



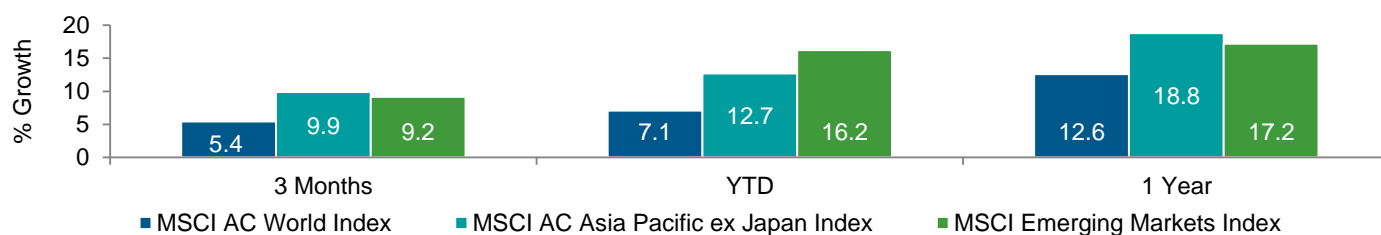
CAPTURE ASIA'S GROWTH AND INCOME OPPORTUNITIES

Legg Mason QS MV Asia Pacific ex Japan
Equity Growth and Income Fund

GROWTH **INCOME** **STABILITY**

Following robust growth in the first half of 2016, the near-term outlook for Asia remains strong. Accommodative policies and a recent easing of financial conditions should continue to underpin domestic demand, as cited in the latest Regional Economic Outlook by the IMF¹. Overall, emerging markets outperformed the developed world during the year-to-date period ending 30 September 2016, as the rotation from Developed to Asia and Emerging markets continues.

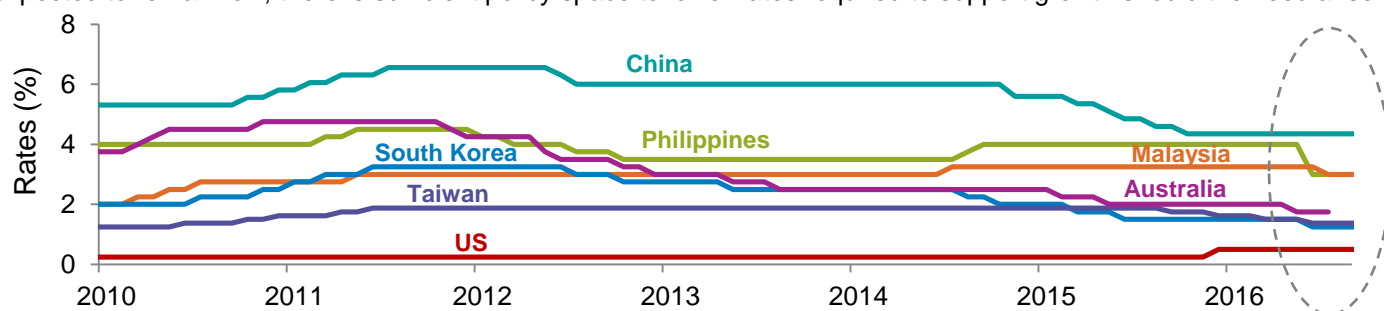
Cumulative returns of Global, Asia Pacific and Emerging Markets equity indices (US terms)



We remain constructive on Asia Pacific ex Japan as we believe there are opportunities for active stock managers to capture the rich growth and income potential in the region, as summarised below.

