

**LEGG MASON GLOBAL FUNDS PLC**

Riverside Two  
Sir John Rogerson's Quay,  
Grand Canal Dock,  
Dublin 2, Ireland

5 March 2015

**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 professional adviser. 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 herein, all other capitalised terms used herein shall bear the same meaning as capitalised terms used in the Hong Kong Extract Prospectus dated 12 September 2014 as supplemented by a First Supplement dated 3 November 2014 (collectively, the "Hong Kong Extract Prospectus"). Copies of the Hong Kong Extract Prospectus and the Product Key Facts Statements of the SFC authorised Funds (together the "Hong Kong Offering Documents"), as well as the Articles of Association 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/>\*

Please note that the Central Bank of Ireland (the "Central Bank") has not reviewed this letter. 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 substantive amendments that are to be made to the SFC authorized Funds of the Company (including certain Share Class changes) and related and/or updates/amendments to the Hong Kong Offering Documents, which are summarised as follows:

**Registered Office:** as above

**Company Registration Number:** 278601

An umbrella fund with segregated liability between sub-funds

**Directors:** Brian Collins, Joseph Keane, Joseph LaRocque (U.S.A.), Robert Shearman (U.K.)

**I. Amendments to the Hong Kong Offering Documents**

**(i) Fund Name Changes**

The names of the following Funds are to be changed:

<b>Current Name</b>	<b>New Name</b>
Legg Mason Western Asset Inflation Management Fund	Legg Mason Western Asset Global Inflation Management Fund
Legg Mason Western Asset Diversified Strategic Income Fund	Legg Mason Western Asset Short Duration High Income Bond Fund
Legg Mason Western Asset Emerging Markets Bond Fund	Legg Mason Western Asset Emerging Markets Total Return Bond Fund
Legg Mason Batterymarch Asia Ex Japan Equity Fund	Legg Mason QS MV Asia Pacific ex Japan Equity Growth and Income Fund
Legg Mason Batterymarch Emerging Markets Equity Fund	Legg Mason QS Emerging Markets Equity Fund
Legg Mason Batterymarch Global Equity Fund	Legg Mason QS MV Global Equity Growth and Income Fund
Legg Mason Batterymarch Managed Volatility European Equity Fund	Legg Mason QS MV European Equity Growth and Income Fund
Legg Mason Batterymarch US Large Cap Fund	Legg Mason QS US Large Cap Fund

**(ii) Change of Service Provider and Sub-Investment Manager**

- (a) The current Distributors and Shareholder Servicing Agents will continue in their roles; however, the contractual arrangements with these entities will be restructured. Legg Mason Investor Services, LLC (“LMIS”) will be appointed directly by the Company as Distributor and Shareholder Servicing Agent. LMIS in turn will appoint Legg Mason Investments (Europe) Limited (“LMI Europe”) as an additional Distributor and Shareholder Servicing Agent, and LMI Europe will continue to appoint Legg Mason Asset Management Hong Kong Limited (“LMHK”), Legg Mason Asset Management Singapore Pte. Limited and Legg Mason Investments (Taiwan) Ltd. as additional Distributors and will also appoint them as additional Shareholder Servicing Agents.
- (b) QS Investors, LLC, a subsidiary within the Legg Mason group, will replace QS Batterymarch Financial Management, Inc. as Sub-Investment Manager of the Legg Mason Batterymarch Asia Ex Japan Equity Fund, Legg Mason Batterymarch Emerging Markets Equity Fund, Legg Mason Batterymarch Global Equity Fund, Legg Mason Batterymarch Managed Volatility European Equity Fund and Legg Mason Batterymarch US Large Cap Fund. Each of these Funds will be renamed as detailed in the table above.

The reason for the change in Sub-Investment Manager is that QS Batterymarch Financial Management, Inc. will be transferring its business to an affiliate, QS Investors, LLC. It is intended that the same investment personnel will continue to manage the relevant Funds after this change.

This change in Sub-Investment Manager will not result in any change to (i) the features / risks applicable to the relevant Funds, (ii) the fee level/cost in managing the relevant Funds, and (iii) the operation and/or manner in which the relevant Funds are being managed. Costs and/or expenses relating to this change in Sub-Investment Manager will not be material and will be borne by the relevant Funds.

