

- **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>-3.15</b>	<b>-3.15</b>	<b>5.03</b>	<b>15.72</b>	<b>58.23</b>	<b>8.45</b>
Benchmark: S&P 500 Index	-0.76	-0.76	13.99	35.95	86.75	125.51

  

Rolling 12-month performance (%) <sup>1</sup> – period ending	31.03.18	31.03.17	31.03.16	31.03.15	31.03.14
<b>Class A Acc. (USD)</b>	<b>5.03</b>	<b>17.22</b>	<b>-6.01</b>	<b>8.20</b>	<b>26.38</b>
Benchmark	13.99	17.17	1.78	12.73	21.86

## Monthly review

**What happened in the market?** After a positive start to the month, U.S. stocks trended downward on concerns about heightened trade tensions and the increased possibility of stricter regulation of the large and popular technology stocks that have driven equities' returns of late. The U.S. announced tariffs on imported steel and aluminum, stoking fears of retaliatory tariffs from trade partners and higher costs for U.S.-based industries that are consumers of those metals. At the same time, Facebook shares declined amid news that a third-party political data firm gained access to private information of over 50 million users — investors fear tougher regulation resulting from this occurrence could crimp Facebook's advertising revenue and hinder the growth of other tech giants with similar business models. The S&P 500 Index finished the month down 2.54% and the Russell 1000 Index fell 2.27%. On a relative basis, value stocks outperformed growth stocks; the Russell 1000 Value Index fell 1.76%, beating the Russell 1000 Growth Index, which dropped 2.74%. The Russell Midcap Index finished largely flat.

The U.S. economy, however, continues to be fundamentally sound. Unemployment remains low, wage growth is steady and Gross Domestic Products (GDP) growth remains strong, with fourth-quarter annualized growth revised upward to a higher-than-expected 2.9%. In terms of manufacturing, the IHS Markit Manufacturing Purchasing Managers' Index (PMI) edged up to 55.7 in March, indicating the fastest expansion in three years. More broadly, leading economic indicators (as measured by the Conference Board Leading Economic Index (LEI), which measures several components of the economy) continued to rise.

The 10-year U.S. Treasury yield fell from 2.86% to 2.71% as inflation and Federal Reserve (Fed) tightening concerns subsided after wage data from January were revised down slightly and February inflation came in weaker than expected. As expected, the Fed increased the federal funds rate by 0.25% to a range of 1.50%–1.75%. As geopolitical risks to supply rose, so did crude oil prices, which gained 5.35% in March, ending the month at US\$64.94 for a barrel of crude (West Texas Intermediate (WTI)).

**What happened in the Fund?** The Fund underperformed its benchmark year-to-date by approximately 239 basis points. In March, the Fund's performance primarily driven by stock selection issues. Stock selection in the health care and materials sectors, in particular, added to relative performance, led by Allergan and Royal Gold, respectively. Conversely, stock selection in the information technology (IT) and consumer discretionary sectors detracted from relative returns, led by Oracle and Signet Jewelers, respectively. In terms of sector allocation, an overweight to the energy sector helped relative performance. In absolute terms, IT contributed the least of any sector.

**What did the portfolio manager do?** The managers initiated a position in General Motors, in the consumer discretionary sector, and closed positions in ServiceMaster Global Holdings, in the consumer discretionary sector, and XL Group, in the financials 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 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 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.

## This Fund is managed by ClearBridge Investments

<sup>1</sup> Source: Legg Mason, as of 31 March 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 (-3.15%), 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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