

# Prospectus

## Legg Mason Global Funds Plc

An investment company with variable capital incorporated with limited liability in Ireland with registered number 278601 and established as an umbrella fund with segregated liability between sub-funds

25 June 2018

# PROSPECTUS

for the following sub-funds:

<b>Fixed Income Funds:</b>	<b>Equity Funds:</b>
Legg Mason Brandywine Global – EM Macro Bond Fund	Legg Mason Brandywine Global Dynamic US Equity Fund
Legg Mason Brandywine Global Enhanced Absolute Return Fund	Legg Mason ClearBridge Global Growth Fund
Legg Mason Brandywine Global – US High Yield Fund	Legg Mason RARE Global Infrastructure Income Fund

The Company also includes the following sub-funds which are offered pursuant to a separate prospectus (the “Main Prospectus Funds”):

Legg Mason Brandywine Global Credit Opportunities Fund	Legg Mason Batterymarch International Large Cap Fund*
Legg Mason Brandywine Global Defensive High Yield Fund	Legg Mason ClearBridge Global Equity Fund
Legg Mason Brandywine Global Fixed Income Absolute Return Fund	Legg Mason ClearBridge Global SRI Equity Fund
Legg Mason Brandywine Global Fixed Income Fund	Legg Mason ClearBridge Growth Fund
Legg Mason Brandywine Global High Yield Fund	Legg Mason ClearBridge US Aggressive Growth Fund
Legg Mason Brandywine Global Income Optimiser Fund	Legg Mason ClearBridge US Appreciation Fund
Legg Mason Brandywine Global Opportunistic Fixed Income Fund	Legg Mason ClearBridge US Equity Sustainability Leaders Fund
Legg Mason Brandywine Global Sovereign Credit Fund	Legg Mason ClearBridge US Large Cap Growth Fund
Legg Mason Western Asset Asian Income Fund	Legg Mason ClearBridge Value Fund
Legg Mason Western Asset Asian Opportunities Fund	Legg Mason Emerging Markets Select Equity Fund*
Legg Mason Western Asset Brazil Bond Fund*	Legg Mason Japan Equity Fund*
Legg Mason Western Asset EM Local Currency Debt Fund	Legg Mason Martin Currie Asia Long-Term Unconstrained Fund
Legg Mason Western Asset Emerging Markets Corporate Bond Fund	Legg Mason Martin Currie Asia Pacific Ex Japan Real Income Fund
Legg Mason Western Asset Emerging Markets Total Return Bond Fund	Legg Mason Martin Currie Asia Pacific Fund
Legg Mason Western Asset Euro Core Plus Bond Fund	Legg Mason Martin Currie European Absolute Alpha Fund
Legg Mason Western Asset Euro High Yield Fund	Legg Mason Martin Currie European Select Absolute Alpha Fund
Legg Mason Western Asset Short Duration Blue Chip Bond Fund	Legg Mason Martin Currie Global Emerging Markets Fund
Legg Mason Western Asset Global Core Plus Bond Fund	Legg Mason Martin Currie Global Long-Term Unconstrained Fund
Legg Mason Western Asset Global Credit Absolute Return Fund*	Legg Mason Martin Currie Global Resources Fund*
Legg Mason Western Asset Global Credit Fund	Legg Mason Martin Currie Greater China Fund
Legg Mason Western Asset Global High Yield Fund	Legg Mason Martin Currie Japan Absolute Alpha Fund
Legg Mason Western Asset Global Inflation Management Fund	Legg Mason Martin Currie Global Dividend Opportunities Fund
Legg Mason Western Asset Global Multi Strategy Fund	Legg Mason Martin Currie North American Fund*
Legg Mason Western Asset Global Total Return Investment Grade Bond Fund	Legg Mason Opportunity Fund*
Legg Mason Western Asset Infrastructure Debt Fund	Legg Mason QS Emerging Markets Equity Fund
Legg Mason Western Asset Macro Opportunities Bond Fund	Legg Mason QS MV Asia Pacific Ex Japan Equity Growth and Income Fund

Legg Mason Western Asset Multi-Asset Credit Fund	Legg Mason QS MV European Equity Growth and Income Fund
Legg Mason Western Asset Short-Dated High Yield Fund	Legg Mason QS MV Global Equity Growth and Income Fund
Legg Mason Western Asset Short Duration High Income Bond Fund	Legg Mason QS US Large Cap Fund
Legg Mason Western Asset Structured Opportunities Fund	Legg Mason RARE Emerging Markets Infrastructure Fund
Legg Mason Western Asset UK£ Core Plus Bond Fund	Legg Mason RARE Infrastructure Value Fund
Legg Mason Western Asset UK Investment Grade Credit Fund	Legg Mason Royce US Small Cap Opportunity Fund
Legg Mason Western Asset UK£ Inflation-Linked Plus Fund	Legg Mason Royce US Smaller Companies Fund
Legg Mason Western Asset UK£ Long Duration Fund	Legg Mason US Equity Fund*
Legg Mason Western Asset US Adjustable Rate Fund	Legg Mason Western Asset Brazil Equity Fund*
Legg Mason Western Asset US Core Bond Fund	Legg Mason ClearBridge Global Equity Income Fund
Legg Mason Western Asset US Core Plus Bond Fund	Legg Mason ClearBridge Tactical Dividend Income Fund
Legg Mason Western Asset US Corporate Bond Fund	Legg Mason Martin Currie Australia Equity Income Fund
Legg Mason Western Asset US High Yield Fund	Legg Mason Permal Global Absolute Fund*
Legg Mason Western Asset US Money Market Fund	Legg Mason Brandywine Global Macro Fund
Legg Mason Western Asset US Mortgage-Backed Securities Fund	
Legg Mason Western Asset US Short-Term Government Fund	

\* This Fund is closed to new subscriptions (including conversions into the Fund) and is in the process of being terminated.

The Directors of the Company whose names appear on page viii accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**THIS DOCUMENT CONTAINS IMPORTANT INFORMATION ABOUT THE COMPANY AND THE FUNDS AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR BROKER, INTERMEDIARY, BANK MANAGER, LEGAL ADVISER, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

Certain terms used in this Prospectus are defined in the “Definitions” section herein.

## **CENTRAL BANK AUTHORISATION**

The Company has been authorised by the Central Bank as a UCITS within the meaning of the UCITS Regulations. **The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. Authorisation of the Company by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

## **INVESTMENT RISKS**

There can be no assurance that the Funds will achieve their investment objectives. **It should be noted that the value of Shares may go down as well as up.** Investing in a Fund involves investment risks, including possible loss of the amount invested. The capital return and income of a Fund are based on the capital appreciation and income on its investments, less expenses incurred. Therefore, the Funds’ returns may be expected to fluctuate in response to changes in such capital appreciation or income. **An investment in the Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. In view of the fact that a commission of up to 5% of the subscription monies may be payable on subscriptions for Shares of each of the Class A Shares and of up to 2.5% of the subscription monies may be payable on subscriptions for Class E Shares and that a contingent deferred sales charge may be payable on redemptions of Class B Shares and Class C Shares and that a dilution adjustment may be applied to all Shares Classes of all Funds, an investment in such Shares should be regarded as a medium- to long-term investment. It should also be noted that the Distributing Plus (e) Share Classes, which are offered by certain Funds, may charge certain fees and expenses to capital rather than income, there is an increased risk that investors in these Share Classes may not receive back the full amount invested when redeeming their holding. It should also be noted that the Distributing Plus Share Classes, which are offered by certain Funds, may distribute dividends out of capital, and there is an increased risk that capital will be eroded and the distribution will be achieved by forgoing the potential for future capital growth of the investment of the Shareholders of these Share Classes. The value of future returns in such Share Classes may also be diminished. This cycle may continue until all capital is depleted.** Investors’ attention is drawn to the specific risk factors set out in the “Risk Factors” section herein.

## **SELLING RESTRICTIONS**

### **GENERAL:**

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, incorporation or domicile.

### **THE UNITED STATES OF AMERICA:**

**THE SHARES HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE “1933 ACT”), AND THE COMPANY HAS NOT BEEN REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940 (THE “1940 ACT”). THE SHARES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS OR TO US PERSONS. THE SHARES MAY ONLY BE OFFERED AND SOLD TO NON-UNITED STATES PERSONS.**

### **NOTICE TO RESIDENTS OF ARGENTINA:**

**THE SHARES OF THE FUNDS OFFERED HEREIN HAVE NOT BEEN SUBMITTED TO THE COMISIÓN NACIONAL DE VALORES (“CNV”) FOR APPROVAL. ACCORDINGLY, THE SHARES MAY NOT BE OFFERED OR SOLD TO THE**

PUBLIC IN ARGENTINA. THIS PROSPECTUS (AND ANY INFORMATION CONTAINED HEREIN) MAY NOT BE USED OR SUPPLIED TO THE PUBLIC IN CONNECTION WITH ANY PUBLIC OFFER OR SALE OF SHARES IN ARGENTINA.

**NOTICE TO RESIDENTS OF AUSTRALIA:**

THIS PROSPECTUS IS NOT A PROSPECTUS OR PRODUCT DISCLOSURE STATEMENT UNDER THE CORPORATIONS ACT 2001 (CTH) (CORPORATIONS ACT) AND DOES NOT CONSTITUTE A RECOMMENDATION TO ACQUIRE, AN INVITATION TO APPLY FOR, AN OFFER TO APPLY FOR OR BUY, AN OFFER TO ARRANGE THE ISSUE OR SALE OF, OR AN OFFER FOR ISSUE OR SALE OF, ANY SECURITIES IN AUSTRALIA, EXCEPT AS SET OUT BELOW. THE FUND HAS NOT AUTHORISED NOR TAKEN ANY ACTION TO PREPARE OR LODGE WITH THE AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION AN AUSTRALIAN LAW COMPLIANT PROSPECTUS OR PRODUCT DISCLOSURE STATEMENT. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE ISSUED OR DISTRIBUTED IN AUSTRALIA AND THE SHARES IN THE FUND MAY NOT BE OFFERED, ISSUED, SOLD OR DISTRIBUTED IN AUSTRALIA BY ANY PERSON UNDER THIS PROSPECTUS OTHER THAN BY WAY OF OR PURSUANT TO AN OFFER OR INVITATION THAT DOES NOT NEED DISCLOSURE TO INVESTORS UNDER PART 6D.2 OR PART 7.9 OF THE CORPORATIONS ACT, WHETHER BY REASON OF THE INVESTOR BEING A 'WHOLESALE CLIENT' (AS DEFINED IN SECTION 761G OF THE CORPORATIONS ACT AND APPLICABLE REGULATIONS) OR OTHERWISE. THIS PROSPECTUS DOES NOT CONSTITUTE OR INVOLVE A RECOMMENDATION TO ACQUIRE, AN OFFER OR INVITATION FOR ISSUE OR SALE, AN OFFER OR INVITATION TO ARRANGE THE ISSUE OR SALE, OR AN ISSUE OR SALE, OF SHARES TO A 'RETAIL CLIENT' (AS DEFINED IN SECTION 761G OF THE CORPORATIONS ACT AND APPLICABLE REGULATIONS) IN AUSTRALIA.

**NOTICE TO RESIDENTS OF THE BAHAMAS:**

SHARES SHALL NOT BE OFFERED OR SOLD INTO THE BAHAMAS EXCEPT IN CIRCUMSTANCES THAT DO NOT CONSTITUTE AN OFFER TO THE PUBLIC. SHARES MAY NOT BE OFFERED OR SOLD OR OTHERWISE DISPOSED OF IN ANY WAY TO PERSONS DEEMED BY THE CENTRAL BANK OF THE BAHAMAS (THE "BANK") AS RESIDENT FOR EXCHANGE CONTROL PURPOSES WITHOUT THE PRIOR WRITTEN PERMISSION OF THE BANK.

**NOTICE TO RESIDENTS OF BERMUDA:**

SHARES MAY BE OFFERED OR SOLD IN BERMUDA ONLY IN COMPLIANCE WITH THE PROVISIONS OF THE INVESTMENT BUSINESS ACT OF 2003 OF BERMUDA WHICH REGULATES THE SALE OF SECURITIES IN BERMUDA. ADDITIONALLY, NON-BERMUDIAN PERSONS (INCLUDING COMPANIES) MAY NOT CARRY ON OR ENGAGE IN ANY TRADE OR BUSINESS IN BERMUDA UNLESS SUCH PERSONS ARE PERMITTED TO DO SO UNDER APPLICABLE BERMUDA LEGISLATION.

**NOTICE TO RESIDENTS OF BRAZIL:**

THE SHARES OFFERED HEREIN MAY NOT BE OFFERED OR SOLD TO THE PUBLIC IN BRAZIL. ACCORDINGLY, THIS OFFERING OF SHARES HAS NOT BEEN SUBMITTED TO THE COMISSÃO DE VALORES MOBILIÁRIOS ("CVM") FOR APPROVAL. DOCUMENTS RELATING TO SUCH OFFERING, AS WELL AS THE INFORMATION CONTAINED HEREIN AND THEREIN MAY NOT BE SUPPLIED TO THE PUBLIC, AS A PUBLIC OFFERING TO THE PUBLIC OR BE USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE TO THE PUBLIC IN BRAZIL.

**NOTICE TO RESIDENTS OF CHILE:**

NEITHER THE FUNDS NOR THE SHARES HAVE BEEN REGISTERED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS PURSUANT TO LAW NO. 18.045, THE *LEY DE MERCADO DE VALORES*, AND REGULATIONS THEREUNDER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE, THE SHARES IN THE REPUBLIC OF CHILE, OTHER THAN TO INDIVIDUALLY IDENTIFIED BUYERS PURSUANT TO A PRIVATE OFFERING WITHIN THE MEANING OF ARTICLE 4 OF THE *LEY DE MERCADO DE VALORES* (AN OFFER THAT IS NOT ADDRESSED TO THE PUBLIC AT LARGE OR TO A CERTAIN SECTOR OR SPECIFIC GROUP OF THE PUBLIC).

**NOTICE TO RESIDENTS OF COSTA RICA:**

THIS IS AN INDIVIDUAL AND PRIVATE OFFER WHICH IS MADE IN COSTA RICA UPON RELIANCE ON AN EXEMPTION FROM REGISTRATION BEFORE THE GENERAL SUPERINTENDENCY OF SECURITIES ("SUGEVAL"), PURSUANT TO ARTICLE 6 OF THE REGULATIONS ON THE PUBLIC OFFERING OF SECURITIES ("REGLAMENTO SOBRE OFERTA PÚBLICA DE VALORES"). THIS INFORMATION IS CONFIDENTIAL, AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO THIRD PARTIES AS THIS IS NOT A PUBLIC OFFERING OF SECURITIES IN COSTA RICA. THE PRODUCT BEING OFFERED IS NOT INTENDED FOR THE COSTA RICAN PUBLIC OR MARKET AND NEITHER IS IT REGISTERED OR WILL BE REGISTERED BEFORE THE SUGEVAL, NOR CAN IT BE TRADED IN THE SECONDARY MARKET.

**NOTICE TO RESIDENTS OF HONG KONG:**

THIS PROSPECTUS HAS NOT BEEN REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG. THE FUNDS ARE COLLECTIVE INVESTMENT SCHEMES AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (THE "SFO"), BUT THE FUNDS HAVE NOT BEEN AUTHORISED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG ("HKSF"). ACCORDINGLY, SHARES OF THE FUNDS MAY ONLY BE OFFERED OR SOLD IN HONG KONG TO PERSONS WHO ARE "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO (AND ANY RULES MADE UNDER THE SFO) OR IN OTHER CIRCUMSTANCES WHICH DO NOT OTHERWISE CONTRAVENE THE SFO.

IN ADDITION, THIS PROSPECTUS MAY ONLY BE DISTRIBUTED, CIRCULATED OR ISSUED TO PERSONS WHO ARE "PROFESSIONAL INVESTORS" UNDER THE SFO (AND ANY RULES MADE THEREUNDER) OR AS OTHERWISE PERMITTED UNDER THE HONG KONG LAWS.

**NOTICE TO RESIDENTS OF ISRAEL:**

THIS PROSPECTUS HAS NOT BEEN APPROVED BY THE ISRAEL SECURITIES AUTHORITY AND WILL ONLY BE DISTRIBUTED TO ISRAELI RESIDENTS IN A MANNER THAT WILL NOT CONSTITUTE "AN OFFER TO THE PUBLIC" UNDER SECTIONS 15 AND 15A OF THE ISRAEL SECURITIES LAW, 5728-1968 ("THE SECURITIES LAW") OR SECTION 25 OF THE JOINT INVESTMENT TRUSTS LAW, 5754-1994 ("THE JOINT INVESTMENT TRUSTS LAW"), AS APPLICABLE.)

THIS PROSPECTUS MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE, NOR BE FURNISHED TO ANY OTHER PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT. ANY OFFEREE WHO PURCHASES SHARES IS PURCHASING SUCH SHARES FOR ITS OWN BENEFIT AND ACCOUNT AND NOT WITH THE AIM OR INTENTION OF DISTRIBUTING OR OFFERING SUCH SHARES TO OTHER PARTIES (OTHER THAN, IN THE CASE OF AN OFFEREE WHICH IS A SOPHISTICATED INVESTOR BY VIRTUE OF IT BEING A BANKING CORPORATION, PORTFOLIO MANAGER OR MEMBER OF THE TEL-AVIV STOCK EXCHANGE, AS DEFINED IN THE ADDENDUM, WHERE SUCH OFFEREE IS PURCHASING SHARES FOR ANOTHER PARTY WHICH IS A SOPHISTICATED INVESTOR). NOTHING IN THIS PROSPECTUS SHOULD BE CONSIDERED INVESTMENT ADVICE OR INVESTMENT MARKETING AS DEFINED IN THE REGULATION OF INVESTMENT COUNSELLING, INVESTMENT MARKETING AND PORTFOLIO MANAGEMENT LAW, 5755-1995.

INVESTORS ARE ENCOURAGED TO SEEK COMPETENT INVESTMENT COUNSELLING FROM A LOCALLY LICENSED INVESTMENT COUNSEL PRIOR TO MAKING THE INVESTMENT. AS A PREREQUISITE TO THE RECEIPT OF A COPY OF THIS PROSPECTUS A RECIPIENT MAY BE REQUIRED BY THE FUNDS TO PROVIDE CONFIRMATION THAT IT IS A SOPHISTICATED INVESTOR PURCHASING SHARES FOR ITS OWN ACCOUNT OR, WHERE APPLICABLE, FOR OTHER SOPHISTICATED INVESTORS.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SHARES OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL TO OR SOLICITATION OF AN OFFER TO BUY FROM ANY PERSON OR PERSONS IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO A PERSON OR PERSONS TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

**NOTICE TO RESIDENTS OF JAPAN**

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED PURSUANT TO ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED) AND, ACCORDINGLY, NONE OF THE SHARES NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY JAPANESE PERSON OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO ANY JAPANESE PERSON EXCEPT UNDER CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND GUIDELINES PROMULGATED BY THE RELEVANT JAPANESE GOVERNMENTAL AND REGULATORY AUTHORITIES AND IN EFFECT AT THE RELEVANT TIME. FOR THIS PURPOSE, A "JAPANESE PERSON" MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANISED UNDER THE LAWS OF JAPAN.

**NOTICE TO RESIDENTS OF MEXICO:**

THE SHARES OFFERED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL REGISTRY OF SECURITIES, MAINTAINED BY THE MEXICAN NATIONAL BANKING COMMISSION AND, AS A RESULT, MAY NOT BE OFFERED OR SOLD PUBLICLY IN MEXICO. THE FUNDS AND ANY DEALER MAY OFFER AND SELL THE SHARES IN MEXICO, TO INSTITUTIONAL AND ACCREDITED INVESTORS, ON A PRIVATE PLACEMENT BASIS, PURSUANT TO ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW.



**NOTICE TO RESIDENTS OF NEW ZEALAND:**

THIS PROSPECTUS IS NOT A PRODUCT DISCLOSURE STATEMENT FOR THE PURPOSES OF THE FINANCIAL MARKETS CONDUCT ACT 2013 (THE “FMCA”) AND DOES NOT CONTAIN ALL THE INFORMATION TYPICALLY INCLUDED IN SUCH OFFERING DOCUMENTATION. THIS OFFER OF SHARES DOES NOT CONSTITUTE A “REGULATED OFFER” FOR THE PURPOSES OF THE FMCA AND, ACCORDINGLY, THERE IS NEITHER A PRODUCT DISCLOSURE STATEMENT NOR A REGISTER ENTRY AVAILABLE IN RESPECT OF THE OFFER. SHARES MAY ONLY BE OFFERED IN NEW ZEALAND IN ACCORDANCE WITH THE FMCA AND THE FINANCIAL MARKETS CONDUCT REGULATIONS 2014.

**NOTICE TO RESIDENTS OF SINGAPORE:**

CERTAIN FUNDS OF THE COMPANY (THE “RESTRICTED FUNDS”) HAVE BEEN ENTERED INTO THE LIST OF RESTRICTED SCHEMES MAINTAINED BY THE MONETARY AUTHORITY OF SINGAPORE (THE “MAS”) FOR PURPOSE OF RESTRICTED OFFER IN SINGAPORE PURSUANT TO SECTION 305 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE “SFA”). THE LIST OF RESTRICTED FUNDS MAY BE ACCESSED AT: [HTTPS://ESERVICES.MAS.GOV.SG/CISNETPORTAL/JSP/LIST.JSP](https://eservices.mas.gov.sg/cisnetportal/jsp/list.jsp) OR AT SUCH OTHER WEBSITE AS MAY BE DIRECTED BY THE MAS.

IN ADDITION, CERTAIN FUNDS (WHICH MAY INCLUDE RESTRICTED FUNDS) HAVE BEEN RECOGNISED IN SINGAPORE FOR OFFER TO THE RETAIL PUBLIC (THE “RECOGNISED FUNDS”). PLEASE REFER TO THE SINGAPORE PROSPECTUS REGISTERED BY THE MAS RELATING TO THE RECOGNISED FUNDS (THE “SINGAPORE RETAIL PROSPECTUS”) FOR THE LIST OF FUNDS WHICH ARE RECOGNISED FUNDS. THE SINGAPORE RETAIL PROSPECTUS MAY BE OBTAINED FROM THE RELEVANT APPOINTED DISTRIBUTORS.

THIS PROSPECTUS RELATES SOLELY TO THE RESTRICTED OFFER OR INVITATION OF THE SHARES OF THE RESTRICTED FUND(S). SAVE FOR THE RESTRICTED FUNDS WHICH ARE ALSO RECOGNISED FUNDS, THE RESTRICTED FUNDS ARE NOT AUTHORISED UNDER SECTION 286 OF THE SFA OR RECOGNISED UNDER SECTION 287 OF THE SFA BY THE MAS AND SHARES OF THE RESTRICTED FUNDS ARE NOT ALLOWED TO BE OFFERED TO THE RETAIL PUBLIC.

THIS PROSPECTUS AND ANY OTHER DOCUMENT OR MATERIAL ISSUED TO YOU IN CONNECTION WITH THE RESTRICTED OFFER OR SALE OF THE RESTRICTED FUND(S) IS NOT A PROSPECTUS AS DEFINED IN THE SFA. ACCORDINGLY, STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENT OF PROSPECTUSES DOES NOT APPLY. YOU SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR YOU.

THIS PROSPECTUS HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MAS. ACCORDINGLY, THIS PROSPECTUS AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE RESTRICTED OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF SHARES OF THE RESTRICTED FUND(S) MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY SHARES OF THE RESTRICTED FUND(S) BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE PURSUANT TO THIS PROSPECTUS, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 304 OF THE SFA, (II) TO A RELEVANT PERSON PURSUANT TO SECTION 305(1), OR ANY PERSON PURSUANT TO SECTION 305(2), AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 305, OF THE SFA, OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA. ANY RESTRICTED OFFER OF A RECOGNISED FUND MADE TO YOU PURSUANT TO THIS PROSPECTUS IS MADE UNDER AND IN RELIANCE ON SECTION 304 OR SECTION 305 OF THE SFA, UNLESS OTHERWISE NOTIFIED TO YOU IN WRITING.

WHERE SHARES ARE SUBSCRIBED OR PURCHASED UNDER SECTION 305 OF THE SFA BY A RELEVANT PERSON WHICH IS:

- (A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR
- (B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,

SECURITIES (AS DEFINED IN SECTION 239(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN SIX MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE SHARES PURSUANT TO AN OFFER MADE UNDER SECTION 305 OF THE SFA EXCEPT:

- (1) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON DEFINED IN SECTION 305(5) OF THE SFA, OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 305A(3)(I)(B) OF THE SFA;
- (2) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;
- (3) WHERE THE TRANSFER IS BY OPERATION OF LAW;
- (4) AS SPECIFIED IN SECTION 305A(5) OF THE SFA; OR
- (5) AS SPECIFIED IN REGULATION 36 OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (COLLECTIVE INVESTMENT SCHEMES) REGULATIONS 2005 OF SINGAPORE.

#### **IMPORTANT INFORMATION FOR RESIDENTS OF SINGAPORE**

1. THE OFFER OR INVITATION OF SHARES IS REGULATED BY THE CENTRAL BANK OF IRELAND UNDER THE EUROPEAN COMMUNITIES (UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES) REGULATIONS 2011 AS AMENDED AND ANY RULES FROM TIME TO TIME ADOPTED BY THE CENTRAL BANK OF IRELAND PURSUANT THERETO. THE CONTACT DETAILS OF THE CENTRAL BANK OF IRELAND ARE AS FOLLOWS:

ADDRESS: CENTRAL BANK OF IRELAND, NEW WAPPING STREET, NORTH WALL QUAY, DUBLIN 1, IRELAND  
TELEPHONE NO.: +353 1 224 6000  
FACSIMILE NO.: +353 1 671 5550

2. LEGG MASON INVESTMENTS (EUROPE) LIMITED IS INCORPORATED IN ENGLAND AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY OF THE UNITED KINGDOM. THE CONTACT DETAILS OF THE FINANCIAL CONDUCT AUTHORITY OF THE UNITED KINGDOM ARE AS FOLLOWS:

ADDRESS: 12 ENDEAVOUR SQUARE, LONDON E20 1JN  
TELEPHONE NO.: +44 20 7066 1000  
FACSIMILE NO.: +44 20 7066 0991

3. BNY MELLON TRUST COMPANY (IRELAND) LIMITED, BEING THE DEPOSITARY OF THE FUNDS, INCLUDING THE RESTRICTED FUNDS, IS REGULATED BY THE CENTRAL BANK OF IRELAND.
4. INFORMATION ON THE PAST PERFORMANCE OF THE RESTRICTED FUNDS, WHEN AVAILABLE, MAY BE OBTAINED FROM LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED.

PLEASE NOTE THAT FUNDS OTHER THAN THE RESTRICTED FUNDS ARE NOT AVAILABLE TO INVESTORS IN SINGAPORE PURSUANT TO THIS PROSPECTUS AND REFERENCES TO SUCH FUNDS IN THIS PROSPECTUS ARE NOT AND SHOULD NOT BE CONSTRUED AS AN OFFER OF SHARES OF SUCH FUNDS IN SINGAPORE PURSUANT TO THIS PROSPECTUS.

#### **NOTICE TO RESIDENTS OF TAIWAN:**

THE CONTENTS OF THIS PROSPECTUS HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN TAIWAN. THE FUNDS REFERRED TO IN THIS PROSPECTUS HAVE BEEN NOT APPROVED BY THE TAIWAN FINANCIAL SUPERVISORY COMMISSION (“FSC”) FOR OFFERING OR SALE TO THE RETAIL PUBLIC IN TAIWAN.

THE FUNDS ARE NOT ALLOWED TO BE SOLD, ISSUED OR OFFERED TO ANY PERSONS IN TAIWAN, EXCEPT IN THE FOLLOWING CIRCUMSTANCES:

- 1) ON A PRIVATE PLACEMENT BASIS, TO CERTAIN “QUALIFIED INSTITUTIONS” AND OTHER ENTITIES OR INDIVIDUALS MEETING SPECIFIC CRITERIA PURSUANT TO THE PRIVATE PLACEMENT PROVISIONS UNDER THE TAIWAN RULES GOVERNING OFFSHORE FUNDS; OR
- 2) THROUGH OFFSHORE BANKING UNIT (“OBU”)/OFFSHORE SECURITY UNIT (“OSU”) IN TAIWAN TO “QUALIFIED OFFSHORE INVESTORS” ONLY (AS PERMITTED UNDER THE TAIWAN OFFSHORE BANKING ACT AND CORRESPONDING REGULATIONS), FOR WHICH CERTAIN LEGG MASON ENTITIES HAVE BEEN AUTHORISED TO DISTRIBUTE THE FUNDS AS AN APPOINTED DISTRIBUTOR; SUCH LEGG MASON ENTITY MAY NOT BE LICENSED OR REGISTERED IN TAIWAN DIRECTLY HOWEVER LEGG MASON INVESTMENTS (TAIWAN) LIMITED IS APPROVED BY THE FSC AS THE APPOINTED LOCAL SERVICE AGENT OF THESE LEGG MASON ENTITIES IN RELATION TO OBU/OSU SERVICES.



- 3) **BY LEGG MASON INVESTMENTS (TAIWAN) LIMITED (PURSUANT TO AN APPROVAL FROM THE FSC), TO “QUALIFIED PROFESSIONAL INSTITUTIONS” (WHO ARE QUALIFIED UNDER ARTICLE 4 OF THE TAIWAN FINANCIAL CONSUMER PROTECTION ACT), WHERE SUCH UNREGISTERED FUND ALSO MEETS CERTAIN CRITERIA PRESCRIBED BY THE TAIWAN RULES AND REGULATIONS, FROM TIME TO TIME.**

**ACCORDINGLY, THIS PROSPECTUS IS INTENDED ONLY FOR THE CATEGORIES OF PERSONS STATED ABOVE AND SHOULD NOT BE DISTRIBUTED TO ANY MEMBER OF THE PUBLIC IN TAIWAN. IT DOES NOT CONSTITUTE A RECOMMENDATION, OFFER OR INVITATION TO THE PUBLIC TO PURCHASE ANY SHARES IN THE FUND(S) IN TAIWAN. ANY RESALE OR TRANSFER OF THE SHARES OF THE UNREGISTERED FUND(S) IS RESTRICTED EXCEPT AS OTHERWISE PERMITTED BY RELEVANT REGULATIONS.**

**NOTICE TO RESIDENTS OF URUGUAY:**

**THE OFFERING OF SHARES OF THE FUNDS CONSTITUTES A PRIVATE PLACEMENT, AND THE SHARES WILL NOT BE REGISTERED WITH THE CENTRAL BANK OF URUGUAY. THE SHARES BEING DISTRIBUTED CORRESPOND TO THE INVESTMENT FUNDS THAT ARE NOT INVESTMENT FUNDS REGULATED BY URUGUAYAN LAW 16,674 DATED SEPTEMBER 27, 1996, AS AMENDED.**

**NOTICE TO RESIDENTS OF VENEZUELA:**

**UNDER THE LAWS OF THE REPÚBLICA BOLIVARIANA DE VENEZUELA, NO PUBLIC OFFER OF THE SECURITIES DESCRIBED IN THIS PROSPECTUS MAY TAKE PLACE WITHOUT THE PRIOR APPROVAL OF THE NATIONAL SECURITIES COMMISSION IN VENEZUELA. THIS PROSPECTUS MAY NOT BE PUBLICLY DISTRIBUTED WITHIN THE TERRITORY OF THE REPÚBLICA BOLIVARIANA DE VENEZUELA.**

**MARKETING RULES**

Shares are offered only on the basis of the information contained in the current Prospectus, the latest audited annual accounts of the Company and the latest half-yearly report of the Company.

