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 generate long-term capital appreciation by investing in the securities of U.S. companies of any market capitalisation that the Sub-Investment Manager believes are experiencing, or have potential to experience, above-average growth of earnings and/or cash flow.
- Investors will be exposed to equity market, US markets, concentration, custody and settlement, currency and debt securities risks.
- The Fund may use certain types of financial derivative instruments, which may involve a higher degree of risk including but not limited to counterparty, volatility, liquidity, leverage and valuation risks, and the Fund may suffer a substantial loss.
- Securities of smaller companies generally are less liquid and more volatile than those of larger companies; and smaller companies generally are more likely to be adversely affected by poor economic or market conditions.
- Investors should not invest based on this marketing material alone. Offering documents should be read for further details, including the risk factors.

Legg Mason ClearBridge
US Aggressive Growth Fund

Fund performance

Cumulative (%)[1]	3-Month	YTD	1-Year	3-Year	5-Year	Since inception
Class A Acc. (USD)	**-18.13**	**-9.40**	**-9.40**	**6.49**	**14.68**	**144.84**
Benchmark: Russell 3000 Growth Index	-16.33	-2.12	-2.12	36.22	60.97	119.44

Rolling 12-month performance (%)[1] – period ending	31.12.18	31.12.17	31.12.16	31.12.15	31.12.14
Class A Acc. (USD)	**-9.40**	**13.25**	**3.79**	**-5.22**	**13.62**
Benchmark	-2.12	29.59	7.39	5.09	12.44

Monthly review

What happened in the market? U.S. equities sold off sharply in December to end the fourth quarter and the year with losses. Disappointing results from several of the mega-cap technology and Internet companies that led the market for the last several years contributed significantly as the S&P 500 Index suffered its second-worst December on record (-9.03%). The benchmark Russell 3000 Growth Index fell 8.83% for the month, but it still outperformed its value counterpart by 95 basis points.

As the recent equity correction helps the market start to normalize in terms of volatility and valuations, we believe attractively priced companies with attributes like free cash flow and durable business models with high barriers to entry will once again be rewarded. We believe conditions are setting up for our portfolio companies to monetize assets that have been depressed for some time, either through accretive mergers & acquisitions (M&A), increasing share buybacks or through the rerating higher of under-owned and undervalued stocks and sectors.

Crude oil prices fell another 11% in December, to US$45 per barrel, hurt by the oversupply situation from U.S. shale drilling and flagging global demand. Share declines in the energy sector were exaggerated by year-end tax-loss selling and the liquidation of commodity-focused hedge funds.

What happened in the Fund? The Fund underperformed its benchmark year-to-date. In December, on an absolute basis, the Fund had losses across the eight sectors in which it was invested, with the worst detractors being health care and communication services. Relative to the benchmark, overall stock selection detracted from performance. Specifically, stock selection in the communication services, energy, health care and industrials sectors and an overweight to energy hurt performance. On the positive side, stock selection in the information technology sector and an overweight to communication services aided performance. In terms of individual stocks, the top contributors to performance were Broadcom, Weatherford International and Liberty Media Formula One. The leading detractors from performance were UnitedHealth Group, Comcast, Core Labs, Biogen and Discovery.

What did the portfolio manager do? The Fund marginally trimmed its positions in Amgen and UnitedHealth Group, in the health care sector, and Johnson Controls, in the industrials sector.

What is the outlook? Volatility remains at elevated levels compared with the recent past and it should settle into a more normalized range going forward. This is the type of environment that separates quality, competitively advantaged companies from those lifted by easy financial conditions and broad market trends. We believe financial discipline and valuation will be key drivers of performance in the year ahead. Signs of a pickup in M&A activity, the outperformance of cash-rich companies across the market, and the resetting of prices in distressed areas (such as energy) all point to what we expect to be a productive year.

Investment Aim: The Fund seeks to generate long-term capital appreciation by investing in the securities of US companies of any market capitalisation that the Sub-Investment Manager believes are experiencing, or have potential to experience, above average growth of earnings and/or cash flow.

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We are encouraged that the market climate has changed and risk has started to be priced into stocks. Investor pessimism has risen to extreme levels, and we feel the most optimistic about the broad market since making our call of a market bottom in early 2016. Market psychology tends to repeat, and the sentiment surveys that we follow, which are contrarian indicators, suggest that a combination of the declines of the fourth quarter and a pullback in interest rates could set up a meaningful leg up for equities in 2019.

This Fund is managed by ClearBridge Investments

[1] Source: Legg Mason, as of 31 December 2018. Class A Acc USD performance is net of fees and is calculated on a NAV to NAV basis (USD). Performance for periods greater than one year is cumulative. Performance is based on reinvestment of any income and capital gains distribution derived from securities held in the Fund. Performance inception date: 25 May 2000. Class A Acc USD calendar year net of fees performance for year-to-date (-9.40%), 2018 (-9.40%), 2017 (13.25%), 2016 (3.79%), 2015 (-5.22%) and 2014 (13.62%). Performance includes periods prior to the Fund's launch date (20 April 2007), reflecting performance of the predecessor fund (which has a substantially similar investment objective and policy and managed by the same portfolio management team but was not authorised in Hong Kong), whose assets were transferred into this Fund on 20 April 2007.On 27 August 2010 the Legg Mason US Aggressive Growth Fund merged into the Legg Mason ClearBridge US Aggressive Growth Fund. Benchmark: Russell 3000 Growth Index. **Investment involves risks. Past performance is not indicative of future results.**