

Interim financial report for the half-year ended 31 December 2023

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 2023

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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 2023 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 2023

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 2023.

- 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 Responsible Entity during the half-year or since the end of the half-year and up to the date of this report:

F. Walsh (Chairperson) (appointed 9th November 2023)

M. Harrison (resigned 9th November 2023)

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 2023

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 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	17,384	5,779	4,012	(51,063)	4,848	21,652
<i>Distributions - A Class</i>						
Distribution paid and payable (\$'000)	8,163	11,388	5,886	11,789	16,111	41,067
Distributions (cents per unit)	1.0000	1.5000	1.0000	3.0000	2.4500	6.0000
<i>Distributions - B Class</i>						
Distribution paid and payable (\$'000)	—	—	3,329	9,321	—	—
Distributions (cents per unit)	—	—	0.7000	2.5000	—	—
<i>Distributions - C Class</i>						
Distribution paid and payable (\$'000)	222	320	433	324	—	—
Distributions (cents per unit)	1.2000	1.5000	0.6000	3.0000	2.7500	6.0000
<i>Distributions - I Class</i>						
Distribution paid and payable (\$'000)	334	1,547	—	—	—	—
Distributions (cents per unit)	0.4000	1.7500	—	—	—	—
<i>Distributions - Total</i>						
Distribution paid and payable (\$'000)	8,719	13,255	9,648	21,434	16,111	41,067

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

As disclosed in note 9 to the financial statements, no matter or circumstance has arisen since 31 December 2023 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 statements of financial positions 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.

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.

Directors' report
For the half-year ended 31 December 2023

Directors' report (continued)

Auditor's independence declaration (continued)

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

DocuSigned by:

Director _____
300A20B35DB241C...
M. Sund

Melbourne
7 March 2024



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 2023, 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 2024

Statements of comprehensive income
For the half-year ended 31 December 2023

Statements of comprehensive income

	Notes	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
		Half-year ended		Half-year ended		Half-year ended	
		31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Investment income							
Interest income		569	246	1,066	330	517	269
Dividend income		9,706	8,770	24,254	15,751	8,515	8,986
Distribution income		1,682	1,495	4,630	2,756	1,506	1,553
Net gains/(losses) on financial instruments at fair value through profit or loss		10,049	2	(19,821)	(64,896)	(1,371)	16,002
Other operating income		—	2	71	2	1	—
Total net investment income/ (loss)		22,006	10,515	10,200	(46,057)	9,168	26,810
Expenses							
Management costs	8	4,196	4,020	5,375	3,678	3,959	4,463
Transaction costs		426	716	813	1,328	361	695
Total operating expenses		4,622	4,736	6,188	5,006	4,320	5,158
Operating profit/ (loss) for the half-year		17,384	5,779	4,012	(51,063)	4,848	21,652
Finance costs attributable to unitholders							
Distributions to unitholders	7	(8,719)	(13,255)	(9,648)	(21,434)	(16,111)	(41,067)
(Increase)/decrease in net assets attributable to unitholders	6	(8,665)	7,476	5,636	72,497	11,263	19,415
Profit/(loss) for the half-year		—	—	—	—	—	—
Other comprehensive income for the half-year		—	—	—	—	—	—
Total comprehensive income for the half-year		—	—	—	—	—	—

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

Statements of financial positions
As at 31 December 2023

Statements of financial positions

		Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Infrastructure Value Fund - Unhedged	
		As at		As at		As at	
		31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023
Notes		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents		16,706	42,132	49,367	85,604	14,047	33,007
Receivables		1,391	1,513	2,373	2,720	954	1,711
Accrued income		2,496	3,175	5,288	8,535	2,276	2,863
Due from brokers - receivable for securities sold		—	—	—	22,297	2,632	6,071
Financial assets at fair value through profit or loss	4	895,665	935,503	1,350,754	1,239,205	787,227	830,443
Total assets		916,258	982,323	1,407,782	1,358,361	807,136	874,095
Liabilities							
Distribution payable	7	4,296	11,531	4,882	19,563	6,517	61,433
Payables		1,272	1,379	2,453	1,926	1,050	2,695
Due to brokers - payable for securities purchased		—	5,551	8,521	43,780	—	4,838
Financial liabilities at fair value through profit or loss	5	683	52,586	15	60,119	2	36
Total liabilities (excluding net assets attributable to unitholders)		6,251	71,047	15,871	125,388	7,569	69,002
Net assets attributable to unitholders - liability	6	910,007	911,276	1,391,911	1,232,973	799,567	805,093

The above statements of financial positions should be read in conjunction with the accompanying notes.