**(iii) Distributions**

The Distributing Share Classes (excluding the Distributing Plus Share Classes) will no longer have the ability to pay distributions out of unrealised capital gains. This change is to reflect the existing practice of the Funds not paying distributions out of unrealised capital gains in respect of such Share Classes.

With respect to the Accumulating Share Classes, whilst it is intended that, in the normal course of business, distributions will not be declared, disclosures will be revised to reflect that, for each Fund, if distributions are declared and paid, such distributions may be made from net investment income and also, in the case of Fixed Income Funds and Equity Income Funds, from realised capital gains net of realised and unrealised capital losses, and not from unrealised capital gains. Shareholders will be notified in advance of the details of such distributions. This change is to reflect the existing practice of the Funds and to clarify that the Shareholders will be notified in advance of such distributions, if it occurs.

This change to the Distributing Share Classes (excluding the Distributing Plus Share Classes) and the Accumulating Share Classes will not result in any change to (i) other features / risks applicable to such Share Classes, (ii) the fee level/cost in managing such Share Classes, and (iii) the operation and/or manner in which such Share Classes are being managed. Costs and/or expenses relating to this change will not be material and will be borne by the relevant Funds.

**(iv) Changes to Funds' Investment Policies**

- (a) The disclosures on the investment policies of the **Legg Mason Western Asset Asian Opportunities Fund**, **Legg Mason Western Asset Emerging Markets Bond Fund** (which will be renamed the Legg Mason Western Asset Emerging Markets Total Return Bond Fund), **Legg Mason Western Asset Emerging Markets Corporate Bond Fund** and **Legg Mason Western Asset Euro Core Plus Bond Fund** will be enhanced to clarify that the Fund may invest in credit-linked notes. The following disclosure will also be added:

"Debt securities that qualify as asset-backed securities, credit-linked notes and similar assets (i.e., investments whose yield or repayment is linked to credit risks or that are used to transfer the credit risk of a third party) may only be purchased by the Fund if rated Investment Grade or if unrated deemed by the Sub-Investment Manager to be of comparable quality."

In addition, the requirement to sell a security within 6 months after a downgrade to below B- by S&P or its equivalent by another NRSRO will be deleted and replaced by the following:

"In the event that a security is downgraded after its purchase by the Fund to below the minimum required rating, the security will be sold within 6 months of the downgrade."

The investment policies will also be revised to require that any collective investment schemes purchased by the Fund must comply in making their underlying investments with the same minimum rating requirements applicable to the Fund's purchase of debt securities and asset-backed and similar securities.

These changes are made to allow the Funds to be eligible investments for certain investors.

For the **Legg Mason Western Asset Asian Opportunities Fund**, the following disclosures will also be added:

“The asset-backed securities and credit-linked notes in which the Fund may invest may contain embedded derivatives and/or leverage. The Fund may be leveraged as a result, subject to the overall leverage limits set forth below.”

For the **Legg Mason Western Asset Emerging Markets Corporate Bond Fund**, the following disclosure will be deleted:

“Further, the mortgage-backed and asset-backed securities in which the Fund may invest will not contain embedded derivatives. The structured notes in which the Fund may invest may contain embedded derivatives. The Fund may be leveraged as a result, subject to the overall leverage limits set forth below.”

and will be replaced by the following disclosure: “The mortgage-backed securities, asset-backed securities, structured notes and credit-linked notes in which the Fund may invest may contain embedded derivatives and/or leverage. The Fund may be leveraged as a result, subject to the overall leverage limits set forth below.” This change is made to give the Fund more flexibility with respect to its investments in mortgage-backed securities and asset-backed securities.

- (b) The disclosures on the investment policies of the **Legg Mason Brandywine Global Fixed Income Fund** will be enhanced to clarify that an issuer is non-sovereign if it is not a supranational organization or a national government, its agency or instrumentality or political sub-division, and its issuance is not guaranteed by any of the foregoing.
- (c) The investment objective and policies of the **Legg Mason Western Asset Diversified Strategic Income Fund** (which will be renamed the Legg Mason Western Asset Short Duration High Income Bond Fund) will change, as approved by the Shareholders of the Fund at a meeting held on 25 February 2015. Appendix A indicates the changes to be made to this Fund, which will be renamed as per the above table.
- (d) The investment policies of the **Legg Mason Western Asset Emerging Markets Bond Fund** (which will be renamed the Legg Mason Western Asset Emerging Markets Total Return Bond Fund) will change. The minimum investment in Emerging Markets Debt Securities that are listed or traded on Regulated Markets will be raised from 70 per cent of the Fund’s Net Asset Value to 80 per cent of the Fund’s Net Asset Value. The requirement that at least 60 per cent of its Net Asset Value will be invested in Emerging Markets Debt Securities issued by national, state or local governments, or entities affiliated with or sponsored by such governments, will be deleted. The requirement that under normal market conditions, the Fund invests at least 55 per cent of its Net Asset Value in US-dollar denominated assets will be deleted and replaced by the following disclosures:

