

- **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

Performance to 30.11.2017 <sup>1</sup>		3 Months	YTD	1 Year		
Legg Mason Brandywine Global Fixed Income Fund		-2.33%	9.56%	9.73%		
Benchmark: Citigroup World Government Bond Index		-0.34%	7.32%	6.59%		
Rolling 12-month performance <sup>1</sup> – period ending		30.11.17	30.11.16	30.11.15	30.11.14	30.11.13
Fund		9.73%	1.57%	-9.75%	4.87%	-3.23%
Benchmark		6.59%	3.22%	-5.08%	-0.74%	-4.00%

## Monthly review

**What happened in the market?** The U.S. treasury yield curve flattened during the month as the 2-year yield rose while the longer end of the curve remained anchored by low inflation expectations and policy uncertainty. Markets priced in a 25 basis point (bp) rate hike for the December meeting of Federal Reserve (Fed). Strong Gross Domestic Products (GDP) readings also came out of the eurozone, led by Germany. Better global growth and a weaker U.S. dollar benefitted the region. Generally, long-dated European sovereign bonds rallied in November due to improving growth prospects. However, the eurozone also recognized persistently low inflation. Inflation continued to ease in Malaysia; South African sovereigns came under pressure after a ratings downgrade. The uncertainty of U.S. tax policy impacted currency market performance and commodity markets. The resurgence of U.S. political uncertainty sent the euro higher against the dollar, although strong regional growth also played a factor. Markets embraced the Bank of England's (BoE's) decision to raise rates for the first time in a decade, which was reflected in the British pound sterling's valuation. The Japanese yen rallied as the country's export activity picked up; the yen has also been a popular funding currency for emerging market carry trades in 2017. The Malaysian ringgit continued to catch up to other Asian currencies and rose in anticipation of tighter monetary policy next year. Even though many commodity markets were higher by the end of November, intra-month volatility in these markets affected commodity-linked currencies. The Australian dollar traded lower as copper and aluminium prices remained suppressed. The Norwegian krone did not recover from mid-month volatility in crude oil prices, despite the country's solid economic fundamentals and ties to improving global growth. The Mexican peso continued to come off depressed levels. The South African rand benefitted from the global search for higher-yielding assets, despite the country's increasing political risk.

**What happened in the fund?** The portfolio remains underweight benchmark duration in the developed world due to price risk and/or the manager's anticipation of normalization ahead, and is skewed towards local currency emerging markets with global growth continuing to provide a constructive backdrop. Positive contributions resulted from overweights in the Mexican peso, the Polish zloty and the Malaysian ringgit; negative impact came from underweights in the euro and Japanese yen, and from an overweight in the Norwegian krone.

**What did the portfolio manager do?** Bond positioning did not change significantly during November. With respect to currencies, the manager reduced U.S. dollar exposure and added exposure to some Asia-Pacific and Scandinavian currencies including the Japanese yen, Australian dollar, New Zealand dollar, Norwegian krone and Swedish krona.

Country Attribution Top 10 contributors (YTD) <sup>2</sup>	Active Return (%)
Euro Area	-4.11
Mexico	2.51
Poland	1.53
Brazil	0.81
Japan	-0.75
Malaysia	0.70
Australia	0.68
United Kingdom	0.65
India	0.52
Sweden	0.44

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## Monthly review (cont.)

**What is the outlook?** The manager believes synchronized global growth has legs and will continue to provide a constructive backdrop for global capital flows, and expects the Fed will continue to tighten by way of tapering its balance sheet and raising the fed funds rate. Inflation expectations may complicate the path to normalization for developed market central banks, particularly as the BoE remains on hold after its rate increase, the European Central Bank (ECB) is buying assets at a reduced rate with no near-term plans to raise the policy rate, and the Bank of Japan (BoJ) has signaled continued accommodation through 2018. Emerging market central banks have started cutting rates and have room to continue easing; the manager thinks global monetary policy will generally remain accommodative. Positive economic indicators have globally crystallized, and should continue to generate better global growth.

## This Fund is managed by Brandywine Global Investment Management

<sup>1</sup> Source: Legg Mason, as of 30 November 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 (9.56%), 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.**

<sup>2</sup> The attribution figures above are based on the Fund's holdings and do not reflect fees or expenses of the Fund.

### IMPORTANT INFORMATION

**Investors of fixed income funds are subject to various risks, including but not limited to, credit risks, liquidity risks and interest rate risks.**

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Exchange rate changes may cause the value of overseas investments to rise or fall. Where the Fund's base currency is not US/HK Dollars, US/HK Dollar-based investors are exposed to exchange rate fluctuations.

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