Statements of changes in equity
For the half-year ended 31 December 2023

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 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'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 2023

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 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities						
Proceeds from sale of financial instruments at fair value through profit or loss	276,941	349,031	357,846	413,542	283,343	339,735
Purchases of financial instruments at fair value through profit or loss	(284,408)	(320,233)	(562,240)	(712,787)	(242,834)	(330,530)
Transaction costs	(426)	(716)	(813)	(1,328)	(361)	(695)
Dividends/distributions received	12,359	8,353	32,597	18,677	10,891	8,413
Interest received	569	246	1,066	330	516	269
Other income received	7	—	56	—	18	—
Management costs paid	(4,166)	(4,014)	(5,252)	(3,469)	(3,976)	(4,415)
Payment of other expenses	—	(130)	—	(138)	—	(141)
Net cash inflow/ (outflow) from operating activities	876	32,537	(176,740)	(285,173)	47,597	12,636
Cash flows from financing activities						
Proceeds from applications by unitholders	113,229	112,934	332,171	386,757	90,444	114,816
Payments for redemptions by unitholders	(126,605)	(71,921)	(167,899)	(63,311)	(96,416)	(76,481)
Distributions paid	(12,894)	(63,443)	(23,742)	(43,293)	(60,556)	(46,891)
Net cash inflow/ (outflow) from financing activities	(26,270)	(22,430)	140,530	280,153	(66,528)	(8,556)
Net increase/ (decrease) in cash and cash equivalents	(25,394)	10,107	(36,210)	(5,020)	(18,931)	4,080
Cash and cash equivalents at the beginning of the half-year	42,132	33,128	85,604	40,888	33,007	37,594
Effects of foreign currency exchange rate changes on cash and cash equivalents	(32)	156	(27)	39	(29)	148

Statements of cash flows
For the half-year ended 31 December 2023

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 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Cash and cash equivalents at the end of the half-year	<u>16,706</u>	<u>43,391</u>	<u>49,367</u>	<u>35,907</u>	<u>14,047</u>	<u>41,822</u>
Non-cash financing activities	<u>3,060</u>	<u>13,021</u>	<u>587</u>	<u>2,038</u>	<u>10,471</u>	<u>8,811</u>

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

Notes to the financial statements
For the half-year ended 31 December 2023

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 Funds' 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.

The financial statements were authorised for issue by the directors of the Responsible Entity on 7 March 2024. The directors of the Responsible Entity have the power to amend and reissue this interim financial report.

2 Summary of material accounting policies

(a) Basis of preparation

This interim general purpose financial report for the half-year ended 31 December 2023 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 2023 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' 2023 annual financial report for the financial year ended 30 June 2023.

(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 2023 that would be expected to have a material impact on the Funds.

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 2023

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 2023 and 30 June 2023:

Infrastructure Value Fund - Hedged				
At 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	29,080	–	29,080
Listed equities	784,327	–	–	784,327
Listed unit trusts	82,258	–	–	82,258
Total	866,585	29,080	–	895,665
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	683	–	683
Total	–	683	–	683
At 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	8,743	–	8,743
Listed equities	843,150	–	–	843,150
Listed unit trusts	83,610	–	–	83,610
Total	926,760	8,743	–	935,503
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	52,586	–	52,586
Total	–	52,586	–	52,586
Infrastructure Income Fund - Hedged				
At 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	38,788	–	38,788
Listed equities	1,105,865	–	–	1,105,865
Listed unit trusts	206,101	–	–	206,101
Total	1,311,966	38,788	–	1,350,754
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	15	–	15
Total	–	15	–	15
At 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Foreign currency contracts	–	5,057	–	5,057
Listed equities	1,054,068	–	–	1,054,068
Listed unit trusts	180,080	–	–	180,080
Total	1,234,148	5,057	–	1,239,205
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	60,119	–	60,119
Total	–	60,119	–	60,119

Notes to the financial statements
For the half-year ended 31 December 2023

3 Fair value measurement (continued)

Recognised fair value measurements (continued)

At 31 December 2023	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	712,874	–	–	712,874
Listed unit trusts	74,352	–	–	74,352
Total	787,226	1	–	787,227
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	2	–	2
Total	–	2	–	2
At 30 June 2023	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	755,662	–	–	755,662
Listed unit trusts	74,779	–	–	74,779
Total	830,441	2	–	830,443
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	36	–	36
Total	–	36	–	36

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 2023 and for the financial year ended 30 June 2023.