Any further information or representation given or made by any dealer, salesman or other person should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.

This Prospectus may be translated into other languages provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the law of Ireland. A country supplement, meaning a document used specifically for the offering of Shares of one or more Funds in a particular jurisdiction, may be available for certain jurisdictions where the Funds are offered for sale. **Each such country supplement shall form part of, and should be read in conjunction with, this Prospectus.**

This Prospectus should be read in its entirety before making an application for Shares.

<p><b>INVESTMENT MANAGER</b></p> <p>Legg Mason Investments (Europe) Limited 201 Bishopsgate London EC2M 3AB, United Kingdom</p> <p><b>SUB-INVESTMENT MANAGERS</b></p> <p><u>Legg Mason Brandywine Global Dynamic US Equity Fund</u> <u>Legg Mason Brandywine Global – EM Macro Bond Fund</u> <u>Legg Mason Brandywine Global Enhanced Absolute Return Fund</u> <u>Legg Mason Brandywine Global – US High Yield Fund:</u></p> <p>Brandywine Global Investment Management, LLC Cira Centre, 2929 Arch Street, 8<sup>th</sup> Floor Philadelphia, Pennsylvania 19104, USA</p> <p><u>Legg Mason ClearBridge Global Growth Fund</u></p> <p>ClearBridge Investments, LLC 620 8<sup>th</sup> Avenue, #48 New York, New York 10018, USA</p> <p><u>Legg Mason RARE Global Infrastructure Income Fund:</u></p> <p>RARE Infrastructure Limited Level 13, 35 Clarence Street Sydney NSW 2000, Australia</p>	<p><b>BOARD OF DIRECTORS</b></p> <p>Joseph Carrier Brian Collins Fionnuala Doris Joseph Keane Joseph LaRocque Jane Trust</p> <p><b>PROMOTER</b></p> <p>Legg Mason Investments (Europe) Limited 201 Bishopsgate London EC2M 3AB, United Kingdom</p> <p><b>REGISTERED OFFICE OF THE COMPANY</b></p> <p>Riverside Two Sir John Rogerson’s Quay Grand Canal Dock Dublin 2, Ireland</p> <p><b>DEPOSITARY</b></p> <p>BNY Mellon Trust Company (Ireland) Limited One Dockland Central Guild Street International Financial Services Centre Dublin 1, Ireland</p> <p><b>ADMINISTRATOR</b></p> <p>BNY Mellon Fund Services (Ireland) Designated Activity Company One Dockland Central Guild Street International Financial Services Centre Dublin 1, Ireland</p>	<p><b>MASTER DISTRIBUTOR AND MASTER SHAREHOLDER SERVICING AGENT</b></p> <p>Legg Mason Investor Services, LLC 100 International Drive Baltimore, Maryland 21202, USA</p> <p><b>ADDITIONAL DISTRIBUTORS AND SHAREHOLDER SERVICING AGENTS</b></p> <p>Legg Mason Investments (Europe) Limited 201 Bishopsgate London EC2M 3AB, United Kingdom</p> <p>Legg Mason Asset Management Hong Kong Limited Suites 1202-03 12/F., York House 15 Queen’s Road Central, Hong Kong</p> <p>Legg Mason Asset Management Singapore Pte. Limited 1 George Street, #23-02 Singapore 049145</p> <p>Legg Mason Investments (Taiwan) Ltd. 55 Floor-1, Taipei 101 Tower No. 7 Xin Yi Road Section 5, Taipei, 110 Taiwan</p> <p><b>AUDITORS</b></p> <p>PricewaterhouseCoopers Chartered Accountants &amp; Registered Auditors One Spencer Dock North Wall Quay Dublin 1, Ireland</p> <p><b>IRISH LEGAL ADVISERS</b></p> <p>Arthur Cox Ten Earlsfort Terrace Dublin 2, Ireland</p>
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# INDEX

<b>DEFINITIONS</b>	<b>13</b>
<b>INTRODUCTION</b>	<b>20</b>
<b>FUND SUMMARIES</b>	<b>21</b>
Further Information on the Securities in which the Funds May Invest	36
Regulated Markets	42
Adherence to Investment Objective and Policies	42
Use of Temporary Defensive Measures	42
Distributions	42
Investment Restrictions	43
Investment Techniques and Instruments and Financial Derivative Instruments	44
Permitted FDI	44
Types and Description of FDIs	49
Currency Transactions	55
<b>RISK FACTORS</b>	<b>57</b>
<b>FEES AND EXPENSES</b>	<b>72</b>
Management Fees	72
Compensation of Sub-Investment Managers and Distributors	73
Shareholder Services Fee	73
Administration Fee	73
Depository Fee	73
Currency Administration Fee	74
Initial Charge and Other Fees or Expenses	74
<b>ADMINISTRATION OF THE COMPANY</b>	<b>74</b>
Determination of Net Asset Value	74
Subscription Price	75
Minimum Subscription Amounts and Initial Offer Prices	75
Subscription Procedures	76
Subscriptions Through a Dealer	76
Subscriptions Through the Funds	76
Subscriptions Through Euroclear	76
Order Acceptance	77
Data Protection Notice	77
Contract Notes and Certificates	78
Redemption Procedures	79
Contingent Deferred Sales Charges	79
Mandatory Redemption of Shares and Forfeiture of Dividend	81
Transfers of Shares	81
Exchanges of Shares	81
Umbrella Cash Accounts	82
Publication of the Price of the Shares	83
Settlement Procedures	83
Temporary Suspension of Valuation of the Shares and Sales and Redemptions	83
<b>MANAGEMENT AND ADMINISTRATION</b>	<b>84</b>
The Board of Directors	84
The Investment Manager	85
The Sub-Investment Managers	85
The Administrator	86
The Depository	86
The Shareholder Servicing Agents	87
The Distributors	88

<b>TAXATION</b>	<b>88</b>
Irish Tax Considerations	89
Application of FATCA under the Irish IGA	94
Automatic Exchange of Information	95
US Federal Tax Considerations	95
Other Tax Considerations	98
 <b>GENERAL</b>	 <b>98</b>
Conflicts of Interest and Best Execution	98
The Share Capital	100
The Funds and Segregation of Liability	101
Remuneration Policy of the Company	102
Minimum Viable Size	102
Termination	102
Meetings	103
Reports	103
Complaints	103
Miscellaneous	104
Material Contracts	104
Supply and Inspection of Documents	105
 Schedule I – Investment Restrictions Applicable to the Funds under the UCITS Regulations	 106
Schedule II – The Regulated Markets	110
Schedule III – Ratings of Securities	115
Schedule IV – Share Classes Offered by the Funds	117
Schedule V – Definition of “US Person”	119
Schedule VI – Definition of “US Reportable Person”	121
Schedule VII – Sub-delegates appointed by The Bank of New York Mellon SA/NV or The Bank of New York Mellon	122
Schedule VIII – Minimum Subscription Amounts	126
Schedule IX – Initial Offer Periods	132

## DEFINITIONS

In this Prospectus the following words and phrases shall have the meanings indicated below:

**“1933 Act”** means the U.S. Securities Act of 1933, as amended;

**“1940 Act”** means the U.S. Investment Company Act of 1940, as amended;

**“Accumulating Share Class”** means any Share Class that includes the term “Accumulating” in its name;

**“Administrator”** means BNY Mellon Fund Services (Ireland) Designated Activity Company;

**“Administration Agreement”** means the agreement dated the 27th day of January, 1998, as amended by the Supplemental Administration Agreements dated the 13<sup>th</sup> day of October, 2004 and 5<sup>th</sup> day of October, 2007, between the Company and BNY Mellon Fund Services (Ireland) Designated Activity Company (as transferred from BNY Mellon Investment Servicing (International) Limited pursuant to a merger by operation of law on 1 July 2016), and any subsequent amendments thereto, pursuant to which the latter was appointed administrator of the Company;

**“Articles of Association”** means the articles of association of the Company;

**“AUD”** means Australian dollars, the lawful currency of Australia;

**“Base Currency”** means the base currency of the Fund as specified in the Prospectus;

**“Benchmark Regulation”** means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;

**“Brazilian Issuers”** means issuers that have their seat or registered office in Brazil or conduct the predominant portion of their activities in Brazil;

**“BRL”** means Brazilian real, the lawful currency of Brazil;

**“Business Cycle”** means the recurring and fluctuating levels of economic activity, including expansion and contraction, that an economy experiences over a long period of time. Business Cycles, and the phases within them, may be irregular, varying in frequency, magnitude and duration;

**“Business Day”** means a day on which the New York Stock Exchange is open for normal business, or any such other day as the Directors may determine and notify in advance to Shareholders;

**“CAD”** means Canadian Dollars, the lawful currency of Canada;

**“Central Bank”** means Central Bank of Ireland;

**“Central Bank Act”** means the Central Bank (Supervision and Enforcement) Act 2013, as such may be amended, supplemented or replaced from time to time;

**“Central Bank Regulations”** means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015, as amended or any further amendment thereto for the time being in force;

**“Central Bank Rules”** means the UCITS Regulations, Central Bank Regulations, any regulations, guidance and conditions issued by the Central Bank from time to time pursuant to the UCITS Regulations, the Central Bank Regulations and/or the Central Bank Act regarding the regulation of undertakings for collective investment in transferable securities, as such may be amended, supplemented or replaced from time to time;

**“CHF”** means Swiss Francs, the lawful currency of Switzerland;

**“Class” or “Share Class”** means any class of Shares of the Company offered or described in this Prospectus. Each Share Class is denominated by a letter type and is distinguishable by specific features with respect to currency, hedging, distributions, target investor, performance fees or other feature, as further described in Schedule IV;

**“Class A Share Class”** means any Share Class with “Class A” in its name;

**“Class A Shares”** means Shares of any Class A Share Class;

**“Class B Share Class”** means any Share Class with “Class B” in its name;

**“Class B Shares”** means Shares of any Class B Share Class;

**“Class C Share Class”** means any Share Class with “Class C” in its name;

**“Class C Shares”** means Shares of any Class C Share Class;

**“Class E Share Class”** means any Share Class with “Class E” in its name;

**“Class F Share Class”** means any Share Class with “Class F” in its name;

**“Class F Shares”** means Shares of any Class F Share Class;

**“Class R Share Class”** means any Share Class with “Class R” in its name;

**“Class R Shares”** means Shares of any Class R Share Class;

**“Class U Shares”** means Shares of any Class U Share Class;

**“Class U Share Class”** means any Share Class with “Class U” in its name;

**“Class X Shares”** means Shares of any Class X Share Class;

**“Class X Share Class”** means any Share Class with “Class X” in its name;

**“CNH”** means the offshore Chinese renminbi;

**“Code”** means the US Internal Revenue Code of 1986, as amended;

**“Collateral Manager”** means The Bank of New York Mellon, London Branch;

**“Companies Acts”** means the Companies Act 2014 as amended, all enactments which are to be read as one with, or construed or read together with or as one with, the Companies Act 2014 and every statutory modification and re-enactment thereof for the time being in force;

**“Company”** means Legg Mason Global Funds Plc, an investment company with variable capital, incorporated in Ireland pursuant to the Companies Acts and the UCITS Regulations;

**“Constitution”** means the constitution of the Company, which includes its memorandum of association and Articles of Association;

**“Credit Institution”** means a credit institution within the meaning of Directive 2006/48/EC;

**“Currency Administrator”** means The Bank of New York Mellon;

**“Data Protection Legislation”** means the Irish Data Protection Act, 1988 and 2003, the EU Data Protection Directive 95/46/EC, the EU ePrivacy Directive 2002/58/EC (as amended) and any relevant transposition of, or successor or replacement to, those laws (including, when they come into force, the General Data Protection Regulation (Regulation (EU) 2016/679) and the successor to the ePrivacy Directive);



**“Dealer”** means an authorised dealer or sub-distributor of Shares of a Fund or the Funds;

**“Dealing Day”** means such Business Day or Business Days as the Directors from time to time may determine, provided that, unless otherwise determined and notified in advance to Shareholders, each Business Day shall be a Dealing Day and provided further that there shall be at least one Dealing Day per fortnight;

**“Depositary”** means BNY Mellon Trust Company (Ireland) Limited;

**“Depositary Agreement”** means the agreement dated 22 June 2016, between the Company and the Depositary, and any subsequent amendments or novations thereto, pursuant to which the latter was appointed depositary of the Company;

**“Directive”** means the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended from time to time;

**“Directors”** means the directors of the Company for the time being and any duly constituted committee thereof;

**“Distributing Plus (e) Share Classes”** means any Distributing Share Class that includes “Plus (e)” in its name;

**“Distributing Plus Share Classes”** means any Distributing Share Class that includes “Plus”, but not “Plus (e)”, in its name;

**“Distributing Share Class”** means any Share Class that includes the term “Distributing” in its name;

**“Distributor”** or **“Distributors”** means LMIS, LMI Europe, LMAMHK, Legg Mason Asset Management Singapore Pte. Limited and Legg Mason Investments (Taiwan) Ltd.

**“Distribution Agreement”** means the agreement dated 13 May 2015 between LMIS and LMI Europe and any subsequent amendments thereto; the agreement dated 19 December 2006 between LMI Europe and Legg Mason Asset Management Hong Kong Limited and any subsequent amendments thereto; the agreement dated 19 December 2006 between LMI Europe, ClearBridge, LLC and Legg Mason Investments (Taiwan) Ltd. and any subsequent amendments thereto; and/or the agreement dated 19 December 2006 between LMI Europe and Legg Mason Asset Management Singapore Pte. Limited and any subsequent amendments thereto;

**“DKK”** means Danish Krone, the lawful currency of Denmark;

**“Emerging Market Corporate Bond”** means a corporate debt security of an issuer whose domicile is in an Emerging Market Country or that conducts a predominant portion of its activities in an Emerging Market Country;

**“Emerging Market Country”** means: (i) for any Fund with “RARE” in its name: any country that is outside the European Union and not a member of the OECD. Countries within the European Union and OECD member countries may also be considered an Emerging Market Country if they are included in the MSCI Emerging Markets Index; (ii) for any Fund with “Brandywine” in its name: any country included in the JP Morgan Government Bond Index-Emerging Markets Global Diversified or the JP Morgan Emerging Markets Bond Index Global Diversified or the JP Morgan Corporate Emerging Markets Bond Index and (iii) for any other Fund: any country in which, at the time of purchase of securities, the per capita income is in the low to upper middle ranges, as determined by the World Bank;

**“ESMA”** means the European Securities and Markets Authority, or such replacement or successor authority as may be appointed from time to time;

**“EU”** means the European Union;

**“Euro”** or **“E”** or **“€”** means the euro;

**“FATCA”** or the **“Foreign Account Tax Compliance Act”** means sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, and any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of these Sections of the Code;

**“Financial Account”** means a “Financial Account” as used in the Irish IGA;

**“Funds”** means Legg Mason ClearBridge Global Growth Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global –EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund and Legg Mason Brandywine Global – US High Yield Fund, and **“Fund”** means any one of them;

**“fund”** means any fund from time to time established by the Company with the prior approval of the Central Bank including the Funds, where appropriate;

**“GBP”** means Pound Sterling, the lawful currency of the United Kingdom;

**“Hedged Share Class”** means any Share Class with the term “(Hedged)” in its name, including the Portfolio Hedged Share Classes;

**“HKD”** means Hong Kong Dollars, the lawful currency of Hong Kong;

**“Initial Offer Period”** means the period determined by the Directors during which Shares in the Fund or a particular Share Class of the Fund are first offered for subscription or on such other date or dates as the Directors may determine, having notified the Central Bank;

**“Intermediary”** means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who (i) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons, or (ii) holds shares in an investment undertaking on behalf of other persons;

**“Investment Grade”** in reference to a security means that the security has a rating of BBB- or higher from S&P or Baa3 or higher from Moody’s or the equivalent or higher from another NRSRO;

**“Investment Manager”** means LMI Europe, provided that it may appoint sub-investment managers to manage any portion of the assets of a Fund in accordance with the requirements of the Central Bank Rules;

**“Investment Management Agreement”** means the agreement dated 19 December 2006, as amended, between the Company and LMI Europe and any subsequent amendments thereto;

**“Investor Money Regulations”** means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers;

**“Investor Monies”** means the subscription monies received from, and redemption monies due to, investors in the Funds and dividend monies due to Shareholders;

**“Irish IGA”** means the intergovernmental agreement signed in December 2012 between Ireland and the US facilitating the implementation of FATCA;

**“Irish Resident”** means, unless otherwise determined by the Directors, any person who is Ordinarily Resident in Ireland or Resident in Ireland, as defined in the “Taxation” section of the Prospectus;

**“IRS”** means the US Internal Revenue Service;

**“JP Morgan Corporate Emerging Markets Bond Index”** is an index that measures the performance of USD-denominated corporate debt in emerging markets. Constitutents are subject to minimum debt outstanding, maturity and liquidity requirements;

**“JP Morgan Emerging Markets Bond Index – Global Diversified Index”** is an index that measures performance of USD-denominated government debt in emerging markets. Constitutents are subject to minimum debt outstanding and liquidity requirements;

**“JP Morgan Government Bond Index – Emerging Markets Global Diversified Index”** is an index that measures performance of local currency government debt in emerging markets. It includes only countries that are accessible (investable) to most international investors;

**“JPY”** means Japanese Yen, the lawful currency of Japan;

“**KRW**” means Korean Won, the lawful currency of South Korea;

“**LM Share Class**” means any Share Class with “LM” in its name;

“**LMAMHK**” means Legg Mason Asset Management Hong Kong Limited;

“**LMI Europe**” means Legg Mason Investments (Europe) Limited;

“**LMIS**” means Legg Mason Investor Services, LLC;

“**Master Distribution Agreement**” means the agreement dated 13 May 2015 between the Company and LMIS and any subsequent amendments thereto;

“**Master Distributor**” means LMIS;

“**Master Shareholder Servicing Agent**” means LMIS;

“**Master Shareholder Servicing Agreement**” means the agreement dated 30 November 2006 between the Company and LMIS and any subsequent amendments thereto;

“**MIFID II**” means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended from time to time;

“**MLP**” means master-limited partnership;

“**Money Market Instruments**” means instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time;

“**Moody’s**” means Moody’s Investors’ Services, Inc., the rating agency;

“**MXN**” means Mexican pesos, the lawful currency of Mexico;

“**NASDAQ**” means the market regulated by the Financial Industry Regulatory Authority, Inc. in the U.S.;

“**Net Asset Value**” means the Net Asset Value of the Company, or of a fund or share class of a fund, as appropriate, calculated as described herein;

“**Net Asset Value per Share**” means in respect of any Share the Net Asset Value attributable to the Shares issued in respect of a fund or share class divided by the number of Shares in issue in respect of that fund or share class;

“**NOK**” means Norwegian Kroner, the lawful currency of Norway;

“**Non-United States person**” means any of the following: (a) a natural person who is not a resident of the US; (b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction; (c) an estate or trust, the income of which is not subject to US income tax regardless of source; (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of the US Commodity Futures Trading Commission's regulations by virtue of its participants being Non-United States persons; and (e) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside of the US;

“**NRSRO**” means Nationally Recognised Statistical Rating Organisation;

“**NZD**” means New Zealand Dollars, the lawful currency of New Zealand;

“**OECD**” means the Organisation for Economic Co-Operation and Development;

**“PLN”** means Polish zloty, the lawful currency of Poland;

**“Portfolio Hedged Share Class”** means any Share Class with “(PH)” in its name;

**“Premier Class Shares”** means Shares of any Premier Share Class;

**“Premier Share Class”** means any Share Class with “Premier” in its name;

**“Professional Investor”** means an investor who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. Professional investors include, among others, entities which are required to be authorised or regulated to operate in the financial markets, large undertakings, and other institutional investors whose main activity is to invest in financial instruments;

**“Regulated Market”** means a stock exchange or regulated market which is provided for in Schedule II;

**“REIT”** means real estate investment trust;

**“Relevant Institution”** means a credit institution authorised in the European Economic Area (“EEA”) (EU Member States, Norway, Iceland, Liechtenstein), a credit institution authorised within a signatory state, other than a member state of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States of America) or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia, or New Zealand;

**“Revenue Commissioners”** means the Office of the Revenue Commissioners of Ireland;

**“Russian Issuers”** means issuers that have their seat or registered office in Russia or that conduct a predominant portion of their activities in Russia;

**“S Class Shares”** means Shares of any S Share Class;

**“S Share Class”** means any Share Class with “S” in its name;

**“SEC”** means the Securities and Exchange Commission of the U.S.;

**“Securities Financing Transactions Regulation”** means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012;

**“Securities Financing Transaction”** or **“SFT”** means any of the following: a repurchase transaction, securities or commodities lending and securities or commodities borrowing, a buy- sell back transaction or sell-buy back transaction and a margin lending transaction;

**“SEK”** means Swedish kronor, the lawful currency of Sweden;

**“SGD”** means Singapore Dollars, the lawful currency of the Republic of Singapore;

**“Share”** or **“Shares”** means any share or shares in the Company;

**“Shareholder”** means a holder of Shares;

**“Shareholder Servicing Agent”** or **“Shareholder Servicing Agents”** means LMI Europe, LMIS, LMAMHK and Legg Mason Asset Management Singapore Pte. Limited;

**“Shareholder Servicing Agreement”** means the agreement dated 13 May 2015 between LMIS and LMI Europe and any subsequent amendments thereto; the agreement dated 13 May 2015 between LMI Europe and Legg Mason Asset Management Singapore Pte. Limited and any subsequent amendments thereto; the agreement dated 13 May 2015 between LMI Europe and Legg Mason Asset Management Hong Kong Limited and any subsequent amendments thereto; and/or the agreement dated 13 May 2015 between LMI Europe and Legg Mason Investments (Taiwan) Ltd. and any subsequent amendments thereto.

**“S&P”** means Standard & Poor’s Corporation, the rating agency;

**“STRIPS”** means Separate Trading of Registered Interest and Principal of Securities as more particularly described in the “STRIPS” sub-section in the “Further Information on the Securities in Which the Funds May Invest” section;

**“Sub-Investment Manager”** means for each Fund the sub-investment manager or sub-investment managers indicated in the tables on page viii, and in addition for each Fund any other sub-investment manager that the Investment Manager may appoint in the future to manage the Fund, provided that disclosure of any such sub-investment managers appointed by the Investment Manager will be provided to Shareholders upon request and details thereof will be disclosed in the periodic reports to Shareholders, and provided further that each Sub-Investment Manager may appoint a sub-investment manager/advisor to manage/advise any portion of the assets of the Fund in accordance with the requirements of the Central Bank Rules;

**“Subscriber Shares”** means the initial share capital of the Company subscribed for at no par value;

**“Supplemental Prospectus”** means any supplemental prospectus issued by the Company which supplements this Prospectus;

**“UCITS”** means an undertaking for collective investment in transferable securities established pursuant to the UCITS Regulations;

**“UCITS Regulations”** means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended and any rules from time to time adopted by the Central Bank pursuant thereto which rules are referred to as the **“Central Bank Rules”**;

**“Umbrella Cash Account”** means any single umbrella cash account in the name of the Company;

**“US”** or **“United States”** means the United States of America, its territories, possessions and all other areas subject to its jurisdiction;

**“US\$”** or **“US Dollar”** or **“USD”** means US Dollars, the lawful currency of the U.S.;

**“US Person”** has the meaning provided in Schedule V herein;

**“US Reportable Account”** means a Financial Account held by a US Reportable Person;

**“US Reportable Person”** has the meaning provided in Schedule VI herein;

**“Valuation Point”** means 4:00 pm in New York (Eastern Time) in the United States;

**“ZAR”** means South African Rand, the lawful currency of South Africa.

## INTRODUCTION

The Company is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Acts and the UCITS Regulations. It was incorporated on 13 January, 1998 under registration number 278601. On 23 July, 2002, the Company changed its name from Strategic Value Advisors plc to Legg Mason Global Funds plc. Its object, as set out in Clause 2 of the Company's Memorandum of Association, is the collective investment in transferable securities and other liquid financial assets of capital raised from the public and which operates on the basis of risk spreading.

The Company is organised in the form of an umbrella fund. The Articles of Association provide that the Company may offer separate share classes, each representing interests in a fund comprising a distinct portfolio of investments. The Company may from time to time create additional funds with the prior approval of the Central Bank. The investment objective and policies of the funds are outlined in the Fund Summaries or a separate prospectus, together with details of the Initial Offer Period and such other relevant information as the Directors may deem appropriate, or the Central Bank may require, to be included.

As of the date of this Prospectus, the Company has also obtained the approval of the Central Bank for the Main Prospectus Funds, which are offered pursuant to a separate prospectus.

Within each fund, separate Share Classes may be issued as more fully described in this Prospectus. A separate portfolio of assets shall not be maintained for a Share Class. The creation of additional Share Classes must be notified to, and cleared, in advance with the Central Bank. See Schedule IV for more information on the Share Classes offered by each Fund and the "Distributions" section for more information on the distribution policies of each Share Class. Each Fund may offer Share Classes designated in currencies other than the Base Currency of the Fund (see the "Currency Transactions" section for more information). Schedule VIII provides information about the minimums for initial investments in the various Share Classes.

Prospective investors should consult with their legal, tax and financial advisers in relation to which Share Class would best suit their investment needs.

Further information on the Company structure, detailed investment objectives, fees and expenses, investor restrictions, investment risks and taxation are contained elsewhere within this Prospectus. Please refer to the Index page for more information.



## FUND SUMMARIES

### LEGG MASON CLEARBRIDGE GLOBAL GROWTH FUND

**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.**

**Investment Objective:** The Fund's investment objective is to provide long-term capital appreciation.

**Investment Policies:** The Fund invests at least 80% of its Net Asset Value in equity securities that are listed or traded on Regulated Markets located anywhere in the world as set out in Schedule III. Up to 25% of the Fund's Net Asset Value may be invested in equity securities of issuers located in Emerging Market Countries. The Fund's exposure to Russian securities will not exceed 15% of the Fund's Net Asset Value. A maximum of 10% of the Fund's Net Asset Value may be invested in units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations, and such investments will be for the purposes of gaining exposure to the types of instruments described herein or otherwise to pursue the investment objective and policies of the Fund. No more than 5% of the Fund's Net Asset Value will be invested in warrants. To manage capital flows, the Fund may hold cash or invest in Money Market Instruments.

The Fund invests primarily in common stocks and preferred shares that, in the Sub-Investment Manager's opinion, appear to offer above average growth potential and trade at a significant discount to the Sub-Investment Manager's assessment of their intrinsic value. Intrinsic value, according to the Sub-Investment Manager, is the value of the company measured, to different extents depending on the type of company, on factors such as, but not limited to, the discounted value of its projected future free cash flows, the company's ability to earn returns on capital in excess of its cost of capital, private market values of similar companies and the costs to replicate the business. The Sub-Investment Manager's fundamental research integrates industry and company-specific ESG (environmental, social and governance) analysis and engages with company management regarding the extent to which they promote best practices on ESG issues. The Fund may invest in companies of any size. In making its investments, it is not intended that the Fund will concentrate on any particular industries or geographical areas.

Assets of the Fund may be denominated in currencies other than the Base Currency of the Fund. Therefore, the Fund may be exposed to currency risk due to fluctuations in the exchange rate between such other currencies and the US Dollar. The Sub-Investment Manager may or may not try to mitigate this risk by using various hedging strategies through the use of derivatives. More information concerning such currency hedging strategies and the risks associated therewith are set forth in the sections entitled "Investment Techniques and Instruments and Financial Derivative Instruments" and "Risk Factors".

The Fund may also invest in certain types of derivatives, as described in the section entitled "Investment Techniques and Instruments and Financial Derivative Instruments", but only for efficient portfolio management purposes. The Fund may invest in options, futures and forward currency exchange contracts including non-deliverable forward contracts. The Fund may be leveraged to up to 50% of its Net Asset Value as a result of its use of derivatives.

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

**Base Currency:** US Dollar

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking long-term capital appreciation and who are willing to accept fluctuations (sometimes significant) in the Net Asset Value per Share of the Fund during the short term.

**LEGG MASON CLEARBRIDGE GLOBAL GROWTH FUND (cont'd.)****Share Classes, Fees and Charges<sup>1</sup>:**

<b>Share Class</b>	<b>Initial Sales Charge</b>	<b>Annual Management Fee</b>	<b>Annual Shareholder Servicing Fee</b>	<b>Annual Combined Administration and Depositary Fee</b>	<b>Contingent Deferred Sales Charge</b>
Each Class A Share Class	5.00%	1.30%	0.35%	0.15%	None
Each Class B Share Class	None	1.80%	0.35%	0.15%	5.00%
Each Class C Share Class	None	1.80%	0.35%	0.15%	1.00%
Each Class E Share Class	2.50%	2.05%	0.35%	0.15%	None
Each Class F Share Class	None	1.05%	None	0.15%	None
Each Class R Share Class	None	0.80%	0.35%	0.15%	None
Each Class X Share Class	None	0.65%	0.35%	0.15%	None
Each Premier Share Class	None	0.65%	None	0.15%	None
Each S Share Class	None	0.55%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the “Fees and Expenses” section herein.

See the “Minimum Subscription Amounts” sub-section in the “Administration of the Company” section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.

## LEGG MASON RARE GLOBAL INFRASTRUCTURE INCOME FUND

**Investment Objective:** The Fund's investment objective is to provide income comprised of dividends and interest whilst also achieving long-term capital growth.

**Investment Policies:** The Fund will invest at least 80% of its Net Asset Value in infrastructure companies via equity and equity-related securities listed or traded on Regulated Markets in the G7 countries of the United States, United Kingdom, Japan, Germany, France, Italy and Canada, and equity and equity-related securities listed or traded on Regulated Markets of other developed countries and Emerging Market Countries (the latter up to 20% of the Fund's Net Asset Value). The equity and equity-related securities in which the Fund may invest includes common stock, preferred stock, depositary receipts, rights, warrants and participation notes of infrastructure companies. Participation notes typically will be used only where direct access to equities in a particular market is limited or delayed, which may include, for example, India.