“The Fund’s investments may be denominated in currencies other than the Base Currency. Therefore, the Fund may be exposed to currency risk due to fluctuations in the exchange rate between such other currencies and the Base Currency. The Sub-Investment Managers may or may not attempt to hedge against or mitigate this foreign currency risk.”

The above changes were approved by the Shareholders of the Fund at a meeting held on 25 February 2015.

- (e) Currently, the investment policies of the **Legg Mason Western Asset Inflation Management Fund** (to be renamed the Legg Mason Western Asset Global Inflation Management Fund) provide that the Fund will not invest in securities which are listed or traded on a Regulated Market in any Emerging Market Country, Emerging European Country or Emerging Asia / Pacific Country. Such restriction will be removed and the investment policies of the Fund will be revised to provide the flexibility to invest in securities which are listed or traded on a Regulated Market in any Emerging Market Country,

Emerging European Country or Emerging Asia / Pacific Country subject to a maximum limit of 10 per cent of the Fund's Net Asset Value.

- (f) The investment policies of the **Legg Mason Batterymarch Asia Ex Japan Equity Fund** (which will be renamed the Legg Mason QS MV Asia Pacific ex Japan Equity Growth and Income Fund) will be amended to permit the Fund to invest in equity securities of companies domiciled in Australia and New Zealand.
- (g) The following disclosures will be added as part of the investment policies of each of the **Legg Mason Batterymarch Asia Ex Japan Equity Fund** (which will be renamed the Legg Mason QS MV Asia Pacific ex Japan Equity Growth and Income Fund) and **Legg Mason Batterymarch Global Equity Fund** (which will be renamed the Legg Mason QS MV Global Equity Growth and Income Fund) for the purpose of clarification:

"The Sub-Investment Manager seeks to manage the volatility of the Fund by favouring securities that (a) it has identified, through its proprietary security risk assessment process, as having less risk in aggregate relative to the overall risk of the relevant equity market and (b) have demonstrated attractive dividends, high dividend growth, and the cash flow to support such dividends. The Sub-Investment Manager may take additional, non-quantitative factors into account when selecting portfolio securities, including the Sub-Investment Manager's macroeconomic outlook."

Save as expressly disclosed in this notice and, where applicable, the extraordinary general meeting documentation of the Legg Mason Western Asset Diversified Strategic Income Fund (which will be renamed the Legg Mason Western Asset Short Duration High Income Bond Fund) and Legg Mason Western Asset Emerging Markets Bond Fund (which will be renamed the Legg Mason Western Asset Emerging Markets Total Return Bond Fund), the abovementioned changes will not result in any change to (i) other features / risks applicable to the relevant Funds, (ii) the fee level/cost in managing the relevant Funds, and (iii) the operation and/or manner in which the relevant Funds are being managed. Costs and/or expenses relating to the abovementioned changes will not be material and will be borne by the relevant Funds.

**(v) Fund Closed to New Subscriptions**

Further to a meeting of the Shareholders of the Legg Mason ClearBridge US Fundamental Value Fund held on 25 February 2015 which approved the Fund to be merged into the Legg Mason ClearBridge Tactical Dividend Income Fund, disclosures will be added to state that the **Legg Mason ClearBridge US Fundamental Value Fund** is closed to new subscriptions (including conversions into the Fund) and are in the process of being terminated.

