

**LEGG MASON GLOBAL FUNDS PLC**  
**Riverside Two**  
**Sir John Rogerson's Quay**  
**Grand Canal Dock**  
**Dublin 2, Ireland**

14 February 2019

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE YOU SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.**

**This is not a proxy form and as such does not require you to vote. This document is important, however, and requires your attention. If you are in any doubt as to the action you should take you should seek advice from your investment consultant. However, unless you wish to place an order to purchase, redeem or exchange shares of Legg Mason Global Funds Plc (the "Company"), you do not need to act following receipt of this document.**

**If you have sold or transferred all of your shares in the Company, please pass this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.**

**Unless otherwise defined in this document, all capitalised terms have the same meaning as capitalised terms used in the Company's latest Hong Kong Extract Prospectus (the "Hong Kong Extract Prospectus"). Copies of the Hong Kong Extract Prospectus and the Product Key Facts Statements of the funds of the Company authorized by the Securities and Futures Commission ("SFC") (together the "Hong Kong Offering Documents"), as well as the Constitution and the latest annual and semi-annual reports of the Company are available free of charge upon request during normal business hours from your distributor or the Hong Kong Representative. The latest Hong Kong Offering Documents are also available at <http://www.leggmason.com.hk/><sup>1</sup>**

**The Directors of the Company accept full responsibility for the accuracy of the information contained in this notice 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.**

**Dear Shareholder,**

**RE: Amendments to the Hong Kong Offering Documents**

We are writing to you, a shareholder in the Company, to notify you of certain changes that are to be made to the SFC authorized funds of the Company and updates/amendments to the Hong Kong Offering Documents, which are summarised as follows:

**I. Changes Relevant to All Funds**

**1. *Appointment of management company and Changes to Investment Managers and Sub-Investment Managers***

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<sup>1</sup> This website has not been reviewed by the Securities and Futures Commission of Hong Kong.

The Company is currently a self-managed fund. The Hong Kong Offering Documents will be updated to reflect, among others, the appointment of Legg Mason Investments (Ireland) Limited (“**LMI Ireland**”) as the management company of the Company and the SFC authorized funds of the Company, effective from the Effective Date (as defined below). LMI Ireland is authorised by the Central Bank of Ireland to act as management company for Undertakings for Collective Investment in Transferable Securities (UCITS) such as the Company. LMI Ireland will be responsible for the investment management, administration and distribution functions of the Company. Whilst LMI Ireland will be responsible for the investment management of the Company, it will at all times delegate such functions to its investment delegates. With the appointment of LMI Ireland as management company, Legg Mason Investments (Europe) Limited and ClearBridge, LLC will no longer act as Investment Managers for all SFC authorized funds.

All entities currently acting as Sub-Investment Manager for the Funds will be appointed as the new Investment Manager or Sub-Investment Manager (if applicable) to the same Funds by LMI Ireland. For further details, please refer to the table in Schedule A which sets out the existing and new investment management delegation structure for each Fund authorized by the SFC.

The appointment of LMI Ireland and related investment management restructuring is part of the strategy of the Legg Mason Group to establish Ireland as the base for its European operations, in light of the expected exit by the United Kingdom from the European Union.

## **2. Valuation Basis**

Currently, securities other than bonds which are traded on a Regulated Market are valued based on the latest available traded price, and bonds which are traded on a Regulated Market are valued based on the closing bid price. From the Effective Date, the valuation basis for all securities held by the Funds will change to the latest available mid price (the “**Pricing Change**”).

The Pricing Change is being made because the latest available mid price is a more uniform standard across global markets.

On the Effective Date, the Pricing Change is expected to affect the Net Asset Value of the Funds and will in turn impact the subscription and redemption prices of the Funds. The impact is expected to be immaterial, although this cannot be guaranteed.

## **3. Application of Dilution adjustment to Fixed Income Funds**

The Pricing Change is expected to impact the application of the dilution adjustment for Fixed Income Funds. In particular, pricing bonds at the mid rather than bid price should allow the Fixed Income Funds (as defined in the Hong Kong Extract Prospectus) to apply dilution adjustments on both subscriptions and redemptions. This will align the dilution adjustment practice for all Funds (except for Legg Mason Western Asset US Government Liquidity Fund). As disclosed in the Hong Kong Extract Prospectus, when pre-determined thresholds for net daily subscriptions or redemptions for a particular Fund are exceeded, the Fund will apply a dilution adjustment to protect shareholders against the costs associated with significant subscriptions or redemptions. In these circumstances the Fund will adjust the Net Asset Value downwards in the case of large net redemptions, or upwards in the case of large net subscriptions. Currently, dilution adjustments are not applied in practice in the event of net redemptions from Fixed Income Funds but are applied in the event of net subscriptions into Fixed Income Funds. In the case of net redemptions, there are no spread/dealing costs to take into account upon the sale of bonds, as they are currently priced at the lowest possible price available (the bid price). Therefore, no dilution adjustment is applied. This will change with mid pricing – there will be a clear spread to take into account upon the sale of bonds, and thus a basis for applying a downward dilution adjustment. The

Pricing Change will allow the Fund to apply this more consistently to both redemptions and subscriptions.