The Fund will invest in infrastructure assets that possess common investment features. Generally this will result in investment in the following sectors:

- utilities (which may include electric, gas and water utilities and companies with similar characteristics);
- transport (which may include toll roads, bridges, tunnels, rail infrastructure, airports, ports and companies with similar characteristics);
- communications (satellite, wireless tower and other communication network related companies); and
- community and social infrastructure (which may include education, public housing, prison, stadia and related facilities and infrastructure).

The Sub-Investment Manager will seek to achieve the investment objective by constructing an investable universe of approximately 175 infrastructure companies that: (1) have a long life span (generally infrastructure assets are built and expected to last 40 years or more); (2) offer predictable cash flows because of the long-term nature of their contracts and the fact that fees or rents payable to such companies are typically dictated or constrained by regulation; (3) have low earnings volatility; (4) benefit from inflation protection of cash flows or assets; and (5) operate in the infrastructure sector where competition is limited due to high barriers to entry. The Sub-Investment Manager researches these companies and the specific business environments in which they operate. An important part of the research is meeting with the management of the companies and making contact with governments, regulators, suppliers, competitors and other industry stakeholders. The Sub-Investment Manager utilises a bottom-up approach in selecting investments and performs financial modelling of each company, which analyses how the company is likely to perform in different economic scenarios. The Sub-Investment Manager also forecasts macroeconomic development, and this helps identify sectors and regions that may be more attractive for investment. Such macroeconomic forecasts may also result in the Sub-Investment Manager deciding to keep companies in the Fund's portfolio that are less attractive fundamentally but are located in a region or sector where the macroeconomic forecast is positive.

To pursue its investment objective and policies, the Fund invests in those companies that the Sub-Investment Manager deems to offer over a 5-year holding period the most attractive returns, comprised of regular and consistent income from dividends and interest, plus capital growth, against those companies' specific risks. As a guideline, the Fund will usually hold between 30 and 60 different investments.

The Fund may invest in American and global depositary receipts (ADRs / GDRs) of companies which are listed or traded on a Regulated Market as set out in Schedule II of this Prospectus.

The Fund may invest up to 20% of its Net Asset Value in REITs. Any REIT in which the Fund will invest shall be listed or traded on a Regulated Market. The Fund may invest up to 10% of its Net Asset Value in units or shares of other open-ended UCITS or other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations, provided the investment policies and liquidity provisions of these collective investment schemes are consistent with those of the Fund.

The Fund may use certain types of financial derivative instruments as described in the "Investment Techniques and Instruments and Financial Derivative Instruments" section of this Prospectus, whether for investment purposes or efficient portfolio management purposes, including futures providing exposure to equity and equity-related securities and financial indices meeting the eligibility requirements of the Central Bank and providing exposure to infrastructure assets, currency swaps, rights and warrants, participation notes and forward currency exchange contracts. The Fund may be leveraged to up to 100% of its Net Asset Value as a result of its use of derivative instruments. The Sub-Investment Manager will use the commitment approach to measure

## LEGG MASON RARE GLOBAL INFRASTRUCTURE INCOME FUND (cont'd.)

the Fund's leverage. The Fund will not hold short positions on individual securities. The participation 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 above. Financial derivative instruments may be used to gain or hedge exposure to assets more quickly, or for a shorter time period, than if the asset were purchased or sold directly, and sometimes financial derivative instruments provide a more cost-effective way to access certain assets in a particular jurisdiction.

Assets of the Fund may be denominated in currencies other than the Base Currency. As a result, the Fund may be exposed to currency risk due to fluctuations in the exchange rate between such currencies and the Base Currency. The Sub-Investment Manager may or may not seek to mitigate this risk through the use of various hedging strategies using financial derivative instruments. More information concerning such currency hedging strategies and the risks associated therewith are set forth in the "Investment Techniques and Instruments and Financial Derivative Instruments" and "Risk Factors" sections in this Prospectus.

The Fund may use defensive measures, on a temporary and exceptional basis, when the Sub-Investment Manager deems it to be in the best interests of Shareholders. When using defensive measures, the Fund may not adhere to the investment policies set out above. For more information, please refer to the "Use of Temporary Defensive Measures" section of this Prospectus.

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

The Fund is not a complete investment programme, and there can be no assurances it will achieve its objective.

**Base Currency:** US Dollar.

**Profile of a Typical Investor:** The Fund may suit investors who are seeking income comprised of dividends and interest, as well as long-term capital growth, and who are willing to accept fluctuations (sometimes significant) in the Net Asset Value per share during the short term.

### Share Classes, Fees and Charges<sup>1</sup>:

Share Class	Initial Sales Charge	Annual Management Fee	Annual Shareholder Servicing Fee	Annual Combined Administration and Depositary Fee	Contingent Deferred Sales Charge
Each Class A Share Class	5.00%	1.50%	0.35%	0.15%	None
Each Class B Share Class	None	2.00%	0.35%	0.15%	5.00%
Each Class C Share Class	None	2.00%	0.35%	0.15%	1.00%
Each Class E Share Class	2.50%	2.25%	0.35%	0.15%	None
Each Class F Share Class	None	1.25%	None	0.15%	None
Each Class R Share Class	None	1.00%	0.35%	0.15%	None
Each Class X Share Class	None	0.85%	0.20%	0.15%	None
Each Premier Share Class	None	0.85%	None	0.15%	None
Each S Share Class	None	0.40%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the "Fees and Expenses" section herein.

See the "Minimum Subscription Amounts" sub-section in the "Administration of the Company" section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.

## LEGG MASON BRANDYWINE GLOBAL DYNAMIC US EQUITY FUND

**Investment Objective:** The Fund's investment objective is to provide long term capital appreciation.

**Investment Policies:** The Fund invests at least 80% of its Net Asset Value in equity securities of companies with large market capitalisations that (1) have their seat or registered office in the United States or carry on a predominant portion of their activities in the United States and (2) are listed or traded on Regulated Markets as set out in Schedule II of this Prospectus.

The Fund invests in common stocks and preferred stocks. Subject to the limit above on investment in equity securities, the Fund may also invest in debt securities issued or guaranteed by US-domiciled issuers, including the United States government, its agencies, instrumentalities, and political sub-divisions; corporate debt securities that are listed or traded on Regulated Markets, including freely transferable promissory notes, debentures, commercial paper, certificates of deposits, and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; and warrants. The Fund will only purchase debt securities that are rated Investment Grade at the time of purchase.

A maximum of 10% of the Fund's Net Asset Value may be invested in units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations, and such investments will be for the purposes of gaining exposure to the types of instruments described herein or otherwise to pursue the investment objective and policies of the Fund. No more than 5% of the Fund's Net Asset Value will be invested in warrants. The Fund will not invest more than 20% of its Net Asset Value in securities of companies that have their seat or registered office outside the United States and carry on a predominant portion of their activities outside the United States. 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 (including total return swaps), forward currency exchange contracts and warrants, but only for efficient portfolio management purposes.

The Sub-Investment Manager uses a quantitative investment process, which combines disciplined stock valuation with rigorous portfolio construction. The Sub-Investment Manager employs structured rules to identify investment opportunities. The Sub-Investment Manager analyses fundamental company and stock information to measure and assess valuation, sentiment and quality with respect to investment opportunities. The Sub-Investment Manager selects stocks based on this quantitative research process, which is designed to identify stocks that have upside potential and relatively low downside risk. The Sub-Investment Manager does not intend for the Fund to concentrate its investments in any particular industry.

The Fund may have exposure to repurchase agreements for efficient portfolio management purposes. The Fund's maximum exposure to total return swaps and SFTs, based on the notional value of these instruments, is 20% of its Net Asset Value, though the Fund is not currently expected to invest in such instruments.

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

**Base Currency:** US Dollar

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking long term capital appreciation and income and who are willing to accept fluctuations (sometimes significant) in the Net Asset Value per Share of the Fund during the short term.

**LEGG MASON BRANDYWINE GLOBAL DYNAMIC US EQUITY FUND (cont'd.)****Share Classes, Fees and Charges<sup>1</sup>:**

<b>Share Class</b>	<b>Initial Sales Charge</b>	<b>Annual Management Fee</b>	<b>Annual Shareholder Servicing Fee</b>	<b>Annual Combined Administration and Depositary Fee</b>	<b>Contingent Deferred Sales Charge</b>
Each Class A Share Class	5.00%	1.20%	0.35%	0.15%	None
Each Class E Share Class	2.50%	1.95%	0.35%	0.15%	None
Each Class F Share Class	None	0.95%	None	0.15%	None
Each Class R Share Class	None	0.70%	0.35%	0.15%	None
Each Class X Share Class	None	0.60%	0.35%	0.15%	None
Each Premier Share Class	None	0.60%	None	0.15%	None
Each S Share Class	None	0.50%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the “Fees and Expenses” section herein.

See the “Minimum Subscription Amounts” sub-section in the “Administration of the Company” section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.



## LEGG MASON BRANDYWINE GLOBAL – EM MACRO BOND FUND

**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.**

**Investment Objective:** The Fund's investment objective is to maximise total return consisting of income and capital appreciation.

**Investment Policies:** The Fund invests at least 70% of its Net Asset Value in: (i) debt securities issued by Governments (as defined below) in Emerging Market Countries or by issuers that have their registered office, or conduct the predominant portion of their economic activities, in Emerging Market Countries (collectively, "Emerging Market Debt Securities"), which are listed or traded on Regulated Markets located anywhere in the world; and (ii) long derivative positions on: Emerging Market Debt Securities, eligible fixed income indices providing exposure to Emerging Market Countries and/or currencies of Emerging Market Countries.<sup>1</sup> The debt securities in which the Fund may invest include debt securities issued or guaranteed by national governments and their agencies, instrumentalities and political sub-divisions (as well as the agencies and instrumentalities of such sub-divisions) ("Governments"); STRIPS and inflation index-linked securities; and debt securities of supranational organisations such as freely transferable promissory notes, bonds and debentures; corporate debt securities such as freely transferable promissory notes, debentures, fixed and floating rate bonds, zero coupon bonds, non-convertible notes, commercial paper, certificates of deposit, and bankers' acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; structured notes that are transferable securities, whose underlying exposure will be to fixed income securities, provided that the Fund would be permitted to invest directly in such underlying fixed income securities; securitised participations in loans that are transferable securities; mortgage-backed securities and asset-backed securities that are structured as debt securities (the structured notes, mortgage-backed securities and asset-backed securities in which the Fund may invest will not contain embedded derivatives). Repurchase agreements which will have debt securities as the underlying instruments may be utilised for efficient portfolio management purposes. Except to the extent permitted by the UCITS Regulations, the securities in which the Fund will invest will be listed or traded on a Regulated Market located anywhere in the world, as set out in Schedule II.

With respect to the Emerging Market Debt Securities, the Sub-Investment Manager may allocate between: (i) debt issued by Governments that is denominated in the currencies of the Emerging Market Countries of the relevant Governments; (ii) debt issued by Governments that is denominated in currencies of Developed Countries; (iii) Emerging Market Corporate Bonds denominated in the currencies of Emerging Market Countries; and (iv) Emerging Market Corporate Bonds denominated in the currencies of Developed Countries. The particular mix of the above types of debt at any given time will depend upon the Sub-Investment Manager's investment outlook, as discussed further below.

The Sub-Investment Manager seeks to identify valuation anomalies across interest rates, currencies and credit spreads of emerging markets, using a top-down investment approach based on the Sub-Investment Manager's macroeconomic views. The Fund takes long positions in assets deemed by the Sub-Investment Manager to be undervalued, and short positions (via derivatives) in assets deemed by the Sub-Investment Manager to be overvalued. The Fund does not attempt to track any emerging market indices – instead the portfolio is constructed by the Sub-Investment Manager based on its valuation assessments.

The Sub-Investment Manager may take advantage of the entire range of maturities and durations when purchasing debt securities for the Fund, and may adjust the average duration of the Fund's investments from time to time, depending on their assessment of the relative yields of securities of different maturities and durations and their expectations of future changes in interest rates. The average weighted duration of the Fund's portfolio will not differ by more than 36 months from that of a blended index consisting of 50% JP Morgan Government Bond Index – Emerging Markets Global Diversified Index, 25% JP Morgan Emerging Markets Bond Index – Global Diversified Index and 25% JP Morgan Corporate Emerging Markets Bond Index.

The Fund may invest extensively in certain types of derivatives whether for investment purposes or the purposes of efficient portfolio management, as described in the section entitled "Investment Techniques and Instruments and Financial Derivative Instruments", namely options, futures and options on futures, swaps and forward currency exchange contracts. Swaps used by the Fund may include interest rate, total return, credit default and inflation swaps. Total return swaps may be used to obtain long exposure to a particular market or asset class deemed undervalued by the Sub-Investment Manager. To the extent that the Fund uses derivatives, and subject to the limit set out here, it will do so to gain exposure to any or all of the following: debt securities, interest rates, currencies and fixed income indices which meet the eligibility requirements of the Central Bank. Derivatives, in general, involve special risks and costs and may result in losses to the Fund. For a fuller description of the risks involved, please see the section entitled "Risk Factors".

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<sup>1</sup> The underlying value of such derivatives positions shall be used for the purposes of determining compliance with the 70% minimum.

## LEGG MASON BRANDYWINE GLOBAL – EM MACRO BOND FUND (cont'd.)

The Sub-Investment Manager intends to employ an active currency strategy, which forms a significant part of the Sub-Investment Manager's overall investment strategy. The Fund may have net long positions in various currencies, through bond positions denominated in that currency and derivative positions. The Fund may also have net short positions in various currencies through derivative positions, provided that the aggregate net short exposure to such currencies will not exceed 35% of the Net Asset Value, and the aggregate net long exposure to all currencies will not exceed 135% of the Net Asset Value.

The market risk of the Fund will be measured using the value-at-risk ("VaR") methodology. The absolute VaR of the Fund will not exceed 20% of the Fund's Net Asset Value. Investors should note that VaR is a risk measurement tool that makes certain assumptions, which could prove wrong, and has inherent limitations. Funds using VaR may still have substantial losses. When deemed appropriate by the Sub-Investment Manager, the Fund may hold short positions, on individual securities, credit indices, currencies and/or interest rates. The Fund will not directly short securities but instead will hold any short positions through derivatives of the types described above. The Fund may take short positions on bonds, interest rates and currencies that the Sub-Investment Manager believes are overvalued.

It is anticipated that, under normal market conditions, the Fund may be leveraged up to 200% of the Fund's Net Asset Value, with potentially all or a significant portion of such exposure being generated by short positions. Under exceptional circumstances, the Fund may be leveraged up to 500% of its Net Asset Value, with potentially all or a significant portion of such exposure being generated by short positions. Exceptional circumstances may include periods characterised by: (i) lack of liquidity, particularly in securities listed, traded or dealt on a Regulated Market, such that the Sub-Investment Manager alternatively seeks exposure in derivative markets; (ii) volatility whereby the Sub-Investment Manager seeks to hedge or be opportunistic while respecting the investment policies and restrictions applicable to the Fund; and (iii) imperfect correlations and unanticipated market conditions. Derivatives can vary in efficiency and those that correspond to short-date maturities or are short-term maturity instruments are generally less efficient than those with longer-dated maturities or which are long-term maturity instruments. When very short-term/dated instruments are used, comparatively higher leverage values will result. The Sub-Investment Manager does not expect allocations to extreme short-term/dated instruments to be central to achieving the Fund's investment objective, but they may be used. The Fund has high leverage limits. If the Fund uses a high amount of leverage, especially the higher amount permitted in exceptional circumstances, it may suffer greater losses than would have occurred absent the high leverage.

The Fund employs an actively managed strategy to invest in a combination of Investment Grade and below Investment Grade (high yield) debt securities. The Fund may purchase debt securities that, at the time of purchase, are rated below Investment Grade or, if unrated, are deemed by the Sub-Investment Manager to be of comparable quality, so long as such purchase would not cause more than 50% of the Fund's Net Asset Value to be comprised of investments that are rated below Investment Grade or, if unrated, deemed by the Sub-Investment Manager to be of comparable credit quality. Thus, a significant percentage of the Fund's Net Asset Value may be comprised of investments rated below Investment Grade or, if unrated, of comparable credit quality. Although the Fund may purchase debt securities rated below Investment Grade, the Fund will only purchase those debt securities rated at least B- by S&P or its equivalent by another NRSRO or, if unrated, deemed to be of comparable quality by the Sub-Investment Manager. 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. Debt securities rated below Investment Grade are deemed by rating agencies 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.

If more than one NRSRO rates the security and the ratings are not equivalent, the second highest rating will be considered the security's rating. If a security is downgraded after its purchase by the Fund to below the minimum required rating, the security will be sold by the Fund within 6 months of the downgrade. See Schedule III for more information on the ratings of the various NRSROs.

The Fund may invest up to 10% of its Net Asset Value in units or shares of other UCITS or other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations. Any such investments in collective investment schemes will be made to gain exposure to the investments contemplated in these investment policies.

The Fund's maximum exposure to total return swaps and SFTs, based on the notional value of these instruments, is 25% of its Net Asset Value, though the Fund is not currently expected to invest in such instruments.

The Fund is not a complete investment programme, and there can be no assurances it will achieve its investment objective.

Due to the investment policies of the Fund, it may have particularly volatile performance. Investors' attention is drawn to the section entitled "Further Information on the Securities in Which the Funds May Invest".

**LEGG MASON BRANDYWINE GLOBAL – EM MACRO BOND FUND** (cont'd.)**Base Currency:** US Dollar

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking total return over the long term through income and capital appreciation and who are willing to accept fluctuations (sometimes significant) in the Net Asset Value per Share of the Fund during the short term.

**Share Classes, Fees and Charges<sup>1</sup>:**

Share Class	Initial Sales Charge	Annual Management Fee	Annual Shareholder Servicing Fee	Annual Combined Administration and Depositary Fee	Contingent Deferred Sales Charge
Each Class A Share Class	5.00%	1.40%	0.15%	0.15%	None
Each Class B Share Class	None	1.65%	0.15%	0.15%	5.00%
Each Class C Share Class	None	1.90%	0.15%	0.15%	1.00%
Each Class E Share Class	2.50%	2.00%	0.15%	0.15%	None
Each Class F Share Class	None	0.95%	None	0.15%	None
Each Class X Share Class	None	0.70%	0.15%	0.15%	None
Each Premier Share Class	None	0.70%	None	0.15%	None
Each S Share Class	None	0.55%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the “Fees and Expenses” section herein.

See the “Minimum Subscription Amounts” sub-section in the “Administration of the Company” section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.

## LEGG MASON BRANDYWINE GLOBAL ENHANCED ABSOLUTE RETURN FUND

**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.**

**Investment Objective:** The Fund's investment objective is to generate positive returns that are independent of market cycles.

**Investment Policies:** The Fund invests at least 80% of its Net Asset Value in: (i) debt securities, convertible securities and preferred shares that are listed or traded on Regulated Markets located anywhere in the world, as set out in Schedule III; (ii) units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations (subject to the conditions set out in the following sentence); and (iii) derivatives providing exposure to any or all of the following: debt securities, interest rates, currencies and fixed income indices meeting the eligibility requirements of the Central Bank. The Fund may not invest more than 10% of its Net Asset Value in units or shares of other collective investment schemes, and such investments will be for the purpose of gaining exposure to the types of instruments described herein or otherwise to pursue the investment objective and policies of the Fund.

The Fund may invest in debt securities issued or guaranteed by national governments and their agencies, instrumentalities and political sub-divisions (as well as the agencies and instrumentalities of such sub-divisions); STRIPS and inflation index-linked securities; and debt securities of supranational organisations such as freely transferable promissory notes, bonds and debentures; corporate debt securities such as freely transferable promissory notes, debentures, fixed and floating rate bonds, zero coupon bonds, non-convertible notes, commercial paper, certificates of deposit, and bankers' acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; structured notes that are transferable securities, whose underlying exposure will be to fixed income securities, provided that the Fund would be permitted to invest directly in such underlying fixed income securities; securitised participations in loans that are transferable securities; mortgage-backed securities and asset-backed securities that are structured as debt securities (the structured notes, asset-backed securities and mortgage-backed securities in which the Fund may invest will not contain embedded derivatives). The Fund may invest up to 75% of its Net Asset Value in non-agency asset-backed securities and mortgage-backed securities. Repurchase agreements which will have debt securities as the underlying instruments may be utilised for efficient portfolio management purposes. Except to the extent permitted by the UCITS Regulations, the securities in which the Fund will invest will be listed or traded on a Regulated Market located anywhere in the world, as set out in Schedule III.

The Sub-Investment Manager may take advantage of the entire range of maturities and durations when purchasing debt securities for the Fund, and may adjust the average duration of the Fund's investments from time to time, depending on their assessment of the relative yields of securities of different maturities and durations and their expectations of future changes in interest rates. The total weighted average duration of the Fund's investments will range between -10 and +10 years, depending on the Sub-Investment Manager's forecast for interest rates and yields. The Fund may have a negative average duration due to its holding certain instruments that themselves have negative duration, such as interest-only mortgage-backed securities, or through the use of derivatives. In addition to the above limits, the weighted average duration of the Fund's long positions (including derivatives) will not exceed +10 years, and the weighted average duration of the Fund's short positions (including derivatives but excluding hedges) will not be less than -10 years.

The Fund may invest extensively in certain types of derivatives whether for investment purposes or for the purpose of efficient portfolio management, as described in the section entitled "Investment Techniques and Instruments and Financial Derivative Instruments", namely options, futures and options on futures, forward currency exchange contracts and warrants. The Fund may also utilise swaps, including but not limited to interest rate, total return, credit default and inflation swaps. To the extent that the Fund uses derivatives, and subject to the limit set out here, it will do so to gain exposure to any or all of the following: debt securities, interest rates, currencies, indices (including fixed income, equity and commodity indices) which meet the eligibility requirements of the Central Bank, and equities, including taking short positions or taking long positions where direct purchase would not be possible or would be less efficient. Derivatives, in general, involve special risks and costs and may result in losses to the Fund. For a fuller description of the risks involved, please see the section entitled "Risk Factors".

The market risk of the Fund will be measured using the value-at-risk ("VaR") methodology. The absolute VaR of the Fund will not exceed 20% of the Fund's Net Asset Value. Investors should note that VaR is a risk measurement tool that makes certain assumptions, which could prove wrong, and has inherent limitations. Funds using VaR may still have substantial losses. When deemed appropriate by the Sub-Investment Manager, the Fund may hold short positions, on individual securities, credit indices, currencies and/or interest rates. The Fund will not directly short securities but instead will hold any short positions through

**LEGG MASON BRANDYWINE GLOBAL ENHANCED ABSOLUTE RETURN FUND (cont'd.)**

derivatives of the types described above.

It is anticipated that under normal market conditions, the Fund may be leveraged up to 2,500% of the Fund's Net Asset Value,

with potentially all or a significant portion of such exposure being generated by short positions. Under exceptional circumstances, the Fund may be leveraged up to 3,000% of its Net Asset Value, with potentially all or a significant portion of such exposure being generated by short positions. Exceptional circumstances may include periods characterised by: (i) lack of liquidity, particularly in securities listed, traded or dealt on a Regulated Market, such that the Sub-Investment Manager alternatively seeks exposure in derivative markets; (ii) volatility whereby the Sub-Investment Manager seeks to hedge or be opportunistic while respecting the investment policies and restrictions applicable to the Fund; (iii) imperfect correlations and unanticipated market conditions. Derivatives can vary in efficiency and those that correspond to short-date maturities or are short-term maturity instruments are generally less efficient than those with longer-dated maturities or which are long-term maturity instruments. When very short-term/dated instruments are used, comparatively higher leverage values will result. The Sub-Investment Manager does not expect allocations to extreme short-term/dated instruments to be central to achieving the Fund's investment objective, but they may be used. The Fund has high leverage limits. If it uses a high amount of leverage, especially the higher amount permitted in exceptional circumstances, it may have greater losses than would have occurred absent the high leverage.

The Sub-Investment Manager's long/short approach enables it to take substantial positions in assets it believes to be overvalued and in assets it believes to be undervalued, as long as market liquidity characteristics are supportive. In addition to considering an asset to be overvalued or undervalued, the Sub-Investment Manager also looks for the existence of market forces to support mean reversion (i.e. economic behaviour which sets in motion economic forces that re-normalise valuations in the opposite direction, back towards fair value) over a reasonable time frame. The Sub-Investment Manager's strategy is focused on timing and the path along which mean reversion should occur, as the Sub-Investment Manager seeks to consistently produce positive returns, rather than returns above a particular benchmark.

The Sub-Investment Manager intends to employ an active currency strategy. Please see the section entitled "Currency Transactions" for further information with respect to techniques and instruments which may be employed by the Fund. With regard to currency exposure, the Sub-Investment Manager may be net long or net short any currency, by using forward currency exchange contracts or other eligible currency derivatives, provided that the aggregate net short exposure to currencies other than the US Dollar will not exceed 150% of the Net Asset Value, and the aggregate net long exposure to all currencies will not exceed 250% of the Net Asset Value. The Sub-Investment Manager will calculate leverage using the sum of the notionals of the derivatives held by the Fund. The Sub-Investment Manager expects that the Fund's assets will be invested in the debt securities of issuers located in several different countries but may at times invest in the debt securities of issuers located in a relatively small number of countries. Subject to the UCITS Regulations as set out in Schedule II.A., the Fund may invest in any number of issuers and may concentrate its assets in the securities of a small number of issuers.

The weighted average credit quality of the Fund's debt securities, short-term obligations and cash will be at least BBB- or its equivalent (cash will be considered rated AAA). Although the Fund may purchase debt securities rated below Investment Grade, the Fund will only purchase those debt securities rated at least B- by S&P or its equivalent by another NRSRO or, if unrated, deemed to be of comparable quality by the Sub-Investment Manager. 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. Debt securities rated below Investment Grade are deemed by rating agencies 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.

If more than one NRSRO rates the security and the ratings are not equivalent, the second highest rating will be considered the security's rating. If a security is downgraded after its purchase by the Fund to below the minimum required rating, the security will be sold by the Fund within 6 months of the downgrade. See Schedule IV for more information on the ratings of the various NRSROs.

The Fund's maximum exposure to total return swaps and SFTs, based on the notional value of such instruments, is 25% of its Net Asset Value, though the Fund is not currently expected to invest in such instruments.

The Fund is not a complete investment programme, and there can be no assurances it will achieve its objective. Due to the investment policies of the Fund, it may have particularly volatile performance. Investors' attention is drawn to the section entitled "Further Information on the Securities in Which the Funds May Invest".

**Base Currency:** US Dollar

## **LEGG MASON BRANDYWINE GLOBAL ENHANCED ABSOLUTE RETURN FUND (cont'd.)**

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking an absolute return over the long term through income and capital appreciation and who are willing to accept fluctuations (sometimes significant) in the Net Asset Value per Share of the Fund during the short term.

**Share Classes, Fees and Charges<sup>1</sup>:**

Share Class	Initial Sales Charge	Annual Management Fee	Annual Shareholder Servicing Fee	Annual Combined Administration and Depositary Fee	Contingent Deferred Sales Charge
Each Class A Share Class	5.00%	2.00%	0.15%	0.15%	None
Each Class U Share Class	None	1.00%	None	0.15%	None
Each Class X Share Class	None	1.15%	0.15%	0.15%	None
Each Premier Share Class	None	1.15%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the “Fees and Expenses” section herein.

See the “Minimum Subscription Amounts” sub-section in the “Administration of the Company” section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.



## LEGG MASON BRANDYWINE GLOBAL – US HIGH YIELD FUND

**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.**

**Investment Objective:** The Fund's investment objective is to generate income and long-term capital appreciation.

**Investment Policies:** The Fund invests at all times at least 70% of its Net Asset Value in debt securities considered high yielding by the Sub-Investment Manager, denominated in US Dollars, and listed or traded on Regulated Markets in the United States. Higher yields are generally available from securities rated BB+ or lower by S&P, or Ba1 or lower by Moody's, or the equivalent or lower from another NRSRO, or if unrated deemed by the Sub-Investment Manager to be of comparable quality. Debt securities rated below Investment Grade are deemed by ratings agencies 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 C by Moody's or D by S&P, 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 Manager does not rely solely on the ratings of rated securities in making investment decisions, but instead uses a quantitative and qualitative process to determine which securities offer value. The qualitative factors which are considered include third-party research, business model analysis and meetings with issuer management. The quantitative factors include the output of the Sub-Investment Manager's proprietary models that analyse broad valuations across credit markets (by sector and credit quality), interest rates and currencies to identify potential valuation anomalies. The Sub-Investment Manager also uses a proprietary credit default probability model to try to identify those debt securities that have the highest risk of defaulting.

The Fund will not directly short securities but instead may as part of its investment strategy hold short positions exclusively through derivatives (including credit default swaps, index swaps, interest rate swaps, futures and forwards) on currencies, interest rates or bonds.

The types of debt securities in which the Fund may invest include: corporate debt securities, including freely transferable promissory notes; convertible and non-convertible notes; commercial paper, certificates of deposits, and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; structured notes that are transferable securities whose underlying exposure may be to fixed income securities (the structured notes in which the Fund may invest may contain embedded derivatives, and the Fund may be leveraged as a result, subject to the overall leverage limits set forth below); mortgage-backed and asset-backed securities that are structured as debt securities (the mortgage-backed and asset-backed securities in which the Fund may invest will not contain embedded derivatives); securitised participations in loans that are transferable securities; Eurodollar bonds and Yankee dollar instruments (including senior and subordinated notes); and Rule 144A securities. These debt securities may contain any type of interest rate payment terms or terms under which the interest rate may be reset, including fixed rate, adjustable rate, zero coupon, contingent, deferred, payment-in-kind and those with auction rate features. The convertible notes in which the Fund may invest may contain embedded derivatives and/or leverage subject to the overall leverage limits set forth below.

Factors that help determine which corporate debt securities offer value include the quality of the issuer's business model, the position of the securities in the capital structure of the issuer, the quality of the covenants in the securities, and the likely recovery rate on the securities in the event of stress. In addition to the fundamental factors listed above, the Sub-Investment Manager will also utilise macro-economic inputs to help determine the value or risk of certain securities or sectors within the investable universe.

The Fund may invest in aggregate up to 30% of its Net Asset Value in Money Market Instruments listed or traded on a Regulated Market; debt securities of the types listed above which are rated Investment Grade; debt securities issued or guaranteed by national governments, their agencies, instrumentalities and political sub-divisions; convertible debt securities; and debt securities of the types listed above, which are not listed or traded on a Regulated Market, provided however that a maximum of 10% of the Fund's Net Asset Value may be invested in securities not listed or traded on a Regulated Market. A maximum of 10% may be invested in equity securities, including preferred shares and warrants. A maximum of 10% of the Fund's Net Asset Value may be invested in units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations. The purpose of such investments will be to gain exposure to the types of investments described herein.

