

- **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 (%) <sup>1</sup>	3-Month	YTD	1-Year	3-Year	5-Year	Since inception
<b>Class A Acc. (USD)</b>	<b>-7.48</b>	<b>-3.13</b>	<b>5.53</b>	<b>12.43</b>	<b>56.64</b>	<b>8.47</b>
Benchmark: S&P 500 Index	-5.77	-0.38	13.27	35.17	83.93	126.37

  

Rolling 12-month performance (%) <sup>1</sup> – period ending	30.04.18	30.04.17	30.04.16	30.04.15	30.04.14
<b>Class A Acc. (USD)</b>	<b>5.53</b>	<b>14.77</b>	<b>-7.17</b>	<b>12.03</b>	<b>24.36</b>
Benchmark	13.27	17.92	1.21	12.98	20.44

## Monthly review

**What happened in the market?** After two months in the red, U.S. stocks edged out a positive return in April. The S&P 500 Index finished the month up 0.38% and the Russell 1000 Index gained 0.34%. On a relative basis, there was little to separate large-cap value and growth stocks: the Russell 1000 Value Index rose 0.33%, pacing the Russell 1000 Growth Index's 0.35% gain. The Russell Midcap Index finished slightly down, dropping 0.15%. Stocks moved largely on continued back-and-forth between the U.S. and China on tariffs. A strong earnings season helped lift the market: at month end, with just over half of the companies in the S&P 500 Index reporting first-quarter earnings, almost 80% had beat analyst expectations, well above recent and historical averages, according to FactSet. The 10-year U.S. Treasury yield briefly topped 3% for the first time in more than four years, and the prospect of higher borrowing rates for businesses dampened the market's gains somewhat (the yield settled at 2.95% to end the month), while the U.S. dollar rebounded into positive territory for the year. The U.S. economy remains healthy, growing at an annualized rate of 2.3% in the first quarter, according to initial estimates. The IHS Markit Manufacturing Purchasing Managers' Index (PMI) rose to 56.5 in April, indicating the fastest expansion since September 2014. More broadly, leading indicators as measured by the Conference Board Leading Economic Index (LEI), which tracks several components of the economy, continued to rise at a solid rate.

**What happened in the Fund?** The Fund underperformed its benchmark year-to-date by approximately 275 basis points. The April underperformance primarily because of stock selection issues. Stock selection in the health care and consumer discretionary sectors in particular detracted from relative performance, led by Allergan and AutoZone, respectively. Conversely, stock selection in the industrials and financials sectors added to relative returns, led by TransDigm and American International Group, respectively. In terms of sector allocation, an overweight to the energy sector helped relative performance. In absolute terms, consumer staples detracted the most.

**What did the portfolio manager do?** The managers initiated a position in Merck in the health care sector and closed positions in Stericycle in the industrials sector and O'Reilly Automotive in the consumer discretionary sector.

**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 spur 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 Index. 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.

**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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## This Fund is managed by ClearBridge Investments

<sup>1</sup> Source: Legg Mason, as of 30 April 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 (-3.13%), 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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