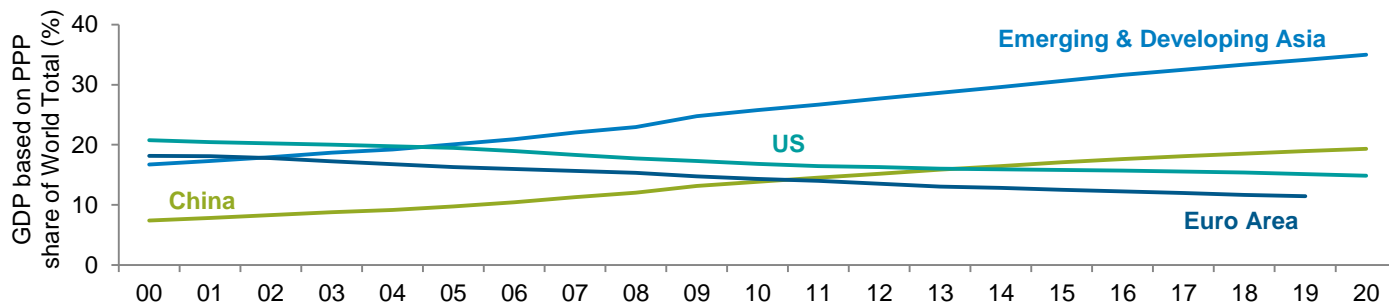
Accommodative Policy

Asian Central banks continue to maintain their accommodative bias, which is crucial for ongoing recovery. With inflation expected to remain low, there is sufficient policy space to lower rates required to support growth should the need arise.



Stable growth

Asia ex Japan continues to be a significant contributor to World GDP, with GDP growth outstripping other major regions. The region continues to enjoy robust growth, driven by strong domestic demand from a fast growing middle class and high employment rates.



Improving income

Asia Pacific ex Japan equities offers relatively higher equity dividends yields of 2.9%² compared to other regions. Moreover, the dividend payout ratio for the constituent MSCI AC Asia Pacific ex Japan Index companies have also been steadily increasing over the years, as many of the listed companies increasingly focus on shareholder returns in the form of dividends.

Attractive valuations³

Relative to the other regions, the Asia Pacific ex Japan region trades at compelling valuations even though it has recovered steadily over the past year - it is still about 44% below its historical high in 2009.