At least 95% of the Fund's Net Asset Value will be denominated in US Dollars.

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

## LEGG MASON BRANDYWINE GLOBAL – US HIGH YIELD FUND (cont'd.)

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 I.A., will not exceed 10% of the Net Asset Value of the Fund in the aggregate.

The Sub-Investment Manager may take full advantage of the entire range of maturities and durations when purchasing debt securities for the Fund, and may adjust the average duration of the Fund's portfolio investments from time to time, depending on its assessment of the relative yields of securities of different maturities and durations and their expectations of future changes in interest rates. The average weighted duration of the Fund is expected to range from 0 to 10 years.

The Fund may invest (whether for investment purposes or the purposes of efficient portfolio management) in certain types of derivatives, as described in the "Investment Techniques and Instruments and Financial Derivative Instruments" section herein, including options, futures and options on futures, swaps, including credit default swaps, index swaps, interest rate swaps and total return swaps, and forward currency exchange contracts. Where the Fund uses derivatives, it will do so to gain or hedge exposure to interest rates or credit risk, or to hedge exposure to currencies.

The Fund will not be leveraged, including any synthetic short positions, in excess of 100% of its Net Asset Value. Subject to this limit, the Fund is expected to have net long exposure. The Fund may have long positions (including derivatives) of up to 200% of its Net Asset Value, and the Fund may have short derivative positions of up to 100% of its Net Asset Value, as calculated using the commitment approach. The Fund may take long derivatives positions in any of the assets described in these investment policies (including derivatives on indices (which meet the eligibility requirements of the Central Bank) comprised of such assets). For investment purposes, the Fund may take short investment positions in interest rates or bonds deemed to be overvalued based on the Sub-Investment Manager's quantitative and qualitative research process. The Fund may also take short positions to hedge long positions in currencies, interest rates and bonds, in order to try to mitigate volatility and preserve the value of the Fund. The Fund will not take direct short positions on individual securities. Financial derivative instruments, in general, involve special risks and costs and may result in losses to the Fund. For a fuller description of the risks involved, please see the section entitled "Risk Factors".

The Fund may have exposure to repurchase agreements for efficient portfolio management purposes. The Fund's maximum exposure to total return swaps and SFTs, based on the notional value of these instruments, is 100% of its Net Asset Value, though the Fund is not currently expected to invest in such instruments.

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

**Base Currency:** US Dollar

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking to generate income and long-term capital appreciation and are willing to accept fluctuations (sometimes significant) in the Net Asset Value per Share of the Fund during the short term. The Fund is suitable for long-term investors.

**LEGG MASON BRANDYWINE GLOBAL – US HIGH YIELD FUND (cont'd.)****Share Classes, Fees and Charges<sup>1</sup>:**

<b>Share Class</b>	<b>Initial Sales Charge</b>	<b>Annual Management Fee</b>	<b>Annual Shareholder Servicing Fee</b>	<b>Annual Combined Administration and Depositary Fee</b>	<b>Contingent Deferred Sales Charge</b>
Each Class A Share Class	5.00%	1.15%	0.15%	0.15%	None
Each Class B Share Class	None	1.40%	0.15%	0.15%	5.00%
Each Class C Share Class	None	1.65%	0.15%	0.15%	1.00%
Each Class F Share Class	None	0.70%	None	0.15%	None
Each Premier Share Class	None	0.45%	None	0.15%	None
Each S Share Class	None	0.35%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None
Each Class X Share Class	None	0.575%	0.15%	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the “Fees and Expenses” section herein.

See the “Minimum Subscription Amounts” sub-section in the “Administration of the Company” section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.

## FURTHER INFORMATION ON THE SECURITIES IN WHICH THE FUNDS MAY INVEST

The information below regarding the securities in which the Funds may invest is subject to the limitations set forth for the Funds in the above descriptions of each Fund's investment objective and policies.

### ASSET-BACKED SECURITIES

Asset-backed securities are securities that directly or indirectly represent a participation in, or are secured by and payable from, assets such as motor vehicle installment loan contracts, home equity lines of credit, student loans, small business loans, unsecured personal loans, leases on various types of real and personal property, receivables from revolving credit (credit card) agreements, and other loans, leases or receivables relating to consumers and businesses. Such assets are securitised through the use of trusts or special purpose corporations. A pool of assets representing the obligations often of a number of different parties collateralises asset-backed securities. Certain asset-backed securities may embed derivatives, such as options.

### CONVERTIBLE SECURITIES

Convertible securities are bonds, debentures, notes, preferred stock or other securities, which may be converted into or exchanged for a prescribed amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities ordinarily provide a stream of income, which generate higher yields than those of common stocks of the same or similar issuers but lower than the yield on non-convertible debt. Convertible securities are usually subordinate to non-convertible securities but rank senior to common stock or shares in a company's capital structure. The value of a convertible security is a function of (1) its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege and (2) its worth, at market value, if converted into the underlying common stock. Convertible securities are typically issued by smaller capitalised companies whose stock prices may be volatile. The price of a convertible security often reflects such variations in the price of the underlying common stock in a way that non-convertible debt does not. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. Certain convertible securities, known as contingent convertible securities, convert to equity only upon the occurrence of a specified event, such as the stock price of the company exceeding a particular level for a certain period of time.

### CORPORATE DEBT SECURITIES

Corporate debt securities are bonds, notes or debentures issued by corporations and other business organisations, including business trusts, in order to finance their credit needs. Corporate debt securities include commercial paper, which consists of freely transferable, short-term (usually from 1 to 270 days) unsecured promissory notes issued by corporations in order to finance their current operations.

Corporate debt securities may pay fixed or variable rates of interest, or interest at a rate contingent upon some other factor, such as the price of some commodity. These securities may be convertible into preferred or common equity, or may be bought as part of a unit containing common stock. In selecting corporate debt securities for a fund, each Sub-Investment Manager reviews and monitors the creditworthiness of each issuer and issue. The Sub-Investment Managers also analyse interest rate trends and specific developments, which they believe may affect individual issuers. See Schedule III of this Prospectus for more information on the ratings of the various NRSROs.

### DEBT SECURITIES

Debt securities include, but are not limited to, fixed or floating rate debt securities, bonds issued or guaranteed by corporations or governments or governmental agencies or instrumentalities thereof, central banks or commercial banks, notes (including structured notes and freely transferable promissory notes), debentures, commercial paper, Brady Bonds, Eurobonds, and convertible securities. Fixed rate debt securities are securities, which carry a fixed rate of interest, which does not fluctuate with general market conditions. Floating rate debt securities are securities that carry a variable interest rate, which is initially tied to an external index such as US Treasury Bill rates.

### DEPOSITARY RECEIPTS

Depositary receipts include sponsored and unsponsored depositary receipts that are or become available, including American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), International Depositary Receipts ("IDRs") and other depositary receipts. Depositary receipts are typically issued by a financial institution ("depositary") and evidence ownership interests in a security or a pool of securities ("underlying securities") that have been deposited with the depositary. The depositary for ADRs is typically a US financial institution and the underlying securities are issued by a non-US issuer. ADRs are publicly traded on exchanges or over-the-counter in the United States and are issued through "sponsored" or "unsponsored" arrangements. In a sponsored ADR arrangement, the non-US issuer assumes the obligation to pay some or all of the depositary's transaction fees, whereas under an unsponsored arrangement, the non-US issuer assumes no obligation and the depositary's

transaction fees are paid by the ADR holders. In addition, less information is available in the United States about an unsponsored ADR than about a sponsored ADR, and the financial information about a company may not be as reliable for an unsponsored ADR as it is for a sponsored ADR. In the case of GDRs and IDRs, the depositary can be a non-US or a US financial institution and the underlying securities are issued by a non-US issuer. GDRs and IDRs allow companies in Europe, Asia, the United States and Latin America to offer shares in many markets around the world, thus allowing them to raise capital in these markets, as opposed to just in their home market. The advantage of GDRs and IDRs is that shares do not have to be bought through the issuing company's home exchange, which may be difficult and expensive, but can be bought on all major stock exchanges. In addition, the share price and all dividends are converted to the shareholder's home currency. As for other depositary receipts, the depositary may be a non-US or a US entity, and the underlying securities may have a non-US or a US issuer. For purposes of each Fund's investment policies, investments in depositary receipts will be deemed to be investments in the underlying securities. Thus, a depositary receipt representing ownership of common stock will be treated as common stock. Depositary receipts purchased by a Fund may not necessarily be denominated in the same currency as the underlying securities into which they may be converted, in which case the Fund may be exposed to relative currency fluctuations.

## DURATION

Duration was developed as a more precise alternative to the concept of "maturity". Traditionally, a debt obligation's maturity has been used as a proxy for the sensitivity of the security's price to changes in interest rates (which is the "interest rate risk" or "price volatility" of the security). However, maturity measures only the time until a debt obligation provides its final payment, taking no account of the pattern of the security's payments prior to maturity. In contrast, duration incorporates a bond's yield, coupon interest payments, final maturity, call and put features and prepayment exposure into one measure. Duration is the magnitude of the change in the price of a bond relative to a given change in market interest rates. Duration management is one of the fundamental tools used by certain of the Sub-Investment Managers.

Duration is a measure of the expected life of a debt obligation on a present value basis. Duration takes the length of the time intervals between the present time and the time that the interest and principal payments are scheduled or, in the case of a callable bond, the time the principal payments are expected to be received, and weights them by the present values of the cash to be received at each future point in time. For debt obligations with interest payments occurring prior to the payment of principal, duration will usually be less than maturity. In general, all else being equal, the lower the stated or coupon rate of the interest of a fixed income security, the longer the duration of the security; conversely, the higher the stated or coupon rate of a fixed income security, the shorter the duration of the security.

Holding long futures or call option positions will lengthen the duration of a Fund's portfolio. Holding short futures or put options will shorten the duration of a Fund's portfolio.

A swap agreement on an asset or group of assets may affect the duration of the portfolio depending on the attributes of the swap. For example, if the swap agreement provides a Fund with a floating rate of return in exchange for a fixed rate of return, the duration of the Fund would be modified to reflect the duration attributes of a similar security that the fund is permitted to buy.

There are some situations where even the standard duration calculation does not properly reflect the interest rate exposure of a security. For example, floating- and variable-rate securities often have final maturities of ten or more years; however, their interest rate exposure corresponds to the frequency of the coupon reset. Another example where the interest rate exposure is not properly captured by maturity is mortgage pass-through securities. The stated final maturity of such securities is generally 30 years, but current prepayment rates are more critical in determining the securities' interest rate exposure. Finally, the duration of the debt obligation may vary over time in response to changes in interest rates and other market factors.

## EMERGING MARKET DEBT SECURITIES

Debt securities of issuers located in Emerging Market Countries including promissory notes, bonds, bills, debentures, convertible securities warrants, bank obligations, short-term paper, loans, and promissory notes. Examples of the types of emerging market debt securities in which the Funds may invest include Brady bonds. Other bonds in which the Funds may invest may be divided into three distinct groups:

- *Bonds issued as a result of a Debt Restructuring Plan:* These US Dollar-denominated bonds generally have an original term to maturity in excess of 10 years and include, among others, Brazil New Money Bonds and Mexican Aztec Bonds. The issuers of the bonds are always public sector entities.
- *Eurobonds:* These bonds generally have an original maturity of less than 10 years and may be issued by public and private sector entities.
- *Domestic and International Bonds under the laws of an Emerging Market Country:* Although these instruments are US Dollar-denominated, they are governed by the laws of the country in which they are issued.

## **EQUITY SECURITIES**

Equity securities include common stocks and preferred shares.

## **EQUITY-RELATED SECURITIES**

Equity-related securities may include warrants for the acquisition of stock of the same or of a different issuer, corporate fixed income securities that have conversion or exchange rights permitting the holder to convert or exchange the securities at a stated price within a specified period of time to a specified number of shares of common stock, participation notes or certificates whose value is linked to the performance of an equity security of an issuer other than the issuer of the participation, participations that are based on revenues, sales or profits of an issuer (i.e., fixed income securities, the interest on which increases upon the occurrence of a certain event (such as an increase in the price of oil)) and common stock offered as a unit with corporate fixed income securities. Certain equity-related securities may embed derivatives, such as options.

## **EUROBONDS**

Eurobonds are fixed income securities issued by corporations and sovereign entities for sale in the Euromarket.

## **EURODOLLAR BONDS AND YANKEE DOLLAR INSTRUMENTS**

A Eurodollar bond is a Eurobond that is denominated in US Dollars. It is a US Dollar-denominated obligation issued outside the United States by non-US corporations or other entities. A Yankee dollar instrument is US Dollar-denominated obligation issued in the United States by non-US corporations or other entities.

## **HIGH YIELD SECURITIES**

High yield securities are medium or lower rated securities and unrated securities of comparable quality, sometimes referred to as “junk bonds”. Generally, medium or lower rated securities and unrated securities of comparable quality offer a higher current yield than is offered by higher rated securities but also (i) will likely have some quality and protective characteristics that, in the judgment of the rating organisations, are outweighed by large uncertainties or major risk exposures to adverse conditions and (ii) are predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligation. The market values of certain of these securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher quality bonds. In addition, medium and lower rated securities and comparable unrated securities generally present a higher degree of credit risk. The risk of loss due to default by these issuers is significantly greater because medium and lower rated securities and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In light of these risks, a Sub-Investment Manager in evaluating the creditworthiness of an issue, whether rated or unrated, will take various factors into consideration, which may include, as applicable, the issuer’s financial resources, its sensitivity to economic conditions and trends, the operating history of and the community support for the facility financed by the issue, the ability of the issuer’s management and regulatory matters. In addition, the market value of securities in lower rated categories is more volatile than that of higher quality securities, and the markets in which medium and lower rated or unrated securities are traded are more limited than those in which higher rated securities are traded. The existence of limited markets may make it more difficult for a Fund to obtain accurate market quotations for purposes of valuing its portfolio and calculating its Net Asset Value. Moreover, the lack of a liquid trading market may restrict the availability of securities for a Fund to purchase and may also have the effect of limiting the ability of a Fund to sell securities at their fair value either to meet redemption requests or to respond to changes in the economy or the financial markets.

Lower rated debt obligations also present risks based on payment expectations. If an issuer calls the obligation for redemption, a Fund may have to replace the security with a lower yielding security, resulting in a decreased return for investors. Also, as the principal value of bonds moves inversely with movements in interest rates, in the event of rising interest rates the value of the securities held by a Fund may decline proportionately more than a portfolio consisting of higher rated securities. If a Fund experiences unexpected net redemption, it may be forced to sell its higher rated bonds, resulting in a decline in the overall credit quality of the securities held by the Fund and increasing the exposure of the Fund to the risks of lower rated securities.

## **INDEXED SECURITIES, CREDIT-LINKED NOTES AND STRUCTURED NOTES**

Indexed securities, credit-linked notes and structured notes are securities whose prices are indexed to the prices of securities, interest rates, indices, currencies, or other financial statistics, and which are typically issued by banks, investment firms or other financial institutions. Typically they are debt securities or deposits whose value at maturity and/or coupon rate is determined by reference to a specific instrument or statistic. The performance of such securities fluctuates (either directly or inversely, depending upon the instrument) with the performance of the index, security or currency. Sometimes the two are inversely related (i.e., as the index goes up, the coupon rate goes down). Inverse floaters are an example of a type of security featuring this inverse relationship, whereby the coupon rate goes down when the relevant benchmark index goes up. A Fund will only purchase such securities of

issuers, which are transferable securities and are rated Investment Grade at the time of purchase. Credit-linked notes and structured notes are over-the-counter debt instruments. The Funds will only invest in credit-linked notes or structured notes that are transferable securities dealt in or on a Regulated Market.

## **INFLATION-PROTECTED SECURITIES**

Inflation-protected securities are transferable securities that are structured to provide protection against inflation. The principal or interest components of inflation-protected securities are adjusted periodically according to the general movements of inflation in the country of issue. US Treasury Inflation Protected Securities (“US TIPS”) are freely transferable inflation-indexed debt securities issued by the US Department of Treasury that are structured to provide protection against inflation. The US Treasury Department currently uses the Consumer Price Index for Urban Consumers, non-seasonally adjusted, as its inflation measure. Inflation-indexed bonds issued by a non-US government are generally adjusted to reflect a comparable inflation index calculated by that government. “Real return” equals total return less the estimated cost of inflation, which is typically measured by the change in an official inflation measure.

## **LOAN PARTICIPATIONS**

Certain Funds may invest in fixed and floating rate loans arranged through private negotiations between a corporation or other type of entity and one or more financial institutions (“Lender”). Such investments are expected to be in the form of participations in, or assignments of, the loans, which may or may not be securitised (“Participations”). The Participations shall be liquid and, if unsecuritised, provide for interest rate adjustments at least every 397 days. They are subject to the risk of default by the underlying borrower(s) and in certain circumstances to the credit risk of the Lender if the Participation only provides for the Fund having a contractual relationship with the Lender, not the borrower(s). In connection with purchasing Participations, the Funds may have no right to enforce compliance by the borrower(s) with the terms of the loan agreement(s) relating to the loan(s) nor any rights of set-off against the borrower(s). Thus, the Funds may not directly benefit from any collateral supporting the loan(s) in which they have purchased Participations. The Funds will purchase such Participations only through recognised, regulated dealers.

## **MASTER-LIMITED PARTNERSHIPS**

MLPs are limited partnerships or limited liability companies that typically derive income and gains from the exploration, development, storage, gathering, mining, production, processing, refining, transportation (including pipelines transporting gas, oil or products thereof) or marketing of any mineral or natural resources. MLPs generally have two classes of owners, the general partner and the limited partners. The general partner typically controls the operations and management of the MLP through an equity interest of up to 2% in the MLP and, in many cases, ownership of common and subordinated units. Limited partners own the remainder of the partnership, through ownership of common units, and have a limited role in the partnership’s operations and management. Unlike owners of common stock of a corporation, owners of common units have limited voting rights and no ability to elect directors annually. The Funds that invest in MLPs will do so by purchasing units issued to limited partners of the MLP that are publically traded on regulated markets. Any distributions received from the MLP will be reflected in the Net Asset Value of the relevant Fund.

## **MONEY MARKET INSTRUMENTS**

Each Fund may hold Money Market Instruments as ancillary liquid assets.

## **MORTGAGE-BACKED SECURITIES**

Mortgage-backed securities provide capital for mortgage loans to residential homeowners, including securities that represent interests in pools of mortgage loans made by lenders such as savings and loan institutions, mortgage banks, commercial banks and others. Pools of mortgage loans are assembled for sale to investors (such as the funds) by various governmental, government-related and private organisations, such as dealers. The market value of mortgage-backed securities will fluctuate as a result of changes in interest rates and mortgage loans.

Interests in pools of mortgage loans generally provide a monthly payment that consists of both interest and principal payments. In effect, these payments are a “pass through” of the monthly payments made by the individual borrowers on their residential mortgage loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments are caused by repayments of principal resulting from the sale of the underlying residential property, refinancing or foreclosure, net of fees or costs that may be incurred. Some mortgage-backed securities (such as securities issued by GNMA) are described as “modified pass through” because they entitle the holder to receive all interest and principal payments owed on the mortgage pool, net of certain fees, regardless of whether the mortgagor actually makes the payment. Certain mortgage-backed securities may embed derivatives, such as options.

Mortgage-backed securities include collateralised mortgage obligations (“CMOs”), which are a type of bond secured by an underlying pool of mortgages or mortgage pass-through certificates that are structured to direct payments on underlying collateral to different series or classes of the obligations. Such investments may include, but are not limited to, one or more of the following



classes of CMOs:

**ADJUSTABLE RATE BONDS (ARMS):** Interest rates on these classes of CMOs may increase or decrease at one or more dates in the future according to the documentation governing their issuance.

**FLOATING RATE BONDS (FLOATERS):** Interest rates on these classes of CMOs vary directly or inversely (although not necessarily proportionately, and may contain a degree of leverage) to an interest rate index. The interest rate is usually capped to limit the extent to which the issuer is required to over-collateralise the CMOs in the series with mortgage-related securities in order to ensure that there is sufficient cash flow to service all the classes of CMOs in that series.

**PLANNED AMORTISATION BONDS OR TARGETED AMORTISATION BONDS:** These classes of CMOs receive payments of principal according to a planned schedule to the extent that prepayments on the underlying mortgage-related securities occur within a broad time period (“Protection Period”). The principal is reduced only in specified amounts at specified times resulting in greater predictability of payment for the Planned Amortisation Bonds or Targeted Amortisation Bonds. If prepayments on the underlying mortgage-related securities occur at a rate greater or less than that provided for by the Protection Period, then the excess or deficiency of cash flows generated is absorbed by the other classes of CMOs in the particular series until the principal amount of each of the other classes has been paid in full, resulting in less predictability for those other classes. The principal reduction schedule of the Planned Amortisation Bonds or Targeted Amortisation Bonds may be determined according to an interest rate index. If the index rises or falls, then more or less, respectively, of the payments on the underlying mortgage-related securities will be applied to amortise the Planned Amortisation Bonds or Targeted Amortisation Bonds. Stripped securities are created by separating bonds into their principal and interest components and selling each piece separately (commonly referred to as IOs and POs). Stripped securities are more volatile than other fixed income securities in their response to change in market interest rates. The value of some stripped securities moves in the same direction as interest rates, further increasing their volatility. The following are examples of stripped securities.

**PRINCIPAL ONLY BONDS:** This class of stripped CMO has the right to all principal payments from the underlying mortgage-related securities. Principal Only Bonds sell at a deep discount. The return on a Principal Only Bond increases the faster prepayments are received at par. The return on a Principal Only Bond decreases if the rate of prepayment is slower than anticipated.

**INTEREST ONLY BONDS:** This class of CMOs has the right to receive only payments of interest from the pool of underlying mortgage-related securities. Interest Only Bonds have only a notional principal amount and are entitled to no payments of principal. Interest Only Bonds sell at a substantial premium and therefore the return on an Interest Only Bond increases as the rate of prepayment decreases because the notional amount upon which interest accrues remains larger for a longer period of time.

A real estate mortgage investment conduit (“REMIC”) is a special purpose entity that holds fixed pools of commercial or residential mortgages in trust and issues multiple classes of interests in itself and is treated like a partnership for US Federal income tax purposes with its income passed through to its interest holders. A Re-REMIC is an entity formed by the contribution of mortgage-backed securities into a new special purpose entity, which then issues securities in various tranches. A Fund may participate in the creation of a Re-REMIC by contributing assets to the entity and receiving securities in return.

In the case of structured mortgage-backed securities, the interest rate or, in some cases, the principal payable at the maturity of a structured mortgage-backed security may change positively or inversely in relation to one or more interest rates, financial indices or other financial indicators (“reference prices”). A structured mortgage-backed security may be leveraged to the extent that the magnitude of any change in the interest rate or principal payable on a structured security is a multiple of the change in the reference price. Thus, structured mortgage-backed securities may decline in value due to adverse market changes in reference prices. Structured mortgage-backed securities may or may not be guaranteed by government-sponsored entities. The structured mortgage-backed securities purchased by a Fund may include interest only (“IO”) and principal only (“PO”) bonds (as described above), floating rate securities linked to the Cost of Funds Index (“COFI floaters”), other “lagging rate” floating rate securities, floating rate securities that are subject to a maximum interest rate (“capped floaters”), leveraged floating rate securities (“super floaters”), leveraged inverse floating rate securities (“inverse floaters”), leveraged or super IOs and POs, inverse IOs, dual index floaters and range floaters. They may also include mortgage servicing rights securities, which entitle the holder to a portion of revenue derived by companies that service mortgages.

## **NON-PUBLICLY TRADED SECURITIES**

Non-publicly traded securities are transferable securities that are neither listed nor traded on a Regulated Market, including privately placed securities. A Fund can invest no more than 10% of its net assets in such securities. A Fund’s investments in such securities are subject to the risk that should the Fund desire to sell any of these securities when a ready buyer is not available at a price that the Fund deems representative of its value, the value of the Fund’s net assets could be adversely affected.



## **PAYMENT-IN-KIND BONDS**

Payment-in-kind bonds are bonds that pay interest in the form of additional bonds of the same type.

## **PREFERRED SHARES**

Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

## **REAL ESTATE INVESTMENT TRUSTS**

REITs are pooled investment vehicles that invest primarily in income producing real property or real property related loans or interests and are generally listed, traded or dealt in on Regulated Markets. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. Equity REITs invest their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realise capital gains by selling properties that have appreciated in value. Mortgage REITs invest their assets in real property mortgages and derive income from the collection of interest payments.

## **RULE 144A SECURITIES**

Rule 144A securities are securities that are not registered under the 1933 Act, but that can be sold to certain institutional buyers in accordance with Rule 144A under the 1933 Act.

## **SENIOR SECURITIES**

Senior securities are those belonging to an issuance or class of debt securities that is expected by the relevant Sub-Investment Manager to rank at least senior unsecured corporate debt securities of the relevant issuer. The issue of seniority, however, may be contentious between holders of various securities in the event of claims against or the bankruptcy of an issuer, and there can be no guarantee that securities believed by the relevant Sub-Investment Manager to be senior at the time of investment will ultimately be upheld as senior. Moreover, unsecured senior securities, even if upheld as senior to other classes of debt securities, may be subordinate to general creditors and secured debt of an issuer pursuant to applicable law.

## **STEP-UP SECURITIES**

Step-up securities are securities, which pay no interest initially but eventually begin to pay a coupon rate prior to maturity, which may increase at stated intervals during the life of the security. Step-up securities allow an issuer to avoid or delay the need to generate cash to meet current interest payments and, as a result, may involve greater credit risk than bonds that pay interest currently or in cash.

## **STRIPS**

STRIPS is the acronym for Separate Trading of Registered Interest and Principal of Securities. STRIPS allow investors to hold and trade, as separate securities, the individual interest and principal components of fixed-principal notes or bonds or inflation-linked securities issued by the US Treasury. STRIPS are not issued by the US Treasury, however, but rather can be purchased through financial institutions. STRIPS are zero-coupon securities.

For example, a US Treasury note with 10 years remaining to maturity consists of a single principal payment, due at maturity, and 20 interest payments, one due every six months over a 10-year duration. When this note is converted to STRIPS form, each of the 20 interest payments and the principal payment becomes a separate security.

## **SUPRANATIONAL ORGANISATIONS**

Supranational organizations may issue debt securities such as freely transferable promissory notes, bonds and debentures. Supranational organisations are entities designated or supported by a government or governmental entity to promote economic development, and include, among others, the Asian Development Bank, the European Communities, the European Investment Bank, the Inter-American Development Bank, the International Monetary Fund, the United Nations, the International Bank for Reconstruction and Development ("World Bank") and the European Bank for Reconstruction and Development. These organisations have no taxing authority and are dependent upon their members for payments of interest and principal. Moreover, the lending activities of such supranational entities are limited to a percentage of their total capital (including "callable capital" contributed by members at an entity's call), reserves and net income.

## **VARIABLE RATE AND FLOATING RATE SECURITIES**

Variable and floating rate securities are obligations that possess a floating or variable interest rate adjustment formula. The terms of the variable or floating rate securities that the Funds may purchase provide that interest rates are adjustable at intervals ranging from daily up to six months, and the adjustments are based upon current market levels, the prime rate of a bank or other appropriate interest rate adjustment index as provided in the respective securities. Some of these securities are payable on a daily basis or on not more than seven days' notice. Others such as securities with quarterly or semi-annual interest rate adjustments may be redeemed on designated days on not more than thirty days' notice.

## **WARRANTS AND RIGHTS**

Warrants give a Fund the right to subscribe to or purchase securities in which the Fund may invest. Rights are available to existing shareholders of a security, to enable them to maintain proportionate ownership in the security by being able to buy newly issued shares before they are offered to the public. Warrants and rights may be actively traded on secondary markets.

## **ZERO COUPON BONDS**

Zero coupon bonds pay no interest in cash to their holder during their life, although interest is accrued during that period. Its value to an investor consists of the difference between its face value at the time of maturity and the price for which it was acquired, which is generally an amount significantly less than its face value (sometimes referred to as a "deep discount" price). Because zero coupon bonds usually trade at a deep discount, they will be subject to greater fluctuations in market value in response to changing interest rates than debt obligations of comparable maturities which make periodic distributions of interest. On the other hand, because there are no periodic interest payments to be reinvested prior to maturity, zero coupon securities eliminate reinvestment risk and lock in a rate of return to maturity.

## **REGULATED MARKETS**

Except to the extent permitted by the UCITS Regulations, the securities in which the Funds will invest will be traded on a Regulated Market. The Regulated Markets in which the Funds may trade are listed in Schedule II hereto.

## **ADHERENCE TO INVESTMENT OBJECTIVES AND POLICIES**

Any change in investment objectives and any material change in investment policies will be subject to prior written approval of all Shareholders or approval by the majority of votes of Shareholders passed at a general meeting. In accordance with the Articles of Association, Shareholders will be given twenty-one days' notice (excluding the day of posting and the day of the meeting) of such general meeting. The notice shall specify the place, day, hour, and nature of business of such meeting, as well as the proposed effective date of any changes to the investment objectives and policies. In the event that a change in investment objectives and policies is approved by Shareholders, the change will become effective on the second Dealing Day following the approval of the change by Shareholders.

## **USE OF TEMPORARY DEFENSIVE MEASURES**

With respect to each Fund, in certain circumstances, on a temporary and exceptional basis, when the relevant Sub-Investment Manager deems it to be in the best interests of Shareholders, the Fund may not adhere to its investment policies as disclosed in the relevant Fund Summary. Such circumstances include, but are not limited to, (1) when the Fund has high levels of cash as a result of subscriptions or earnings; (2) when the Fund has a high level of redemptions; (3) when the relevant Sub-Investment Manager takes temporary action to try to preserve the value of the Fund or limit losses in emergency market conditions or in the event of movements in interest rates; or (4) when all Shares of the Fund are due to be mandatorily redeemed and this has been notified to Shareholders of the Fund. In such circumstances, a Fund may hold cash or invest in Money Market Instruments, short-term debt securities issued or guaranteed by national governments located globally; short-term corporate debt securities such as freely transferable promissory notes, debentures, bonds (including zero coupon bonds), convertible and non-convertible notes, commercial paper, certificates of deposits, and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organizations. The Fund will only invest in debt securities that are rated at least investment grade by an NRSRO. During such circumstances, the Fund may not be pursuing its principal investment strategies and may not achieve its investment objective. The foregoing does not relieve the Funds of the obligation to comply with the regulations set forth in Schedule I.

## **DISTRIBUTIONS**

### Distributing Share Classes

The letter in parentheses at the end of the name of each Distributing Share Class indicates a particular frequency of dividend declarations and dividend payments, as detailed in the following table.

