

Legg Mason Brandywine Global Fixed Income Fund

Fund performance

Annualised (%) ¹	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception
Class A Dis (S) USD	0.60	2.16	2.16	-6.74	0.55	-0.02	3.60
Class A Dis (S) USD (inclusive of sales charge)	-4.43	-2.94	-2.94	-11.40	-1.15	-1.04	3.25
Benchmark: FTSE World Government Bond Index	1.27	1.74	1.74	-1.57	0.95	0.59	3.33

Past performance is not a reliable indicator of future results

Monthly review

What happened in the market? Concerns regarding global growth resurfaced in late March, particularly after the Federal Reserve Board ("Fed") attributed its neutral policy stance to a slowing domestic economy. Core and peripheral European bond yields also fell—German bund yields even reentered negative territory—as economic data continued to weaken. The European Central Bank (ECB) continued to lower its regional growth outlook and, with its asset purchase program complete and policy rate at zero, the central bank has few options left in its policy tool kit to address weak inflation and economic growth. Japanese government bonds rallied as a result of the risk-off environment. Protracted Brexit negotiations also pushed U.K. gilt yields lower. Elsewhere, inflation expectations in Mexico were benign, which contributed to a rally in Mexican bonos.

What happened in the Fund? The Fund's overweight to U.S. duration contributed to performance. The downward revision to growth expectations and the Fed's accommodative stance sent U.S. Treasury yields lower, with the yield curve once again inverting. An overweight to Mexico was additive for results.

Inflation expectations in Mexico were tame, which contributed to a rally for Mexican bonos. The concurrent rally in U.S. Treasuries also helped drive Mexican yields lower. On the downside, the Fund's underweight to U.K. duration detracted from performance. The nebulous and protracted Brexit negotiations pushed U.K. gilt yields lower during the month. An underweight to the yen was a headwind for returns.

Japanese government bonds rallied as a result of the risk-off environment and signs that slowing global growth is negatively impacting Japan's exports. Finally, an overweight exposure to the Chilean peso was negative for performance. Export-driven currencies such as the Chilean peso weakened in March, whereas the manager feels the currency should have benefited from the resurgence in commodity prices.

What did the portfolio manager do? During the month, the Fund eliminated its exposure to the Canadian dollar, as the manager believes the currency's attractiveness has diminished. The Canadian economy continues to slow and, while oil prices have risen off the December low, the spread between West Canada Select and the WTI/Cushing spot price has narrowed and is now at an unattractive level. In contrast, the Fund added a small position in the Russian ruble, as the manager feels the currency offers a valuation opportunity. The country has demonstrated marked improvement in its underlying economic fundamentals, as growth picked up in 2018 and recorded the strongest pace since 2012. In the manager's view, net exports should continue to support growth, while domestic demand slows.

What is the outlook? Policy-wise, the G3 central banks are now expected to remain relatively accommodative or neutral through 2019, which should create a constructive backdrop for bond and currency markets. In the manager's view, while concerns over global growth have reemerged, positive economic indicators from China should lend support to commodity markets and overall global trade flows. The People's Bank of China (PBoC) will also likely remain accommodative and continue to introduce stimulus to support the economy. The manager also expects a collection of stimulative fiscal policies to be implemented around the world, which should supplant central bank accommodation. The slowdown in the U.S. should be offset by a recovery in China, and these collective factors will be particularly supportive for emerging markets. Wildcards to this outlook include a breakdown in U.S-China trade negotiations, better-than-expected U.S. growth relative to the rest of the world, an underwhelming policy response from the PBoC and Chinese government, and anemic global trade.

Investment Aim: The Fund seeks to maximise total return through capital appreciation and income by investing at least two-thirds of its Net Asset Value in investment grade debt securities denominated in the currencies of, or issuers located primarily in, developed countries around the world. The Sub-Investment Manager will concentrate investments in undervalued markets that provide the best opportunity for declining interest rates and a return to lower real rates over time.

PLEASE REFER TO THE IMPORTANT INFORMATION ON THE FINAL PAGE.

IMPORTANT INFORMATION:

This Fund is managed by Brandywine Global Investment Management

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: 1 October 2003.

IMPORTANT INFORMATION

The Fund may invest in certain types of derivatives for investment and/or efficient portfolio management purposes. Please refer to the prospectus for more information.

Source: Brandywine Global Investment Management and Legg Mason. This document, provided by Legg Mason Asset Management Singapore Pte. Limited (“**Legg Mason**”) (Registration Number (UEN): 200007942R), is for information only and does not constitute an offer or solicitation to buy or sell any units in any fund.

The prospectus of the fund is available and may be obtained from Legg Mason or its authorised distributors. Investors should check with Legg Mason or its authorised distributors on whether a particular class of the fund is available for subscription. Investors should read the prospectus prior to any subscription. All applications for units in the fund must be made on the application forms accompanying the prospectus. Past performance is not necessarily indicative of future performance. All investments involve risk, including possible loss of principal. The value of the units in the fund and the income accruing to the units, if any, may fall or rise.

The funds are a sub-funds of Legg Mason Global Funds plc, an open-ended umbrella investment company constituted in Ireland. Distribution of this document may be restricted in certain jurisdictions. Any persons coming into possession of this document should seek advice for details of, and observe such restrictions (if any). This document does not constitute the distribution of any information or the making of any offer or solicitation by anyone in any jurisdiction in which such distribution or offer is not authorized or to any person to whom it is unlawful to distribute such a document or make such an offer or solicitation. This fund is not available to US citizens, residents or greencard holders and may not be available in all jurisdictions.

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.

The mention of any individual securities / funds should neither constitute nor be construed as a recommendation to purchase or sell securities, and the information provided regarding such individual securities / funds is not a sufficient basis upon which to make an investment decision. Portfolio allocations, holdings and characteristics are subject to change at any time. Although information has been obtained from sources that Legg Mason believes to be reliable, no guarantee can be given as to its accuracy and such information may be incomplete or condensed and may be subject to change at any time without notice. Legg Mason, its affiliates, officers or directors, may have an interest in the acquisition or disposal of the securities mentioned herein.

The views expressed are opinions of the portfolio managers as of the date of this document and are subject to change based on market and other conditions and may differ from other portfolio managers 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.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

SG190439