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 provide maximum total return, consisting of capital appreciation and income, by investing at least 70% of its Net Asset Value in investment grade debt securities that are listed or traded on regulated markets in the U.S.
- Investors will be exposed to debt securities (including risks of Government securities, rated and unrated securities), interest rate, credit, liquidity, currency, concentration, custody and settlement, and US markets 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 inflation protected securities, whose value generally fluctuates in response to changes to interest rates.
- 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
US Core Plus Bond Fund

Fund performance

Cumulative (%)[1]	3 Months	YTD	1 Year	3 Years	5 Years	Since inception
Class A Acc. (USD)	**4.99**	**2.24**	**0.62**	**7.82**	**12.82**	**121.58**
Benchmark: Bloomberg Barclays U.S. Aggregate Index	3.53	1.06	2.25	5.97	12.79	140.53

Rolling 12-month performance (%)[1] – period ending	31.01.19	31.01.18	31.01.17	31.01.16	31.01.15
Class A Acc. (USD)	**0.62**	**4.25**	**2.78**	**-2.15**	**6.94**
Benchmark	2.25	2.15	1.45	-0.16	6.61

Monthly review

What happened in the market? U.S. Treasury yields continued their descent in January, as Federal Reserve Board ("Fed") Chair Jerome Powell reaffirmed a more dovish policy stance by signaling a patient and data-dependent approach. German bund yields also moved lower on weak European economic and inflation data. While attributed to a number of one-off/temporary factors (e.g., auto sector weakness in Germany due to stricter emissions testing and a fall in overseas demand, Brexit-related uncertainty, global trade tensions, protests in France, and political stress in Italy), the combination of these headwinds and lack of an immediate rebound in data has heightened concern that these factors could prove to be more persistent. While the European Central Bank (ECB) made no changes to its monetary policy, ECB President Mario Draghi noted that risks around the growth outlook have shifted from being balanced to the downside. Risk assets continued their recovery during the month, as spreads on investment-grade and high-yield corporate bonds, as well as emerging market (EM) hard currency bonds, tightened further.

What happened in the Fund? The Fund generated a positive return and outperformed its benchmark year-to-date. In January, allocations to U.S. dollar-denominated sovereign and corporate emerging market debt were the largest contributors to performance, as their spreads tightened. The Fund's exposure to both investment-grade and high-yield corporate bonds meaningfully contributed to performance. In both cases, their spreads tightened as they benefited from the risk-on environment and strong demand. Having a long U.S. duration was rewarded, as rates moved lower across the curve. This was partially offset by a short duration in Germany. Finally, the Fund's non-U.S. dollar positioning was rewarded during the month. On the downside, yield curve positioning was a headwind for results, as the curve steepened in January.

What did the portfolio manager do? A number of adjustments were made to the portfolio in January. The Fund added duration at the front end of the yield curve as rates increased toward month end and the market moved away from its extreme pessimism that characterized the fourth quarter of 2018. By adding duration at both the front and back end of the curve, the portfolio is positioned with cushion from a severe risk-off environment (via front-end exposure), as well as positioned in line with the manager's longer-term view toward low inflation (via back-end exposure). Elsewhere, the Fund increased its allocation to agency mortgage-backed securities, given that spreads are still relatively wide despite recent tightening.

What is the outlook? The manager expects global growth to remain positive in 2019, as the U.S. economic expansion moderates, whereas European and EM economies, buoyed by China and the Asia-Pacific complex, regain their footing. That being said, the manager acknowledges that there are risks that may challenge their view, such as a collapse in U.S.-China relations, unexpected Fed rhetoric or policy decisions, an escalation in tensions between Italy and the European Union, and the U.K. experiencing a "hard Brexit." The market, however, is pricing each of these scenarios for extremely negative outcomes. In the U.S., the manager expects slower

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growth in 2019 as some of the fortuitous factors recently boosting growth begin to fade. While 3%-4% growth (annualized) in some recent quarters has garnered headlines, average growth for all of 2017-2018 was a more modest 2.8%. If foreign trade and inventories revert to 2015-2016 trends and either equipment investment or housing sputters, economic growth could drop to the 2.0%-2.25% range. In the manager's opinion, the claims of runaway growth are exaggerated and we'll likely see more modest growth in 2019, along with continued low inflation.

This Fund is managed by Western Asset Management

[1] Source: Legg Mason, as of 31 January 2019. 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. Class A Acc USD calendar year net of fees performance for year-to-date (2.24%), 2018 (-2.38%), 2017 (5.48%), 2016 (2.80%), 2015 (-0.64%) and 2014 (6.45%). Performance inception date: 25 January 2001. 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. On 30 November 2017, the investment objective, policy and/or restrictions were changed. Benchmark: Bloomberg Barclays U.S. Aggregate Index. **Investment involves risks. Past performance is not indicative of future results.**