

- **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 a high level of income by investing at least 80% of its Net Asset Value in high-yielding debt securities and similar instruments the face value of which is in US Dollars and currencies of a variety of other developed countries. The Fund is a global fund and is not confined to investing in any specific country or region, although it will not be investing more than 30% in emerging market countries.
- Investors will be exposed to debt securities, interest rate, credit, liquidity 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 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 Short Duration High Income Bond Fund

Fund performance

Cumulative (%) ¹	3-Month	YTD	1-Year	3-Year	5-Year	Since inception
Class A Acc. (USD)	-0.53	-0.03	2.77	8.07	12.47	42.19
Benchmark: Bloomberg Barclays US High Yield 1-5 Year Cash Pay 2% Constrained ²	0.22	1.11	4.03	15.28	15.33	20.16

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)	2.77	10.43	-4.78	4.46	-0.36
Benchmark	4.03	13.36	-2.25	0.02	0.03

Monthly review

What happened in the market? The high-yield market, as represented by the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Bond Index, returned 0.65% in April, recouping some of the negative returns they generated in February and March. The asset class outperformed U.S. Treasuries, with 121 basis points (bps) of excess returns, as the option-adjusted spread of the Index narrowed 16 bps, ending the month at 338 bps. The turnaround was partially due to a solid start to the first-quarter earnings season, as top- and bottom-line results generally exceeded forecasts. After high yield rallied at the beginning of April, rising trade tensions and inflation fears dampened investor enthusiasm for high yield as the month came to a close. Regardless, the overall high-yield market was able to hold on well enough to generate solid absolute and relative returns.

What happened in the Fund? The Fund posted a negative return and underperformed its benchmark year-to-date. In April, ratings positioning detracted from performance due to opportunistic exposure to investment-grade credit, which underperformed the benchmark. Subsector allocation was a headwind for results. This was driven by underweights to outperforming energy and communications, as well as an overweight to underperforming transportation. Issue selection detracted from performance, in large part because eight of the Fund's 10 largest underweights outperformed. This was partially offset by the Fund's overweights to three of the top 10 performers in the benchmark. Asset allocation was a negative for returns due to opportunistic exposure to bank loans. On the upside, duration positioning was beneficial, as the Fund maintained a short-duration position. This was beneficial, given rising interest rates.

What did the portfolio manager do? The Fund's yield to worst (YTW) declined six basis points (bps) month over month, ending April at 5.26% a slight yield advantage over the benchmark's 5.20% YTW. In the manager's view, valuations for the broad high-yield market are fair. Given this opinion, they see little reason to reach for yield and, therefore, have greatly reduced their exposure in the lower-rating³ category, CCC's. As an offset to the risk of high-yield valuations backing up, the manager has a long-duration position that should help offset the impact of a pullback. In the event that rates move higher, the manager has positioned its portfolios with an allocation to bank loans.

Investment Aim: The Fund seeks to provide a high level of income by investing at least 80% of its Net Asset Value in high-yielding debt securities and similar instruments the face value of which is in US Dollars and currencies of a variety of other developed countries. The Fund is a global fund and is not confined to investing in any specific country or region, although it will not be investing more than 30% in emerging market countries.

FOR PUBLIC IN HONG KONG AND DISTRIBUTORS IN MACAU USE ONLY. PLEASE REFER TO THE IMPORTANT INFORMATION ON THE FINAL PAGE.

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 that 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 insures 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. Inception date: 31 May 2007. Class A Acc USD calendar year net of fees performance for year-to-date (-0.03%), 2017 (5.25%), 2016 (12.48%), 2015 (-5.99%), 2014 (3.69%) and 2013 (-1.30%). On 13 May 2015 and 24 August 2016, the investment objective, policy and/or restrictions were changed. Benchmark: Bloomberg Barclays US High Yield 1-5 Year Cash Pay 2% Constrained Index. **Investment involves risks. Past performance is not indicative of future results.**
- ² Benchmark: Bloomberg Barclays US High Yield 1-5 Year Cash Pay 2% Constrained Index. Prior to 13 May 2015, the benchmark was FTSE 1 Month U.S. Treasury Bill Index.
- ³ 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

Source: Legg Mason and Western Asset Management. This document is for information only and does not constitute a financial promotion or other financial, professional or investment advice in any way. All data, opinions, estimates and other information are provided as of the date of this document and may be subject to change without notice. Where past performance is quoted, such figures are not indicative of future performance. This document does not constitute an offer or solicitation to buy or sell any units or shares in any fund. **INVESTMENT INVOLVES RISKS.** The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. Please refer to the most current offering documents for further details, including the risk factors.

If this document is distributed in Macau, this may not be used other than by the Distributors.

Any views expressed are opinions of the respective investment affiliates as of the date of this document and are subject to change without notice based on market and other conditions and may differ from other investment affiliates or of the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. The mention of any individual securities should neither constitute nor be construed as a recommendation to purchase or sell securities, and the information provided regarding such individual securities is not a sufficient basis upon which to make an investment decision.

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.

Neither Legg Mason nor any officer or employee of Legg Mason accepts any liability whatsoever for any loss arising from any use of this document or its contents. The information in this document is confidential and proprietary and may not be used other than by the intended user. This document may not be reproduced, distributed or published without prior written permission from Legg Mason.

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

Issuer: Legg Mason Asset Management Hong Kong Limited.

HK1805027