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)	**8.74**	**4.70**	**17.18**	**31.01**	**78.28**	**17.24**
Benchmark: S&P 500 Index	10.18	5.73	26.41	50.73	109.22	140.24

Rolling 12-month performance (%)[1] – period ending	31.01.18	31.01.17	31.01.16	31.01.15	31.01.14
Class A Acc. (USD)	**17.18**	**21.57**	**-8.03**	**10.91**	**22.70**
Benchmark	26.41	20.04	-0.67	14.22	21.52

Monthly review

What happened in the market? On the heels of tax reform and amid strengthening economic data, U.S. stocks began 2018 strongly. The S&P 500 Index returned 5.73%. The U.S. economy continued its steady expansion, growing at a rate of 2.6% in the fourth quarter, according to initial estimates. Initial Gross Domestic Products (GDP) estimates show an increased contribution from consumer spending, which grew at 2.8%, compared with the third quarter's 1.5%. U.S. manufacturing rose in January, with the IHS Markit U.S. Manufacturing Purchasing Managers Index (PMI) at 55.5, above December's 55.1, driven by a rise in domestic and foreign demand. Core Personal consumption expenditures price index (PCE), the Federal Reserve's (the Fed's) preferred measure of inflation, continued its slow climb, reaching 1.52% in December, from November's 1.48%, marking four consecutive months of growth. As expected, in January the Fed left the federal funds rate unchanged at 1.25%–1.50%; the Fed did note its expectation of further inflation. Investors anticipate a rate hike in March, and the markets are discounting three, in total, for 2018. The 10-year U.S. Treasury yield rose 32 basis points in the month, to 2.73%.

What happened in the Fund? The Fund underperformed its benchmark year-to-date, primarily because of stock selection issues. Those issues were felt most acutely in the consumer discretionary, health care and financials sectors (led by Adient, Celgene and Synchrony Financial, respectively), which overwhelmed the positive impact of choices within information technology (especially Alphabet). Sector allocation had little impact; the Fund's underweight to consumer staples was a net contributor, but this was countered somewhat by the negative impact of its underweight to information technology. In absolute terms, real estate contributed the least of any sector, while information technology and materials saw the greatest gains.

What did the portfolio manager do? The managers initiated positions in American International, IBM and Melco Resorts and Entertainment, and it liquidated positions in Hartford Financial Services and PulteGroup.

What is the outlook? The manager believes 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 began to play out in late January. 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.

IMPORTANT INFORMATION:

This Fund is managed by ClearBridge Investments

[1] Source: Legg Mason, as of 31 January 2017. 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 (4.70%), 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

The mention of any individual securities/funds should neither constitute nor be construed as a recommendation to purchase or sell securities, and the information provided regarding such individual securities/funds is not a sufficient basis upon which to make an investment decision.

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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.

This document has not been reviewed by the Securities and Futures Commission in Hong Kong or Monetary Authority of Macao in Macau.

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