Such changes to the dilution adjustments practice for Fixed Income Funds are immaterial in nature.

#### **4. *European Benchmark Regulation***

As the 1 January 2020 deadline for EU benchmark providers to apply for authorisation or registration with the ESMA benchmark register approaches, the Company is ensuring that benchmarks used by the Funds are progressively included in the register and updating the Hong Kong Extract Prospectus accordingly. However, there is no change as to how the Funds are being managed despite the update to the regulations.

The Company's plan in the event of a material change or cessation of a benchmark will also be reflected in the Hong Kong Extract Prospectus.

#### **5. *Securitisation Regulation***

Disclosure is being added to describe new EU securitisation regulation applicable to the Funds. Securitisations are a type of debt instrument whereby the credit risk associated with the securitisation's exposure is divided into portions (called tranches). Under the new rules, those Funds that buy securitisations may only buy those securitisations whose issuer, sponsor or original lender retains at least a 5% net economic interest in the securitisation. An effect of this regulation is that certain securitisations which were previously eligible for purchase by the Funds are no longer eligible. However, it is not intended to change as to how the Funds are being managed despite the update to the regulations.

## **II. Changes to Certain Funds**

The Hong Kong Offering Documents of the following Funds will be updated to reflect the inclusion of credit-linked notes as an additional instrument type in which the following Funds may invest as part their respective existing investment objectives and policies:

- (i) Legg Mason Western Asset Global Multi Strategy Fund
- (ii) Legg Mason Western Asset Short Duration High Income Bond Fund
- (iii) Legg Mason Western Asset US Core Bond Fund
- (iv) Legg Mason Western Asset US Core Plus Bond Fund

Such credit-linked notes may contain embedded derivatives and/or leverage.

## **III. Impact and Effective Date of the Changes**

The changes set out in this notice do not affect the overall features and risk profile of the relevant Funds, nor will they materially prejudice the rights or interests of existing Shareholders of the relevant Funds. There will also be no material change in the operation and/or manner in which the relevant Funds are being managed and there will be no change in the fee structure, the fee level or cost in managing the relevant Funds.

The costs and expenses incurred which arise from or are incidental to the above changes will be borne by the Legg Mason Investments (Europe) Limited, including legal and administrative costs.

All changes set out in this notice will take effect on the date the revised Irish Prospectus (reflecting the abovementioned changes) have been approved by the Central Bank of Ireland (the "**Effective Date**"). It is expected that the Effective Date will be on or about 22 March 2019. If the Central Bank of Ireland does not approve these changes, the changes will not be effective.

The Hong Kong Offering Documents will be updated to reflect the abovementioned changes as necessary in due course.

### **Redemption of Shares**

Shareholders who do not wish to remain in a Fund following the implementation of any of the above changes may redeem their Shares, free of charges from the date of this notice until and excluding the Effective Date by following the usual redemption procedures as set out in the Hong Kong Offering Documents. However, if you deal via any bank, relevant distributor or financial adviser, you should note that they may charge you transaction or adviser fees (as the case may be) in respect of any such redemption request and you should check with such distributor or financial adviser, as necessary.

### **IV. Enquiries**

The Directors consider that the proposed changes are in the best interests of the Shareholders as a whole. Should you have any questions relating to these matters, you should either contact us at the above address or alternatively you should contact your financial advisor, your distributor or the Hong Kong Representative at Suites 1202-03, 12/F, York House, The Landmark, 15 Queen's Road Central, Hong Kong (Investor Hotline +852 3652 3088).

Yours sincerely,



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Director  
For and on behalf of  
Legg Mason Global Funds Plc

## Schedule A

### Existing and new investment management delegation structure of Funds authorized by the SFC

The table below sets out the existing Investment Managers and Sub-Investment Managers and the new line-up of Investment Managers and Sub-Investment Managers for each Fund authorized by the SFC. Note that under the new investment management delegation structure, LMI Ireland will be appointed as the management company of the Company. LMI Ireland shall at all times delegate its investment management functions to the new Investment Managers, and where applicable the new Investment Managers will further delegate such functions to the Sub-Investment Managers.