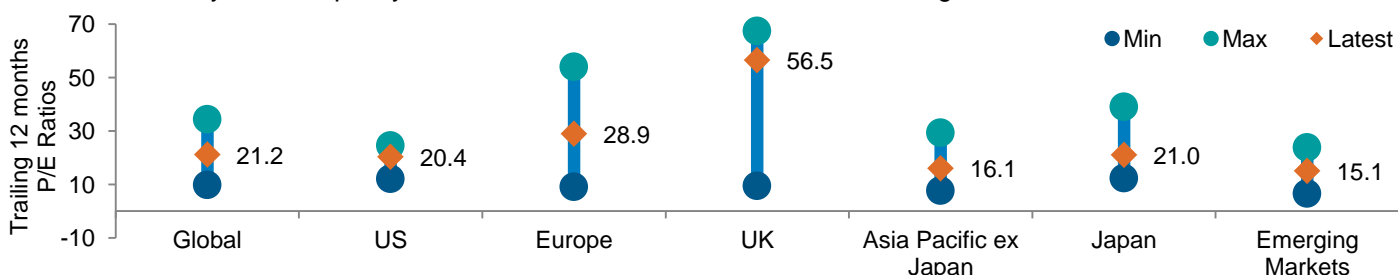


Chart sources: Bloomberg, as at 30 September 2016

Managing Volatility

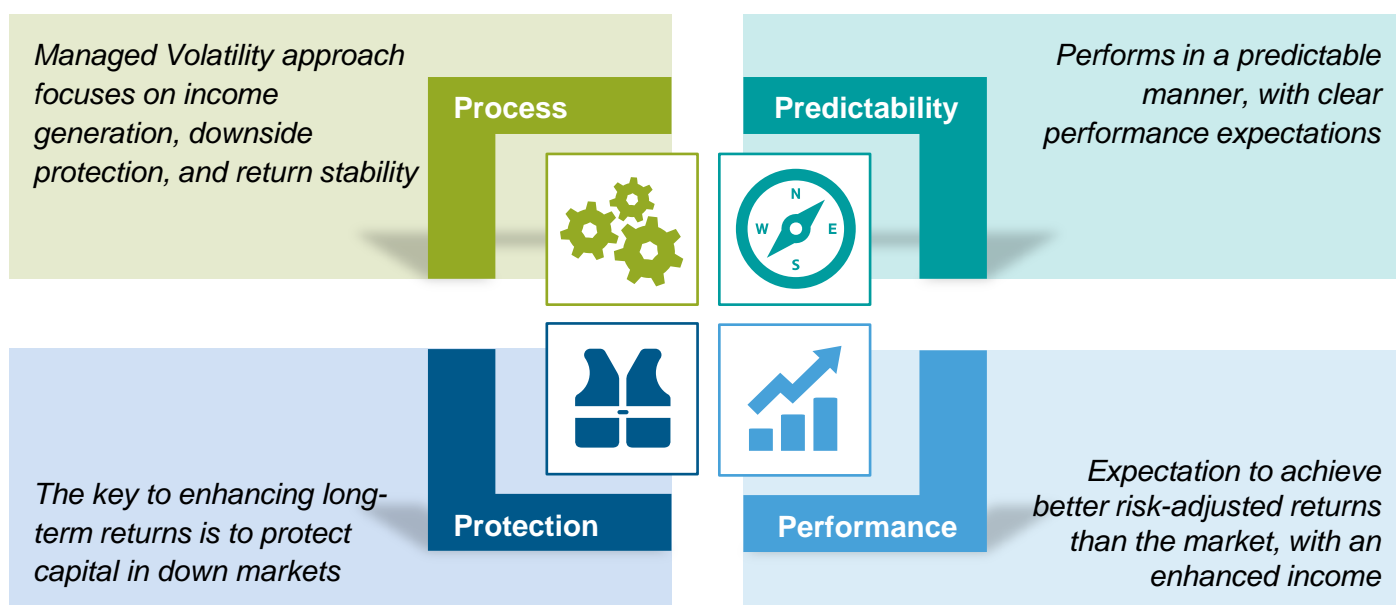
While trying to meet their investment goals, investors should consider staying in the markets for the long term, through good times and bad. Investors can be best served by portfolios positioned to meet their objectives, regardless of market moves, which is especially relevant when it comes to investing in Asia. Luckily, there are ways to position their portfolios today to make staying invested during volatile markets easier down the road.

“We ask ourselves, how do we provide the growth investors need more than ever, generate income without precluding growth, and do so with enough relative stability to keep clients invested through down markets so that they participate in up markets?”

(Rosemary Macedo, CIO, QS Investors)

WHY MANAGED VOLATILITY?

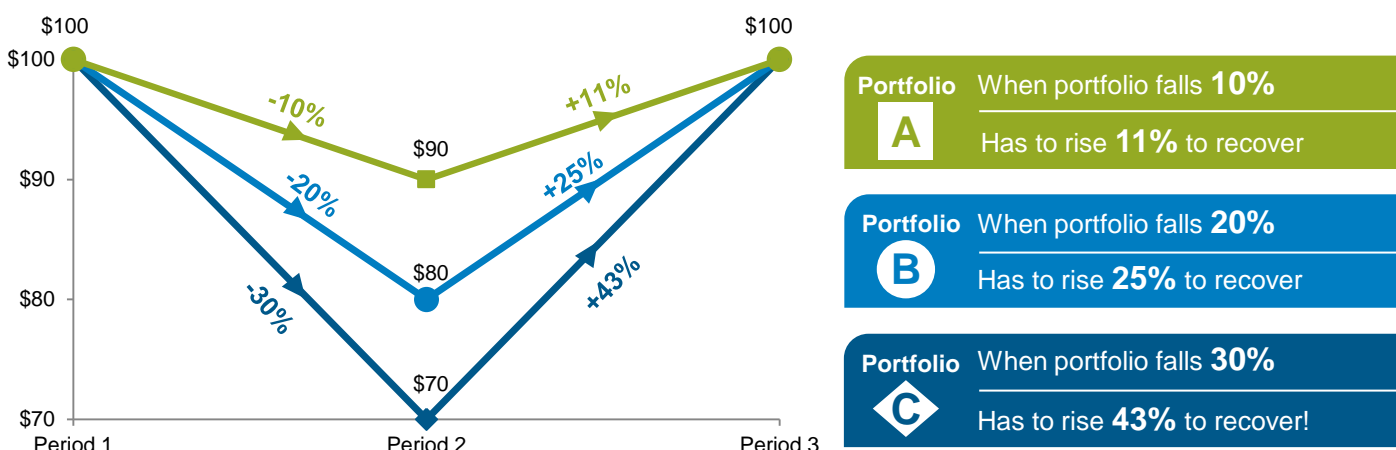
A managed volatility approach seeks to generate superior risk-adjusted returns over time



PROTECT ASSETS DURING DOWNTURNS; ENHANCE OVERALL PORTFOLIO STABILITY

- When your portfolio falls in value, you need to return a greater amount to get back where you started.
- Limiting portfolio falls in the first place plays a key role in helping achieve superior long-term returns.