(iv) Movement in level 3 instruments

There were no investments classified as level 3 within the Funds as at 31 December 2023 and 30 June 2023.

(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 2023.

Notes to the financial statements
For the half-year ended 31 December 2023

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 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Financial assets at fair value through profit or loss						
Derivatives	29,080	8,743	38,788	5,057	1	2
Equity securities	784,327	843,150	1,105,865	1,054,068	712,874	755,662
Listed unit trusts	82,258	83,610	206,101	180,080	74,352	74,779
Total financial assets at fair value through profit or loss	895,665	935,503	1,350,754	1,239,205	787,227	830,443
Comprising:						
Derivatives						
Forward currency contracts	29,080	8,743	38,788	5,057	1	2
Total derivatives	29,080	8,743	38,788	5,057	1	2
Equity securities						
International equity securities listed on a prescribed stock exchange	784,327	843,150	1,105,865	1,054,068	712,874	755,662
Total equity securities	784,327	843,150	1,105,865	1,054,068	712,874	755,662
Listed unit trusts						
Australian listed trusts	22,147	43,834	101,700	106,325	19,914	39,400
International listed property trusts	60,111	39,776	104,401	73,755	54,438	35,379
Total listed unit trusts	82,258	83,610	206,101	180,080	74,352	74,779
Total financial assets at fair value through profit or loss	895,665	935,503	1,350,754	1,239,205	787,227	830,443

Notes to the financial statements
For the half-year ended 31 December 2023

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 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Financial liabilities at fair value through profit or loss						
Derivatives	683	52,586	15	60,119	2	36
Total financial liabilities at fair value through profit or loss	683	52,586	15	60,119	2	36
Comprising:						
Derivatives						
Forward currency contracts	683	52,586	15	60,119	2	36
Total derivatives	683	52,586	15	60,119	2	36
Total financial liabilities at fair value through profit or loss	683	52,586	15	60,119	2	36

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 2023

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 2023		30 June 2023	
	No.'000	\$'000	No.'000	\$'000
A Class				
Opening balance	810,673	809,960	717,464	715,841
Applications	114,354	111,407	214,753	217,582
Redemptions	(121,835)	(119,503)	(127,400)	(129,223)
Units issued upon reinvestment of distributions	1,050	1,024	5,856	5,823
Increase/(decrease) in net assets attributable to unitholders	—	7,170	—	(63)
Closing balance	<u>804,242</u>	<u>810,058</u>	<u>810,673</u>	<u>809,960</u>
C Class				
Opening balance	18,899	18,472	22,942	22,375
Applications	1,673	1,606	1,964	1,948
Redemptions	(2,206)	(2,090)	(6,007)	(5,952)
Increase/(decrease) in net assets attributable to unitholders	—	81	—	101
Closing balance	<u>18,366</u>	<u>18,069</u>	<u>18,899</u>	<u>18,472</u>
I Class				
Opening balance	84,947	82,844	83,161	81,618
Applications	465	462	884	873
Redemptions	(5,154)	(4,876)	(8,708)	(8,712)
Units issued upon reinvestment of distributions	2,101	2,036	9,610	9,402
Increase/(decrease) in net assets attributable to unitholders	—	1,414	—	(337)
Closing balance	<u>82,359</u>	<u>81,880</u>	<u>84,947</u>	<u>82,844</u>
Total		<u>910,007</u>		<u>911,276</u>

Notes to the financial statements
For the half-year ended 31 December 2023

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

Infrastructure Income Fund - Hedged				
As at				
	31 December 2023		30 June 2023	
	No.'000	\$'000	No.'000	\$'000
A Class				
Opening balance	545,232	748,108	245,136	367,050
Applications	136,065	178,717	358,621	520,526
Redemptions	(81,527)	(105,953)	(58,831)	(84,438)
Units issued upon reinvestment of distributions	96	129	306	444
Increase/(decrease) in net assets attributable to unitholders	—	(5,576)	—	(55,474)
Closing balance	<u>599,866</u>	<u>815,425</u>	<u>545,232</u>	<u>748,108</u>
B Class				
Opening balance	434,780	435,684	344,307	376,681
Applications	87,369	83,967	127,245	133,117
Redemptions	(52,950)	(49,579)	(38,814)	(41,120)
Units issued upon reinvestment of distributions	464	458	2,042	2,170
Increase/(decrease) in net assets attributable to unitholders	—	(2,963)	—	(35,164)
Closing balance	<u>469,663</u>	<u>467,567</u>	<u>434,780</u>	<u>435,684</u>
C Class				
Opening balance	35,885	49,181	2,389	3,584
Applications	53,637	69,607	35,855	51,683
Redemptions	(9,731)	(12,772)	(2,359)	(3,349)
Increase/(decrease) in net assets attributable to unitholders	—	2,903	—	(2,737)
Closing balance	<u>79,791</u>	<u>108,919</u>	<u>35,885</u>	<u>49,181</u>
Total		<u>1,391,911</u>		<u>1,232,973</u>