		CURRENT (i.e. prior to Effective Date)		NEW (i.e. from Effective Date)	
	Fund Name	Investment Manager	Sub-investment manager(s)	Investment Manager	Sub-Investment Manager(s)
1	Legg Mason Brandywine Global Fixed Income Fund	Legg Mason Investments (Europe) Limited	Brandywine Global Investment Management, LLC	Brandywine Global Investment Management, LLC	None
2	Legg Mason ClearBridge Growth Fund	Legg Mason Investments (Europe) Limited	ClearBridge, LLC	ClearBridge, LLC	None
3	Legg Mason ClearBridge US Aggressive Growth Fund	Legg Mason Investments (Europe) Limited	ClearBridge Investments, LLC	ClearBridge Investments, LLC	None
4	Legg Mason ClearBridge US Appreciation Fund	Legg Mason Investments (Europe) Limited	ClearBridge Investments, LLC	ClearBridge Investments, LLC	None
5	Legg Mason ClearBridge US Large Cap Growth Fund	Legg Mason Investments (Europe) Limited	ClearBridge Investments, LLC	ClearBridge Investments, LLC	None
6	Legg Mason ClearBridge Value Fund	ClearBridge, LLC	None	ClearBridge Investments, LLC	None
7	Legg Mason ClearBridge Tactical Dividend Income Fund	Legg Mason Investments (Europe) Limited	ClearBridge Investments, LLC	ClearBridge Investments, LLC	None
8	Legg Mason QS Emerging Markets Equity Fund	Legg Mason Investments (Europe) Limited	QS Investors, LLC	QS Investors, LLC	None
9	Legg Mason QS MV Asia Pacific ex Japan Equity Growth and Income Fund	Legg Mason Investments (Europe) Limited	QS Investors, LLC	QS Investors, LLC	None
10	Legg Mason QS MV European Equity Growth and Income Fund	Legg Mason Investments (Europe) Limited	QS Investors, LLC	QS Investors, LLC	None
11	Legg Mason QS MV Global Equity Growth and Income Fund	Legg Mason Investments (Europe) Limited	QS Investors, LLC	QS Investors, LLC	None
12	Legg Mason QS US Large Cap Fund	Legg Mason Investments (Europe) Limited	QS Investors, LLC	QS Investors, LLC	None
13	Legg Mason Royce US Small Cap Opportunity Fund	Legg Mason Investments (Europe) Limited	Royce & Associates, LP	Royce & Associates, LP	None
14	Legg Mason Royce US Smaller Companies Fund	Legg Mason Investments (Europe) Limited	Royce & Associates, LP	Royce & Associates, LP	None
15	Legg Mason Western Asset Asian Income Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC*, Western Asset Management Company Limited and Western Asset Management Company Pte. Ltd	Western Asset Management Company Limited	Western Asset Management Company, LLC*, Western Asset Management Company Pte. Ltd

16	Legg Mason Western Asset Asian Opportunities Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC*, Western Asset Management Company Limited and Western Asset Management Company Pte. Ltd	Western Asset Management Company Limited	Western Asset Management Company, LLC*, Western Asset Management Company Pte. Ltd
17	Legg Mason Western Asset Emerging Markets Corporate Bond Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC*, Western Asset Management Company Limited, Western Asset Management Company Distribuidora de Títulos e Varoies Mobiliarios Limitada, Western Asset Management Company Pte. Ltd and Western Asset Management Company Ltd	Western Asset Management Company Limited	Western Asset Management Company, LLC*, Western Asset Management Company Distribuidora de Títulos e Varoies Mobiliarios Limitada, Western Asset Management Company Pte. Ltd, Western Asset Management Company Ltd
18	Legg Mason Western Asset Emerging Markets Total Return Bond Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
19	Legg Mason Western Asset Euro Core Plus Bond Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
20	Legg Mason Western Asset Euro High Yield Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC*, Western Asset Management Company Limited and Western Asset Management Company Pte. Ltd	Western Asset Management Company Limited	Western Asset Management Company, LLC*, Western Asset Management Company Pte. Ltd
21	Legg Mason Western Asset Short Duration Blue Chip Bond Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC*, Western Asset Management Company Limited, Western Asset Management Company Pte. Ltd and Western Asset Management Company Ltd	Western Asset Management Company Limited	Western Asset Management Company, LLC*, Western Asset Management Company Pte. Ltd, Western Asset Management Company Ltd.
22	Legg Mason Western Asset Global High Yield Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC*, Western Asset Management Company Limited and Western Asset Management Company Pte. Ltd	Western Asset Management Company Limited	Western Asset Management Company, LLC*, Western Asset Management Company Pte. Ltd

23	Legg Mason Western Asset Global Inflation Management Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
24	Legg Mason Western Asset Global Multi Strategy Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
25	Legg Mason Western Asset Short Duration High Income Bond Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
26	Legg Mason Western Asset US Adjustable Rate Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
27	Legg Mason Western Asset US Core Bond Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
28	Legg Mason Western Asset US Core Plus Bond Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
29	Legg Mason Western Asset US High Yield Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
30	Legg Mason Western Asset US Short-Term Government Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*
31	Legg Mason Western Asset US Government Liquidity Fund	Legg Mason Investments (Europe) Limited	Western Asset Management Company, LLC* and Western Asset Management Company Limited	Western Asset Management Company Limited	Western Asset Management Company, LLC*

\* Western Asset Management Company changed its name to Western Asset Management Company, LLC, effective 2 May 2018, as notified to the Hong Kong shareholders of the Company on 29 June 2018.