

Legg Mason QS

MV Asia Pacific ex Japan Equity Growth and Income Fund

Fund performance

Annualised (%) ¹	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since inception
Class A Acc USD	0.78	7.51	7.51	-2.24	9.01	5.72	3.28
Class A Acc USD (Inclusive of sales charge)	-4.26	2.13	2.13	-7.12	7.16	4.64	2.84
Benchmark: MSCI AC Asia Pacific ex Japan (Net) Index (USD) *	1.54	11.46	11.46	-3.50	11.25	6.38	5.04

Past performance is not a reliable indicator of future results

Monthly review

What happened in the market? The Pacific Rim performed in line with other global regions in March; the MSCI AC Asia Pacific ex-Japan Index (Asia Pac ex-Japan Index) returned 1.5% in U.S. dollar terms. The performance leaders were India and New Zealand, with respective returns of 9.2% and 6.0%, significantly outperforming other markets. Among the other outperformers were two of the largest markets, China and Taiwan, with respective returns of 2.5% and 2.3%. Similar to other regions, most Pacific Rim economies experienced weakening overseas business and declining economic growth metrics over the month. The few exceptions included Indonesia, Thailand and South Korea, which experienced upticks in March, though South Korea remained in contraction. The laggards for the month were South Korea, returning -3.1%, and Malaysia, which returned -2.8%. Across sectors, real estate was the top performer, returning 7.2%, followed by consumer staples and communication services, with respective returns of 3.5% and 3.2%. The only sector to decline was banks, with a return of -0.8%.

What happened in the Fund? The Fund underperformed the benchmark in March as the investment environment continued from February, where dividend-paying stocks, the investment focus of the Fund, were not rewarded and high-beta names outperformed low-beta names. Stock selection across countries detracted, mainly in China and Taiwan. Selection in Hong Kong added value. Country allocations also detracted, mainly due to the overweight to Thailand and underweight to India. The overweight to New Zealand added value. Across sectors, selection detracted, most notably in consumer staples and communication services, but it added value in utilities. Sector allocations added value across most sectors, mainly due to the underweight in banks and overweight in real estate.

What did the portfolio manager do? Across markets, the Fund's largest moves over the month were to increase the overweights to Singapore and Hong Kong, reduce overweights to New Zealand, reduce the underweights to Australia and India, and increase the underweight to South Korea. Across sectors, the Fund increased overweights in industrials, energy and real estate, and it reduced the overweight in communication services.

What is the outlook? During the first quarter, global equity markets saw consistent equity gains despite continuing contraction in manufacturing growth across a number of countries, including Germany and other eurozone markets, and Japan, South Korea and Taiwan. With recent gains, valuations in the U.S. appear stretched, while international markets continue to appear more attractively priced in a slowing global trade environment. Despite solid recent equity performance, emerging markets face a growing number of pressures, including trade tensions, widening interest rate differentials, and turbulent currency fluctuations. We believe that our well-diversified, disciplined strategy is positioned to benefit in this environment.

Investment Aim: The Fund seeks to provide long-term capital appreciation by investing at least two-thirds of its Net Asset Value in shares of companies domiciled in or conducting a predominant portion of their economic activities in one or more Asian countries which are listed in the prospectus as well as Australia and New Zealand. In addition, the Fund may, from time to time, invest in shares of companies domiciled in Pakistan and Sri Lanka.

PLEASE REFER TO THE IMPORTANT INFORMATION ON THE FINAL PAGE.

IMPORTANT INFORMATION:

This Fund is managed by QS Investors, LLC

¹ Source: Legg Mason. Performance is calculated on a NAV to NAV basis (in USD terms) with income and dividends reinvested, if any, without initial charges but reflecting annual management fees. Performance for periods above one year is annualised. **Investment involves risks. Past performance is not indicative of future results.** Inception Date: 9 May 2007.

* Prior to 13 May 2015, the benchmark was MSCI AC Asia ex Japan (Net) Index.

IMPORTANT INFORMATION

The Fund may invest in certain types of derivative instruments for efficient portfolio management purposes. Please refer to the prospectus for more information.

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