

# Summary Explanatory Memorandum

**Legg Mason Funds (Cayman) Limited**

Mutual Funds under Cayman Law

24 June 2011

# Important Information For Hong Kong Investors

**IMPORTANT:** This document (the "Summary Explanatory Memorandum") is the Hong Kong offering document of the Legg Mason Funds (Cayman) Limited (the "Company"). It is a summary of the explanatory memorandum of the Company dated 24 June 2011 (the "Explanatory Memorandum"). For further information, investors should refer to the Explanatory Memorandum, which is available for inspection at the office of the Manager during normal business hours on any Business Day in Hong Kong but not for distribution in Hong Kong.

**Prospective investors should review this Summary Explanatory Memorandum carefully and consult with their legal, tax and financial advisors in relation to (i) the legal requirements within their own countries for the purchase, holding, redemption or disposal of shares in the Company (the "Shares"); (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, redemption, or disposal of Shares; and (iii) the legal, tax, financial or other consequence of subscribing for, purchasing, holding, redeeming or disposing of Shares. Prospective investors should seek the advice of their legal, tax and financial advisors if they have any doubts regarding the contents of this Summary Explanatory Memorandum.**

This Summary Explanatory Memorandum should be read in connection with the most recent annual report and audited financial statements (the "Annual Report") of the Company, together with semi annual report and unaudited financial statements (the "Semi-Annual Report"), if published after the Annual Report.

The Company has been authorised under the Securities and Futures Ordinance; the Securities and Futures Commission does not, however, take any responsibility for the financial soundness of the Company or the accuracy of any statement or opinion expressed in this Summary Explanatory Memorandum. The Securities and Futures Commission's authorisation is not a recommendation or endorsement of the Company, nor does it guarantee the commercial merits of the Company or its performance. It does not mean that the Company is suitable for all investors, nor is it an endorsement of its suitability for any particular investor or class of investors.

Applications for the subscription, redemption or switching of Shares should be sent to the Manager. Applications received before 3:00 p.m. (Hong Kong time) on any Dealing Day will be dealt with on that Dealing Day.

All Shares offered in Hong Kong are available only in registered form. No certificates will be issued.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered for Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance.

The Company is exempt from profits tax in Hong Kong. Hong Kong resident holders will not be subject to Hong Kong tax on distributions or capital gains realized on the sale of Shares unless the acquisition and redemption of Shares forms part of a trade, profession or business carried on in Hong Kong by the relevant holder, in which event such holder may be liable to Hong Kong profits tax. Under existing Hong Kong law and practice, the Company is exempt from Hong Kong profits tax or other withholding taxes on dividends received, on interest from any source and on profits realised on the sale of securities. Shareholders resident in Hong Kong generally will not be subject to tax in Hong Kong in respect of their acquisition, holding, redemption or disposal of the Shares or on the income from such Shares. Where transactions in the Shares form part of a trade, profession or business carried on in Hong Kong, Hong Kong profits tax may be payable on the gains received. No Hong Kong stamp duty or estate duty will be payable by shareholders in respect of their holdings of the Shares.

The price of Shares is quoted daily for indicative purposes in the South China Morning Post and the Hong Kong Economic Journal. In addition, indicative prices of Shares are obtainable from the Manager.

Neither the Manager nor any of its connected persons shall retain the benefit of any cash commission or rebate (being cash commission or repayment made by a broker or dealer to the Manager and/or any of its connected persons) paid or payable by any such broker or dealer in respect of any business placed with such broker or dealer by the Manager or any of its connected persons for or on behalf of the Company. Any such

cash commission or rebate received from any such broker or dealer shall be held by the Manager and any of its connected persons for the account of the Company. Notwithstanding the above, goods and services (soft commissions) may be retained by the Manager or its connected persons if, such goods and services are of demonstrable benefit to shareholders, and transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates.