The Power of Numbers: Importance of Limiting Downside

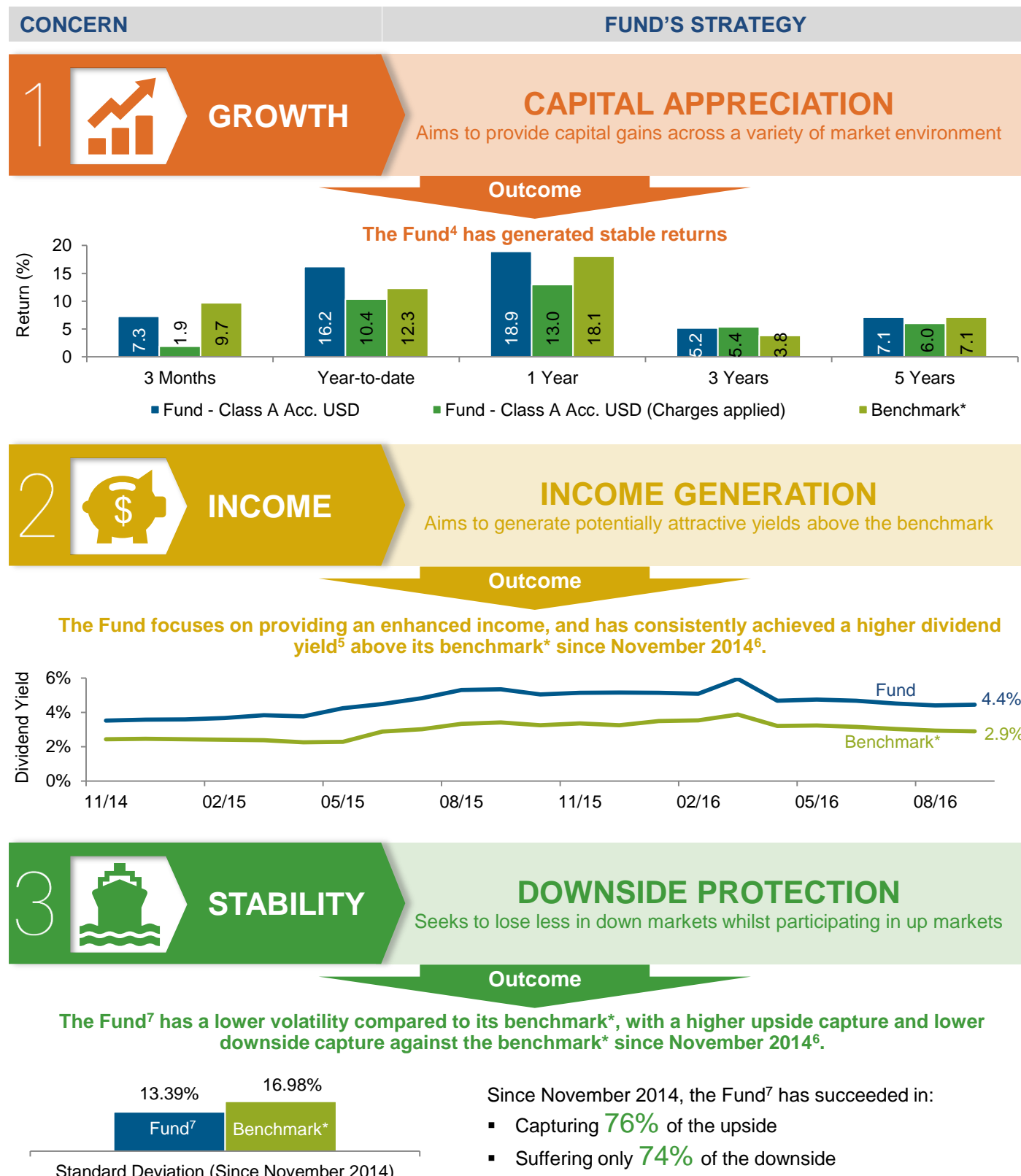


Source: Legg Mason, for illustrative purpose only and not representative of an actual portfolio.