**(vi) Reduction of Fees for Certain Funds**

For certain Share Class of the **Legg Mason Western Asset Inflation Management Fund** (to be renamed the Legg Mason Western Asset Global Inflation Management Fund), the annual investment management fee will be lowered, as indicated in the following table:

Share Class	Current Annual Investment Management Fees	New Annual Investment Management Fees
Each Class A Share Class	1.10%	0.90%
Each Class C Share Class	1.60%	1.40%
Each Class F Share Class	0.85%	0.60%
Each Premier Share Class	0.60%	0.35%
Each LM Share Class	None	None

Class A (G) US\$ Accumulating	1.10%	1.10% (no change)
Class A (G) US\$ Distributing (D)	1.10%	1.10% (no change)
Class L (G) US\$ Accumulating	1.60%	1.60% (no change)
Class L (G) US\$ Distributing (D)	1.60%	1.60% (no change)

With effect from 27 March 2015, for each Share Class of the **Legg Mason ClearBridge Tactical Dividend Income Fund**, the annual investment management fee will be reduced as indicated in the following table:

Share Class	Current Annual Investment Management Fees	New Annual Investment Management Fees
Each Class A Share Class	1.50%	1.25%
Each Class C Share Class	2.00%	1.75%
Each Class F Share Class	1.25%	1.00%
Each Premier Share Class	0.75%	0.625%
Each LM Share Class	None	None

**(vii) Changes in relation to the Management Fees**

Pursuant to the Distribution Agreement between the Company and LMIS, LMIS shall be entitled to receive distribution fees out of the assets of the relevant Fund for its services as the Distributor of the Funds (the “Distribution Fees”).

Such Distribution Fees together with the investment management fees payable to each Investment Manager will be collectively referred to as “Management Fees”. Consequently, the maximum Annual Investment Management Fee as disclosed in the Fund Summaries of the Hong Kong Extract Prospectus will be amended to refer to as “Annual Management Fee” and comprises the investment management fee and Distribution Fees. There will be no increase in the maximum rate of the Annual Investment Management Fee (to be renamed “Annual Management Fee”) as set out in the Fund Summaries.

**(viii) Risk Disclosures**

For each Fund, the key risks of the Fund will be listed in the Hong Kong Extract Prospectus. Additional disclosure regarding the liquidity risk of investments in debt securities will be added and there will be miscellaneous updates to the risk disclosures in the Hong Kong Offering Documents.

**(ix) Schedule II (Various Investment Restrictions)**

Disclosures under “D. Investment Restrictions Applicable to the Funds Under Taiwanese Regulations” in Schedule II of the Hong Kong Extract Prospectus are to be revised to clarify that, for purposes of the restrictions under sub-sections (e) and (f), the determinations of whether a transaction is for hedging or non-hedging purposes and whether assets of the Fund qualify as corresponding securities shall be made in accordance with the Central Bank Notices and any associated guidance notes issued, or otherwise approved, by the Central Bank from time to time. Further disclosures are to be added to the restrictions under sub-section (c) to state that with effect from 1 January 2016, the maximum percentage of assets invested in the Taiwan securities market shall be lowered to 50 per cent of the Net Asset Value of the Fund.

**(x) Changes to the mode of publication for the price of the Shares and any notice of suspension**

In respect of the “Administration of the Company” section of the Hong Kong Extract Prospectus:

- (a) Disclosures under “Publication of the Prices of the Shares” are to be revised that the Net Asset Value per Share in respect of each Dealing Day will no longer be published in the South China Morning Post and Hong Kong Economic Journal.
- (b) Disclosures under “Temporary Suspension of Valuation of the Shares and Sales and Redemptions” are to be revised that any notice of suspension of the determination of the Net Asset Value and the sale, redemption or exchange of Shares in any Fund will be published on the Hong Kong Representative’s website: [www.leggmason.com.hk](http://www.leggmason.com.hk)<sup>1</sup> immediately and at least once a month during the period of suspension, and will no longer be published in the South China Morning Post and Hong Kong Economic Journal.

**(xi) Fund Removals**

All references to the Legg Mason Western Asset Global Inflation-Linked Fund and Legg Mason Batterymarch International Large Cap Fund are to be removed from the Hong Kong Extract Prospectus due to the withdrawal of their authorisations from the Securities and Futures Commission on 18 November 2014 and 5 January 2015, respectively.

**(xii) Change of address for the Custodian**

Disclosures will be amended to reflect the change of address for the Custodian to Guild House, Guild Street, International Financial Services Centre, Dublin 1, Ireland.