Distributing Share Class Designation	Frequency of Dividend Declarations	Frequency of Dividend Payments
(D)	Daily	Monthly
(M)	Monthly	Monthly
(Q)	Quarterly	Quarterly (March, June, September, December)
(S)	Semi-Annually	Semi-Annually (March, September)
(A)	Annually	Annually (March)

Distributing Share Classes (other than Distributing Plus Share Classes):

For each Distributing Share Class of any Fund, at the time of each dividend declaration: (1) all, or some portion of, net investment income, if any, will be declared as a dividend; and (2) all, or some portion, of realised capital gains net of realised and unrealised capital losses may be, but is not required to be, declared as a dividend. It should be noted that the declaration of distributions in the Distributing Plus (e) Share Classes, which may charge certain fees and expenses to capital rather than income, could result in the erosion of capital for investors in those Distributing Plus (e) Share Classes and that increased income will be achieved by foregoing some of the potential for future capital growth.

Distributing Plus Share Classes:

For each Distributing Plus Share Class of any Fund, at the time of each dividend declaration: (1) all, or some portion of, net investment income, if any, will be declared as a dividend; and (2) all, or some portion, of, realised and unrealised capital gains net of realised and unrealised capital losses may be, but is not required to be, declared as a dividend; and (3) a portion of capital may be, but is not required to be, declared as a dividend.

It should be noted that the declaration of distributions in the Distributing Plus Share Classes, which may distribute dividends out of capital, could result in the erosion of capital for investors in those Distributing Plus Share Classes and that the distributions will be achieved by forgoing the potential for future capital growth of the investment of the Shareholders of the Distributing Plus Share Classes. The value of future returns may also be diminished. This cycle may continue until all capital is depleted.

Shareholders of each Distributing Share Class may elect on the application whether or not to invest distributions in additional Shares. Distributions that are paid will be in the currency in which the Shareholder subscribed for Shares, unless the Shareholder requests otherwise. Payments will be made by wire transfer to a Shareholder's account.

Accumulating Share Classes

With respect to Accumulating Share Classes, it is intended that, in the normal course of business, distributions will not be declared and that any net investment income and net gains attributable to each Accumulating Share Class will be accumulated daily in the respective Net Asset Value per Share of each respective Share Class. If distributions are declared and paid with respect to Accumulating Share Classes, such distributions may be made from net investment income. Shareholders will be notified in advance of any change in distribution policy for the Accumulating Share Classes.

## **INVESTMENT RESTRICTIONS**

**Each Fund's investments will be limited to investments permitted by the UCITS Regulations as set out in Schedule I.** Each Fund is also subject to the relevant investment policies as stated in the Prospectus and, in the case of a conflict between such policies and the UCITS Regulations, the more restrictive limitation shall apply. In any event, the Company will comply with all the Central Bank Rules.

If the UCITS Regulations are altered during the life of the Company, the investment restrictions may be changed to take account of any such alterations and Shareholders will be advised of such changes in the next succeeding annual or half-yearly report of the Funds.

The investment policies of each Fund may permit investments in units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations. No Fund will invest in another collective investment scheme that charges a management fee of greater than 5% per annum or a performance fee of greater than 30% of the increase in net asset value of the scheme. Such permitted investment includes investing in other funds of the Company. Notwithstanding the foregoing, a Fund may not invest in another fund of the Company if the latter fund itself holds shares in other funds of the Company. If a Fund invests in another fund of the Company, no annual management or investment management fee may be charged to the investing Fund with respect to that portion of its assets invested in the other fund of the Company.

When a Fund invests in the units or shares of another collective investment scheme that is managed, directly or by delegation, by the Fund's Investment Manager or Sub-Investment Manager (collectively the "Investment Adviser") or by any other company

with which the Fund's Investment Adviser is linked by common management or control, or by a direct or indirect holding of more than 10% of the share capital or voting rights, that Investment Adviser or other company may not charge management, subscription, conversion or redemption fees on account of the Fund's investment in the units or shares of such other collective investment scheme.

## **INVESTMENT TECHNIQUES AND INSTRUMENTS AND FINANCIAL DERIVATIVE INSTRUMENTS**

Subject to the conditions and within the limits from time to time laid down by the Central Bank, and except where otherwise stated in the investment objective and policies of the relevant Fund, each Fund may engage in transactions in financial derivative instruments ("FDIs"). The Legg Mason RARE Global Infrastructure Income Fund and Legg Mason Brandywine Global – US High Yield Fund may engage in transactions in FDIs for efficient portfolio management purposes (i.e., hedging, reducing risks or costs, or increasing capital or income returns) and/or investment purposes. The Legg Mason Brandywine Global Dynamic US Equity Fund may engage in transactions in FDIs for efficient portfolio management purposes only. A list of the Regulated Markets on which the FDIs may be quoted or traded is set out in Schedule II.

The policy that will be applied to collateral arising from OTC derivative transactions or efficient portfolio management techniques relating to the Funds is to adhere to the requirements set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section herein. This sets out the permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, the re-investment policy prescribed by the Central Bank pursuant to the UCITS Regulations. The categories of collateral which may be received by the Funds include cash and non-cash assets such as equities, debt securities and money market instruments. From time to time and subject to the requirements set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section herein, the policy on levels of collateral required and haircuts may be adjusted, at the discretion of the Investment Manager/Sub-Investment Manager, where this is determined to be appropriate in the context of the specific counterparty, the characteristics of the asset received as collateral, market conditions or other circumstances.

The haircuts applied (if any) by the Investment Manager/Sub-Investment Manager are adapted for each class of assets received as collateral, taking into account the characteristics of the assets such as the credit standing and/or the price volatility, as well as the outcome of any stress tests performed in accordance with the requirements set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section herein. Each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of this policy.

If cash collateral received by a Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund. For further details see the "Risk Factors" section herein.

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques of stock lending, repurchase and reverse repurchase arrangements may be deducted from the revenue delivered to the Funds (e.g., as a result of revenue sharing arrangements). All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be parties related to the Depositary. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and half-yearly reports of the Funds.

## **PERMITTED FDI**

Each of the Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global – US High Yield Fund and Legg Mason ClearBridge Global Growth Fund may invest in FDIs provided that:

- (i) the relevant reference items or indices consist of one or more of the following:
  - instruments referred to in Regulation 68(1)(a) – (f) and (h) of the UCITS Regulations, including financial instruments having one or several characteristics of those assets;
  - financial indices;
  - interest rates;

- foreign exchange rates;
  - currencies; and
- (ii) the FDIs do not expose the Fund to risks which it could not otherwise assume (e.g., gain exposure to an instrument/issuer/currency to which the Fund cannot have a direct exposure);
  - (iii) the FDIs do not cause the Fund to diverge from its investment objectives;
  - (iv) the reference in (i) above to financial indices shall be understood as a reference to indices which fulfil the following criteria and the provisions of the Central Bank Rules:
    - (a) they are sufficiently diversified, in that the following criteria are fulfilled:
      - (i) the index is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
      - (ii) where the index is composed of assets referred to in Regulation 68(1) of the UCITS Regulations, its composition is at least diversified in accordance with the Regulation 71 of the UCITS Regulations; and
      - (iii) where the index is composed of assets other than those referred to in Regulation 68(1) of the UCITS Regulations, it is diversified in a way which is equivalent to that provided for in Regulation 71 of the UCITS Regulations;
    - (b) they represent an adequate benchmark for the market to which they refer, in that the following criteria are fulfilled:
      - (i) the index measures the performance of a representative group of underlyings in a relevant and appropriate way;
      - (ii) the index is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers following criteria which are publicly available; and
      - (iii) the underlyings are sufficiently liquid, which allows users to replicate the index, if necessary; and
    - (c) they are published in an appropriate manner, in that the following criteria are fulfilled:
      - (i) their publication process relies on sound procedures to collect prices and to calculate and to subsequently publish the index value, including pricing procedures for components where a market price is not available; and
      - (ii) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis; and
  - (v) where a Fund enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the assets held by the Fund must comply with Regulations 70, 71, 72, 73 and 74 of the UCITS Regulations.

Where the composition of assets which are used as underlyings by FDI does not fulfil the criteria set out in (a), (b) or (c) above, those FDI shall, where they comply with the criteria set out in Regulation 68(1)(g) of the UCITS Regulations, be regarded as financial derivatives on a combination of the assets referred to in Regulation 68(1)(g)(i) of the UCITS Regulations, excluding financial indices.

Credit derivatives are permitted where:

- (i) they allow the transfer of the credit risk of an asset as referred to above, independently from the other risks associated with that asset;
- (ii) they do not result in the delivery or in the transfer, including in the form of cash, of assets other than those referred to in the Regulation 68(1) and (2) of the UCITS Regulations;

- (iii) they comply with the criteria for OTC derivatives set out below; and
- (iv) their risks are adequately captured by the risk management process of the Fund, and by its internal control mechanisms in the case of risks of asymmetry of information between the Fund and the counterparty to the credit derivative resulting from potential access of the counterparty to non-public information on firms the assets of which are used as underlyings by credit derivatives. The Fund must undertake the risk assessment with the highest care when the counterparty to the FDIs is a related party of the Fund or the credit risk issuer.

FDIs must be dealt in on a market that is regulated, operates regularly, is recognised and is open to the public in a Member State or a non-Member State, but notwithstanding this, the Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund, Legg Mason RARE Global Infrastructure Income Fund and Legg Mason Brandywine Global – US High Yield Fund may invest in FDIs dealt in over-the-counter, “OTC derivatives” provided that:

- (i) the counterparty is: (a) a credit institution listed in Regulation 7(a) – (c) of the Central Bank Regulations; (b) an investment firm authorised in accordance with the Markets in Financial Instruments Directive; or (c) a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by the Federal Reserve;
- (ii) where a counterparty within sub-paragraphs (b) or (c) of paragraph (i): (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Company in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) of this paragraph (ii) this shall result in a new credit assessment being conducted of the counterparty by the Company without delay;
- (iii) in the case of subsequent novation of the OTC derivative contract, the counterparty is one of: the entities set out in paragraph (i); or a CCP authorised, or recognised by ESMA, under EMIR; or, pending recognition by ESMA under Article 25 of EMIR, an entity classified as a derivatives clearing organisation by the Commodity Futures Trading Commission or a clearing agency by the SEC (both CCP);
- (iv) risk exposure to the counterparty does not exceed the limits set out in Regulation 70(1)(c) of the UCITS Regulations. The Fund shall calculate the counterparty exposure using the positive mark-to-market value of the OTC derivative with that counterparty. The Fund may net its derivative positions with the same counterparty, provided that the Fund is able to legally enforce netting arrangements with the counterparty. Netting is only permissible with respect to OTC derivative instruments with the same counterparty and not in relation to any other exposures the Fund may have to that counterparty. The Fund may take account of collateral received by the Fund in order to reduce the exposure to the counterparty, provided that the collateral meets with the requirements specified in paragraphs (3), (4), (5), (6), (7), (8), (9) and (10) of Regulation 24 of the Central Bank Regulations; and
- (v) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund’s initiative.

Collateral received must at all times meet with the requirements set out in the Central Bank Rules.

Collateral passed to an OTC derivative counterparty by or on behalf of a Fund must be taken into account in calculating exposure of the Fund to counterparty risk as referred to in Regulation 70(1)(c) of the UCITS Regulations. Collateral passed may be taken into account on a net basis only if the Fund is able to legally enforce netting arrangements with this counterparty.

#### **Calculation of issuer concentration risk and counterparty exposure risk**

Each of the Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global – US High Yield Fund and Legg Mason ClearBridge Global Growth Fund must calculate issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations on the basis of the underlying exposure created through the use of FDI pursuant to the commitment approach. The risk exposures to a counterparty arising from OTC FDI transactions and efficient portfolio management techniques must be combined when calculating the OTC counterparty limit as referred to in Regulation 70(1)(c) of the UCITS Regulations. A Fund must calculate exposure arising from initial margin posted to and variation margin receivable from a broker relating to exchange-traded or OTC derivatives, which is not protected by client money rules or other similar arrangements to protect the Fund against the insolvency of the broker, and that exposure cannot exceed the OTC counterparty limit referred to in Regulation 70(1)(c) of the UCITS Regulations.

The calculation of issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations must take account of any net exposure to a counterparty generated through a stocklending or repurchase agreement. Net exposure refers to the amount receivable by a Fund less any collateral provided by the Fund. Exposures created through the reinvestment of collateral must also be taken into account in the issuer concentration calculations. When calculating exposures for the purposes of Regulation 70 of the UCITS Regulations, a Fund must establish whether its exposure is to an OTC counterparty, a broker or a clearing house.

Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities, money market instruments or collective investment schemes, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in Regulations 70 and 73 of the UCITS Regulations. When calculating issuer-concentration risk, the financial derivative instrument (including embedded financial derivative instruments) must be looked through in determining the resultant position exposure. This position exposure must be taken into account in the issuer concentration calculations. Issuer concentration must be calculated using the commitment approach when appropriate or the maximum potential loss as a result of default by the issuer if more conservative. It must also be calculated by all Funds, regardless of whether they use VaR for global exposure purposes. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the UCITS Regulations.

A transferable security or money market instrument embedding an FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in the UCITS Regulations and which contain a component which fulfils the following criteria:

- (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, and therefore vary in a way similar to a stand-alone derivative;
- (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- (c) it has a significant impact on the risk profile and pricing of the transferable security or money market instrument.

A transferable security or a money market instrument shall not be regarded as embedding FDIs where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed to be a separate financial instrument.

### **Risk Management and Cover Requirements**

Each of the Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global – US High Yield Fund and Legg Mason ClearBridge Global Growth Fund must ensure that its global exposure relating to FDIs does not exceed total Net Asset Value of the relevant Fund. The Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global – US High Yield Fund and Legg Mason ClearBridge Global Growth Fund employ the “commitment approach” to measure global exposure. Each of these Funds must ensure that its global exposure relating to FDI does not exceed its total Net Asset Value. Therefore, each of these Funds may not be leveraged, including any short positions, in excess of 100% of its Net Asset Value. To the extent permitted under the Central Bank Rules, these Funds may take account of netting and hedging arrangements when calculating global exposure. The commitment approach is detailed in the Fund’s risk management procedures for FDI, which are described below under “Risk Management Process and Reporting”.

Each of the Legg Mason Brandywine Global – EM Macro Bond Fund and Legg Mason Brandywine Global Enhanced Absolute Return Fund employs the Value-at-Risk (“VaR”) method in measuring global exposure and adheres to a limit of the absolute VaR of 20% of the Fund’s Net Asset Value. In applying the VaR method, the following quantitative standards are used:

- the “one-tailed” confidence level is 99 per cent;
- the holding period is 20 days; and
- the historical observation period is longer than one year.

Each of the Legg Mason Brandywine Global – EM Macro Bond Fund and Legg Mason Brandywine Global Enhanced Absolute Return Fund must employ back testing and stress testing and comply with other regulatory requirements regarding the use of VaR. The VaR method is detailed in each Fund’s risk management procedures for FDI, which are described below under “Risk Management Process and Reporting.”

## Cover Requirements

Each of the Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global – US High Yield Fund and Legg Mason ClearBridge Global Growth Fund must, at any given time, be capable of meeting all its payment and delivery obligations incurred by transactions involving FDI. Monitoring of FDI transactions to ensure they are adequately covered must form part of the risk management process of the Fund.

A transaction in FDIs which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:

- (i) in the case of FDIs which automatically, or at the discretion of the Fund, are cash settled, the Fund must hold, at all times, liquid assets which are sufficient to cover the exposure;
- (ii) in the case of FDIs which require physical delivery of the underlying asset, the asset must be held at all times by the Fund. Alternatively the Fund may cover the exposure with sufficient liquid assets where:
  - the underlying asset consists of highly liquid fixed income securities; and/or
  - the Fund considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDIs are addressed in the risk management process, which is described under “Risk Management Process and Reporting” below, and details are provided in the prospectus.

## Risk Management Process and Reporting

- (i) The Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global – US High Yield Fund and Legg Mason ClearBridge Global Growth Fund must employ a risk management process to enable them to accurately measure, monitor and manage the risks attached to FDI positions.
- (ii) The Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global – US High Yield Fund and Legg Mason ClearBridge Global Growth Fund must provide the Central Bank with details of their risk management process in respect of their FDIs activity. The initial filing is required to include the following information:
  - permitted types of FDIs, including embedded derivatives in transferable securities and money market instruments;
  - details of the underlying risks;
  - relevant quantitative limits and how these will be monitored and enforced;
  - methods for estimating risks.

The Company or its delegate must submit reports to the Central Bank on an annual basis with respect to the FDI positions of the Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global – US High Yield Fund and Legg Mason ClearBridge Global Growth Fund. The report, which must contain information which reflects a true and fair view of the types of FDI used by the Funds, the underlying risks, the quantitative limits and the methods used to estimate those risks, must be submitted with the annual report of the Company. The Company must, at the request of the Central Bank, provide this report at any time.

The use of these strategies involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the fund’s securities, (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management or the ability to meet redemption requests or other short-term obligations because of the percentage of the fund’s assets segregated to cover its obligations.



The Company shall supply to a Shareholder upon request supplementary information in relation to the quantitative risk management limits applied by it, the risk management methods used by it and any recent developments in the risk and yield characteristics for the main categories of investment.

Any FDI not included in the risk management process will not be utilised until such time as a revised risk management process addressing the FDI has been provided to the Central Bank.

## **TYPES AND DESCRIPTION OF FDIs**

Below are examples of the types of FDIs in which the Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund, Legg Mason RARE Global Infrastructure Income Fund, Legg Mason Brandywine Global – US High Yield Fund and Legg Mason ClearBridge Global Growth Fund may invest from time to time.

**Options:** Subject to the requirements laid down by the Central Bank, certain Funds (as indicated in the relevant Fund Summaries) may purchase or sell exchange-traded option contracts. A call option on a security is a contract under which the purchaser, in return for a premium paid, has the right to buy the securities underlying the option at the specified exercise price at any time during the term of the option. The writer (seller) of the call option, who receives the premium, has the obligation, upon exercise of the option, to deliver the underlying securities against payment of the exercise price. A put option is a contract that gives the purchaser, in return for a premium paid, the right to sell the underlying securities at the specified exercise price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy the underlying securities, upon exercise, at the exercise price. Put options may be purchased provided that the relevant Fund complies with the cover requirements described above under “Risk Management and Cover Requirements.” Index put options may be purchased provided that all of the assets of the fund, or a proportion of such assets which may not be less in value than the exercise value of the put option purchased, can reasonably be expected to behave in terms of price movement in the same manner as the options contract.

Certain Funds (as indicated in the relevant Fund Summaries) may also purchase or sell options traded over-the-counter (or OTC options). Unlike exchange-traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options generally are established through negotiation with the other party to the option contract. While this type of arrangement allows a fund great flexibility to tailor the option to its needs, OTC options generally involve greater risk than exchange-traded options, which are guaranteed by clearing organisations of the exchanges where they are traded.

The purchase of call options can serve as a long hedge, and the purchase of put options can serve as a short hedge. Writing put or call options can enable a Fund to enhance yield by reason of the premiums paid by the purchasers of such options. Writing call options can serve as a limited short hedge, because declines in the value of the hedged investment would be offset to the extent of the premium received for writing the option. However, the Fund may also suffer a loss as a result of writing options. For example, if the market price of the security underlying a put option declines to less than the exercise price of the option, minus the premium received, the Fund would suffer a loss.

A Fund may effectively terminate its right or obligation under an option by entering into a closing transaction. For example, the Fund may terminate its obligation under a call or put option that it had written by purchasing an identical call or put option – this is known as a closing purchase transaction. Conversely, the Fund may terminate a position in a put or call option it had purchased by writing an identical put or call option – this is known as a closing sale transaction. Closing transactions permit the Fund to realise profits or limit losses on an option position prior to its exercise or expiration. There can be no assurance that it will be possible for a Fund to enter into any closing transaction.

A type of put is an “optional delivery standby commitment,” which is entered into by parties selling debt securities to the Fund. An optional delivery standby commitment gives the Fund the right to sell the security back to the seller on specified terms. This right is provided as an inducement to purchase the security.

Certain Funds (as indicated in the relevant Fund Summaries) may purchase and write covered straddles on securities, currencies or bond indices. A long straddle is a combination of a call and a put option purchased on the same security, index or currency where the exercise price of the put is less than or equal to the exercise price of the call. The Fund would enter into a long straddle when its Sub-Investment Manager believes that it is likely that interest rates or currency exchange rates will be more volatile during the term of the options than the option pricing implies. A short straddle is a combination of a call and a put written on the same security, index or currency where the exercise price of the put is less than or equal to the exercise price of the call. In a covered short straddle, the same issue of security or currency is considered cover for both the put and the call that the Fund has written. The Fund would enter into a short straddle when the Sub-Investment Manager believes that it is unlikely that interest rates or currency exchange rates will be volatile during the term of the option as the option pricing implies. In such cases, the

Fund will segregate cash and/or appropriate liquid securities equivalent in value to the amount, if any, by which the put is “in the money”, that is, the amount by which the exercise price of the put exceeds the current market value of the underlying security.

Puts and calls on indices are similar to puts and calls on securities (described above) or futures contracts (described below), except that all settlements are in cash and gain or loss depends on changes to the index in question rather than on price movements in individual securities or futures contracts. When a Fund writes a call on an index, it receives a premium and agrees that, prior to the expiration date, the purchase of the call, upon exercise of the call, will receive from the Fund an amount of cash if the closing level of the index upon which the call is based is greater than the exercise price of the call. The amount of cash is equal to the difference between the closing price of the index and the exercise price of the call times a specified multiple (“multiplier”), which determines the total cash value for each point of such difference. When a Fund buys a put on an index, it pays a premium and has the right, prior to the expiration date, to require the seller of the put, upon the Fund’s exercise of the put, to deliver to the Fund an amount of cash if the closing level of the index upon which the put is based is less than the exercise price of the put, which amount of cash is determined by the multiplier, as described above for calls. When the Fund writes a put on an index, it receives a premium and the purchaser of the put has the right, prior to the expiration date, to require the Fund to deliver to it an amount of cash equal to the difference between the closing level of the index and exercise price times the multiplier if the closing level is less than the exercise price.

***Futures and Options on Futures:*** Subject to the requirements laid down by the Central Bank, certain Funds (as indicated in the relevant Fund Summaries) may enter into certain types of futures contracts or options on futures contracts. The sale of a futures contract creates an obligation by the seller to deliver the type of financial instrument called for in the contract in a specified delivery month for a stated price. The purchase of a futures contract creates an obligation by the purchaser to pay for and take delivery of the type of financial instrument called for in the contract in a specified delivery month, at a stated price. The purchase or sale of a futures contract differs from the purchase or sale of a security or option in that no price or premium is paid or received. Instead, an amount of cash, US Government Securities or other liquid assets generally not exceeding 5% of the face amount of the futures contract must be deposited with the broker. This amount is known as initial margin. Subsequent payments to and from the broker, known as variation margin, are made on a daily basis as the price of the underlying futures contract fluctuates making the long and short positions in the futures contract more or less valuable, a process known as “marking to market.” In most cases futures contracts are closed out before the settlement date without the making or taking of delivery. Closing out a futures contract sale is effected by purchasing a futures contract for the same aggregate amount of the specific type of financial instrument or commodity and the same delivery date. If the price of the initial sale of the futures contract exceeds the price of the offsetting purchase, the seller is paid the difference and realises a gain. Conversely, if the price of the offsetting purchase exceeds the price of the initial sale, the seller realises a loss. Similarly, the closing out of a futures contract purchase is effected by the purchaser entering into a futures contract sale. If the offsetting sale price exceeds the purchase price, the purchaser realises a gain, and if the purchase price exceeds the offsetting sale price, a loss will be realised.

Futures strategies can be used to change the duration of a Fund’s portfolio. If the relevant Sub-Investment Manager wishes to shorten the duration of the Fund’s portfolio, the Fund may sell an interest rate, index or debt futures contract or a call option thereon, or purchase a put option on that futures contract. If the Sub-Investment Manager wishes to lengthen the duration of the Fund’s portfolio, the Fund may buy a debt futures contract or call option thereon, or sell a put option thereon.

An interest rate, currency, or index futures contract provides for the future sale or purchase of a specified quantity of a financial instrument, currency or the cash value of an index at a specified price and time. A futures contract on an index is an agreement pursuant to which a party agrees to pay or receive an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index contract was originally written. In variance futures contracts, the counterparties’ obligation is based upon the volatility of a reference index. These futures are similar to volatility or variance swaps, as discussed below under “Swaps”.

Futures contracts may also be used for other purposes, such as to simulate full investment in underlying securities while retaining a cash balance for efficient portfolio management purposes, as a substitute for direct investment in a security, to facilitate trading, to reduce transaction costs, or to seek higher investment returns when a futures contract or option is priced more attractively than the underlying security or index.

***Swaps:*** Subject to the requirements laid down by the Central Bank, certain Funds (as indicated in the relevant Fund Summaries) may enter into transactions in swaps (including credit default swaps, interest rate swaps (including non-deliverable), inflation swaps, total return swaps, swaptions, currency swaps (including non-deliverable) or contracts for differences and spread locks); they may also enter into options on swaps. An interest rate swap involves the exchange by the Fund with another party of their respective commitments to pay or receive cash flows (e.g., an exchange of floating rate payments for fixed-rate payments). The purchase of a cap entitles the purchaser, to the extent that a specified index exceeds a predetermined value, to receive payments on a notional principal amount from the party selling the cap. The purchase of a floor entitles the purchaser, to the extent that a specified index falls below a predetermined value, to receive payments on a notional principal amount from the party selling the floor. A collar combines elements of buying a cap and selling a floor. A collar is created by purchasing a cap or floor and selling

the other. The premium due for the cap (or floor as appropriate) is partially offset by the premium received for the floor (or cap as appropriate), making the collar an effective way to hedge risk at low cost. Spread locks are contracts that guarantee the ability to enter into an interest rate swap at a predetermined rate above some benchmark rate. A non-deliverable swap is one in which the payments to be exchanged are in different currencies, one of which is a thinly traded or non-convertible currency, and the other is a freely convertible, major currency. At each payment date, the payment due in the non-convertible currency is exchanged into the major currency at a daily reference rate, and net settlement is made in the major currency. A swaption is a contract that gives a counterparty the right (but not the obligation) in return for payment of a premium, to enter into a new swap agreement or to shorten, extend, cancel or otherwise modify an existing swap agreement, at some designated future time on specified terms.

Certain Funds (as indicated in the relevant Fund Summaries) may enter into credit default swap agreements, provided that (i) the credit default swap agreement must be subject to daily valuation by the fund and independently verified at least weekly, and (ii) the risks attached to the credit default swap must be independently assessed on a half-yearly basis and the report must be submitted to the Directors for review. The Fund may be either the buyer or seller in a credit default swap transaction. The “buyer” in a credit default contract is obligated to pay the “seller” a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If the Fund is a buyer and no event of default occurs, the Fund will lose its investment and recover nothing. On the other hand, if the Fund is a buyer and an event of default does occur, the Fund (the buyer) will receive the full notional value of the reference obligation that may have little or no value. Conversely, if the Fund is a seller and an event of default occurs, the Fund (the seller) must pay the buyer the full notional value, or “par value”, of the reference obligation in exchange for the reference obligation. As a seller, the Fund receives a fixed rate of income throughout the term of the contract, which typically is between three months and ten years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation.

Total return swaps are derivative agreements under which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses of a reference obligation to another counterparty for investment and efficient portfolio management purposes. Through the swap the Fund may take a long or short position in the underlying asset(s), which may constitute a single security or a basket of securities. Exposure through the swap closely replicates the economics of physical shorting (in the case of short positions) or physical ownership (in the case of long positions), but in the latter case without the voting or beneficial ownership rights of direct physical ownership. If a Fund invests in total return swaps or other FDI with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The risk of the counterparty defaulting on its obligations under the total return swap and its effect on investor returns are described in the section entitled “Risk Factors”. The counterparties to total return swaps entered into by a Fund will not assume any discretion over the composition or management of the Fund’s investment portfolio or over the underlying of the FDIs, and the counterparty’s approval is not required in relation to any portfolio transactions by the Fund.

A contract for difference (“CFD”) is an agreement between a buyer and a seller to exchange the difference between the current price of an underlying asset (a security, currency, index, etc.) and its price when the contract is closed. If the difference is negative when the contract is closed, the buyer pays to the seller.

Swap agreements, including caps, floors and collars, can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the overall volatility of a Fund’s investments and its share price and yield because, and to the extent, these agreements affect the Fund’s exposure to long- or short-term interest rates, foreign currency values, mortgage-backed securities values, corporate borrowing rates or other factors such as security prices or inflation rates. Swap agreements will tend to shift a Fund’s investment exposure from one type of investment to another. For example, if a Fund agrees to exchange payments in US Dollars for payments in the currency of another country, the swap agreement would tend to decrease the Fund’s exposure to US interest rates and increase its exposure to the other country’s currency and interest rates. Caps and floors have an effect similar to buying or writing options.

**Forward Currency Exchange Contracts:** Certain Funds (as indicated in the relevant Fund Summaries) may employ techniques and instruments that are intended to provide protection against exchange risks in the context of the management of its assets and liabilities (i.e., currency hedging) by gaining an exposure to one or more foreign currencies or otherwise altering the currency exposure characteristics of securities held by the Fund (i.e., active currency positions). Certain Funds (as indicated in the relevant Fund Summaries) may also employ such techniques and instruments for the purpose of attempting to enhance the Fund’s return.

A forward currency exchange contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces the Fund’s exposure to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract. The effect on the value of the Fund is similar to selling securities denominated in one currency and purchasing securities denominated in another currency. A

contract to sell currency would limit any potential gain, which might be realised if the value of the hedged currency increases. A non-deliverable forward currency exchange contract (a "non-deliverable forward") is a cash-settled contract on a thinly traded or non-convertible currency. The latter currency is specified against a freely convertible, major currency, and the contract is for a fixed amount of the non-convertible currency, on a specified due date, and at an agreed forward rate. At maturity, the daily reference rate is compared with the agreed forward rate, and the difference must be paid in the convertible currency on the value date.

Certain Funds (as indicated in the relevant Fund Summaries) may enter into forward currency exchange contracts, both deliverable and non-deliverable, to hedge against exchange risk, to increase exposure to a currency, to shift exposure to currency fluctuations from one currency to another. Certain Funds (as indicated in the relevant Fund Summaries) may also use such contracts to enhance return. The Funds may also enter into options on forward currency exchange contracts, both deliverable and non-deliverable, which in exchange for a premium gives the Fund the option, but not the obligation, to enter into such a contract at some time before a specified date.

Suitable hedging transactions may not be available in all circumstances and there can be no assurance that the Funds will engage in such transactions at any given time or from time to time. Also, such transactions may not be successful and may eliminate any chance for a Fund to benefit from favourable fluctuations in relevant foreign currencies. A Fund may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated.

***Asset-Backed Securities, Convertible Securities, Mortgage-Backed Securities, Structured Notes, Warrants and Rights:*** Please see the section entitled "Further Information on the Securities in Which the Funds May Invest" for further information in relation to these securities.