Copies of the following constitutive documents establishing the Company can be inspected free of charge or purchased for a reasonable charge at the offices of the Manager:

- (i) the Memorandum and Articles of Association of the Company
- (ii) Management Agreement
- (iii) Custodian Agreement
- (iv) Administration Agreement
- (v) Registrar Agreement
- (vi) Deeds of Novation relating to the change of Custodian, Administrator and Registrar
- (vii) the Annual Report and the Semi-Annual Report (when published)
- (viii) the Explanatory Memorandum

# General Disclosures

The distribution of this Summary Explanatory Memorandum and the offering of Shares contemplated herein may be restricted in certain jurisdictions; persons who come into possession of this Summary Explanatory Memorandum are required to inform themselves of and to observe such restrictions. This Summary Explanatory Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Shares have not been registered under the United States Securities Act of 1933 (the "1933 Act") and the Company has not been registered under the United States Investment Company Act of 1940 (the "1940 Act"). The Shares may not be offered, sold, transferred or delivered directly or indirectly, in the United States, its territories or possessions or to United States Persons (as defined in Regulation S under the 1933 Act), other than to United States Persons that are institutional "Accredited Investors" as defined in Rule 501(a)(1), (2), (3) and (7) under the 1933 Act and "qualified purchasers" for purposes of section 3(c)(7) of the 1940 Act.

Holders of Shares are required to notify the Manager of any change in their non-U.S. status.

The Shares are not obligations of, nor are they guaranteed by, Legg Mason, Inc. or any of its affiliates. Investment in the Shares is different in nature to placing monies on deposit with a licensed bank or deposit-taking company and the Company is under no obligation to redeem Shares at the price at which they were issued. Exposure to the Company involves investment risk including the possible loss of capital, the price of Shares in the Company may go down as well as up.

# Directory

**Manager**

Legg Mason Asset Management Hong Kong Limited  
12/F, York House  
The Landmark  
15 Queen's Road Central  
Hong Kong

**Auditors**

PricewaterhouseCoopers  
P.O. Box 258  
Strathvale House  
Grand Cayman KY1-1104  
Cayman Islands

**Registrar and Administrator**

Citi Fund Services (Ireland), Limited  
1 North Wall Quay  
Dublin 1  
Ireland

**Directors of the Company**

Chan Lai Sze  
Legg Mason Asset Management Hong Kong Limited  
12/F, York House  
The Landmark  
15 Queen's Road Central  
Hong Kong

Rory Gallaher  
Deacons  
5th Floor  
Alexandra House  
Central  
Hong Kong

**Custodian**

Citibank International plc, Ireland Branch  
1 North Wall Quay  
Dublin 1  
Ireland

**Registered Office of the Company**

PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

Alan Deacon  
11 The Birches  
Torquay Road  
Foxrock  
Dublin 18  
Ireland

Richard Lee Eng Koon  
Legg Mason Asset Management Singapore Pte Limited  
1 George Street #23-02  
Singapore 049145

# Legg Mason - Hong Kong Equity Fund

The Directors of the Company and Legg Mason Asset Management Hong Kong Limited (the "Manager") accept full responsibility for the accuracy of the information contained in this Explanatory Memorandum and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

Legg Mason - Hong Kong Equity Fund (the "Fund") is a US\$ denominated sub-fund of the Company, a mutual fund established in the Cayman Islands as an umbrella fund on 29 December 1993.

## Investment Objectives

The Fund aims to provide long term capital appreciation through active sector allocation and management of listed securities in the Hong Kong markets.

## Investment Policy

The Manager will seek to avoid investing in security markets or security issues where the level and quality of fundamental investment research together with the degree of liquidity in the market or the specific issue suggests that, in the opinion of the Manager, the Fund would be exposed to excessive risk relative to the underlying markets.

To the extent that direct investment in issuers in security markets or security issues may from time to time not be possible or desirable, the Manager may invest indirectly by means of investments in convertible bonds, investment funds, warrants and option contracts.

## Dealings and Valuations

Dealings take place on each Dealing Day when the Fund is usually valued and the subscription and redemption prices of Shares will be determined.

Applications for the subscription and/or redemption of Shares will, if received and accepted by the Manager prior to the Dealing Deadline, be dealt with on that Dealing Day. In case of subscriptions for Shares, the relevant subscription monies (and any applicable initial charges) must be received within five Business Days (inclusive of the relevant Dealing Day). Applications for the subscription and redemption of Shares received on a day, which is not a Business Day or received after the Dealing Deadline will be dealt with on the next following Dealing Day.

