

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

17 February 2017

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.

If you have sold or transferred all of your Shares in Legg Mason Global Funds plc (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 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 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 from Legg Mason Asset Management Hong Kong Limited. The latest Hong Kong Offering Documents are also available at <http://www.leggmason.com.hk/>¹.

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: Appointment of Currency Administrator for Hedged Share Classes of Western Asset sub-funds and Charging of Currency Administration Fee

We are writing to notify you regarding: (1) the appointment of Bank of New York Mellon as the currency administrator (the "Currency Administrator") for the Hedged Share Classes in the relevant Western Asset Fund(s) of the Company in which you hold shares, as set out in the attached Appendix 1 (the "Relevant Funds"); and (2) planned updates to the relevant disclosure in the Hong Kong Offering Documents to reflect charging of new currency administration fees for the Hedged Share Classes of the Relevant Funds with effect from 20 March 2017 (the "Effective Date").

¹ *This website has not been reviewed by the Securities and Futures Commission of Hong Kong.*

1. **Appointment of Currency Administrator and the Charging of the Currency Administration Fee**

We believe that the appointment of the Currency Administrator provides a more efficient hedging process that benefits shareholders of the Hedged Share Classes of the Relevant Funds in the following ways:

- a. The Currency Administrator provides a platform that automates the decision to enter into currency trades. Prior to the appointment of the Currency Administrator, all decisions to enter currency trades were made manually and therefore bore a greater risk of human error.
- b. The Currency Administrator's platform ensures that the currency rates used for fund accounting entries match the rates used for the execution of the relevant currency trades. Prior to the appointment of the Currency Administrator, there was a one-day lag between the relevant fund accounting entries and the execution of the relevant currency trades, which led to some amount of slippage during this lag period depending on the movement of currency rates.
- c. Prior to the appointment of the Currency Administrator, the Sub-Investment Manager of each of the Funds with "Western Asset" in the name was able to net currency exposures only across those sub-funds in the Company that it manages. With the appointment of the Currency Administrator, the currency exposures of the Relevant Funds can be netted with those of all sub-funds of the Company.

The appointment of the Currency Administrator will result in a new fee of 0.04% p.a. of the value of hedging transactions to be payable by the relevant Hedged Share Classes of Relevant Funds with effect from the Effective Date.

2. **Consequential Updates to the Offering Document**

The Hong Kong Offering Documents will be updated to reflect the appointment of the Currency Administrator and related fees payable to the Currency Administrator out of the Hedged Share Classes of the Relevant Funds with effect from the Effective Date. The following indicates the intended changes to the Hong Kong Extract Prospectus, with language stricken that is to be deleted, and new language in bold:

"For each Fund, it is intended, subject to the UCITS Regulations and interpretations promulgated by the Central Bank from time to time, to hedge each Hedged Share Class against movements in exchange rates between the currency of the Hedged Share Class, on the one hand, and the Base Currency, on the other hand. Such hedging administration may be carried out by the relevant Investment Manager, Sub-Investment Manager or Currency Administrator and will include the use of forward currency exchange transactions. It is currently intended for the Currency Administrator to be appointed ~~only~~ in respect of Hedged Share Classes of each Fund, **where applicable.** ~~any Fund which does not have "Western Asset" in its name, to carry out the above currency conversion and hedging administration services.~~"

"For all Unhedged Share Classes denominated in a currency other than the relevant Fund's Base Currency, the Currency Administrator is entitled to receive fees for the conversion of currencies on subscriptions, exchanges and distributions on such Share Classes (currently charged at 0.03% of the value of such currency conversions). Where the Currency Administrator has been appointed to provide hedging administration services to a Hedged Share Class, the Currency Administrator is entitled to receive fees for such services (currently charged at ~~0.06%~~ **0.04%** per annum of the value of the hedging transactions). Such fees, and any other fees payable in respect of the hedging of any of the Hedged Share Classes, shall be borne exclusively by the relevant Hedged Share Class.

~~It is currently intended for the Currency Administrator to be appointed only in respect of Hedged Share Classes of any Fund which does not have "Western Asset" in its name, to carry out the above currency conversion and hedging administration services."~~

The Key Facts Statements for the Relevant Funds will be revised to add the following language:

"For Hedged Share Classes, the Currency Administrator is entitled to receive fees for hedging administration services (currently charged at 0.04% per annum of the value of the hedging transactions), which shall be borne exclusively by the relevant Hedged Share Class."

Except as set out in this document, the appointment of a Currency Administrator does not materially prejudice the interests of investors nor does it result in any other change to the operations, features and risks applicable to the Relevant Funds or the way in which the Relevant Funds are managed. Such currency hedging has always been a feature of the Hedged Share Classes of the Relevant Funds; the change made is that a Currency Administrator for Hedged Share Classes of the Relevant Funds has been appointed in alignment with the rest of the funds of the Company. Any costs in relation to the proposed changes set out in this notice are borne by the Hong Kong Representative.

Subject to SFC approval, copies of the relevant updated Hong Kong Offering Documents will be available on or about the Effective Date free of charge upon request during normal business hours from your distributor or the Hong Kong Representative. Such updated Hong Kong Offering Documents will also be available at <http://www.leggmason.com.hk>². If you do not wish to remain in a Relevant Fund following the implementation of the above, you may redeem your Shares in the Relevant Funds free of charge from the date of this notice until and excluding the Effective Date. 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.

Alternatively, you may exchange your Shares in the Relevant Funds free of charge to Shares of any other SFC-authorized sub-funds³ of the Company, from the date of this notice until and excluding the Effective Date, in accordance with the relevant provisions of 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 exchange request and you should check with such distributor or financial adviser, as necessary.

3. Conclusion

Unless you wish to place an order to purchase, redeem or exchange Shares in the Sub-Fund, you do not need to act following receipt of this document. Should you have any questions relating to these matters, you should either contact 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) or alternatively you should contact your financial advisor or your distributor.

Yours sincerely,



Director
For and on behalf of
Legg Mason Global Funds plc

² This website has not been reviewed by the Securities and Futures Commission of Hong Kong.

³ SFC authorization is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

APPENDIX 1
Relevant Funds

1. Legg Mason Western Asset Asian Income Fund
2. Legg Mason Western Asset Asian Opportunities Fund
3. Legg Mason Western Asset Emerging Markets Corporate Bond Fund
4. Legg Mason Western Asset Emerging Markets Total Return Bond Fund
5. Legg Mason Western Asset Euro Absolute Return Bond Fund
6. Legg Mason Western Asset Euro Core Plus Bond Fund
7. Legg Mason Western Asset Euro High Yield Fund
8. Legg Mason Western Asset Global Blue Chip Bond Fund
9. Legg Mason Western Asset Global Credit Fund
10. Legg Mason Western Asset Global High Yield Fund
11. Legg Mason Western Asset Global Inflation Management Fund
12. Legg Mason Western Asset Global Multi Strategy Fund
13. Legg Mason Western Asset Short Duration High Income Bond Fund
14. Legg Mason Western Asset US Adjustable Rate Fund
15. Legg Mason Western Asset US Core Bond Fund
16. Legg Mason Western Asset US Core Plus Bond Fund
17. Legg Mason Western Asset US High Yield Fund
18. Legg Mason Western Asset US Short-Term Government Fund