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 achieve long-term capital appreciation principally through investing in securities of U.S. issuers that the Investment Manager believes to be undervalued in relation to their intrinsic value.
- Investors will be exposed to equity market, US markets, concentration, custody and settlement, currency and debt securities risks.
- In light of the investment style of the Fund, the Fund may face the risk of mis-estimation by the Investment Manager in its fundamental analysis regarding the companies in which the Fund invests. The performance of the Fund may not closely correlate to specific market indices over time and may include extended periods of underperformance as compared to the broader market.
- 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 Value Fund

Fund performance

Cumulative (%)[1]	3-Month	YTD	1-Year	3-Year	5-Year	Since inception
Class A Acc. (USD)	**4.99**	**1.70**	**6.28**	**20.22**	**49.74**	**13.88**
Benchmark: S&P 500 Index	6.87	6.47	16.24	42.46	85.26	141.93

Rolling 12-month performance (%)[1] – period ending	31.07.18	31.07.17	31.07.16	31.07.15	31.07.14
Class A Acc. (USD)	**6.28**	**14.42**	**-1.14**	**7.16**	**16.24**
Benchmark	16.24	16.04	5.61	11.21	16.94

Monthly review

What happened in the market? After making only modest gains in June, U.S. equities rose more rapidly in July as positive economic data and strong corporate earnings outweighed investor anxieties over escalating tariffs and rising commodity costs. The S&P 500 Index returned 3.72%. The Russell 1000 Value Index gained 3.96%, outperforming its growth counterpart by over 100 basis points.

The U.S. economy grew at an estimated 4.1% in the second quarter, the fastest pace since 2014, on strong consumer spending and business investment, rising exports and increased government spending. Consumer spending was helped by low unemployment and continued job growth (the U.S. added 213,000 jobs in June, above market consensus), and confidence overcame expectations of higher inflation and higher interest rates, according to the University of Michigan Survey of Consumers. The survey cited concerns that tariffs would have negative economic impacts as a potential dampener on discretionary spending. Business confidence remained high, with major management surveys indicating continued expansion: the June Institute for Supply Management (ISM) Manufacturing Index hit a near cycle high of 60.2. Automobile sales jumped in June to a seasonally adjusted annual rate of 17.5 million, the highest pace since December 2017.

Second quarter corporate earnings have been strong so far: with 53% of S&P 500 Index constituents having reported as of July 27, the blended earnings growth rate is 21.3%, which would be the highest since 2010, according to FactSet. Strong earnings growth reflects both a strong economy and the benefit of the corporate tax cuts.

After topping US$75 for a barrel of West Texas Intermediate (WTI) crude early in July, oil prices fell after news that Libya would resume export activities at some ports, and they edged down further amid growing concerns that a trade war would slow global economic growth and dampen demand for oil. WTI finished the month at US$68.76 a barrel, down from US$74.15 at June 30.

Prices for 10-Year U.S. Treasury notes also fell in July, as strong economic data and suggestions the U.S. and the European Union would find a compromise in trade disputes increased investor appetite for risk assets. As investors backed out of bonds, Treasury yields rose to 2.96% to end the month. Core Personal Consumption Expenditures (PCE), the Federal Reserve (Fed)'s preferred measure of inflation, edged down to 1.90% in June, from 1.94% in May, staying near the Fed's 2% target.

What happened in the Fund? Stock selection in the information technology sector contributed the most to relative returns, led by QUALCOMM, while stock selection in the financials sector, in particular Synchrony Financial, detracted the most.

What did the portfolio manager do? The managers initiated positions in ABB, in the industrials sector, and Biogen, in the health care sector.

Investment Aim: The Fund seeks to achieve long-term capital appreciation principally through investing in securities of U.S. issuers that the Investment Manager believes to be undervalued in relation to their intrinsic value.

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What is the outlook? The manager continues to believe the biggest risk in the current market is rising liquidity risk: asset prices require more growth and long-term cash flow to justify rising prices, extending their duration, while the marginal buyer is increasingly acting on short-term price momentum. This creates a classic duration mismatch, which should close violently when price momentum reverses. The match that could ignite this reversal is an increase in interest rates, and a subsequent rise in volatility. Some of these concerns have begun to play out in 2018. The managers' focus on names with attractive prospects for long-term value has led them to a portfolio differentiated from market-capitalization-weighted indexes like its benchmark, the S&P 500. They believe that following a disciplined valuation process allows them to potentially exploit a behavioral advantage, by thinking mathematically and probabilistically rather than emotionally, even in periods of rapid market gains, and especially during periods of market volatility.

This Fund is managed by ClearBridge Investments

[1] Source: Legg Mason, as of 31 July 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. Inception date: 24 April 2007. Class A Acc USD calendar year net of fees performance for year-to-date (1.70%), 2017 (12.92%), 2016 (11.07%), 2015 (-4.63%), 2014 (11.85%), and 2013 (35.61%). Benchmark: S&P 500 Index. **Investment involves risks. Past performance is not indicative of future results.**

IMPORTANT INFORMATION

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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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