows of the Funds for the half-year ended on that date.

10 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2022 and 30 June 2022.

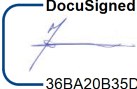
Directors' declaration
For the half-year ended 31 December 2022

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 22 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 2022 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.

Director  36BA20B35DB241C...
M. Sund

Melbourne
7 March 2023



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 the Funds which comprises the balance sheets as at 31 December 2022, 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's (Franklin Templeton 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 Fund's financial position as at 31 December 2022 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 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 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.

.....
:

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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 2022 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 2023



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