Shares in the Fund may be subscribed, switched or redeemed through the Manager. For details of the application procedure, please contact the Administrator.

Subject to any suspension of the determination of the net asset value of the Fund, any investor may redeem his Shares, in whole or in part, on any Dealing Day. A redemption request must be given in writing to the Manager or the Administrator using the Redemption Request Form (available from the Manager or the Administrator). In order for a redemption to take effect on a particular Dealing Day, the redemption request must be received by the Manager not later than the relevant Dealing Deadline on that Dealing Day. If the request is received after that time it will be dealt with on the next relevant Dealing Day in relation to the Fund.

Partial redemptions of Shares may not be permitted if they would result in a holding of less than the minimum investment.

Investors may (subject to any suspension in the determination of the net asset value of any relevant sub-fund of the Company) switch all or part of their Shares into shares in any other sub-fund of the Company by giving notice in writing to the Manager or to the Administrator.

In order for switching to take effect on a particular Dealing Day, the switching notice signed by the investor must be received by the Manager not later than the Dealing Deadline for both relevant sub-funds of the Company on such Dealing Day.

The Manager is entitled at its discretion to limit the number of Shares redeemed on any Dealing Day to 10% of the total number of Shares in issue. In such event, the limitation will apply pro rata so that all shareholders wishing to redeem Shares on that Dealing Day redeem the same proportion of Shares and Shares not redeemed but which would otherwise have been redeemed will be carried forward for redemption subject to the same limitation on the next Dealing Day.

The price at which Shares will be subscribed, redeemed or switched is based on the net asset value of the Fund. Details of the initial charges, redemption charges, and switching fees which may be applied are set out below. Redemption proceeds will normally be paid by telegraphic transfer to the redeeming investor within 5 days of the relevant Dealing Day and in any event payment will be made within one calendar month of receipt of a properly documented redemption application.

Valuations and dealings may be temporarily suspended when:-

- (a) relevant markets are closed or when trading on such markets is limited or suspended;
- (b) the disposal of assets is impossible under normal conditions;
- (c) it is impossible to determine the value of assets; or
- (d) purchases and sales of the Fund's assets cannot be effected at normal rates of exchange.

## Minimum Investment and Holding

The minimum initial investment and subsequent holding in the Fund is US\$1,000, which requirement may be waived by distributors and sales agents with the Manager's consent.

## Distribution

The Manager does not intend to declare dividends, and the income earned will be reinvested in the Fund and reflected in the value of Shares.

## Charges

- |   |   |
|---|---|
| (a) Initial charge:                                       | Up to 5% of the net asset value per Share issued.   |
| (b) Manager's fee:  | Up to 1.70% per annum of the net asset value of the Fund (including administration fees). |
| (c) Custodian's fee:                                      | 0.05% per annum of the net asset value of the Fund.                                       |
| (d) Switching fee:<br>(where there is more than one Fund) | Nil   |
| (e) Redemption charges:                                   | Nil   |

Any increase in the rates of the Manager's fee and Custodian's fee combined up to or towards the permitted maximum rate of 2% per annum will only be implemented upon giving 1 month's notice to shareholders. In addition, the Fund will bear all operating expenses attributable to it, including audit fees and expenses, legal fees and expenses, preparing, printing and despatching reports, statements and notices, preparing, translating and printing any prospectus or explanatory memorandum, establishment costs, listing, authorisation and/or registration and filing expenses in any relevant jurisdiction, the expenses of holding meetings, tax, brokerage, safe custody and transaction expenses.

## Risk Factors

Investors in the Fund should recognise that the following risks are associated with investing in the Fund and that the capital or returns will be heavily influenced by these risk factors.

### *General*

The Fund is not appropriate for investors who are unable or unwilling to assume the risks involved generally with an equity investment and who are seeking preservation of capital. The Fund is not designed to be a complete investment programme.

Share prices fluctuate with the value of the Fund which could be affected by changes in the financial condition or credit rating of the issuers, changes in the various industries represented in the Fund, the impact of the Manager's purchase and sale of securities for the Fund, movements in stock prices generally, fluctuations in interest rates, and other factors.

### *Market Risk*

The investments in the Fund may go up and down in value due to changing economic, political or market conditions, interest rates and the market's perception of securities.

