

# Legg Mason ClearBridge US Aggressive Growth Fund

## QUICK VIEW

### Key performance drivers

- The Fund rose 8.52%<sup>1</sup> in US dollar terms in October and outperformed its benchmark, the Russell 3000 Growth Index, which increased 8.39%.
- Stock selection in energy and information technology (IT) contributed.
- Stock picking in and overweight exposure to the healthcare sector hurt.

### Views and positioning

- The Fund's largest overweights remain in the healthcare and energy sectors.
- The largest underweight exposures are in consumer staples, consumer discretionary, industrials and financials.
- The Fund maintained its lack of exposure to companies in utilities and consumer staples.

### Current activity and manager outlook

- The manager believes that the healthy balance sheets and growing cash flows of the companies owned in the Fund could see them well positioned to drive performance over the next three to five years.

Performance <sup>1</sup> to 31/10/15	1 Month	3 Months	YTD	1 Year	5 Years
<b>Legg Mason ClearBridge US Aggressive Growth Fund</b>	<b>8.52%</b>	<b>-3.93%</b>	<b>-2.59%</b>	<b>-1.89%</b>	<b>13.89%</b>
Russell 3000 Growth Index	8.39%	-1.15%	6.37%	8.72%	15.16%

Past performance is no guide to future returns and may not be repeated.

### Market Review

After consecutive monthly losses, US stocks rebounded strongly in October with gains across all market capitalisations. The large cap S&P 500 returned 8.44% in US dollar terms during the month and is back in positive territory for the year with a 2.70% return. Growth stocks, as measured by the Russell 3000 Growth Index, were up 8.39%. Stocks delivered four straight weeks of gains during October, buoyed by strong corporate earnings results and the likelihood of continued accommodation from the US Federal Reserve (Fed) and other central banks. A month after stocks sold off following the Fed's September decision not to raise interest rates, equities rallied when the Fed again held short-term rates steady at its October meeting. The move supported investor optimism that monetary policy will remain supportive of equities and other risk assets for the foreseeable future. The European Central Bank added another backstop to stocks with a pledge of new stimulus before year end. On the earnings front, approximately three quarters of S&P 500 companies that reported during the month topped generally reduced earnings forecasts. The US economy displayed signs of weakness during the month, with the first read on third-quarter gross domestic product (GDP) growth showing a slowdown to 1.5% from 3.9% in the second quarter. September job creation of 142,000 was well below expectations while August job growth was revised lower to 136,000, signalling that sluggish global demand may be impacting hiring. On the bright side, US corporations set an October record for new investment grade bond issuance, which indicates companies are confident in the economy and their ability to meet debt obligations.

### Fund Review

The Legg Mason ClearBridge US Aggressive Growth Fund was up 8.52%<sup>1</sup> in US dollar terms in October, outperforming its benchmark, the Russell 3000 Growth Index, which rose 8.39%.

In October, overall stock selection contributed to performance for the month while sector allocation had a negative impact. In particular, stock selection in energy (e.g. Anadarko Petroleum) and information technology (notably SanDisk, Autodesk and Citrix Systems) had a positive impact. Performance was hurt by stock selection in healthcare (Valeant Pharmaceuticals and Biogen). An overweight allocation to the healthcare sector was also detrimental as was the Fund's cash position.

In terms of activity in October, the manager initiated a position in Western Digital in the information technology (IT) sector.

The Fund's largest overweight exposures remain in the healthcare and energy sectors. The largest underweights include the consumer staples, consumer discretionary, industrials and financials segments. The Fund has no exposure to companies in the utilities and consumer staples sectors.

PLEASE REFER TO THE IMPORTANT INFORMATION ON THE FINAL PAGE.

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## Outlook

As patient business owners, the manager seeks to buy stocks when valuations are low, sentiment is poor and liquidity is high; in the manager's opinion, all of those conditions are present in the current market. The manager has been opportunistic in putting cash to work, building up existing positions at what it perceives as attractive valuations in the energy, technology, healthcare and media sectors.

Despite short-term selling pressure, the manager feels that the quality characteristics of the Fund's holdings have not been impaired. The sturdy balance sheets and growing cash flows of what the manager perceives to be quality companies owned in the portfolio could see them well positioned to drive performance over the next three to five years. And, in the manager's view, the long-term trends supporting their sustainable growth remain intact. As such, the manager remains bullish about the prospects for the Fund in the months ahead.

## This Fund is managed by ClearBridge Investments

<sup>1</sup> Source: Legg Mason, as of 31 October 2015. Class A Acc USD performance is net of fees and is calculated on a NAV to NAV basis (USD), with any income and dividends reinvested, if any, without any initial charges but reflecting annual management fees. Performance figures inclusive of sales charge is 3.09% for 1 Month, -8.73% for 3 Months, -7.46% for YTD, -6.80% for 1 Year and 12.73% for 5 Years. Performance for periods above one year is annualised. **Investment involves risks. Past performance is not indicative of future results.**

## 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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