## **TBA ROLL TRANSACTIONS**

A Fund may enter into TBA roll transactions with respect to mortgage-backed securities issued by GNMA, FNMA and FHLMC. In a TBA roll transaction, a Fund sells a mortgage security to a financial institution, such as a bank or broker-dealer, and simultaneously agrees to purchase a similar security from the institution at a later date at an agreed upon price. While having similar traits, such as coupon rate, the securities purchased are determined by the counterparty in the transaction and will not necessarily be the same securities sold. During the period between the sale and repurchase, the relevant Fund will not be entitled to receive interest and principal payments on the securities sold. Proceeds of the sale will be invested in short-term instruments, particularly repurchase agreements, and the income from these instruments, together with any additional fee income received on the sale, will generate return for the relevant Fund exceeding the yield on the securities sold. TBA roll transactions include the risk that the quality of the securities received (purchased) are worse than those sold. A Fund may not enter into TBA roll transactions with respect to securities, which it does not own.

A Fund may enter into a TBA roll transaction only in accordance with normal market practice and provided that consideration obtained under the transaction is in the form of cash. A Fund may only enter into a TBA roll transaction with counterparties, which are rated A-2 or P-2 or better by S&P or Moody's or given an equivalent rating by any other NRSRO. Until settlement of a TBA roll transaction, the repurchase price for the underlying security must at all times be in the custody of the Depository.

## **WHEN-ISSUED, DELAYED DELIVERY AND FORWARD COMMITMENT SECURITIES**

Each Fund may purchase securities on a "when-issued" basis and may purchase or sell securities on a "forward commitment" basis. The price, which is generally expressed in yield terms, is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. When-issued securities and forward commitments may be sold prior to the settlement date, but a Fund will usually enter into when-issued and forward commitments, only with the intention of actually receiving or delivering the securities or to avoid currency risk, as the case may be. No income accrues on securities, which have been purchased pursuant to a forward commitment or on a when-issued basis prior to delivery of the securities. Due to fluctuations in the value of securities purchased or sold on a when-issued or delayed-delivery basis, the yields obtained on such securities may be higher or lower than the yields available in the market on the dates when the securities are actually delivered to the buyers. If a Fund disposes of the right to acquire a when-issued security prior to its acquisition or disposes of its right to deliver or receive against a forward commitment, the Fund may incur a gain or loss. There is a risk that the securities may not be delivered and that the Fund may incur a loss.

## **REPURCHASE AGREEMENTS, REVERSE REPURCHASE AGREEMENTS AND STOCKLENDING AGREEMENTS**

A portion of each Fund's assets may be held in ancillary liquid assets. For efficient portfolio management purposes, each Fund may enter into repurchase agreements, reverse repurchase agreements and stocklending agreements subject to the conditions and limits set out in the Central Bank Rules. Repurchase agreements are transactions in which a Fund purchases securities from a bank or recognised securities dealer and simultaneously commits to resell the securities to the bank or dealer at an agreed-upon

date and price reflecting a market rate of interest unrelated to the coupon rate of maturity of the purchased securities. A reverse repurchase agreement involves the sale of securities with an agreement to repurchase the securities at an agreed upon price, date and interest payment. A Fund may also lend securities to a counterparty approved by the Investment Manager or Sub-Investment Manager.

Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management shall be understood as a reference to techniques and instruments which fulfil the following criteria:

- (i) they are economically appropriate in that they are realised in a cost-effective way;
- (ii) they are entered into for one or more of the following specific aims:
  - (a) reduction of risk;
  - (b) reduction of cost;
  - (c) generation of additional capital or income for the Fund with a level of risk which is consistent with the risk profile of the Fund and the risk diversification rules set out in Regulation 71 of the UCITS Regulations;
- (iii) their risks are adequately captured by the risk management process of the Fund; and
- (iv) they cannot result in a change to the Funds' declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in its sales documents.

Repurchase/reverse repurchase agreements ("repo contracts") and stocklending agreements may only be effected in accordance with normal market practice.

All assets received by a Fund in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set down below.

Collateral must, at all times, meet with the following criteria:

- (i) **Liquidity:** Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the UCITS Regulations.
- (ii) **Valuation:** Collateral that is received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- (iii) **Issuer credit quality:** Collateral received should be of high quality. The Fund shall ensure that:
  - (a) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Company in the credit assessment process; and
  - (b) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the issuer by the Fund without delay;
- (iv) **Correlation:** Collateral received should be issued by an entity that is independent from the counterparty. There should be a reasonable ground for the Fund to expect that the collateral would not display a high correlation with the performance of the counterparty.
- (v) **Diversification (asset concentration):**
  - (a) Subject to sub-paragraph (b) below, collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When Funds are exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
  - (b) It is intended that a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The Fund should receive securities from at least

six different issues, but securities from any single issue should not account for more than 30% of the Fund's Net Asset Value. The Member States, local authorities, third countries, or public international bodies or issuing or guaranteeing securities which the Fund is able to accept as collateral for more than 20% of its Net Asset Value shall be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, IMF, Euratom, The Asian Development Bank, ECB, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, EU, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC; and

- (vi) **Immediately available:** Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

Collateral received on a title transfer basis should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated and unconnected to the provider of the collateral.

Non-cash collateral cannot be sold, pledged or re-invested.

Cash collateral may not be invested other than in the following:

- (i) deposits with a credit institution referred to in Regulation 7 of the Central Bank Regulations;
- (ii) high-quality government bonds;
- (iii) repurchase agreements provided the transactions are with a credit institution referred to in Regulation 7 of the Central Bank Regulations and the Fund is able to recall at any time the full amount of cash on an accrued basis;
- (iv) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or with any entity that is related or connected to the counterparty.

A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- c) reporting frequency and limit/loss tolerance threshold/s; and
- d) mitigation actions to reduce loss including haircut policy and gap risk protection.

The haircut policies to be applied by the Investment Manager/Sub-Investment Manager are adapted for each class of assets received as collateral. The haircut policies will take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with requirements of the Central Bank. The haircut policies are documented and each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of the relevant policy.

Where a counterparty to a repurchase or a securities lending agreement which has been entered into by a Fund: (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Company in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating



agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Fund without delay.

A Fund should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

A Fund that enters into a repurchase agreement should ensure that it is able at any time to recall the full amount of cash or to terminate the repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the repurchase agreement should be used for the calculation of the net asset value of the Fund.

A Fund that enters into a reverse repurchase agreement should ensure that it is able at any time to recall any securities subject to the reverse repurchase agreement or to terminate the reverse repurchase agreement into which it has entered.

Repo contracts and stocklending agreements do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 respectively of the UCITS Regulations.

## **CURRENCY TRANSACTIONS**

Certain Funds (as indicated in the relevant Fund Summaries) may employ techniques and instruments that are intended to provide protection against currency exchange risks in the context of the management of assets and liabilities (i.e., currency hedging) by gaining an exposure to one or more foreign currencies or otherwise altering the currency exposure characteristics of the Fund's portfolio. Certain Funds (as indicated in the relevant Fund Summaries) may also employ such techniques and instruments for the purpose of attempting to enhance the Fund's return. Each Fund (except for the Legg Mason Brandywine Global Dynamic US Equity Fund) may do so by using spot and forward foreign exchange contracts and currency futures, options and swap contracts, provided that the Legg Mason RARE Global Infrastructure Income Fund will not use options. More information concerning these types of permitted FDIs and the limits thereon is set forth above in the section entitled "Types and Description of FDIs" and "Investment Techniques and Instruments and Financial Derivative Instruments".

For each Fund, with respect to Share Classes that are denominated in a currency other than the relevant Fund's Base Currency and do not include "(Hedged)" in their name, the relevant Investment Manager and Sub-Investment Manager will not employ any techniques to hedge these Share Classes' exposure to changes in exchange rates between the Base Currency and the currency of the Share Class. As such, the Net Asset Value per Share and investment performance of such Shares Classes may be affected, positively or negatively, by changes in the value of the Base Currency relative to the value of the currency in which the relevant Share Class is denominated. Similarly, the performance of a Share Class may be strongly influenced by movements in currency rates because currency positions held by a Fund may not correspond with the securities positions held by the Fund. Currency conversion will take place on subscriptions, redemptions, conversions and distributions at prevailing exchange rates.

For each Fund, it is intended, subject to the UCITS Regulations and interpretations promulgated by the Central Bank from time to time and except for the Portfolio Hedged Share Classes, 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.

Notwithstanding the foregoing, there are special hedged share classes available for the Funds managed by RARE Infrastructure Limited ("RARE"), namely the Portfolio Hedged Share Classes. For each such Portfolio Hedged Share Class, RARE or its delegate intends to hedge any currency exposure between the currency of the Share Class and the currencies of the investments of the Fund.

Over-hedged and under-hedged positions, while not intended, may arise due to factors outside the control of the relevant Investment Manager, Sub-Investment Manager or Currency Administrator. Over-hedged positions shall not exceed 105% of the Net Asset Value of a particular Hedged Share Class, while under-hedged positions shall not fall short of 95% of the portion of the Net Asset Value of the Hedged Share Class which is to be hedged. Hedged positions will be monitored to ensure that hedged positions do not materially exceed or fall below the permitted level. This review will also incorporate procedures to ensure that positions materially in excess of 100% will not be carried forward month-to-month. Otherwise, a Fund will not be leveraged as a result of the transactions entered into for the purposes of hedging.

While the Investment Manager, Sub-Investment Manager or Currency Administrator will attempt to hedge the risk of changes in value between the currency of the relevant Hedged Share Class, on the one hand, and the Base Currency and/or the currencies that are significant to the Fund's investment strategy depending on the strategy followed by the Investment Manager or Sub-Investment Manager with respect to the relevant Fund, on the other hand, there can be no guarantee that it will be successful in doing so. To the extent that the hedging is successful, the performance of the Hedged Share Class (either in absolute terms or relative to its

hedged index) is likely to move in line with the performance of the underlying assets. Hedging transactions will be clearly attributable to a specific Share Class. All costs and gains or losses of such hedged transactions shall be borne exclusively by the relevant Hedged Share Class in manner whereby such costs and gains or losses shall not impact the Net Asset Value of the Share Classes other than the relevant Hedged Share Class. In the case of Hedged Share Classes other than the Portfolio Hedged Share Classes, the use of Share Class hedging strategies may substantially limit Shareholders in the relevant Hedged Share Class from benefiting if the currency of the Hedged Share Class falls against the Base Currency. To the extent that hedging is successful, the performance of the Hedged Share Class (either in absolute terms or relative to its hedged index) is likely to move in line with the performance of the underlying assets. In the case of Portfolio Hedged Share Classes, the Share Class hedging may substantially limit Shareholders in the relevant Hedged Share Class from benefiting if the value of the currency of the Hedged Share Class falls against the currencies to which the Fund's portfolio is exposed (other than the Share Class currency).

## **SECURITIES FINANCING TRANSACTIONS REGULATION**

Where indicated in the investment policies of a Fund, each Fund may enter into total return swaps (including contracts for differences) ("TRS") for investment and efficient portfolio management purposes, and may enter into other SFTs for efficient portfolio management purposes only. In this context, efficient portfolio management purposes include: hedging, the reduction of risk, the reduction of cost and the generation of additional capital or income for a Fund with a level of risk that is consistent with the risk profile of the relevant Fund.

If a Fund invests in TRS or SFTs, the relevant asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the relevant Fund. For all the Funds which are allowed to invest in TRS or SFTs under their investment policies and intend to do so, the maximum proportion and expected proportion of their Net Asset Value that may be invested in these instruments is disclosed in the relevant Fund summary.

A Fund shall only enter into TRS and SFTs with counterparties that satisfy the criteria (including those relating to legal status, country of origin and minimum credit rating) as set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section and adopted by the Investment Manager or Sub-Investment Manager.

The categories of collateral which may be received by a Fund is set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section and includes cash and non-cash assets such as equities, debt securities and money market instruments. Collateral received by a Fund will be valued in accordance with the valuation methodology set out in the section entitled "Determination of Net Asset Value". Collateral received by a Fund will be marked-to-market daily and daily variation margins will be used. Collateral received may have different maturity dates, and the maturity dates may be fixed or variable. Certain types of collateral (e.g. cash or equities) have no maturity date.

Where a Fund receives collateral as a result of entering into TRS or SFTs, there is a risk that the collateral held by a Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to a Fund to secure a counterparty's obligations under a TRS or SFT would satisfy the counterparty's obligations in the event of a default by the counterparty. Where a Fund provides collateral as a result of entering into TRS or SFTs, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

For a summary of certain other risks applicable to TRS and SFTs, see the sections entitled "Risks of Using Swaps", "Repurchase and Reverse Repurchase Agreements" and "Securities Lending Agreements" in the "Risk Factors" section.

A Fund may provide certain of its assets as collateral to counterparties in connection with TRS and SFTs. If a Fund has over-collateralised (i.e., provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty's insolvency. If the Depositary or its sub-custodian or a third party holds collateral on behalf of a Fund, the relevant Fund may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into TRS or SFTs which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Subject to the restrictions laid down by the Central Bank as set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section, a Fund may re-invest cash collateral that it receives. If cash collateral received by a Fund is re-invested, a Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and a Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the relevant Fund.



Direct and indirect operational costs and fees arising from TRS or SFTs may be deducted from the revenue delivered to the relevant Fund (e.g., as a result of revenue sharing arrangements). All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Investment Manager a Sub-Investment Manager or the Depositary.

## EUROPEAN BENCHMARKS REGULATION

In respect of the relevant Funds, the Company is working with the applicable benchmark administrator for each benchmark used by a Fund to confirm that the benchmark administrators are, or intend to procure that they are, included in the register maintained by ESMA under the Benchmarks Regulation.

A plan has been adopted by the Company to address the contingency of a benchmark changing materially or ceasing to be provided in accordance with the Benchmarks Regulation.

## RISK FACTORS

Investors' attention is drawn to the following risk factors. This does not purport to be an exhaustive list of the risk factors relating to investment in the Funds and investors' attention is drawn to the description of the instruments set out in the section entitled "Further Information on the Securities in Which the Funds May Invest".

**INVESTMENT RISK:** There can be no assurance that a Fund will achieve its investment objective. The value of Shares may rise or fall, as the capital value of the securities in which the Fund invests may fluctuate. The investment income of the Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Fund's investment income may be expected to fluctuate in response to changes in such expenses or income. **In view of the fact that a commission of up to 5% of the subscription monies may be payable on subscriptions for Class A Shares and of up to 2.5% of the subscription monies may be payable on subscriptions for Class E Shares and that a contingent deferred sales charge may be payable on redemptions of Class B Shares and Class C Shares and that a dilution adjustment may be applied to all Shares Classes of all Funds, the difference at any one time between the subscription and redemption price of Shares means that an investment in such Shares should be viewed as a medium- to long-term investment.**

### RISKS OF DEBT SECURITIES:

**Interest Rate Risk:** The value of debt securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. The longer the time to maturity the greater are such variations.

**Liquidity Risk:** Debt securities may become less liquid or illiquid after purchase, particularly during periods of market turmoil. When a Fund holds illiquid investments, the Fund's portfolio may become harder to value, and if the Fund is forced to sell these investments to meet redemption requests or for other cash needs, the Fund may suffer a loss.

**Credit Risk:** Each Fund's investments in debt securities are subject to credit risk (*i.e.*, the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of a security will suffer because investors believe the issuer is less able to pay). This is broadly gauged by the credit ratings of the securities in which the Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality.

**Risk of Government Securities:** Not all government securities are backed by the full faith and credit of the United States or other national government in the case of foreign government securities. Some are backed only by the credit of the issuing agency or instrumentality. Accordingly, there is at least a chance of default on these US government securities, as well as on non-US government securities in which a Fund may invest, which may subject the Fund to credit risk.

**Risk of High Yield Securities:** To the extent a Fund invests in medium- or low-rated securities and unrated securities of comparable quality, the Fund may realise a higher current yield than the yield offered by higher-rated securities, but investment in such securities involves greater volatility of price and risk of loss of income and principal, including the probability of default by or bankruptcy of the issuers of such securities. Low-rated and comparable unrated securities (collectively referred to as "low-rated" securities) likely have quality and protective characteristics that, in the judgment of a rating organisation, are outweighed by large uncertainties or major risk exposures to adverse conditions, and are predominantly speculative with respect to an issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. Although the prices of low-rated

securities are generally less sensitive to interest rate changes than are higher-rated securities, the prices of low-rated securities may be more sensitive to adverse economic changes and developments regarding the individual issuer.

When economic conditions appear to be deteriorating, medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities are especially affected by adverse changes in the industries in which the issuers are engaged and by changes in the financial condition of the issuers.

Highly leveraged issuers may also experience financial stress during periods of rising interest rates. In addition, the secondary market for low-rated securities, which is concentrated in relatively few market makers, may not be as liquid as the secondary market for more highly rated securities. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Therefore, prices realised upon the sale of such low-rated securities, under these circumstances, may be less than the prices used in calculating the Fund's net asset value.

Low-rated securities also present risks based on payment expectations. If an issuer calls an obligation for redemption, the relevant Fund may have to replace the security with a lower yielding security, resulting in a decreased return for investors. If a Fund experiences unexpected net redemptions, it may be forced to sell its higher-rated securities, resulting in a decline in the overall credit quality of the Fund's investment portfolio and increasing the exposure of the Fund to the risks of low-rated securities.

Changes in economic conditions or developments regarding individual issuers of medium or low-rated securities are more likely to cause price volatility and weaken the capacity of such securities to make principal and interest payments than is the case for higher grade debt securities. Investment in such lower rated debt securities may limit a Fund's ability to sell such securities at fair value. Judgment plays a greater role in pricing such securities than in the case of securities having more active markets. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of lower rated debt securities, especially in a thinly traded market.

**Risk of Rated and Unrated Securities:** The ratings of NRSROs represent the opinions of those agencies. Such ratings are relative and subjective, and are not absolute standards of quality. Unrated debt securities are not necessarily of lower quality than rated securities, but they may not be attractive to as many buyers. The NRSROs may change, without prior notice, their ratings on particular debt securities held by a Fund, and downgrades in ratings are likely to adversely affect the price of the relevant debt securities.

Investment Grade securities may be subject to the risk of being downgraded to below Investment Grade. As discussed above, such low-rated securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer defaults, or such securities cannot be realised, or perform badly, the Fund and its shareholders may suffer substantial losses. In addition, the market for securities which are rated below Investment Grade and/or have a lower credit rating generally is of lower liquidity and less active than that for higher rated securities and a Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception.

**Risk of Unsecured European Bank Debt Instruments:** Certain Funds may invest in capital or senior unsecured debt issued by EU domiciled financial institutions (banks) that are being affected by the Banking Recovery & Resolution Directive (Directive 2015/59/EU, "BRRD"). The BRRD is designed to remove implicit government support and protections for credits and investors in banks capital and debt instruments and other unsecured bank financial instruments and provide resolution tools and powers when these financial institutions are failing. Unsecured debt instruments of these financial institutions are subject to the BRRD resolution regime and in the event of resolution:

1. the outstanding amount may be reduced to zero or the security may be converted into ordinary shares or other instruments of ownership for the purpose of stabilisation and loss absorption;
2. a transfer of assets to a bridge bank or in a sale of business may limit the capacity of the financial institution to meet repayment obligations;
3. the maturity of instruments or the interest rate under these instruments can be altered and the payments may be suspended for a certain period.

In addition:

- the liquidity of the secondary market in any unsecured debt instruments may be sensitive to changes in financial markets;

- existing liquidity arrangements (for example, repurchase agreements by the issuing financial institution) might not protect the relevant Funds from having to sell these instruments at substantial discount below their principal amount, in case of financial distress of the issuing financial institutions;
- liability holders have a right to compensation if the treatment they receive in resolution is less favourable than the treatment they would have received under normal insolvency proceedings. This assessment must be based on an independent valuation of the financial institution. Compensation payments, if any, may be considerably later than contractual payment dates (in the same way that there may be a delay in recovering value in the event of an insolvency).

**RISKS OF EMERGING MARKETS:** Each Fund may invest in securities of companies domiciled in or conducting their principal business activities in emerging markets. Investing in emerging markets poses certain risks, some of which are set out below.

**Economic & Political Factors:** Investments in securities of issuers located in Emerging Market Countries involve special considerations and risks, including the risks associated with high rates of inflation and interest with respect to the various economies, the limited liquidity and relatively small market capitalisation of the securities markets in Emerging Market Countries, relatively higher price volatility, large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain Emerging Market Countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual emerging market economies may differ favorably or unfavorably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investment, resources, self-sufficiency and the balance of payments position. Certain emerging market investments may also be subject to foreign withholding taxes. These and other factors may affect the value of the Fund's Shares.

The economies of some Emerging Market Countries have experienced considerable difficulties in the past. Although in certain cases there have been significant improvements in recent years, many such economies continue to experience significant problems, including high inflation and interest rates. Inflation and rapid fluctuations in interest rates have had and may continue to have very negative effects on the economies and securities markets of certain Emerging Market Countries. The development of certain emerging market economies and securities markets will require continued economic and fiscal discipline, which has been lacking at times in the past, as well as stable political and social conditions. Recovery may also be influenced by international economic conditions, particularly those in the US and by world prices for oil and other commodities. There is no assurance that economic initiatives will be successful. Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in Emerging Market Countries. For example, some of the currencies of Emerging Market Countries have experienced steady devaluations relative to the US Dollar, and major adjustments have been made in certain of such currencies periodically. In addition, governments of certain Emerging Market Countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in the Fund's portfolio.

**Market Liquidity & Volatility:** The securities markets in Emerging Market Countries are substantially smaller, less liquid and more volatile than the major securities markets in the United States and Europe. A limited number of issuers in most, if not all, securities markets in Emerging Market Countries may represent a disproportionately large percentage of market capitalisation and trading volume. Such markets may, in certain cases, be characterised by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and investment companies. The combination of price volatility and the less liquid nature of securities markets in Emerging Market Countries may, in certain cases, affect the Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

**Information Standards:** In addition to their smaller size, lesser liquidity and greater volatility, securities markets in Emerging Market Countries are less developed than the securities markets in the US and Europe with respect to disclosure, reporting and regulatory standards. There is less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the United States and in Europe. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in the United States and Europe. Emerging market issuers may not be subject to the same accounting, auditing and financial reporting standards as US and European companies. Inflation accounting rules in some Emerging Market Countries require, for companies that keep accounting records in the local currency for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to reflect the high rates of inflation to which those companies are subject. Inflation accounting may indirectly generate losses or profits for certain companies in Emerging Market Countries. Thus, statements and reported earnings may differ from those of companies in other countries, including the United States.

**Custodial Risks:** As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to sub-custodians may be exposed to risk in circumstances whereby the Depositary would have no liability. The Depositary has a sub-custodial network in certain Emerging Market Countries. The Company has agreed that it will not invest in securities issued or corporations located in Emerging Market Countries until the Depositary is satisfied that it has sub-custodial arrangements in place in respect of such countries. However, there is no guarantee that any arrangements made, or agreements entered into, between the Depositary and any sub-custodian will be upheld by a court of any Emerging Market Country or that any judgment obtained by the Depositary or the Company against any such sub-custodian in a court of any competent jurisdiction will be enforced by a court of any Emerging Market Country.

**EQUITY RISKS:** Investments in equity securities offer the potential for substantial capital appreciation. However, such investments also involve risks, including issuer, industry, market and general economic related risks. Although the Sub-Investment Managers will attempt to reduce these risks by utilising various techniques described herein, adverse developments or perceived adverse developments in one or more of these areas could cause a substantial decline in the value of equity securities owned by the Fund.

**MARKET RISK:** The financial crisis that began in 2008 has caused a significant decline in the value and liquidity of many securities of issuers worldwide. Governmental and non-governmental issuers (notably in Europe) have defaulted on, or been forced to restructure, their debts, and many other issuers have faced difficulties obtaining credit. These market conditions may continue, worsen or spread, including in the US, Europe and beyond. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In response to the crisis, certain governments and central banks have taken steps to support financial markets. The withdrawal of this support, failure of efforts in response to the crisis, or investor perception that these efforts are not succeeding could negatively affect financial markets generally as well as the value and liquidity of certain securities. Whether or not a Fund invests in securities of issuers located in or with significant exposure to countries experiencing economic and financial difficulties, the value and liquidity of the Fund's investments may be negatively affected. In addition, legislation recently enacted is changing many aspects of financial regulation. The impact of the legislation on the markets, and the practical implications for market participants, may not be fully known for some time.

**BREXIT RISKS:** In June 2016, the people of the UK voted by referendum for the UK to leave the EU. The result has led to political and economic instability, volatility in the UK and European financial markets, and a weakening of the Pound Sterling. It may also lead to weakening in consumer, corporate and financial confidence in the UK and European markets as the UK negotiates its exit from the EU (referred to as "Brexit"). This may negatively affect the value and liquidity of Funds with significant exposure to UK and/or European issuers. The negotiation of the UK's exit may take a long time, which is likely to lead to continued uncertainty and higher volatility in the UK and EU, including the volatility of currency exchange rates. This may make it more difficult and/or expensive for the Funds to execute hedging transactions.

Depending on the outcome of the Brexit negotiations between the UK and the EU, at some point in the future the Funds may no longer be permitted to maintain registration for public sale of its Shares in the UK, which could mean that the Funds will no longer be available for investment by certain UK investors.

**EUROZONE RISKS:** A number of countries in Europe have experienced severe economic and financial difficulties. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. These difficulties may continue, worsen or spread within and outside Europe. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro and/or withdraw from the European Union. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching. Whether or not a Fund invests in securities of issuers located in Europe or with significant exposure to European issuers or countries, these events could negatively affect the value and liquidity of the Fund's investments.

**RISKS OF EQUITY-RELATED SECURITIES:** Equity-related securities ("ERS") are generally subject to the same risks as the equity securities or baskets of equity securities to which they relate. Upon the maturity of the ERS, the Fund generally receives a return of principal based on the capital appreciation of the underlying securities. If the underlying securities decline in value, the ERS may return a lower amount at maturity. The trading price of an ERS also depends on the value of the underlying securities. ERS involve further risks associated with purchases and sales of notes, including the exchange rate fluctuations and a decline in



the credit quality of the ERS issuer. ERS may be secured by collateral. If an issuer defaults, the Fund would look to any underlying collateral to recover its losses. Rating of issuers of ERS refer only to the issuers' creditworthiness and the related collateral. They provide no indication of the potential risks of the underlying securities.

Warrants and rights, which provide rights to buy securities, can provide a greater potential for profit or loss than an equivalent investment in the underlying security. Prices of warrants and rights do not necessarily move in tandem with the prices of the underlying securities and may be volatile. Warrants and rights have no voting rights, pay no dividends and offer no rights with respect to the assets of the issuer other than a purchase option. If a warrant or right held by a Fund is not exercised by the date of its expiration, the Fund would lose the entire purchase price of the warrant or right.

**RISKS OF CONVERTIBLE SECURITIES:** Although to a lesser extent than with debt securities generally, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the conversion feature, the market value of convertible securities tends to vary with fluctuations in the market value of the underlying common stocks and, therefore, also will react to variations in the general market for equity securities.

As debt securities, convertible securities are investments which provide for income with generally higher yields than common stocks. Like all debt securities, there can be no assurance of current income because the issuers of the convertible securities may default on their obligations. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality – this is because of the potential for capital appreciation through the conversion feature, which enables the holder to benefit from increases in the market price of the underlying common stock. However, there can be no assurance of capital appreciation because securities prices fluctuate.

Convertible securities generally are subordinated to other similar but non-convertible debt securities of the same issuer. Because of the subordination feature, convertible securities typically have lower ratings than similar non-convertible securities.

Contingent convertible securities (or “CoCos”) are subject to additional risks. They may be difficult to value, due to the need to evaluate the probability of the conversion event occurring. Coupon payments on CoCos are discretionary and may be cancelled by the issuer, and such cancellations do not constitute default by the issuer. Investors in CoCos may suffer a loss of capital when holders of equity in the same issuer do not. CoCos are issued as perpetual instruments, callable at pre-determined levels only with the approval of the relevant authority. The investor may not receive return of principal if expected on a call date or indeed at any date. The CoCo structure is innovative but untested in stressed market environments.

**CONCENTRATION RISK:** The Sub-Investment Manager of a Fund may make investment decisions primarily on the basis of company-specific factors, which may result in a substantial portion of the Fund's investments consisting of securities of companies doing business in one industry or product field. Other Funds may concentrate investments in securities of issuers from a particular country or geographic region. Such concentrations of assets could increase the potential for volatility and risk of loss, especially in periods of pronounced market volatility.

**INVESTMENT STYLE RISK:** The Funds may take significant, long-term positions that the relevant Sub-Investment Manager believes are undervalued by the market. Companies in which a Fund invests may remain out of favour with the market for extended periods of time. Each Fund may continue to hold, and in some cases add to, a declining position so long as the Sub-Investment Manager continues to view the market as incorrectly valuing the security. As a result, each Fund faces the risk of mis-estimation by the Sub-Investment Manager in its fundamental analysis regarding the companies in which the Fund invests. The performance of the Funds may not closely correlate to specific market indices over time and may include extended periods of underperformance as compared to the broader market.

**RISKS OF MICRO, SMALL AND MID-SIZED COMPANY STOCKS:** Certain Funds may invest in equity securities of micro, small and mid-sized companies. Investment in such securities involves special risks. Among other things, the prices of securities of micro, small and mid-sized companies generally are more volatile than those of larger companies; the securities of smaller companies generally are less liquid; and smaller companies generally are more likely to be adversely affected by poor economic or market conditions. Investments in securities of companies with smaller market capitalisations are generally considered to offer greater opportunity for appreciation but also may involve greater risks than customarily are associated with more established companies. The securities of smaller companies may be subject to more abrupt fluctuations in market price than larger, more established companies. Smaller companies may have limited product lines, markets or financial resources, or they may be dependent upon a limited management group. In addition to exhibiting greater volatility, smaller company stocks may, to a degree, fluctuate independently of larger company stocks (*i.e.*, small company stocks may decline in price as the prices of large company stock rise or vice versa).

**INFRASTRUCTURE RISKS:** Securities and instruments of infrastructure companies are susceptible to adverse economic or regulatory occurrences affecting their industries.

Infrastructure companies may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

Where investment is made in new infrastructure projects during the construction phase, some residual risk will remain that the project will not be completed within budget, within the agreed timeframe or to the agreed specifications. The operations of infrastructure projects are exposed to unplanned interruptions caused by significant catastrophic events, such as cyclones, earthquakes, landslides, floods, explosion, fire, terrorist attack, major plant breakdown, pipeline or electricity line rupture or other disaster. Operational disruption, as well as supply disruption, could adversely impact the cashflows available from these assets.