### *Interest Rate Risk*

The Fund's investments may fluctuate in value as a result of changing interest rates.

### *Credit Risk*

Although it is not the primary intention of the Manager to invest in fixed income securities, the Manager may invest in certain circumstances in convertible bonds, investment funds, warrants and option contracts, as set out above under the section headed "Investment Policy". Investors should be aware that fixed income securities are subject to the risk that some issuers may not make payments on such securities, in particular during credit market turmoil or when banks encounter difficulties in funding liquidity. Or, an issuer may suffer adverse changes in its financial condition that could lower the credit quality of a security, leading to greater volatility in the price of the security and in the value of the Fund. A change in the credit rating of a bond or a security can also affect the security's liquidity and make it more difficult to sell.

### *Equity Risk*

The Fund's investment in common stocks and other equity securities is subject to market risk (including issuer, industry, market and general economic related risks) that historically has resulted in greater price volatility than experienced by bonds and other fixed income securities.

### *Foreign Securities and Foreign Market Risks*

The Fund's investment activities relating to foreign securities may involve numerous risks resulting from market and currency fluctuations, future adverse political and economic developments, and possible imposition of restrictions on the repatriation of currency or other governmental laws or restrictions, reduced availability of public information concerning issuers and the lack of uniform accounting, auditing and financial reporting standards or of other regulatory practices and requirements comparable to those applicable to companies in the investor's domicile.

In addition, securities of companies or governments of some countries may be illiquid and their prices volatile and, with respect to certain countries, the possibility exists of expropriation, nationalisation, exchange control restrictions, confiscatory taxation and limitation on the use or removal of funds or other assets of the Fund, including withholding of dividends. Some of the Fund's securities may be subject to government taxes that could reduce the yield on such securities, and fluctuation in foreign currency exchange rates may affect the value of the Fund's securities and the appreciation or depreciation of investments. Certain types of investments may result in currency conversion expenses and higher custodial expenses.

The ability of the Fund to invest on occasion in securities of companies or governments of certain countries may be limited or, in some cases, prohibited. As a result, larger portions of the Fund's assets may be invested in those countries where such limitations do not exist. In addition, policies established by the governments of certain countries may adversely affect the Fund's investments and the ability of the Fund to achieve its investment objective.

#### *Currency Risks*

Because the assets and liabilities of the Fund may be denominated in currencies different to the base currency, the Fund may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates between such base currency and other currencies. Changes in currency exchange rates may influence the value of the Fund's investments and also may affect the value of dividends and interest earned by the Fund and gains and losses realised by the Fund. The exchange rates between the base currency and other currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions. If the currency in which a security is denominated appreciates against the base currency, the value of the security could increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security. The risk of such declines is more pronounced with currencies of developing countries. There is no requirement that the Fund seek to hedge or to protect against currency exchange risks in connection with any transactions. To the extent that the Fund seeks to use any techniques or investments to hedge or to protect against currency exchange risk, there is no guarantee that hedging or protection will be achieved.

#### *Concentration Risk*

The Fund which invests in a single region is subject to risks of geographical concentration. The Fund is less diversified and may be more volatile than funds following a more diversified policy, such as a global equity fund. The value of the Fund may be more adversely affected by risks associated with that particular geographical area.

#### *Smaller capitalised companies*

The Fund may invest in securities of smaller capitalised companies which may have more risks than those of larger, more seasoned companies. For the purposes of the Fund, the Manager regards companies with a market capitalisation of less than US\$300 million as smaller capitalised companies. Smaller capitalised companies may be particularly susceptible to market downturns because of limited financial or management resources. Also, there may be less publicly available information about smaller capitalised companies. As a result, their prices may be volatile.

#### *Counterparty Risk*

The majority of the Fund's trades are settled on a "delivery versus payment" (DVP) basis. To the extent that the Fund's trades are not settled on a DVP basis, the Fund may be exposed to the risk of default by a counterparty.