Legg Mason QS MV Asia Pacific Ex Japan Equity Growth and Income Fund

The Legg Mason QS MV Asia Pacific ex Japan Equity Growth and Income Fund utilises a managed volatility strategy which seeks to invest in quality, dividend paying companies with low market sensitivity. It offers the opportunity to capture potential growth in the Asia Pacific ex Japan Equity market, while limiting the risk to investors' capital during periods of volatility. This could translate into returns similar to, if not better, than the market over the longer term.

The Fund seeks to address Investors' concerns in today's market



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About QS Investors

QS Investors, founded in 1999, predominantly utilises a top-down macro focused and systematic, rules-based approach to managing portfolios. Behavioural insights drive dynamic weighting techniques. In select strategies, the firm combines bottom-up fundamental analysis with insights from behavioural finance.

QS Investors is a wholly-owned, independently-managed affiliate of Legg Mason, Inc..

FUND DETAILS

Fund name	Legg Mason QS MV Asia Pacific ex Japan Equity Growth and Income Fund
Investment universe	Dividend paying stocks domiciled in Asia Pacific ex-Japan
Annual management fee⁸	Up to 1.35%
Fund inception date	25 February 2004
Benchmark	MSCI AC Asia Pacific ex Japan Index (Net)* A Acc. USD: LEPEUAA ID / IE00B19Z5X02 A Distr. (M) USD Plus ¹⁰ : LMPEMPU ID / IE00BQJZWZ67
Bloomberg tickers / ISINs	A Distr. (M) SGD (Hedged) Plus ¹⁰ : LMQADMS ID / IE00BWDBJ730
Latest annualised dividend rate⁹	A Distr. (M) USD Plus ¹⁰ : 4.25% A Distr. (M) SGD (Hedged) Plus ¹⁰ : 4.50%

Source: Legg Mason and QS Investors. All data as at 30 September 2016 unless otherwise stated.

¹Source: IMF Regional Economic Outlook Update: Asia and Pacific Department, 6 October 2016. ²Source: Bloomberg, as at 30 September 2016. Dividend yields based on MSCI AC Asia Pacific ex Japan Index. ³Global represented by MSCI AC World Index (USD), US represented by S&P 500 Index (USD), Europe represented by MSCI Europe Index (EUR), UK represented by FTSE 100 Index (GBP), Asia Pacific ex Japan represented by MSCI AC Asia Pacific ex Japan Index (USD), Japan represented by Nikkei 225 Index (JPY) and Emerging Markets represented by MSCI Emerging Markets Index (USD). ⁴Source: Legg Mason, as at 30 September 2016. Based in USD for Class A Accumulating USD Shares. 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. ⁵A positive dividend yield does not imply a positive return. Past dividend is not indicative of future dividend rate. The gross yield is the aggregate yields of the underlying securities in Legg Mason QS MV Asia Pacific ex Japan Equity Growth and Income Fund. ⁶The internal investment style of the strategy was modified on 1 November 2014 to adopt the managed volatility approach. It is subject to change without notice. ⁷Source: Legg Mason, as at 30 September 2016. Based in USD for Class A Accumulating USD Shares. Past performance is not indicative of future results. ⁸Applicable to class A Shares only. ⁹Source: BNY Mellon, as at 24 October 2016, based on latest Annualised Dividend Rate which is paid out monthly. Annualised Dividend Rate = (Dividend per Unit / Fund NAV as of Ex-Date) x (365 / Days in distribution period) x 100%. Dividend rate is not indicative of fund performance. Past dividend rate is not indicative of future dividend rate. Net asset value of the funds may be volatile subject to market factors. ¹⁰Distributing Plus share classes may pay dividend out of capital. The payment of dividends out of capital effectively amounts to a return or withdrawal of an investor's original capital investment or of capital gains attributable to that original investment. Such distribution will result in a corresponding immediate decrease in the Net Asset Value of these share classes. *Benchmark: MSCI AC Asia Pacific ex Japan (Net) Index. Prior to 13 May 2015, the benchmark was MSCI AC Asia ex Japan (Net) Index.

IMPORTANT INFORMATION

Source: QS Investors and Legg Mason. The fund is a sub-fund of Legg Mason Global Funds Plc, an open-ended umbrella investment company constituted in Ireland.

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