Infrastructure companies also may be affected by or subject to, among other factors, laws and regulations by various government authorities, including rate regulation and service interruption due to environmental, operational or other mishaps. Standards set by these laws and regulations are imposed regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were, conducted. These laws and regulations may have a detrimental impact on the financial performance of infrastructure projects.

**CUSTODY AND SETTLEMENT RISKS:** As the Funds may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Funds which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risks in circumstances where by the Depositary will have no liability. Such markets include, among others, Indonesia, Korea and India, and such risks include (i) a non-true delivery versus payment settlement, (ii) a physical market, and as a consequence the circulation of forged securities, (iii) poor information in regards to corporate actions, (iv) registration process that impacts the availability of the securities, (v) lack of appropriate legal/fiscal infrastructure advices, and (vi) lack of compensation/risk fund with the relevant Central Depository. Furthermore, even when a Fund settles trades with counterparties on a delivery-versus-payment basis, it may still be exposed to credit risk to parties with whom it trades.

Certain markets in Central and Eastern Europe present specific risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities may not exist in certain countries (such as Russia); as a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. In the case of Russia, this results in a broad geographic distribution of several thousand registrars across Russia. Russia's Federal Commission for Securities and Capital Markets (the "Commission") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties in enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are still in the process of being established. When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of shares is evidenced by the records of the registrar, but not by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. It is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of shares and is not obligated to notify the Depositary, or its local agents in Russia, if or when it amends the register of shareholders. As a consequence of this Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the Depositary or its local agents in Russia. Investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the Moscow Stock Exchange. The Depositary's liability extends to its negligent or intentional failure to perform its obligations and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses the relevant Fund will have to pursue its rights directly against the issuer and/or its appointed registrar. The aforesaid risks in relation to safekeeping of securities in Russia may exist, in a similar manner, in other Central and Eastern European countries in which the Funds may invest.

**FAIR VALUE PRICING RISKS:** Details of the method of calculation of the net asset value per Share of the Funds are set out in the section of the Prospectus entitled "Determination of Net Asset Value". Normally assets listed or traded on a Regulated Market or certain over-the-counter markets for which market quotations are readily available shall be valued at the latest available traded price or closing bid price as at the relevant Valuation Point on the Dealing Day. However, the Administrator may use a systematic fair valuation model provided by an independent third party to value equity securities and/or fixed income securities traded on such markets in order to adjust for stale pricing which may occur between the close of foreign exchanges and the relevant Valuation Point on the relevant Dealing Day. If a security is valued using fair value pricing, the relevant Fund's value for that security is likely to be different than the latest available traded price for that security.

**RISKS OF INDEXED SECURITIES, CREDIT-LINKED NOTES AND STRUCTURED NOTES:** Investment in indexed securities, credit-linked notes and structured notes involves certain risks, including the credit risk of the issuer and the normal risks of price changes in response to changes in interest rates. Further in the case of certain of these instruments, a decline in the reference instrument may cause the interest rate to be reduced to zero, and any further declines in the reference instrument may then reduce the principal amount payable on maturity. These instruments may be less liquid than other types of securities, and may be more volatile than their underlying reference instruments.

**RISKS OF INFLATION-PROTECTED SECURITIES:** Inflation-protected securities are special types of indexed securities that are tied to indices that are calculated based on the rates of inflation for prior periods. The value of inflation-protected securities, including US TIPS, generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-protected securities. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in value of inflation-protected securities.

If a Fund purchases inflation-protected securities in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the Fund purchases inflation-protected securities in the secondary market whose price has been adjusted upward due to real interest rates increasing, the Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the Fund holds an inflation-protected securities, the Fund may earn less on the security than on a conventional bond. If the Fund sells US TIPS in the secondary market prior to maturity however, the Fund may experience a loss.

If real interest rates rise (i.e., if interest rates rise for reasons other than inflation (for example, due to changes in currency exchange rates)), the value of the inflation-protected securities in the Fund's portfolio will decline. Moreover, because the principal amount of inflation-protected securities would be adjusted downward during a period of deflation, the Fund will be subject to deflation risk with respect to its investments in these securities. There can be no assurance that such indices will accurately measure the real rate of inflation.

Additionally, the market for inflation-protected securities may be less developed or liquid, and more volatile, than certain other securities markets. Although the US Treasury is contemplating issuing additional inflation-protected securities, there is no guarantee that it will do so. There are a limited number of inflation-protected securities that are currently available for the Fund to purchase, thus making the market less liquid and more volatile than the US Treasury and agency markets.

The US Treasury currently issues US TIPS in only ten-year maturities, although it is possible that US TIPS with other maturities will be issued in the future. Previously, US TIPS have been issued with maturities of five, ten or thirty years. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed even during a period of deflation. However as with inflation-protected securities generally, because the principal amount of US TIPS would be adjusted downward during a period of deflation, the Fund will be subject to deflation risk with respect to its investments in these securities. In addition, the current market value of the bonds is not guaranteed, and will fluctuate. If the Fund purchases US TIPS in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Fund may experience a loss if there is a subsequent period of deflation. If inflation is lower than expected during the period the Fund holds a US TIPS, the Fund may earn less on the security than on a conventional bond.

**RISKS OF SECURITIES OF SUPRANATIONAL ORGANISATIONS:** Supranational organisations are entities designated or supported by governments or governmental entities to promote economic development, and include, among others, the Asian Development Bank, the European Community, the European Investment Bank, the Inter-American Development Bank, the International Monetary Fund, the United Nations, the International Bank for Reconstruction and Development ("World Bank") and the European Bank for Reconstruction and Development. These organisations have no taxing authority and are dependent upon their members for payments of interest and principal. Moreover, the lending activities of such supranational entities are limited to a percentage of their total capital (including "callable capital") contributed by members at an entity's call, reserves and net income.

**CURRENCY RISKS:** Each Fund that invests in securities denominated in currencies other than the Fund's Base Currency, and/or invests in debt securities and holds active positions in currencies other than its Base Currency, may be exposed to currency exchange risk. For example, changes in exchange rates between currencies or the conversion from one currency to another may cause the value of the Fund's investments to diminish or increase. Currency exchange rates may fluctuate over short periods of time. They generally are determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can be affected unpredictably by intervention (or the failure to intervene) by governments or central banks, or by currency controls or political developments.

If the currency in which a portfolio security of a Fund is denominated appreciates against the Fund's Base Currency, the Base Currency value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security expressed in the Base Currency of the Fund. The Funds may or may not engage in foreign currency transactions or otherwise attempt to hedge against currency fluctuations between its underlying investments and its Base Currency. A Fund's hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of default by a counterparty, and the risk that the relevant Sub-Investment Manager's forecast with respect to currency movements is incorrect.

With respect to Share Classes that are denominated in a currency other than the relevant Fund's Base Currency and that do not include "(Hedged)" in their name, the relevant Investment Manager and Sub-Investment Manager will not employ any techniques to hedge these Share Classes' exposure to changes in exchange rates between the Base Currency and the currency of the Share Class. As such, the Net Asset Value per Share and investment performance of such Shares Classes may be affected, positively or negatively, by changes in the value of the Base Currency relative to the value of the currency in which the relevant Share Class is denominated.

With respect to the Hedged Share Classes, while the Investment Manager, Sub-Investment Manager or Currency Administrator will attempt to hedge the risk of changes in value between Base Currency and the currency of the relevant Hedged Share Class, and in the case of the Portfolio Hedged Share Classes the currencies to which the Fund's portfolio is exposed. There can be no guarantee that the relevant Investment Manager, Sub-Investment Manager or Currency Administrator will be successful in doing so. The use of Share Class hedging strategies may substantially limit Shareholders in the relevant Hedged Share Class from benefiting if the currency of the Hedged Share Class falls against the Base Currency, the currencies that are significant to the relevant Fund's strategy and/or the currencies to which the Fund's portfolio is exposed, as applicable.

**RISK OF REITS:** Investments in REITs and other issuers that invest, deal or otherwise engage in transactions in or hold real estate or interests therein expose a Fund to risks similar to investing directly in real estate. For example, real estate values may fluctuate as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, regulatory limitations on rents, changes in neighbourhood values, changes in how appealing properties are to tenants and increases in interest rates. As well as changes in the value of their underlying properties, the value of REITs may also be affected by defaults by borrowers or tenants.

Furthermore, REITs are dependent on specialised management skills. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties. REITs depend generally on their ability to generate cash flows to make distributions to shareholders or unitholders, and may be subject to defaults by borrowers and to self-liquidations. In addition, the performance of a US-domiciled REIT may be adversely affected if it fails to qualify for tax-free pass-through of income under US tax law or if it fails to maintain exemption from registration under the 1940 Act.

**RISKS OF SECURITIES OF OTHER INVESTMENT COMPANIES AND EXCHANGE-TRADED FUNDS:** Investing in securities issued by other investment companies or exchange-traded funds ("ETFs") involves risks similar to those of investing directly in the securities and other assets held by the investment company or ETF. In addition, a Fund would bear, along with other shareholders, its *pro rata* portion of the expenses of the other investment company or ETF, including management and/or other fees. These fees would be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations. Investing in hedge funds and other privately offered funds involves the additional risk of potentially significant volatility. Like any security that trades on an exchange, the prices of ETFs and closed-end funds are subject to supply and demand and therefore may not trade at their underlying net asset value. Investments in funds that are not registered with regulatory authorities may be riskier than investments in regulated funds, because they are subject to less regulation and regulatory oversight.

**RISKS OF MORTGAGE-BACKED SECURITIES:** Mortgage-backed securities provide a monthly payment consisting of interest and principal payments. Additional payments may be made out of unscheduled repayments of principal resulting from the sale of the underlying property, refinancing or foreclosure, net of fees or costs that may be incurred. Prepayments of principal on mortgage-backed securities may tend to increase due to refinancing of mortgages as interest rates decline. Prepayments may be passed through to the registered holder with the regular monthly payments of principal and interest, and have the effect of reducing future payments. In the event of prepayments, the Funds may experience a loss (if the price at which the respective security was acquired by the fund was at a premium over par, which represents the price at which the security will be redeemed upon repayment) or a gain (if the price at which the respective security was acquired by the Fund was at a discount from par). To the extent that a Fund purchases mortgage-backed securities at a premium, mortgage foreclosures and prepayments of principal by mortgagors (which may be made at any time without penalty) may result in some loss of the Fund's principal investment to the extent of the premium paid. Prepayments may occur with greater frequency in periods of declining mortgage rates because,



among other reasons, it may be possible for mortgagors to refinance their outstanding mortgages at lower interest rates. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancing slows, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities.

Mortgage pools created by private organisations generally offer a higher rate of interest than governmental and government-related pools because there are no direct or indirect guarantees of payments in the former pools. Timely payment of interest and principal in private organisation pools, however, may be supported by various forms of private insurance or guarantees, including individual loan, title, pool and hazard insurance. There can be no assurance that the private insurers can meet their securities under the policies. The Funds' yields may be affected by reinvestment of prepayments at higher or lower rates than the original investment. In addition, like those of other debt securities, the values of mortgage-related securities, including government and government-related mortgage pools, generally will fluctuate in response to market interest rates.

Structured mortgage-backed securities may be leveraged and are subject to different combinations of prepayment, extension, interest rate and/or other market risks. Conventional mortgage pass-through securities and CMOs are subject to all of these risks, but are typically not leveraged. Planned amortisation bonds, targeted amortisation bonds and other senior classes of sequential and parallel pay CMOs involve less exposure to prepayment, extension and interest rate risk than other mortgage-backed securities, provided that prepayment rates remain within expected prepayment ranges or collars. The risk of early prepayments is the primary risk associated with mortgage IOs, super floaters and other leveraged floating rate mortgage-backed securities. The primary risks associated with COFI floaters, other "lagging rate" floaters, capped floaters, inverse floaters, POs and leveraged inverse IOs are the potential extension of average life and/or depreciation due to rising interest rates. The residual classes of CMOs are subject to both prepayment and extension risk. Other types of floating rate derivative debt securities present more complex types of interest rate risks. For example, range floaters are subject to the risk that the coupon will be reduced to below market rates if a designated interest rate floats outside of a specified interest rate band or collar. Dual index or yield curve floaters are subject to depreciation in the event of an unfavorable change in the spread between two designated interest rates. In addition to the interest rate, prepayment and extension risks described above, the risks associated with transactions in these securities may include: (1) leverage and volatility risk and (2) liquidity and valuation risk.

**RISKS OF STRIPPED SECURITIES:** The yield to maturity on an Interest Only or Principal Only class of stripped mortgage-backed securities is extremely sensitive not only to changes in prevailing interest rates but also to the rate of principal payments (including prepayments) on the underlying assets. A rapid rate of principal prepayments may have a measurably adverse effect on the Fund's yield to maturity to the extent it invests in Interest Only Bonds. If the assets underlying the Interest Only Bond experience greater than anticipated prepayments of principal, the Fund may fail to recoup fully its initial investment in these securities. Conversely, Principal Only Bonds tend to increase in value if prepayments are greater than anticipated and decline if prepayments are slower than anticipated. The secondary market for stripped mortgage-backed securities may be more volatile and less liquid than that for other mortgage-backed securities, potentially limiting the Fund's ability to buy or sell those securities at any particular time.

**RISKS OF ASSET-BACKED SECURITIES:** The principal of asset-backed securities may be prepaid at any time. As a result, if such securities were purchased at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect. Conversely, if the securities are purchased at a discount, prepayments faster than expected will increase yield to maturity and prepayments slower than expected will decrease it. Accelerated prepayments also reduce the certainty of the yield because the Funds must reinvest the assets at the then-current rates. Accelerated prepayments on securities purchased at a premium also impose a risk of loss of principal because the premium may not have been fully amortised at the time the principal is repaid in full.

**RISKS OF NON-PUBLICLY TRADED SECURITIES:** Non-publicly traded securities may involve a high degree of business and financial risk and may result in substantial losses. Non-publicly traded securities may be less liquid than publicly traded securities, and a Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid by the Fund. Further, companies whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded. The Fund's investment in illiquid securities is subject to the risk that should the Fund desire to sell any of these securities when a ready buyer is not available at a price that is deemed to be representative of their value, the Net Asset Value of the Fund could be adversely affected.

**DERIVATIVES RISKS:** Derivatives, in general, involve special risks and costs and may result in losses to a Fund. Some Funds may hold short positions on securities exclusively through derivatives, and the risks inherent in the investment strategies of such Funds are not typically encountered in more traditional "long only" funds. The successful use of derivatives requires sophisticated management, and a Fund will depend on the ability of the Fund's Investment Manager or Sub-Investment Manager to analyse and

manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of a Fund may prove not to be what the Fund's Investment Manager or Sub-Investment Manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses to the Fund, creating conceptually the risk of unlimited loss.

Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for a Fund's derivatives positions at any time. In fact, many over-the-counter instruments will not be liquid and may not be able to be "closed out" when desired. Over-the-counter instruments such as swap transactions also involve the risk that the other party will not meet its obligations to the Fund. The participants in "over-the-counter" markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets, and there is no clearing corporation which guarantees the payment of required amounts. This exposes the Fund to risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Derivative contracts may also involve legal risk which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

**Risk Measurement:** Each Fund using derivatives will seek to limit the market risk and leverage created through the use of derivatives by using either the commitment approach or a sophisticated risk measurement technique known as "value-at-risk" (the "VaR approach"). The Legg Mason Brandywine Global – EM Macro Bond Fund and Legg Mason Brandywine Global Enhanced Absolute Return Fund use the VaR approach. Each other Fund using derivatives uses the commitment approach. The Sub-Investment Managers of each Fund using FDI employ a risk management process to enable them to accurately measure, monitor and manage the risks attached to FDI positions.

The commitment approach calculates leverage by measuring the market value of the underlying exposures of derivatives relative to the relevant Fund's Net Asset Value. VaR is a statistical methodology that seeks to predict, using historical data, the likely maximum loss that a Fund could suffer, calculated to a specific (e.g., "one tailed" 99 per cent) confidence level. Each of the Legg Mason Brandywine Global – EM Macro Bond Fund and Legg Mason Brandywine Global Enhanced Absolute Return Fund will use an "absolute" VaR model where the measurement of VaR is relative to the Net Asset Value of the Fund. A VaR model has certain inherent limitations and it cannot be relied upon to predict or guarantee that the size or frequency of losses incurred by a Fund will be limited to any extent. As the VaR model relies on historical market data as one of its key inputs, if current market conditions differ from those during the historical observation period, the effectiveness of the VaR model in predicting the VaR of a Fund may be materially impaired. Investors may suffer serious financial consequences under abnormal market conditions.

The effectiveness of the VaR model could be impaired in a similar fashion if other assumptions or components comprised in the VaR model prove to be inadequate or incorrect. Where the Legg Mason Brandywine Global – EM Macro Bond Fund and Legg Mason Brandywine Global Enhanced Absolute Return Fund uses an absolute VaR model, in accordance with the requirements of the Central Bank and as set out above, each of these Funds is subject to an absolute VaR limit of 20 per cent. of the Fund's Net Asset Value, based on a 20 day holding period and a "one tailed" 99 per cent confidence interval. However, the Fund may from time to time experience a change in Net Asset Value over a 20 day holding period greater than 20 per cent of Net Asset Value.

In addition to using the VaR approach, the Sub-Investment Manager of the Legg Mason Brandywine Global – EM Macro Bond Fund and Legg Mason Brandywine Global Enhanced Absolute Return Fund will monitor leverage levels on a daily basis to monitor changes due to market movements. In addition, the Sub-Investment Manager shall carry out pretrade testing to consider the impact that the trade would have on the Fund's overall leverage and to consider the risk/reward levels of the trade.

**Risks of Using Options:** Because option premiums paid or received by a Fund will be small in relation to the market value of the investment underlying the options, trading in options could cause the Fund's Net Asset Value to be subject to more frequent and wider fluctuations than would be the case if the Fund did not use options.

Upon the exercise of a put option written by a Fund, the Fund may suffer a loss equal to the difference between the price at which the Fund is required to purchase the underlying asset and its market value at the time of the option exercise, less the premium received for writing the option. Upon the exercise of a call option written by a Fund, the Fund may suffer a loss equal to the excess of the market value of the asset at the time of the option's exercise over the price at which the Fund is obliged to sell the asset, less the premium received for writing the option.

The value of an option position will reflect, among other things, the current market value of the underlying investment, the time remaining until expiration, the relationship of the exercise price to the market price of the underlying investment, the price volatility of the underlying investment and general market conditions. Options purchased by a Fund that expire unexercised have no value, and the Fund will realise a loss in the amount of the premium paid plus any transaction costs.

No assurance can be given that a Fund will be able to effect closing transactions at a time when it wishes to do so. If a Fund cannot enter into a closing transaction, the Fund may be required to hold assets that it might otherwise have sold, in which case it would continue to be at market risk on such assets and could have higher transaction costs, including brokerage commissions. In addition, options that are not exchange traded will subject a Fund to risks relating to its counterparty, such as the counterparty's bankruptcy, insolvency, or refusal to honour its contractual obligations.

Options on indices may, depending on the circumstances, involve greater risk than options on securities. A Fund can offset some of the risk of writing a call index option by holding a diversified portfolio of securities similar to those on which the underlying index is based. However, the Fund cannot, as a practical matter, acquire and hold a portfolio containing exactly the same securities as underlie the index and, as a result, bears a risk that the value of the securities held will vary from the value of the index.

The Funds are prohibited from writing uncovered options.

**Risks of Using Futures and Options on Futures:** If a Fund were unable to liquidate a futures contract or an option on a futures position due to the absence of a liquid market, the imposition of price limits or otherwise, it could incur substantial losses. The Fund would continue to be subject to market risk with respect to the position. In addition, except in the case of purchased options, the Fund would continue to be required to make daily variation margin payments and might be required to maintain the position being hedged by the future or option or to maintain cash or securities in a segregated account.

If an index future is used for hedging purposes, the risk of imperfect correlation between movements in the price of index futures and movements in the price of the securities that are the subject of the hedge increase as the composition of the Fund's portfolio diverges from the securities included in the applicable index. The price of the index futures may move more than or less than the price of the securities being hedged. To compensate for the imperfect correlation of movements in the price of the securities being hedged and movements in the price of the index futures, the Fund may buy or sell index futures in a greater currency amount than the currency amount of the securities being hedged if the historical volatility of the prices of such securities being hedged is more than the historical volatility of the prices of the securities included in the index. It is also possible that, where the Fund has sold index futures contracts to hedge against a decline in the market, the market may advance and the value of the securities held in the Fund may decline. If this occurs, the Fund will lose money on the futures contract and also experience a decline in the value of its portfolio securities.

Where index futures are purchased to hedge against a possible increase in the price of securities before the Fund is able to invest in them in an orderly fashion, it is possible that the market may decline instead. If the relevant Sub-Investment Manager then decides not to invest in the securities at that time because of concern about possible further market decline or for other reasons, the Fund will realise a loss on the futures contract that is not offset by a reduction in the price of the securities it had anticipated purchasing.

**Risks of Using Swaps:** Certain Funds may enter into transactions in swaps (including credit default swaps, interest rate swaps (including non-deliverable), total return swaps, swaptions, currency swaps (including non-deliverable), contracts for differences and spread locks), options on swaps, caps, floors and collars. An interest rate swap involves the exchange by a Fund with another party of their respective commitments to pay or receive cash flows (e.g., an exchange of floating rate payments for fixed-rate payments). The purchase of a cap entitles the purchaser, to the extent that a specified index exceeds a predetermined value, to receive payments on a notional principal amount from the party selling the cap. The purchase of a floor entitles the purchaser, to the extent that a specified index falls below a predetermined value, to receive payments on a notional principal amount from the party selling the floor. A collar combines elements of buying a cap and selling a floor. A collar is created by purchasing a cap or floor and selling the other. The premium due for the cap (or floor as appropriate) is partially offset by the premium received for the floor (or cap as appropriate), making the collar an effective way to hedge risk at low cost. Spread locks are contracts that guarantee the ability to enter into an interest rate swap at a predetermined rate above some benchmark rate. A non-deliverable swap is one in which the payments to be exchanged are in different currencies, one of which is a thinly traded or non-convertible currency, and the other is a freely convertible, major currency. At each payment date, the payment due in the non-convertible currency is exchanged into the major currency at a daily reference rate, and net settlement is made in the major currency.

Certain Funds may also enter into credit default swap agreements. The Funds may be either the buyer or seller in a credit default swap transaction. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If a Fund is a buyer and no event of default occurs, the Fund will lose its investment and recover nothing. On the other hand, if the Fund is a buyer and an event of default does occur, the Fund (i.e., the buyer) will receive the full notional value of the reference obligation that may have little or no value. Conversely, if the Fund is a seller and an event of default occurs, the Fund (i.e., the seller) must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years,

provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation.

Total return swaps are agreements whereby the Fund agrees to pay a stream of payments based on an agreed interest rate in exchange for payments representing the total economic performance, over the life of the swap, of the asset or assets underlying the swap. Through the swap the Fund may take a long or short position in the underlying asset(s), which may constitute a single security or a basket of securities. Exposure through the swap closely replicates the economics of physical shorting (in the case of short positions) or physical ownership (in the case of long positions), but in the latter case without the voting or beneficial ownership rights of direct physical ownership. If a Fund invests in total return swaps or other FDI with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, Money Market Instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The counterparties to total return swaps entered into by a Fund will not assume any discretion over the composition or management of the Fund's investment portfolio or over the underlying of the FDIs, and the counterparty's approval is not required in relation to any portfolio transactions by the Fund.

Swap agreements, including caps, floors and collars, can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the overall volatility of a Fund's investments and its share price and yield because, and to the extent, these agreements affect the Fund's exposure to long- or short-term interest rates, foreign currency values, mortgage-backed securities values, corporate borrowing rates or other factors such as security prices or inflation rates. Swap agreements will tend to shift a Fund's investment exposure from one type of investment to another. For example, if a Fund agrees to exchange payments in US Dollars for payments in the currency of another country, the swap agreement would tend to decrease the Fund's exposure to US interest rates and increase its exposure to the other country's currency and interest rates. Caps and floors have an effect similar to buying or writing options.

Payments under a swap contract may be made at the conclusion of the contract or periodically during its term. If there is a default by the counterparty to a swap contract, a Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts.

In addition, because swap contracts are individually negotiated and ordinarily non-transferable, there also may be circumstances in which it would be impossible for a Fund to close out its obligations under the swap contract. Under such circumstances, a Fund might be able to negotiate another swap contract with a different counterparty to offset the risk associated with the first swap contract. Unless a Fund is able to negotiate such an offsetting swap contract, however, it could be subject to continued adverse developments, even after the Fund's portfolio manager has determined that it would be prudent to close out or offset the first swap contract.

The use of swaps involves investment techniques and risks different from and potentially greater than those associated with ordinary portfolio securities transactions. If the Fund's portfolio manager is incorrect in its expectations of market values or interest rates the investment performance of a Fund would be less favourable than it would have been if this efficient portfolio management technique were not used.

**Risk Measurement:** Each Fund using FDI will seek to limit the market risk and leverage created through the use of derivatives by using the commitment approach. The Sub-Investment Managers of each Fund using FDI employ a risk management process to enable them to accurately measure, monitor and manage the risks attached to FDI positions. The commitment approach calculates leverage by measuring the market value of the underlying exposures of derivatives relative to the relevant Fund's Net Asset Value.

**REPURCHASE AND REVERSE REPURCHASE AGREEMENTS:** If the seller of a repurchase agreement fails to fulfill its commitment to repurchase the security in accordance with the terms of the agreement, the relevant Fund may incur a loss to the extent that the proceeds realised on the sale of the securities are less than the repurchase price. If the seller becomes insolvent, a bankruptcy court may determine that the securities do not belong to the Fund and order that the securities be sold to pay off the seller's debts. There may be both delays in liquidating the underlying securities and losses during the period while the Company on behalf of the Fund seeks to enforce its rights, including possible sub-normal level of income and lack of access to income during the period and expenses in enforcing its rights.

Reverse repurchase agreements create the risk that the market value of the securities sold by a Fund may decline below the price



at which the Fund is obliged to repurchase such securities under the agreement. In the event that the buyer of securities under a reverse repurchase agreement files for bankruptcy or proves insolvent, the Fund's use of proceeds from the agreement may be restricted pending the determination by the other party or its trustee or receiver whether to enforce the obligation to repurchase the securities.

**SECURITIES LENDING AGREEMENTS:** A Fund will be exposed to credit risk presented by the counterparty to any securities lending contract, similar to repurchase and reverse repurchase agreements. The risks associated with lending portfolio securities include the possible loss of rights against the collateral for the securities should the borrower fail financially.

**EUROPEAN MARKET INFRASTRUCTURE REGULATION (“EMIR”):** A Fund may enter into OTC derivative contracts. EMIR establishes certain requirements for OTC derivatives contracts, including mandatory clearing obligations, bilateral risk management requirements and reporting requirements.

The potential implications of EMIR for the Funds include, without limitation, the following:

1. clearing obligation: certain standardised OTC derivative transactions will be subject to mandatory clearing through a central counterparty (a “CCP”). Clearing derivatives through a CCP may result in additional costs and may be on less favourable terms than would be the case if such derivative was not required to be centrally cleared;
2. risk mitigation techniques: for those of its OTC derivatives which are not subject to central clearing, the Funds will be required to put in place risk mitigation requirements, which include the collateralisation of all OTC derivatives. These risk mitigation requirements may increase the cost to the Funds of pursuing their investment strategies (or hedging risks arising from their investment strategies);
3. reporting obligations: each Fund's derivative transactions must be reported to a trade repository (or, where such a trade repository is not available, ESMA. This reporting obligation may increase the costs to the Funds of utilising derivatives; and
4. risk of sanction by the Central Bank in the event of non-compliance with the EMIR obligations.

**EUROPEAN BENCHMARKS REGULATION:** The Benchmarks Regulation was published in the Official Journal of the European Union on 29 June 2016 and entered into force on 30 June 2016. It is directly applicable law across the European Union. The majority of its provisions applied from 1 January 2018. The Benchmarks Regulation applies principally to “administrators” and also, in some respects, to “contributors” and certain “users” of “benchmarks” which in certain circumstances can include investment funds such as the Company.

The Benchmarks Regulation will among other things: (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and make significant changes to the way in which benchmarks falling within scope of the Benchmarks Regulation are governed (including reforms of governance and control arrangements, obligations in relation to input data, certain transparency and record-keeping requirements and detailed codes of conduct for contributors); and (ii) prevent certain uses of “benchmarks” provided by unauthorised administrators by supervised entities in the EU. The scope of the Benchmarks Regulation is wide and, in addition to so-called “critical benchmark” indices, could also potentially apply to many interest rate and foreign exchange rate indices, equity indices and other indices (including “proprietary” indices or strategies) where used to determine the amount payable under or the value or performance of certain financial instruments traded on a trading venue, financial contracts and investment funds.

Potential effects of the Benchmarks Regulation include (among other things): (i) that an index which is a “benchmark” could not be used by a Fund in certain ways if the administrator of such index does not obtain authorisation or, if based in a non-European Union jurisdiction, the administrator is not otherwise recognised as equivalent; and (ii) that the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility, of the published rate or level of the benchmark. If any proposed changes change the way in which the benchmarks are calculated or a benchmark is discontinued or is not otherwise permitted to be used by the Company, this could adversely affect a Fund and its Net Asset Value.

**UMBRELLA STRUCTURE OF THE COMPANY AND CROSS-LIABILITY RISK:** The Company is an umbrella fund with segregated liability between Funds and under Irish law the Company generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between the Funds. Each Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily

be upheld.

**RISKS ASSOCIATED WITH UMBRELLA CASH ACCOUNTS:** The Umbrella Cash Account operates in respect of the Company rather than a relevant Fund and the segregation of Investor Monies from the liabilities of Funds other than the relevant Fund to which the Investor Monies relate is dependent upon, among other things, the correct recording of the assets and liabilities attributable to individual Funds by or on behalf of the Company.

In the event of an insolvency of the Fund, there is no guarantee that the Fund will have sufficient monies to pay unsecured creditors (including the investors entitled to Investor Monies) in full.

Monies attributable to other Funds within the Company are also be held in the Umbrella Cash Accounts. In the event of the insolvency of a Fund (an “**Insolvent Fund**”), the recovery of any amounts to which another Fund (the “**Beneficiary Fund**”) is entitled, but which may have transferred in error to the Insolvent Fund as a result of the operation of the Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to the recovery of, such amounts, and the Insolvent Fund may have insufficient funds to repay amounts due to the Beneficiary Fund.

In the event that an investor fails to provide the subscription monies within the timeframe stipulated in the Prospectus, the investor may be required to indemnify the Fund against the liabilities that may be incurred by it. The Company may cancel any Shares that have been issued to the investor and charge the investor interest and other expenses incurred by the relevant Fund. In the event that the Company is unable to recoup such amounts from the defaulting investor, the relevant Fund may incur losses or expenses in anticipation of receiving such amounts, for which the relevant Fund, and consequently its Shareholders, may be liable.