#### *Valuation Risk*

The Fund may invest some of its assets in unquoted securities or quoted securities for which there is no reliable price source available. Such investment will be valued by the Administrator at the probable realization value as determined in accordance with the provisions set out in the section of this Explanatory Memorandum headed "Valuation". In addition, such probable realization value may be determined by using a bid quotation from a broker who may be related to the Manager and this may result in a conflict of interest as the Manager's fee shall vary according to the net asset value of the Fund.

#### *Fund Size and Composition*

The size and composition of the Fund will be affected by the level of redemptions of shares that may occur from time to time.

### *Risk of Termination*

The circumstances in which the Fund may be terminated are set out in the section headed "Termination of the Fund" below. In the event of the early termination of the Fund, the Fund will distribute to the shareholders their pro rata interest in the assets of the Fund. It is possible that at the time of such sale or distribution, certain investments held by the Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the shareholders. Moreover, any organisational expenses with regard to the Shares which have not been fully amortised will be debited against the Fund's capital at that time.

### **Investment and Borrowing Restrictions**

The investment power of the Fund is subject to certain restrictions. The main restrictions are set out below:

1. not more than 10 per cent of the value of the net assets of the Fund may consist of securities (other than Government and other public securities) issued by a single issuer;
2. the Company's holdings of securities of a single class (other than Government and other public securities) may not exceed 10 per cent of the securities of that class in issue;
3. not more than 15 per cent of the value of the net assets of the Fund may consist of unlisted securities;
4. notwithstanding the restrictions in paragraphs 1 and 2 above, the Fund may be fully invested in Government and other public securities issued by a single issuer and the value of investment in any same issue of such securities may be up to 30 per cent of the Fund's net asset value, provided that it holds Government and other public securities of at least six different issues;
5. not more than 15 per cent of the value of the net assets of the Fund may consist of warrants and options, other than warrants and options held for hedging purposes;
6. no uncovered options may be written on behalf of the Fund;
7. the aggregate of the exercise prices of all call options written on behalf of the Fund may not exceed 25 per cent of the value of the net assets of the Fund;
8. the Fund may enter into financial futures contracts for hedging purposes;
9. the net aggregate value of the contract prices, whether payable to or by the Fund, under all outstanding futures contracts entered into for the account of the Fund (other than futures contracts entered into for hedging purposes), together with the aggregate value of investments falling within paragraph 10 below held by the Fund, may not exceed 20 per cent of the value of the net assets of the Fund;
10. not more than 20 per cent of the value of the net assets of the Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than securities issued by companies engaged in producing, processing or trading in commodities);
11. not more than 10 per cent of the value of the net assets of the Fund may invest in another mutual fund corporation or a unit trust and such collective investment schemes may not invest primarily in investments prohibited by the Fund, and in the case of such collective investment schemes invest primarily in investments restricted by the Fund, such investment by the Fund may not exceed the relevant restriction;
12. The Fund may not invest in any type of real estate (including buildings) or interests in real estate (including options or rights in respect of real estate but excluding securities issued by real estate companies);
13. borrowings for the account of each Fund (other than back-to-back borrowings) may not exceed 25 per cent of the value of the net assets of the Fund.

## Securities Lending and Repurchase Transactions

The Manager does not currently intend to enter into any securities lending or repurchase transactions in respect of the Fund, and at least one month prior notice will be given to shareholders should there be a change in such intention.

## Termination of the Fund

There is no limit on the life of the Fund. The Fund may however be terminated by the Manager on giving not less than four weeks notice (or such longer notice period as may be required by the Securities and Futures Commission during such period the Fund is authorised for sale to the public in Hong Kong) to shareholders if at any time its net asset value falls below US\$5 million for a period of two consecutive weeks.

## Business Day

Each banking business day in Dublin and in Hong Kong

## Dealing Day

Each Business Day

## Dealing Deadline

3:00 pm Hong Kong time on each Dealing Day.

## Preliminary Expenses

The original establishment expenses in relation to the Fund have been fully amortised.

## Year End

31 December.

The Annual Report is prepared and posted on the following website within four months of the close of the accounting year: [www.leggmason.com.hk](http://www.leggmason.com.hk). The Semi-Annual Report will also be prepared and posted on the above-mentioned website within two months of the Fund's financial mid-year. Hong Kong Shareholders will be notified as to where the relevant reports are available (in printed and electronic forms) within the time period specified above.

