LEGG MASON
GLOBAL ASSET MANAGEMENT

- **INVESTMENT INVOLVES RISKS. The value of the Fund can be volatile and investors may not get back the amount originally invested. Past performance is not indicative of future results.**
- The Fund is a sub-fund of Legg Mason Global Funds plc, an open-ended umbrella investment company constituted in Ireland. The Fund seeks to maximise total return through capital appreciation and income by investing at least two-thirds of its Net Asset Value in investment grade debt securities denominated in the currencies of, or issuers located primarily in developed countries around the world. The Sub-Investment Manager will concentrate investments in undervalued markets that provide the best opportunity for declining interest rates and a return to lower real rates over time.
- Investors will be exposed to debt securities (including risks of Government securities, rated and unrated securities), credit, liquidity, concentration, and currency risks.
- The Fund may invest in inflation protected securities, whose value generally fluctuates in response to changes to interest rates.
- The Fund may use certain types of financial derivative instruments ("FDIs") extensively for investment and other non-hedging purposes, which may involve a higher degree of risk such as counterparty, volatility, liquidity, leverage and valuation risks. The Fund may suffer a total or significant loss arising from the extensive use of FDIs.
- The Fund may invest in emerging markets which involve special risks, including liquidity, volatility, currency, political, economic, legal and regulatory risks.
- The directors of Legg Mason Global Funds Plc may at their discretion pay dividends out of capital of a Distributing Plus Share Class. The payment of dividends out of capital effectively amounts to a return or withdrawal of an investor's original capital investment or of capital gains attributable to that original investment. Such distribution will result in a corresponding immediate decrease in the Net Asset Value per share of these Share Classes.
- Investors should not invest based on this marketing material alone. Offering documents should be read for further details, including the risk factors.

Legg Mason Brandywine Global Fixed Income Fund

QUICK VIEW

Key performance drivers

- The Fund rose 5.92%[1] year-to-date.
- Exposure to sterling, the Polish zloty and Malaysian ringgit contributed.
- Limited exposure to euro, exposure to Mexican government bonds and lack of exposure to Japanese government bonds detracted.

Views and positioning

- In terms of activity, the manager closed a position in Hungarian government bonds unhedged.
- The manager reduced exposure to Australian government bonds and the Australian dollar.

Current activity and manager outlook

- The manager believes developed market yields will remain capped on the upside, and therefore the bonds and currencies of selected emerging markets appear to offer attractive value.

Performance[1] to 30.04.17	3 Months	YTD	1 Year
Legg Mason Brandywine Global Fixed Income Fund	**3.44%**	**5.92%**	**-0.79%**
Citigroup World Government Bond Index	1.84%	2.87%	-3.61%

Rolling 12-month performance[1]	30.04.17 01.05.16	30.04.16 01.05.15	30.04.15 01.05.14	30.04.14 01.05.13	30.04.13 01.05.12
Fund	**-0.79%**	**-0.09%**	**-0.83%**	**-2.56%**	**7.21%**
Benchmark	-3.61%	6.09%	-5.50%	1.40%	-1.07%

Past performance is no guide to future returns and may not be repeated.

Market Review

A number of factors helped sustain investor demand for bonds, pushing benchmark 10-year yields slightly lower across most developed markets. US Treasury prices rose and the yield curve flattened as first-quarter gross domestic product (GDP) came in at its weakest level in three years, inflation softened and oil prices slumped. Tensions with Syria and North Korea also drove investors to safe-haven assets. Political clouds threatened Europe ahead of the much-anticipated first round of the French presidential election. However, after the vote, European stocks and bonds rallied and the euro began its strongest week in almost a year. Centrist Emmanuel Macron bested far-right and far-left candidates, alleviating some uncertainty around the euro's fate. In response, French, Italian, Spanish, and Portuguese government bonds rebounded, closing spreads over German bunds. Adding to the more sanguine outlook, economic data and confidence, both business and consumer, continued to strengthen across the eurozone. However, the European Central Bank (ECB) kept monetary policy unchanged. The Bank of Japan (BoJ) also maintained its current policy and yield-curve targeting despite increasing its economic forecasts. Japanese government bonds and the yen finished flat for the month. Brexit tensions came to a head in the UK as Prime Minister May called for a snap election but gilts finished largely flat for the month, but yields ticked upward after May's surprise announcement and the pound surged.

Fund Review

The Legg Mason Brandywine Global Fixed Income Fund increased 5.92%[1] in US dollar terms year-to-date, while the Citigroup World Government Bond Index rose 2.87%.

Exposure to sterling contributed. The currency was one of the strongest performers, buoyed by steady economic data and Prime Minister May's call for a June election. Exposure to the Polish zloty helped. European currencies also received a boost against the US dollar this month, particularly peripheral currencies like the zloty. Exposure to the Malaysian ringgit, which recovered significantly and was up 2.0% against the greenback, added value.

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Fund Review (cont.)

Limited exposure to the euro detracted; against a faltering US dollar, the euro appreciated to a five-month high after the first-round French election. Exposure to Mexican government bonds hurt. Mexico was pressured by new US trade noise, and yields on bonos ticked higher. Lack of exposure to Japanese government bonds was detrimental. The BoJ's decision to maintain its monetary policy was widely anticipated, and Japan's government bonds and currency end the month broadly flat.

In terms of activity, the manager closed the Fund's position in Hungarian government bonds unhedged, reallocating the proceeds to Polish government bonds unhedged. The manager also reduced exposure to Australian government bonds and the Australian dollar by 1.5%.

Outlook

While political risks and long-term disinflationary trends remain, the manager believes that global reflationary forces and the potential for monetary and fiscal policy change point towards gradual renormalisation. However, the manager expects developed market yields to be capped on the upside. In contrast, in the manager's opinion, the bonds and currencies of selected emerging markets offer more attractive yield premiums in this economic environment. For example, Mexican bonds continue to offer some of the largest nominal and inflation-adjusted yields, while the peso is trading at a significant discount to fair value. Gradual US Federal Reserve tightening and a steady or even weaker US dollar, along with continued stability from China, could extend the favourable environment for developing market assets. The manager's US dollar outlook is driven by its expectation for a gradual synchronised global economic recovery led by growth that is relatively faster in the rest of the world.

This Fund is managed by Brandywine Global Investment Management

[1] Source: Legg Mason, as of 30 April 2017. Class A Acc USD performance is net of fees and is calculated on a NAV to NAV basis (USD). Performance is based on reinvestment of any income and capital gains distribution derived from securities held in the Fund. Class A Acc USD calendar year net of fees performance for year-to-date (5.92%), 2016 (2.55%), 2015 (-9.12%), 2014 (2.93%), 2013 (-4.03%) and 2012 (7.87%). Benchmark: Citigroup World Government Bond Index. **Investment involves risks. Past performance is not indicative of future results.**