LEGG MASON
GLOBAL ASSET MANAGEMENT

Legg Mason ClearBridge US Aggressive Growth Fund

Fund performance

Annualised (%)[1]	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since inception
Class A Acc USD	**-1.14**	**12.09**	**12.09**	**1.31**	**7.45**	**4.23**	**5.71**
Class A Acc USD (Inclusive of sales charge)	-6.08	6.48	6.48	-3.76	5.63	3.17	5.26
Benchmark: Russell 3000 Growth Index	2.53	16.18	16.18	12.06	16.40	13.10	9.87

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 three of the eight sectors in which it was invested during the month, with the top contributor being information technology (IT), while health care was the leading detractor. Relative to the benchmark, overall stock selection and sector allocation detracted from performance. Specifically, stock selection in the health care, communication services and IT sectors and an overweight to the health care sector hurt results. On the positive side, stock selection in the industrials sector and an underweight to industrials contributed to performance. In terms of individual stocks, the top contributors to performance were Ionis Pharmaceuticals, Broadcom, Comcast, Allergan and Twitter. The detractors from performance were Biogen, AMC Networks, Discovery, Autodesk, Liberty Media.

What did the portfolio manager do? During March, the Fund initiated a position in FireEye, in the IT sector.

What is the outlook? As we commemorate the 10th anniversary of the current bull market, stocks remain close to all-time highs, yet multiples look reasonable. We see no signs of a bubble in terms of valuations, investor sentiment or interest rates. In fact, the portfolio continues to trade at a wide valuation discounts to the market. This sets up a good backdrop for long-term investors like us.

The Fund has never been managed to a benchmark, and in periods where high-beta stocks with heavy passive ownership do well, our limited exposure to such companies can be a relative headwind. As we have discussed over the last several months, broader participation from companies in undervalued and underowned areas such as health care, cyclical technology and media bodes well in extending the current bull market. From large sums of private equity on the sidelines ready to be put to work, to compelling multiples across many areas of the market, we think there is a lot that can go right for the portfolio from current levels.

Investment Aim: The Fund seeks to generate long-term capital appreciation by investing in the securities of U.S. companies of any market capitalisation that the Sub-Investment Manager believes are experiencing, or have potential to experience, above-average growth of earnings and/or cash flow.

PLEASE REFER TO THE IMPORTANT INFORMATION ON THE FINAL PAGE.

IMPORTANT INFORMATION:

This Fund is managed by ClearBridge Investments

[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: 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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