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's primary aim is to generate total return by investing at least 70% of its Net Asset Value in high-yielding debt securities (higher yields are generally available from securities rated below investment grade). The Fund is a global fund and is not confined to investing in any specific country or region, although it is expected that it will invest in at least 10 different countries and will not be investing more than 45% in high-yielding emerging market countries.
- Investors will be exposed to debt securities (including risks of Government securities), interest rate, credit, liquidity, custody and settlement, and currency risks.
- The Fund may be invested in 'non-investment grade' debt securities, which carry a higher degree of counterparty default and liquidity risks.
- The Fund may invest in mortgage-backed securities and asset-backed securities, which may give rise to higher liquidity, credit, counterparty and interest rate risks.
- The Fund may use certain types of financial derivative instruments ("FDIs") extensively for investment and other non-hedging purposes, which may involve a higher degree of risk such as counterparty, volatility, liquidity, leverage and valuation risks. The Fund may suffer a total or significant loss arising from the extensive use of FDIs.
- The Fund may invest in emerging markets which involve special risks, including liquidity, volatility, currency, political, economic, legal and regulatory risks.
- The directors of Legg Mason Global Funds Plc may at their discretion pay dividends out of capital of a Distributing Plus Share Class. The payment of dividends out of capital effectively amounts to a return or withdrawal of an investor´s original capital investment or of capital gains attributable to that original investment. Such distribution will result in a corresponding immediate decrease in the Net Asset Value per share of these Share Classes.
- Investors should not invest based on this marketing material alone. Offering documents should be read for further details, including the risk factors.

Legg Mason Western Asset Global High Yield Fund

Fund performance

Cumulative (%)[1]	3-Month	YTD	1-Year	3-Year	5-Year	Since inception
Class A Acc. (USD)	**-1.86**	**-1.40**	**2.35**	**8.71**	**9.37**	**163.71**
Benchmark: Bloomberg Barclays Global High Yield Index (Hedged) USD	-1.09	-0.57	3.20	18.35	29.85	293.12

Rolling 12-month performance (%)[1] – period ending	30.04.18	30.04.17	30.04.16	30.04.15	30.04.14
Class A Acc. (USD)	**2.35**	**14.10**	**-6.91**	**-3.10**	**3.83**
Benchmark	3.20	12.94	1.54	3.33	6.18

Monthly review

What happened in the market? Global high-yield bonds recovered in April, recouping some of negative returns generated in February and March. The Bloomberg Barclays Global High Yield Index (Hedged) USD returned 0.14% in April, outperforming U.S. Treasuries. The Index's option-adjusted spread narrowed 7 basis points (bps), ending the month at 351 bps. The turnaround in April was partially driven by a solid start to the first-quarter earnings season, as top and bottom lines results, overall, exceeded expectations. After rallying at the start of the month, rising trade tensions and inflation fears dampened investor enthusiasm for global high yield as the month came to a close.

What happened in the fund? The Fund underperformed its benchmark year-to-date. In April, regional positioning detracted from results, due to an overweight to underperforming emerging market (EM) U.S. dollar-denominated high yield. This more than offset the positive impact from an overweight to U.S. high yield. The Fund's rating biases were a headwind for results. This was driven by an underweight to outperforming CCC-rated[2] securities and opportunistic exposure to BBB-rated investment-grade securities, which lagged the global high-yield market. Currency positioning was negative for returns, due to exposures to the Argentinian peso, Brazilian real, euro, ruble and sterling, all of which depreciated versus the U.S. dollar. On the upside, asset class allocation contributed to performance given opportunistic exposure to U.S. bank loans, which outperformed global high yield. Industry allocation was additive for returns, driven by an overweight to the outperforming energy sector. Finally, security selection had a positive impact on performance, largely due to the Fund's overweights to four of the top 10 performers in the Index.

What did the portfolio manager do? From a regional perspective, the U.S., pan-Euro and EM economies appear to be in sound condition, with signs that growth will continue to expand. However, the manager continues to favor the U.S. and EM areas over Pan-Europe. While Pan-European fundamentals continue to show improvement, in the manager's view this is fully reflected in valuations from a broad perspective. The manager's favorable view regarding EM high yield is in large part based on continued global central bank accommodation.

Investment Aim: The Fund's primary aim is to generate total return by investing at least 70% of its Net Asset Value in high-yielding debt securities (higher yields are generally available from securities rated below investment grade). The Fund is a global fund and is not confined to investing in any specific country or region, although it is expected that it will invest in at least 10 different countries and will not be investing more than 45% in high-yielding emerging market countries.

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What is the outlook? The manager's thesis regarding the high yield asset class is that the market often misprices securities. The manager's long-term fundamental value strategy employs multiple and diversified strategies that are designed to exploit those market inefficiencies. Often, market technicals can provide for attractive investment opportunities. Much has been written about supply in the front end of the market due to repatriation and reduced foreign demand as hedging costs have risen. The short-dated high-yield market currently offers a higher-risk premium than longer-dated issuance. The manager believes short-dated high yield offers an attractive investment opportunity at a higher yield and less duration than the long end. The manager's high-yield investment decisions are based on the results of their relative value assessments, which considers the team's fundamental credit analysis relative to market prices. The Fund emphasizes the manager's highest convictions by issuer, industry and rating. A key risk management function is to provide analysis that identifies from where the risk in a portfolio is coming. This ensures that the manager does not include unintended risk and that the intended risk is emanating from their highest-conviction securities.

This Fund is managed by Western Asset Management

[1] 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. Performance inception date: 22 January 2002. 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), whose assets were transferred into this Fund on 20 April 2007. Class A Acc USD calendar year net of fees performance for year-to-date (-1.40%), 2017 (7.85%), 2016 (14.53%), 2015 (-8.21%), 2014 (-2.60%) and 2013 (4.88%). Benchmark: Bloomberg Barclays Global High Yield Index (Hedged) USD. **Investment involves risks. Past performance is not indicative of future results.**

[2] Weighted average. Credit Quality: Nationally Recognised Statistical Rating Organisation's (NRSRO's) assess the likelihood of bond issuers defaulting on a bond's coupon and principal payments. The credit quality allocation by Western Asset Management assigns each security the higher rating from three NRSRO's (Standard & Poor's, Moody's Investor Services and Fitch Ratings, Ltd.). If only one NRSRO assigns a rating, that rating will be used. Securities that are not rated by all three NRSRO's are reflected as such. The lower the overall credit rating, the riskier the portfolio. The credit rating is expressed as a regular letter rating (from high to low quality): AAA, AA, A, BBB, BB, ...D.

IMPORTANT INFORMATION

Investors of fixed income funds are subject to various risks, including but not limited to, credit risks, liquidity risks and interest rate risks.

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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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Issuer: Legg Mason Asset Management Hong Kong Limited.

HK1805021