

# Legg Mason ClearBridge US Large Cap Growth Fund

## Fund performance

Annualised (%) <sup>1</sup>	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since inception
<b>Class A Acc USD</b>	<b>2.28</b>	<b>15.72</b>	<b>15.72</b>	<b>12.63</b>	<b>14.97</b>	<b>12.77</b>	<b>9.08</b>
Class A Acc USD (Inclusive of sales charge)	-2.83	9.93	9.93	6.99	13.02	11.62	8.62
Benchmark: Russell 1000 Growth Index	2.85	16.10	16.10	12.75	16.53	13.50	10.01

Past performance is not a reliable indicator of future results

## Monthly review

**What happened in the market?** The U.S. equities market extended its 2019 rally in March, with the S&P 500 Index gaining 1.94% for the month and 13.65% for the first quarter. Growth stocks outperformed their value counterparts, with the Russell 3000 Growth Index rising 2.53% over the month, compared with the Russell 3000 Value Index's gain of 0.39%. Small-cap stocks had a volatile month, with the Russell 2000 Index declining 2.09%.

Investors overcame initial bearishness caused by disappointing global economic data and a lackluster February jobs report, which showed an addition of 20,000 in February, following a robust addition of 311,000 in January. Unemployment, however, remained at historical lows, and indications of progress in U.S.-China trade negotiations helped boost sentiment.

The U.S. economy continued to expand, albeit at a slower rate. U.S. manufacturing fell in March to the lowest level in nearly two years, according to the IHS Markit U.S. Manufacturing Purchasing Managers' Index (PMI). Consumer confidence rebounded, however, after falling in February, according to the University of Michigan Survey of Consumers.

The Federal Reserve held short-term interest rates steady at its March meeting, and signs of slowing global economic growth increased expectations that the Fed will cut rates later in 2019. A bond rally pushed down the yield on 10-Year Treasury notes below that of three-month Treasury bills for the first time since 2007, creating an inverted yield curve.

Oil prices continued their recovery, after tumbling in the fourth quarter, as the trade outlook improved and Organization of the Petroleum Exporting Countries (OPEC) agreed to continue output cuts. A more accommodative Fed and stimulus efforts from the ECB raised the outlook for energy demand, while supply disruptions continued due to political unrest in Venezuela and U.S. sanctions on both Venezuela and Iran. A barrel of West Texas Intermediate (WTI) crude oil fetched USD 60.14 at the end of the month.

**What happened in the Fund?** The Fund underperformed its benchmark in March. On an absolute basis, the Fund had gains across eight of the 10 sectors in which it was invested during the month, with information technology (IT) and consumer discretionary being the largest contributors. Relative to the benchmark, overall stock selection and sector allocation detracted from performance. Specifically, stock selection in the IT and health care sectors hurt performance for the month. Conversely, stock selection in the industrials and consumer discretionary sectors and an underweight to industrials aided relative results. In terms of individual stocks, the top contributors to performance were Amazon.com, Visa, Microsoft, Apple and Chipotle Mexican Grill. The top detractors from performance were Biogen, Nutanix, Splunk, Charles Schwab and Grubhub.

**What did the portfolio manager do?** The Fund initiated a position in Advance Auto Parts, in the consumer discretionary sector.

**What is the outlook?** The current U.S. economic expansion is showing signs of age. Rather than try to time shifts in the economy, our focus remains on portfolio companies and sourcing new growth ideas through bottom-up fundamental research. A balanced approach to portfolio construction, characterized by the three buckets of growth companies detailed above, helps promote consistent long-term results. This perspective allows us to be more active buyers during periods of price dislocation.

**Investment Aim:** The Fund seeks to generate long-term capital appreciation by investing at least 70% of its Net Asset Value in equity securities of a concentrated group of U.S. companies with large market capitalisations. The core holdings of the Fund will be companies that are dominant in their respective industries, global in scope and that have a long-term history of performance.

PLEASE REFER TO THE IMPORTANT INFORMATION ON THE FINAL PAGE.

## IMPORTANT INFORMATION:

This Fund is managed by ClearBridge Investments

<sup>1</sup> 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: 20 April 2007

### 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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