The Annual Report and the Semi-Annual Report of the Company are available in English only.

## Data Protection Notice

Prospective investors should note that by completing the application form they are providing personal information, which may constitute personal data within the meaning of the Personal Data (Privacy) Ordinance of Hong Kong (Chapter 486) (the "Data Protection Legislation"). These data will be used for the purposes of administration, transfer agency, statistical analysis, research and disclosure to the Company, its delegates and agents. By signing the application form, prospective investors acknowledge that they are providing their consent to the Company, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies obtaining, holding, using, disclosing and processing the data for any one or more of the following purposes:

- (a) to manage and administer the investor's holding in the Company and any related accounts on an ongoing basis;
- (b) for any other specific purposes where the investor has given specific consent;
- (c) to carry out statistical analysis and market research;
- (d) to comply with legal and regulatory obligations applicable to the investor and the Company;

- (e) for disclosure or transfer, whether in Hong Kong or countries outside Hong Kong, including without limitation the United States, which may not have the same data protection laws as Hong Kong, to third parties including financial advisers, regulatory bodies, auditors, technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above; or
- (f) for other legitimate business interests of the Company.

Pursuant to the Data Protection Legislation, investors have a right of access to their personal data kept by the Company and the right to amend and rectify any inaccuracies in their personal data held by the Company by making a request to the Company in writing.

The Company undertakes to hold any personal information provided by investors in confidence and in accordance with the Data Protection Legislation.

By signing the application form, prospective investors consent to the recording of telephone calls made to, and received from, them by the Company, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for recordkeeping, security and/or training purposes.

### Publications on Website

The following publications can be found at the website [www.leggmason.com.hk](http://www.leggmason.com.hk):

- The Company's most current Summary Explanatory Memorandum;
- The latest Annual Report and the Semi-Annual Report of the Company; and
- The latest available Subscription and Redemption Prices and the net asset value of the Fund.

The website mentioned above is not approved by the SFC.

### Enquiries and Complaints

Investors who wish to make any enquiry or complaint about the Company may contact the Manager by the following means:

- (1) In writing to 12/F, York House, The Landmark, 15 Queen's Road Central, Hong Kong; or
- (2) By calling the Manager's Investor Hotline: +852 3652 3088.

The Manager will endeavour to revert to the relevant investor within 10 working days in writing or by phone.

**LEGG MASON FUNDS (CAYMAN) LIMITED  
(THE “COMPANY”)**

**First Addendum  
to the Summary Explanatory Memorandum dated 24 June 2011**

January 2012

**This First Addendum forms part of, and is to be read in conjunction with, the Summary Explanatory Memorandum of the Company dated 24 June 2011 (the “Summary Explanatory Memorandum”). No copy of the Summary Explanatory Memorandum may be distributed unless it is accompanied by this First Addendum.**

**Change of Registrar and Administrator**

The Registrar and Administrator of the Company will be changed from Citi Fund Services (Ireland), Limited to Citibank Europe plc with effect from 1 January 2012.

To reflect the change of Registrar and Administrator of the Company referred to above, the provisions of the Summary Explanatory Memorandum are amended as follows:

In the Directory, the section heading “**Registrar and Administrator**” shall be deleted and replaced with the following:

**“Registrar and Administrator**  
Citibank Europe plc  
1 North Wall Quay  
Dublin 1  
Ireland”

Save as set out above, the provisions of the Summary Explanatory Memorandum remain unamended.

To the best of the knowledge and belief of the Directors of the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this First Addendum is in accordance with the facts and does not omit anything likely to affect the import of such information.

# PRODUCT KEY FACTS

Legg Mason Funds (Cayman) Limited

**LEGG MASON**  
GLOBAL ASSET MANAGEMENT

## Legg Mason – Hong Kong Equity Fund

Issuer: Legg Mason Asset Management Hong Kong Limited

June 2011

- *This statement provides you with key information about Legg Mason – Hong Kong Equity Fund.*
- *This statement is a part of the offering document.*
- *You should not invest in this product based on this statement alone.*