Infrastructure Value Fund - Unhedged				
As at				
	31 December 2023		30 June 2023	
	No.'000	\$'000	No.'000	\$'000
A Class				
Opening balance	646,717	805,093	660,611	864,683
Applications	73,824	90,054	147,307	195,242
Redemptions	(77,336)	(94,788)	(171,283)	(227,988)
Units issued upon reinvestment of distributions	8,490	10,471	10,082	13,011
Increase/(decrease) in net assets attributable to unitholders	—	(11,263)	—	(39,855)
Closing balance	<u>651,695</u>	<u>799,567</u>	<u>646,717</u>	<u>805,093</u>
C Class				
Opening balance	—	—	—	—
Closing balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total		<u>799,567</u>		<u>805,093</u>

Notes to the financial statements
For the half-year ended 31 December 2023

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

Capital risk management

The Funds 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 2023		31 December 2022	
A Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	4,142	0.5000	3,702	0.5000
Distribution payable				
- 31 December	4,021	0.5000	7,686	1.0000
	<u>8,163</u>		<u>11,388</u>	
C Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	112	0.6000	112	0.5000
Distribution payable				
- 31 December	110	0.6000	208	1.0000
	<u>222</u>		<u>320</u>	
I Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	169	0.2000	446	0.5000
Distribution payable				
- 31 December	165	0.2000	1,101	1.2500
	<u>334</u>		<u>1,547</u>	

Notes to the financial statements
For the half-year ended 31 December 2023

7 Distributions to unitholders (continued)

Infrastructure Income Fund - Hedged				
Half-year ended				
	31 December 2023		31 December 2022	
A Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	2,887	0.5000	4,360	1.2500
Distribution payable				
- 31 December	2,999	0.5000	7,429	1.7500
	<u>5,886</u>		<u>11,789</u>	
B Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	1,685	0.3500	3,555	1.0000
Distribution payable				
- 31 December	1,644	0.3500	5,766	1.5000
	<u>3,329</u>		<u>9,321</u>	
C Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	194	0.3000	127	1.5000
Distribution payable				
- 31 December	239	0.3000	197	1.5000
	<u>433</u>		<u>324</u>	
Infrastructure Value Fund - Unhedged				
Half-year ended				
	31 December 2023		31 December 2022	
A Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	9,594	1.4500	20,156	3.0000
Distribution payable				
- 31 December	6,517	1.0000	20,911	3.0000
	<u>16,111</u>		<u>41,067</u>	
C Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 30 September	0	1.7500	0	3.0000
Distribution payable				
- 31 December	0	1.0000	0	3.0000
	<u>0</u>		<u>0</u>	

Notes to the financial statements
For the half-year ended 31 December 2023

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:

F. Walsh (Chairperson) (appointed 9th November 2023)

M. Harrison (resigned 9th November 2023)

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 2023, no key management personnel held units in the Funds (31 December 2022: Nil).

Responsible Entity's/manager's fees and other transactions

Management costs include management fees and other expenses or reimbursements deducted in relation to the Fund, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholder of the Funds.

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 Responsible Entity were 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 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	\$	\$	\$	\$	\$	\$
Management costs for the half-year paid by the Funds to the Responsible Entity	4,196,181	4,020,022	5,374,675	3,677,614	3,959,457	4,463,040
Total fees payable to the Responsible Entity at the half-year end	732,797	690,818	970,942	700,119	671,198	767,458

9 Events occurring after the financial half-year

No significant events have occurred since the end of the half-year which would impact on the financial position of the Funds disclosed in the statements of financial positions as at 31 December 2023 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 2023 and 30 June 2023.


Directors' declaration
For the half-year ended 31 December 2023

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 2023 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;

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

DocuSigned by:

Director _____
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M. Sund

Melbourne
7 March 2024



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 statements of financial positions as at 31 December 2023, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the half-year ended on that date, selected 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 Funds' financial positions as at 31 December 2023 and of their 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.

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 positions as at 31 December 2023 and of their 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 2024