**II. Restructuring of the Hong Kong Extract Prospectus**

It is intended that, subject to review and approval by the SFC, the Hong Kong Extract Prospectus will be restructured in due course, in light of the proposed restructuring of the Company’s Irish prospectus under which there will be a separate supplement for each Fund that will disclose the investment objective and policies and other key information about the Fund. Such Fund-specific information will no longer appear in the main body of the Hong Kong Extract Prospectus.

**III. Effective Date of the Changes**

Unless stated otherwise in this document, all changes mentioned herein will take effect on the effective date of the revised Irish prospectus of the Company (the “Effective Date”), which is subject to review by the Central Bank of Ireland and will be reflected in the Hong Kong Offering Documents. It is expected that the Effective Date will be on or around 16 April 2015. The Company will issue an announcement to the Irish Stock Exchange confirming the Effective Date, and that announcement will be available on the Irish Stock Exchange’s website ([www.ise.ie](http://www.ise.ie)). Shareholders will also be notified of the Effective Date on the website of the Hong Kong Representative’s website: <http://www.leggmason.com.hk><sup>1</sup>.

**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 by following the usual redemption procedures as set out

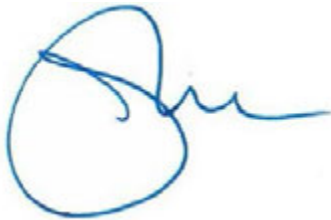
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<sup>1</sup> This Website has not been reviewed by the SFC.

in the Hong Kong Extract Prospectus. Where applicable, redemptions of Shares will be subject to a contingent deferred sales charge as set out in the Hong Kong Extract Prospectus.

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,

A handwritten signature in blue ink, consisting of a large, stylized initial 'S' followed by a series of connected loops and a horizontal tail.

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Director  
For and on behalf of  
Legg Mason Global Funds plc



## APPENDIX A

### Changes in the investment policies of

#### Legg Mason Western Asset Diversified Strategic Income Fund

#### (to renamed Legg Mason Western Asset Short Duration High Income Bond Fund)

**Investment Policies:** The Fund invests at least ~~two-thirds~~80 per cent of its Net Asset Value in high-yielding debt securities that are (i) denominated in US Dollars and currencies of a variety of other Developed Countries; and (ii) listed or traded on Regulated Markets as set out in Schedule III of this Document. ~~The Fund may invest in the following types of securities that are listed or traded on Regulated Markets: debt securities issued or guaranteed by the US government, its agencies or instrumentalities and political sub-divisions; debt securities issued or guaranteed by national governments of other countries, their agencies or instrumentalities and political sub-divisions; debt securities of supranational organisations such as freely transferable promissory notes, bonds and debentures;~~Such high-yielding debt securities include: (i) corporate debt securities, including (a) freely transferable promissory notes, (b) debentures, (c) bonds (including zero coupon bonds), (d) convertible and non-convertible notes, (e) commercial paper, (f) certificates of deposits, and (g) bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; (ii) structured notes that are transferable securities, whose underlying exposure may be to fixed income securities; (iii) mortgage-backed securities; and (iv) asset-backed securities, provided that the Fund invests at least two thirds of its Net Asset Value in non-convertible debt securities. Such high-yielding debt securities are rated below Investment Grade, or unrated securities deemed to be of equivalent quality by the relevant Sub-Investment Manager. Debt securities rated below Investment Grade are deemed by NRSROs to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal and may involve major risk of exposure to adverse conditions. The Fund may invest in debt securities rated as low as D by S&P or the equivalent by another NRSRO, which ratings indicate that the obligations are highly speculative and may be in default or in danger of default as to principal and interest. The Sub-Investment Managers do not rely solely on the ratings of rated securities in making investment decisions but also evaluate other economic and business factors affecting the issuer. **Investors should note that an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

The Fund's remaining assets may be invested in the following types of securities that are listed or traded on Regulated Markets: debt securities rated Investment Grade, or unrated securities deemed by the Sub-Investment Managers to be of equivalent quality; preferred shares and other open ended collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations; provided that the Fund invests at least two-thirds of its Net Asset Value in non-convertible debt securities—, as well as cash and Money Market Instruments.