### QUICK FACTS

<b>Manager:</b>	Legg Mason Asset Management Hong Kong Limited
<b>Custodian:</b>	Citibank International plc, Ireland Branch
<b>Dealing Frequency:</b>	Daily (Each banking business day in Dublin and in Hong Kong)
<b>Base Currency:</b>	USD
<b>Dividend Policy:</b>	Income derived from investments of the Fund will not be distributed
<b>Financial Year End of this Fund:</b>	31 December
<b>Minimum Investment:</b>	USD 1,000

### WHAT IS THIS PRODUCT?

Legg Mason – Hong Kong Equity Fund (the “Fund”) is a sub-fund of Legg Mason Funds (Cayman) Limited, which is constituted in the form of a mutual fund. It is domiciled in Cayman Islands and its home regulator is the Cayman Islands Monetary Authority.

### OBJECTIVE AND INVESTMENT STRATEGY

**Objective:** The Fund aims to provide long term capital appreciation through active sector allocation and management of listed securities in the Hong Kong markets.

**Strategy:** The Manager will seek to avoid investing in security markets or security issues where the level and quality of fundamental investment research together with the degree of liquidity in the market or the specific issue suggests that, in the opinion of the Manager, the Fund would be exposed to excessive risk relative to the underlying markets.

To the extent that direct investment in issuers in security markets or security issues may from time to time not be possible or desirable, the Manager may invest indirectly by means of investments in convertible bonds, investment funds, warrants and option contracts.

### WHAT ARE THE KEY RISKS?

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

**Concentration Risk:** The Fund which invests in a single region is subject to risks of geographical concentration. The Fund is less diversified and may be more volatile than funds following a more diversified policy, such as a global equity fund. The value of the Fund may be more adversely affected by risks associated with that particular geographical area.

**Equity Market Risk:** Investing in equity market involves risks, including issuer, industry, market and general economic related risks.

**Credit Risk:** Although it is not the primary intention of the Manager to invest in fixed income securities, the Manager may invest in certain circumstances in convertible bonds, investment funds, warrants and option contracts. Investors should be aware that fixed income securities are subject to the risk that some issuers may not make payments on such securities, in particular during credit market turmoil or when banks encounter difficulties in funding liquidity. Or, an issuer may suffer adverse changes in its financial condition that could lower the credit quality of a security, leading to greater volatility in the price of the security and in the value of the Fund. A change in the credit rating of a bond or a security can also affect the security's liquidity and make it more difficult to sell.

**Currency Risk:** Fluctuations in exchange rates between the currency of the underlying securities and the Fund's base currency may affect the value of an investment and any income derived from it.

**Counterparty Risk:** The majority of the Fund's trades are settled on a "delivery versus payment" (DVP) basis. To the extent that the Fund's trades are not settled on a DVP basis, the Fund may be exposed to the risk of default by a counterparty.

**Market Risk:** The investments in the Fund may go up and down in value due to changing economic, political or market conditions, interest rates and the market's perception of securities.

**Investment Risk:** 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. Past performance is no guide to future returns and may not be repeated.

### IS THERE ANY GUARANTEE?

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

### WHAT ARE THE FEES AND CHARGES?

#### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Fund:

Fees in respect of each share	What you pay
<b>Subscription Fee:</b>	Up to 5.00% of the net asset value per share of the Fund issued
<b>Switching Fee:</b>	Not applicable
<b>Redemption Fee:</b>	Not applicable

#### Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments:

Expenses in respect of each share	Annual rate (as a % of the Fund's value)
<b>Management Fee:</b>	Up to 1.70% (including administration fees)
<b>Custodian Fee:</b>	0.05%
<b>Performance Fee:</b>	Not applicable

#### Other fees

You may have to pay other fees when dealing in the shares of the Fund.

**ADDITIONAL INFORMATION**

- You generally buy and redeem shares at the Fund's next-determined net asset value (NAV) after the authorised dealer or sub-distributor receives your request in good order on or before 3:00 p.m. (Hong Kong time) on any relevant dealing day. Certain dealer or sub-distributors may impose a deadline for receipt of orders that is earlier than this.
- The NAV of this Fund is calculated on each dealing day and published no later than the second business day immediately succeeding each dealing day on [www.leggmason.com.hk](http://www.leggmason.com.hk), or in South China Morning Post and Hong Kong Economic Journal.

**IMPORTANT**

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.