

ASIAN EQUITIES REVIEW

For the month of September, the MSCI Asia excluding Japan index registered its first negative return for the year, although a small one at -0.1% in US dollar terms. Gains were led by Philippines and Thailand while India and Taiwan lagged. The health care and consumer discretionary sectors exhibited the best momentum for the month while the financial and materials sectors struggled.

With North Asia markets having carried the bulk of index gains for the most part of this year, a pause in that region during the month gave South East Asian markets a chance to catch up in September.

The Thailand government finally confirmed rumours of an impending election by announcing when it will be held – November 2018. The Thai market was buoyed by both the prospects of stimulus ahead of the elections as well as the coming end of the mourning period for the King.

The Philippines market has been trailing the region thus far this year but staged a mini rally during the month. The rally was fuelled by locals while foreigners were net sellers during the month. The locals have been mainly cashed up during the year but signs of progress on tax reforms in parliament triggered the shift into equities.

Economic growth in India has clearly been impacted by the demonetisation and anti-corruption programmes under Prime Minister Narendra Modi. The post-demonetisation analysis shows that black money has not been purged from the economy, leading to Modi's tougher stance on tax collection. The consequence has been a deceleration in private investments as well as reluctance of government officials to remove impediments to business, lest they be accused of wrongdoing.

The Taiwanese market fell during the month on the back of disappointment over the latest iPhone product launches. Taiwanese manufacturers are major suppliers of component parts to Apple and expectations were elevated ahead of the launch.

Asian equity markets have showed remarkable resilience all through this year's rally but the index now appears to be consolidating below its all-time highs achieved in November 2007. Whether it will breakout will partially depend on the outlook of the US dollar which is currently rebounding from oversold levels. Inflationary pressures are now building up in the US and investors are likely to be behind the curve on this front, giving further support to the dollar.

Brandywine Global
Clarion Partners
ClearBridge Investments
EnTrustPermal
Martin Currie
QS Investors
RARE Infrastructure
Royce & Associates
Western Asset Management

Legg Mason is a leading global investment company committed to helping clients reach their financial goals through long term, actively managed investment strategies.

- Over US\$754 billion* in assets invested worldwide in a broad mix of equities, fixed income, alternatives and cash strategies
- A diverse family of specialized investment managers, each with its own independent approach to research and analysis
- Over a century of experience in identifying opportunities and delivering astute investment solutions to clients

* As of 30 September 2017.

With effect from 3 April 2017, the fund names for Legg Mason Western Asset Asian Enterprise Trust and Legg Mason Western Asset Singapore Opportunities Trust have been changed to Legg Mason Asian Enterprise Trust and Legg Mason Singapore Opportunities Trust respectively. Havenport Asset Management is appointed as the sub-manager for Legg Mason Asian Enterprise Trust and Legg Mason Singapore Opportunities Trust with effect from 1 April 2011. With the appointment of Havenport as the Sub-Manager, it is expected that the same team of people (originally from LMAMS) with the same investment processes will continue to manage the portfolio of the Equity Funds.

IMPORTANT INFORMATION

Source: Havenport Asset Management. This document is issued by Legg Mason Asset Management Singapore Pte. Limited in Singapore ("Legg Mason") (Registration Number (UEN): 200007942R). This document is for information only and does not constitute an offer or invitation to the public to purchase any shares in any fund in Singapore.

This document is for information only and is not intended to provide investment advice. All data, opinions, estimates and other information are provided as of the date of this document and may be subject to change without notice. Where past performance is quoted, such figures are not indicative of future performance. Investors intending to subscribe for any units or shares of a fund should refer to the Fund's most current offering document. **INVESTMENT INVOLVES RISKS.** Please refer to the offering documents for further details, including the risk factors. Although information has been obtained from sources that Legg Mason believes to be reliable, no guarantee can be given as to its accuracy and such information may be incomplete or condensed and may be subject to change at any time without notice.

Any views expressed are opinions of the respective investment affiliates/sub-manager as of the date of this document and are subject to change based on market and other conditions without notice and may differ from other investment affiliates or of the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. The mention of any individual securities/ funds should neither constitute nor be construed as a recommendation to purchase or sell securities, and the information provided regarding such individual securities/ funds is not a sufficient basis upon which to make an investment decision. Portfolio allocations, holdings and characteristics are subject to change at any time. Legg Mason, its affiliates, officers or directors, may have an interest in the acquisition or disposal of the securities mentioned herein. Distribution of this document may be restricted in jurisdictions, other than Singapore. Any person coming into possession of this document should seek advice for details of, and observe such restrictions (if any).

Neither Legg Mason nor any officer or employee of Legg Mason accepts any liability whatsoever for any loss arising from any use of this document or its contents. The information in this document is confidential and proprietary and may not be used other than by the intended user. This document may not be reproduced, distributed or published without prior written permission from Legg Mason.

SG171014