As restrictions to the foregoing, the Fund may not invest more than 10 per cent of its Net Asset Value, respectively, in the following types of securities: (i) structured notes that are transferable securities; (ii) mortgage-backed securities; and (iii) asset-backed securities. Further, the Fund does not intend to invest more than 10 per cent of its Net Asset Value in debt securities issued by or guaranteed by any single sovereign issuer (including its government, public or local authority) which is rated below Investment Grade or unrated.

The Fund is a global fund and is not confined to investing in any specific country or region. While not a major strategy of the Fund, the Sub-Investment Managers may, when opportunities arise

that the Sub-Investment Managers determine will further the investment objective of the Fund, also invest up to 30 per cent of its Net Asset Value in debt securities of issuers domiciled in Emerging Market Countries.

A maximum of 20 per cent of the Fund's Net Asset Value may be invested in units or shares of open-ended collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations. ~~Corporate debt securities of non-US Issuers in which the Fund may invest will include securities of companies, wherever organised, that have their principal business activities and interests outside the United States. A maximum of 25 per cent of the Fund's Net Asset Value may be invested in convertible notes.~~

It is expected that the Fund will maintain an average portfolio duration of between zero and three years depending on the Sub-Investment Managers' forecast for interest rates and yields. However, the Fund may invest in individual securities of any duration.

The Fund may purchase unsecuritised participations in or assignments of floating rate mortgages or other commercial loans that are liquid and will provide for interest rate adjustments at least every 397 days and which may be secured by real estate or other assets. These participations may be interests in, or assignments of, the loan and may be acquired from banks or brokers that have made the loan or members of the lending syndicate. Such participations, combined with any other investments that are subject to Clause 2.1 in Schedule II, A., will not exceed 10 per cent of the Net Asset Value of the Fund in the aggregate.

The Fund will not invest in equity securities, including warrants, except for preferred shares, provided that not more than 10 per cent of the Fund's Net Asset Value may be invested in preferred shares. ~~While not a major strategy of the Fund, the Sub-Investment Manager may, when opportunities arise that the Sub-Investment Manager determines will further the investment objective of the Fund, also invest in debt securities of issuers domiciled in Emerging Market Countries.~~ The Fund may invest in certain types of derivatives, as described in the "Investment Techniques and Instruments and Financial Derivative Instruments" section herein, including, but not limited to, options, futures and options on futures, swaps and forward currency exchange contracts.

~~The Fund may invest up to 35 per cent of its Net Asset Value in high yielding debt securities, which shall include securities rated Ba or lower by Moody's or BB or lower by S&P or in non-rated securities deemed by the Sub-Investment Manager to be of comparable quality. The Fund may invest in corporate debt securities rated as low as C by Moody's or D by S&P, or in non-rated securities deemed by the Sub-Investment Manager to be of comparable quality. Such ratings indicate that the obligations are highly speculative and may be in default or in danger of default as to principal and interest. See Schedule IV of this Document for more information on the ratings of the various NRSROs. Investors should note that an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.~~

The Fund typically will purchase a corporate debt security if the yield and, to a lesser extent, the potential for capital appreciation, of the debt security are sufficiently attractive in light of the risks of ownership of the debt security. ~~In determining whether the Fund should invest in particular debt securities, the Fund's Sub-Investment Manager will consider factors such as: the price, coupon and yield to maturity; the Sub-Investment Manager's assessment of the credit quality of the issuer; the issuer's available cash flow and the related coverage ratios; the property, if any, securing the obligation; and the terms of the debt securities, including the subordination, default, sinking fund and early redemption provisions.~~

The Sub-Investment Managers believe that inefficiencies exist in the debt market and create opportunities, which may include undervalued securities, out-of-favour securities and securities whose credit rating might be upgraded, that the Sub-Investment Managers seek to exploit. In determining whether the Fund should invest in a particular debt security, the Sub-Investment Managers will consider factors such as: price, coupon and yield to maturity; the Sub-Investment Managers' assessment of the credit quality of the issuer; the issuer's available cash flow and the related coverage ratios; the property, if any, securing the debt obligation and the express terms of the obligation, including default and early redemption provisions. The Sub-Investment Managers also will review the ratings, if any, assigned to the securities by Moody's, S&P or other NRSRO. The Sub-Investment Manager's judgment as to credit quality of a debt security may differ, however, from that suggested by the ratings published by various NRSROs.

Investors' attention is drawn to the section entitled "Further Information on the Securities in Which the Funds May Invest".