It is not expected that any interest will be paid on the amounts held in the Umbrella Cash Account. Any interest earned on the monies in the Umbrella Cash Account will be for the benefit of the relevant Fund and will be allocated to the Fund on a periodic basis for the benefit of the Shareholders at the time of the allocation.

**RISK OF TERMINATION OF THE FUNDS:** In the event of the termination of any Fund, the Fund would have to distribute to the Shareholders their pro rata interest in the assets of the Fund. It is possible that at the time of such sale or distribution, certain investments held by the Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Shareholders. Moreover, any organisational expenses with regard to the Shares and Funds that had not yet become fully amortised would be debited against the applicable Fund’s capital at that time. Where one or a few Shareholders own a significant percentage of the outstanding Shares of a Fund, redemptions by such Shareholders may make the continuing operation of the Fund not viable and/or not in the best interests of remaining Shareholders, thereby leading to the termination of the Fund.

**DISTRIBUTIONS FROM CAPITAL:** The Distributing Plus Share Classes may declare and pay distributions out of capital. Investors in these Share Classes should be aware that payment of dividends out of capital amounts to a return or withdrawal of part of an investor’s original investment or of capital gains attributable to that original investment, and such distributions will result in a corresponding immediate decrease in the Net Asset Value per Share of the Share Class. The payment of distributions out of capital will accordingly lead to capital erosion and may be achieved by forgoing the potential for future capital growth. This cycle may continue until all capital is depleted. Distributions out of capital may have different tax implications to distributions of income. Investors are recommended to seek advice in this regard.

**CHARGING FEES AND EXPENSES TO CAPITAL:** The Distributing Plus (e) Share Classes offered by certain of the Funds may charge certain fees and expenses to capital rather than income. Charging all or part of the fees and expenses to capital will result in income being increased for distribution; however, the capital that these Distributing Plus (e) Share Classes have available for investment in the future, and capital growth, may be reduced. Shareholders should note that there is an increased risk that on the redemption of Shares of Distributing Plus (e) Share Classes, Shareholders may not receive back the full amount invested. For investors in Distributing Plus (e) Share Classes, this may result in the erosion of investors’ capital investment notwithstanding the performance of the relevant Fund, or capital gains attributable to that original investment, which will likely diminish the value of future returns. The increased dividend payout as a result of charging fees and expenses to capital effectively amounts to a return or withdrawal of an investor’s original capital investment or of capital gains attributable to that original investment. The higher level of dividend payout under this charging mechanism will result in a corresponding immediate decrease in the Net Asset Value of the Share Classes on the ex-dividend date. Shareholders should note that to the extent expenses are charged to capital, some or all of the distributions made by the Distributing Plus (e) Share Classes should be considered to be a form of capital reimbursement.

**RISKS OF MASTER LIMITED PARTNERSHIPS:** The risks of investing in an MLP are generally those involved in investing in a partnership as opposed to a corporation. For example, the law governing partnerships is often less restrictive than the law

governing corporations. Accordingly, there may be fewer protections afforded to investors in an MLP than investors in a corporation. Investments held by MLPs may be relatively illiquid, limiting the MLPs' ability to vary their portfolios promptly in response to changes in economic or other conditions. MLPs may have limited financial resources, their securities may trade infrequently and in limited volume, and they may be subject to more abrupt or erratic price movements than securities of larger or more broadly based companies.

Another risk of investing in an MLP is that the US federal regulations governing MLPs change in a manner that is adverse to US investors in MLPs, which would likely cause the value of investments in MLPs to drop significantly.

The value of an investment in an MLP focused on the energy sector may be directly affected by the prices of natural resources commodity prices. The volatility and interrelationships of commodity prices can also indirectly affect certain MLPs due to the potential impact on the volume of commodities transported, processed, stored or distributed. A Fund's investment in an MLP may be adversely affected by market perceptions that the performance and distributions or dividends of MLPs are directly tied to commodity prices. Investments in MLPs will require Funds to prepare and file certain tax filings, and the additional cost of preparing and filing tax returns and paying the related taxes may adversely impact the Fund's return on its investment in MLPs.

MLPs generally make distributions to unitholders out of operating cash flow. Depending on the particular MLP, some or all of such distributions may be a return of capital to unitholders of the MLP, including the Fund. Such distributions that are returns of capital may impact the potential for future capital growth of the MLP.

**RISK OF US WITHHOLDING TAX:** The Company (or each Fund) will be required to comply (or be deemed compliant) with extensive new reporting and withholding requirements (known as "FATCA") designed to inform the US Department of the Treasury of US-owned foreign investment accounts. Failure to comply (or be deemed compliant) with these requirements will subject the Company (or each Fund) to US withholding taxes on certain US-sourced income and gains beginning in 2014. Alternatively, pursuant to an intergovernmental agreement between the United States and Ireland, the Company (or each Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US Taxpayer information directly to the Irish government. Shareholders may be requested to provide additional information to the Company to enable the Company (or each Fund) to satisfy these obligations. Failure to provide requested information may subject a Shareholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in its Shares. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future operations of the Company (or each Fund). See "Foreign Account Tax Compliance Act" under "Taxation – US Tax Considerations" below.

**DILUTION ADJUSTMENTS:** For each Fund, a dilution adjustment may be applied to the Net Asset Value per Share of a Fund on a Dealing Day (i) if net subscriptions or redemptions exceed certain pre-determined percentage thresholds relating to a Fund's Net Asset Value (where such percentage thresholds have been pre-determined for each Fund from time to time by the Directors or by a committee nominated by the Directors) or (ii) in any other cases where there are net subscriptions or redemptions in the Fund and the Directors or their delegate reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders.

Where a dilution adjustment is applied, it will increase the Net Asset Value per Share of a Fund when there are net inflows and decrease the Net Asset Value per Share of a Fund when there are net outflows. The Net Asset Value per Share, as adjusted by any dilution adjustment, will be applicable to all transactions in Shares or the relevant Fund on the relevant Dealing Day. Therefore, for an investor who subscribes to a Fund on a Dealing Day when the dilution adjustment increases the Net Asset Value per Share, the cost per Share to the investor will be greater than it would have been absent the dilution adjustment. For an investor who redeems a certain number of Shares from a Fund on a Dealing Day when the dilution adjustment decreases the Net Asset Value per Share, the amount received by the investor in redemption proceeds for the Shares redeemed will be less than it would have been absent the dilution adjustment.

**CYBER SECURITY RISKS:** With the increased use of technologies such as the Internet and other electronic media and technology to conduct business, the Company, each Fund and the Company's service providers and their respective operations are susceptible to operational, information security and related risks including cyber security attacks or incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorised access to digital systems, networks or devices (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Cyber security failures or breaches by

affecting the Company, a Fund and/or the Company's service providers, and the issuers of securities in which the Funds invest, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, shutting down, disabling, slowing or otherwise disrupting operations, business process or website access functionality, interference with a Fund's ability to calculate its Net Asset Value, impediments to trading, the inability of Fund shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, the loss of propriety information, suffer data corruption. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Company and the Company's service providers. Similar adverse consequences could result from cyber security attacks, failures or breaches affecting issuers of securities in which the Funds invest, counterparties with which the Funds engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Fund shareholders) and other parties. In addition, substantial costs may be incurred in order to try to prevent any cyber incidents in the future.

## **FEES AND EXPENSES**

Each Fund shall pay all of its expenses and its due proportion of any expenses allocated to it. These expenses may include the costs of (i) establishing and maintaining the Company, the relevant Fund and any subsidiary company (established for efficient portfolio management purposes only), trust or collective investment scheme approved by the Central Bank and registering the Company, the relevant fund and the Shares with any governmental or regulatory authority or with any regulated market (ii) management, administration, custodial and related services (which may include networking fees paid to entities, including Dealers, that provide recordkeeping and related services), (iii) preparation, printing and posting of prospectuses, sales literature and reports to Shareholders, the Central Bank and governmental agencies, (iv) taxes, (v) commissions and brokerage fees, (vi) auditing, tax and legal fees, (vii) insurance premiums, (viii) all marketing expenses which may be incurred in the promotion of the Funds; and (ix) other operating expenses. Other operating expenses may include, but are not limited to, fees payable to subsidiaries of Legg Mason or other service providers for the provision of: governance support and reporting to the Board; an anti-money laundering reporting officer to the Company; insurance services to the Board; and ongoing registration services for jurisdictions where the Funds are publicly offered. Such expenses are in addition to the shareholder servicing and investment management fees.

The Directors shall be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors provided that the aggregate amount of Directors' remuneration in any one year, including reimbursement for out-of-pocket expenses, shall not exceed US\$250,000 per annum without Shareholders' prior approval.

At the discretion of the Directors, the Distributing Plus (e) Share Classes may charge certain fees and expenses to capital. There is an increased risk that on redemption of this Share Class, Shareholders may not receive back the full amount invested. The reason for charging fees and expenses to capital is to increase the amount of distributable income. It should be noted that the distribution of income from this Share Class may result in the erosion of capital, thus some of the potential for future capital growth will be lost as a consequence of seeking to increase the amount that can be distributed by this Share Class. Although this share class type is permitted to charge certain fees and expenses to capital, they may choose not to do so. The Funds' annual and semi-annual reports will disclose whether such Share Classes have charged fees and expenses to capital and the amount of such fees and expenses.

At the discretion of the Directors, the Distributing Plus Share Classes may distribute from capital. There is an increased risk that on redemption of this Share Class, Shareholders may not receive back the full amount invested. The reason for allowing distributions from capital is to maintain a more consistent rate of distribution. It should be noted that the distribution of capital from this Share Class may result in the erosion of capital, thus some of the potential for future capital growth will be lost as a consequence of seeking to increase the amount that can be distributed by this Share Class. Although these Funds are permitted to distribute from capital, they may choose not to do so. The Funds' annual and semi-annual reports will disclose whether such Share Classes have distributed capital and the amount of such capital.

All expenses relating to the establishment of a Fund will be borne by such Fund. These organisational costs are not expected to exceed US\$50,000 and will be expensed in full during the first year of the Fund's operation. In addition, the Funds shall pay the following expenses:

**MANAGEMENT FEES:** Pursuant to the Investment Management Agreement, for each Fund, the Investment Manager shall be entitled to receive an investment management fee out of the assets of the Fund for its services as the Investment Manager, which shall accrue on each Dealing Day and be payable monthly in arrears (the "Investment Management Fees"). The Company shall also be responsible for the prompt payment or reimbursement to the Investment Manager of any commissions, transfer fees, registration fees, taxes and similar liabilities, costs and out-of-pocket expenses properly payable or incurred by the Investment



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

In the Fund Summaries herein, the Investment Management Fees and Distribution Fees are referred to collectively as the “Management Fees”. The Fund Summaries indicate the maximum Management Fee for each Share Class (expressed as a percentage of the relevant Fund’s Net Asset Value attributable to such Class). There are no Management Fees payable by the Funds with respect to the LM Share Classes. Investors in the LM Share Classes may include clients of the Investment Manager, the Sub-Investment Manager or their affiliates, and the Investment Manager and/or Sub-Investment Manager may receive, directly or indirectly, compensation outside of the Funds from those investors with respect to the assets invested in the LM Share Classes.

**COMPENSATION OF SUB-INVESTMENT MANAGERS AND DISTRIBUTORS:** The Investment Manager shall be responsible for paying the fees and out-of-pocket expenses of the relevant Sub-Investment Manager (appointed by the Investment Manager) out of its own investment management fee. LMIS has entered into a Distribution Agreement with LMI Europe under which LMIS has delegated to LMI Europe certain responsibilities associated with marketing and distributing the Funds. LMIS shall pay to LMI Europe a portion of its Distribution Fee as agreed between the parties from time to time. Additionally, LMI Europe has entered into separate Distribution Agreements with LMAMHK and Legg Mason Asset Management Singapore Pte. Limited under which LMI Europe has delegated to these Distributors certain responsibilities associated with marketing and distributing each of the Funds. LMI Europe shall pay to these Distributors a portion of its distribution fee as agreed between the parties from time to time. With respect to Taiwan, there is a tri-party distribution agreement between Legg Mason Investments (Taiwan) Limited, LMI Europe and ClearBridge, LLC. In accordance with Taiwanese law, this agreement is entitled a master agent agreement, pursuant to which Legg Mason Investments (Taiwan) Limited acts as the master agent of the Funds in Taiwan. Under the tri-party agreement, LMI Taiwan shall be entitled to such compensation from LMI Europe and ClearBridge, LLC out of their Investment Management Fees and/or distribution fees, as applicable, as agreed between the parties from time to time. The delegated functions in the master agent agreement do not include the provision of investment management services by LMI Europe or ClearBridge, LLC to the Funds, but are limited to marketing and distribution services provided to the Funds and the Company.

The Distributors may appoint one or more Dealers to serve as dealers of the Funds and assist them with marketing and distributing the Funds. Each Distributor, in its own discretion, may pay such Dealers based on gross sales, current assets or other measures and the Distributors shall be responsible for paying these Dealers for marketing and distributing the Funds. The amount of compensation paid by the Distributors may be substantial and may differ between different Dealers. The minimum aggregate sales required for eligibility for such compensation, and the factors in selecting and approving Dealers to which they will be made, are determined from time to time by the Distributors. The receipt of (or prospect of receiving) payments described above may serve as an incentive to a Dealer or its salespersons to favour sales of the Shares over sales of other funds (or other investments) in which the selling agent does not receive such payments or receives them in a lower amount. These payment arrangements will not, however, change the price at which Shares are issued by the Funds or the amount that a Fund receives to invest on behalf of the Shareholder. A Shareholder may wish to consider such payment arrangements when evaluating any recommendations of the Funds.

**SHAREHOLDER SERVICES FEE:** Under the Master Shareholder Servicing Agreement between the Company and LMIS, LMIS shall be entitled to receive a shareholder services fee from certain of the Share Classes for their services as shareholder servicing agent. The Fund Summaries herein show the aggregate annual amount of shareholder servicing fees paid by each Share Class of the Funds.

The shareholder services fees shall be payable monthly in arrears and shall accrue on each Dealing Day. LMIS may compensate out of its shareholder services fees or other resources one or more selling or shareholder servicing agents that provide shareholder services to certain Shareholders, including LMI Europe and selling agents whom LMIS (in its capacity as Distributor) has appointed to market and distribute the Funds.

**ADMINISTRATION FEE:** The Administrator is entitled to receive from the Funds an administration fee in the amount set out below. The Company will pay the Administrator this administration fee for and on behalf of the Funds. The fees and expenses of the Administrator accrue on each Dealing Day and are payable monthly in arrears.

**DEPOSITARY FEE:** The Depositary is entitled to receive from the Funds a depositary fee in the amount set out below. The Company shall pay the Depositary this depositary fee for and on behalf of the Funds.

The combined administration and depositary fee will not exceed 0.15% per annum of the Net Asset Value of each Fund or such other fee as may be agreed in writing between the Administrator, the Depositary and the Funds and notified to Shareholders. The Administrator and Depositary are responsible for certain categories of their out-of-pocket expenses as specified in an agreement with the Company. The Company will be responsible for reimbursing the Administrator and the Depositary for other out-of-pocket

expenses. The Company shall also reimburse the Depositary for sub-custodian fees, which shall be charged at normal commercial rates.

**CURRENCY ADMINISTRATION FEE:** 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 which shall be at prevailing commercial rates. 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 which shall be at prevailing commercial rates. 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.

**INITIAL CHARGE AND OTHER FEES OR EXPENSES:** Investors in Class A Shares may be required to pay a Distributor or Dealer an initial charge of up to 5%. Investors in Class E Shares may be required to pay a Distributor or Dealer an initial charge of up to 2.5%. In the event an investor purchases or redeems Shares through a paying agent, the investor may also be charged the fees and expenses of the paying agent in the applicable jurisdiction. The Company has appointed paying agents and local representative agents and may appoint additional paying agents and local representative agents upon prior approval of the Central Bank. Under the terms of agreements between the Company and each such paying agent or representative agent, the Company may be obligated to pay the paying agent or local representative agent a fee for its services as paying agent or local representative agent for the Company in the particular country, which fee shall be at normal commercial rates for the relevant jurisdiction and shall be set forth in the Company's accounts.

Upon redemption of Shares, investors in certain of the Share Classes may be required to pay a contingent deferred sales charge ("CDSC") – see "Contingent Deferred Sales Charges" under "Administration of the Company" as well as the Fund Summary for more information.

## **ADMINISTRATION OF THE COMPANY**

### **DETERMINATION OF NET ASSET VALUE**

The Net Asset Value for each Share Class of the Funds shall be expressed in the currency of such Share Class. The Administrator shall determine the Net Asset Value per Share for each Share Class of the Funds on each Dealing Day as at the relevant Valuation Point in accordance with the Articles and by reference to the latest available traded prices, for equities, and closing bid prices, for bonds, on the relevant market on the Dealing Day. The Net Asset Value per Share in the Funds shall be calculated by dividing the assets less its liabilities, by the number of Shares in issue in respect of that Fund. Any liabilities of the Company which are not attributable to any fund shall be allocated pro rata amongst all of the funds. Where a Fund is made up of more than one Share Class, the Net Asset Value of each Share Class shall be determined by calculating the amount of the Net Asset Value of the Fund attributable to that Share Class. The amount of the Net Asset Value of each Fund attributable to a Share Class shall be determined by establishing the number of shares in issue in the Share Class as at the close of business on the Dealing Day immediately preceding the Dealing Day on which the Net Asset Value of the Share Class is being determined or in the case of the first Dealing Day as at the close of the Initial Offer Period and by allocating relevant Share Class expenses to the Share Class and making appropriate adjustments to take account of distributions paid out of the Fund, if applicable, and apportioning the Net Asset Value of the Fund accordingly. The Net Asset Value per Share of a Share Class shall be calculated by dividing the Net Asset Value of the Fund attributable to the Share Class by the number of Shares in issue in that Share Class (calculated and expressed to up to three decimal places of the currency in which the Share Class is denominated) as at the close of business on the Dealing Day immediately preceding the Dealing Day on which the Net Asset Value per Share is being calculated or in the case of the first Dealing Day as of the close of the Initial Offer Period.

In determining the value of the assets of the Funds, each security (other than bonds) which is traded on a Regulated Market will be valued on the Regulated Market which is normally the principal market for such security on the basis of the latest available traded price on the Dealing Day. Bonds which are traded on a Regulated Market will be valued on the Regulated Market which is normally the principal market for such security on the basis of the closing bid price on the Dealing Day.

In the case of unlisted securities or any assets traded on a Regulated Market, but in respect of which a price or quotation is not available at the time of valuation which would provide a fair valuation, the value of such asset shall be estimated with care and in good faith by a competent person selected by the Directors and approved for that purpose by the Depositary and such value shall be determined on the basis of the probable realisation value of the investment.

Notwithstanding the foregoing, the Administrator may use a systematic fair valuation model provided by an independent third party approved by the Depositary to value equity securities and/or fixed income securities in order to adjust for stale pricing which may occur between the close of foreign exchanges and the relevant Valuation Point on the relevant Dealing Day.

Cash and other liquid assets will be valued at their face value with interest accrued (if any) to the close of business on the Dealing Day. Investments in collective investment schemes shall be valued on the basis of the latest available redemption price for the shares or units in the collective investment scheme.

Exchange-traded derivative instruments shall be valued at the relevant settlement price on the applicable exchange. Derivative instruments not traded on an exchange shall be valued daily using a valuation calculated by a competent person, which may include an independent pricing vendor, appointed by the Directors and approved for that purpose by the Depositary. Such valuation shall be reconciled on a monthly basis to the valuation provided by the counterparty to such instrument. Forward foreign exchange contracts shall be valued by reference to the price at which a new forward contract of the same size and maturity could be undertaken as of the close of business on the Dealing Day.

In determining the value of the assets there shall be added to the assets any interest or dividends accrued but not received and any amounts available for distribution but in respect of which no distribution has been made.

Where applicable, values shall be converted into its respective base currency at the exchange rate applicable as of the close of business on the Business Day preceding the Dealing Day.

### **Dilution Adjustments**

In calculating the Net Asset Value per Share for each Fund on any Dealing Day, the Company may, at its discretion, adjust the Net Asset Value per Share for each Share Class by applying a dilution adjustment: (1) if net subscriptions or redemptions exceed certain pre-determined percentage thresholds relating to a Fund's Net Asset Value (where such percentage thresholds have been pre-determined for each Fund from time to time by the Directors or by a committee nominated by the Directors) or (2) in any other cases where there are net subscriptions or redemptions in the Fund and the Directors or their delegate reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders.

Absent a dilution adjustment, the price at which the subscriptions or redemptions are effected would not reflect the costs of dealing in the underlying investments of the Fund to accommodate large cash inflows or outflows, including dealing spreads, market impact, commissions and transfer taxes. Such costs could have a materially disadvantageous effect on the interests of existing Shareholders in the Fund.

The dilution adjustment amount for each Fund will be calculated on a particular Dealing Day by reference to the estimated costs of dealing in the underlying investments of that Fund, including any dealing spreads, market impact, commissions and transfer taxes and will be applied to each Share Class in an identical manner. Where there are net inflows into a Fund, the dilution adjustment will increase the Net Asset Value per Share. Where there are net outflows from a Fund, the dilution adjustment will decrease the Net Asset Value per Share. The Net Asset Value per Share, as adjusted by any dilution adjustment, will be applicable to all transactions in Shares in the relevant Fund on the relevant Dealing Day. More information about the dilution adjustments can be obtained by Shareholders upon request to any Distributor.

### **SUBSCRIPTION PRICE**

Following the relevant Initial Offer Period, the subscription price per Share for all Share Classes shall be the Net Asset Value per Share next determined plus, in the case of any of the Class A Share Classes, an initial charge of up to 5% and in the case of any of the Class E Share Classes, an initial charge of up to 2.5%. The initial charge shall be payable to the Distributors or such person as they may direct, including Dealers. For each Fund, on any Dealing Day a dilution adjustment may be made, which will be reflected in the Net Asset Value per Share.

Each Fund may operate an equalisation account and therefore if Shares are acquired otherwise than at the beginning of an account period, the first distribution after acquisition will include a refund of capital, referred to as an equalisation payment, which is not subject to tax as income. The amount of the equalisation payment must be deducted from the original purchase cost of the Shares in computing the allowable costs of the shares for capital gains purposes.

### **MINIMUM SUBSCRIPTION AMOUNTS AND INITIAL OFFER PRICES**

The minimum subscription amounts are set out in Schedule VIII of this Prospectus.

For each Fund, the initial offer price per Share during the Initial Offer Period of each Share Class shall be Euro 100 for Share Classes denominated in Euro, US\$100 for Share Classes denominated in US Dollars, GBP 100 for Share Classes denominated in Pounds Sterling, CHF 100 for Share Classes denominated in Swiss Francs, JPY 10,000 for Share Classes denominated in Japanese Yen, SGD 1 for Share Classes denominated in Singapore Dollars, SEK 100 for Share Classes denominated in Swedish Kronor, NOK 100 for Share Classes denominated in Norwegian Kroner, DKK 100 for Share Classes denominated in Danish Krone, AUD 100 for Share Classes denominated in Australian Dollars, HKD 100 for Share Classes denominated in Hong Kong Dollars, CNH 100 for Share Classes denominated in offshore Chinese renminbi, NZD 100 for Share Classes denominated in New Zealand Dollars, PLN 100 for Share Classes denominated in Polish Zloty, CAD 100 for Share Classes denominated in Canadian Dollars,

KRW 10,000 for Share Classes denominated in Korean Won, and ZAR 1,000 for Share Classes denominated in South African Rands. Schedule IX indicates which Share Classes are in an Initial Offer Period.

The Company may determine not to close the Initial Offer Period of a Share Class until the Company or the Investment Manager believes that a sufficient number of Shares have been subscribed for to allow for efficient management of the Share Class. Where required by the Central Bank, any extension of the initial offer period will be notified in advance to the Central Bank.

## **SUBSCRIPTION PROCEDURES**

Existing and prospective Shareholders may place orders to purchase Shares of the Funds up to the relevant Valuation Point on any Dealing Day. Orders received by the Fund or a Dealer prior to the relevant Valuation Point on a Dealing Day will, if accepted, be dealt with at the subscription price calculated on that Dealing Day. Orders received by the Fund or a Dealer after the relevant Valuation Point on a Dealing Day will, if accepted, be dealt with at the subscription price calculated on the next succeeding Dealing Day. Shares of the Funds may be purchased by subscribing for Shares directly with the Administrator, through EuroClear or through a Dealer. Certain Dealers may impose a deadline for receipt of orders that is earlier than the relevant Valuation Point.

**SUBSCRIPTIONS THROUGH A DEALER:** Dealers who enter into agreements with the Distributors in relation to the Funds may make offers of Shares. Orders to subscribe for Shares made through an account maintained at a Dealer or bank intermediary of record generally are deemed received in proper form on the date and at the time on which the order is received by the Dealer, its agent or the bank intermediary of record (which shall not be later than the relevant Valuation Point) on the relevant Dealing Day subject to final acceptance by the Administrator. Subscription orders received by a Dealer prior to the relevant Valuation Point on a Dealing Day shall be dealt with at the subscription price calculated on such Dealing Day, provided that certain Dealers may impose a deadline for receipt of orders that is earlier than the relevant Valuation Point. Orders received by a Dealer after the relevant Valuation Point on a Dealing Day shall be dealt with at the subscription price calculated on the next succeeding Dealing Day.

Dealers in Europe who trade via platforms and who do not have a contractual arrangement with a Distributor or other contractual nexus to a Distributor are deemed through their dealing with the Company to have accepted the platform terms of business that are located at <http://services.leggmason.com/globalmdl/documents/D18000/D18248-terms-of-business-platform-users.pdf>, as may be amended from time to time. Such Dealers should check the website from time to time for the current terms of business that apply to them.

**SUBSCRIPTIONS THROUGH THE FUNDS:** Existing and prospective Shareholders may place orders to purchase Shares of the Funds directly with the Administrator. Initial applications may be made to the Administrator up to the relevant Valuation Point on any Dealing Day in the relevant location by placing a purchase order by way of a properly completed application form to the Administrator. To facilitate prompt investment, an initial subscription may be processed upon receipt of a faxed instruction and Shares may be issued. However, the original application form must be received promptly. No redemption payment may be made from that holding until the original application form has been received by the Administrator and all of the necessary anti-money laundering checks have been completed.

Before subscribing for Shares an investor will be required to complete a declaration as to the investor's tax residency or status in the form prescribed by the Revenue Commissioners.

Applications received by the Administrator prior to the relevant Valuation Point on a Dealing Day will, if accepted, be dealt with at the subscription price calculated on that Dealing Day. Applications received by the Administrator after the relevant Valuation Point will, if accepted, be dealt with at the subscription price calculated on the next succeeding Dealing Day.

A Shareholder may purchase additional Shares of the Funds by submitting a subscription instruction by mail, fax or such other means as may be permitted by the Directors (where such means are in accordance with the requirements of the Central Bank). Such instructions shall contain such information as may be specified by time to time by the Directors or their delegate. Existing Shareholders who wish to subscribe by fax or other means should contact the Administrator or relevant Distributor for further details.

**SUBSCRIPTIONS THROUGH EUROCLEAR:** For investors wishing to hold Shares through Euroclear, settlement must be effected through Euroclear. Investors must ensure that they have cleared funds and/or credit arrangements in their Euroclear account sufficient to pay the full subscription monies on the Dealing Day on which they wish to subscribe for Shares.

Euroclear Bank, as operator of the Euroclear System ("Euroclear Operator"), holds securities on behalf of participants of the Euroclear System. Euroclear eligible securities are freely transferable in the Euroclear System. Therefore, the Euroclear Operator does not monitor any ownership or transfer restrictions on behalf of the Fund, but will provide the Administrator with the name and contact address of each person who purchases Shares.

Fractional Shares will not be issued for purchases which are settled through Euroclear.

Investors wishing to hold Shares through Euroclear may obtain the Euroclear Common Code for the Fund and settlement procedures by contacting the Administrator in Dublin via telephone at (353) 53 9149999 or via facsimile at (353) 53 9149710.

**ORDER ACCEPTANCE:** The Funds and the Administrator reserve the right to reject in whole or in part any application for Shares or to request further details or evidence of identity from an applicant for, or transferee of, Shares. Where an application for Shares is rejected, the subscription monies shall be returned to the applicant without interest within fourteen days of the date of such application. Any charges incurred will be borne by the applicant.

The Funds reserve the right to refuse any prospective investor or reject any purchase order for shares (including exchanges) for any reason or without reason, including but not limited to any order placed by or on behalf of an investor whom the Funds or the Administrator determines to have engaged in a pattern of short-term or excessive trading in the Funds or other funds. Short-term or excessive trading into and out of the Funds may harm performance by disrupting portfolio management strategies and/or by increasing Fund expenses.

Each Shareholder must notify the Administrator in writing of any change in the information contained in the application form and furnish the Administrator or Dealer with whatever additional documents relating to such change as it may request.

Measures aimed at the prevention of money laundering may require an applicant to provide verification of identity to the Administrator. The Administrator will notify applicants if proof of identity is required. By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with evidence of the applicant's address, such as a utility bill or bank statement. In the case of corporate applicants, this may require production of a certified copy of the certificate of incorporation (and any change of name), bye-laws, memorandum and articles of association (or equivalent), and the names and addresses of all directors and beneficial owners.

Shares will not be issued until such time as the Administrator has received and is satisfied with all the information and documentation required to verify the identity of the applicant. This may result in shares being issued on a Dealing Day subsequent to the Dealing Day on which an applicant initially wished to have Shares issued to him.

It is further acknowledged that the Administrator shall be held harmless by the applicant against any loss arising as a result of a failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant.

The Articles of Association provide that the Company may issue Shares at their Net Asset Value in exchange for securities which a Fund may acquire in accordance with its investment objective and policies and may hold or sell, dispose of or otherwise convert such securities into cash. No Shares shall be issued until ownership of the securities has been transferred to the Company for the account of the relevant Fund. The value of the securities shall be determined by the Administrator on the relevant Dealing Day in accordance with the methodology outlined in the section entitled "Determination of Net Asset Value".

**DATA PROTECTION NOTICE:** Prospective investors should note that by completing the application form they are providing personal information, which may constitute "personal data" within the meaning of the Data Protection Legislation.

The following indicates the purposes for which investors' personal data may be used by the Company and the legal bases for such uses:

- to manage and administer the investor's holding in the Company and any related accounts on an ongoing basis as required for the performance of the contract between the Company and the investor and to comply with legal and regulatory requirements;
- to carry out statistical analysis (including data profiling) and market research in the Company's legitimate business interest;
- for any other specific purposes where the investor has given specific consent. Such consent may be subsequently withdrawn by the investor at any time, without affecting the lawfulness of processing based on consent before its withdrawal;
- to comply with legal and regulatory obligations applicable to the investor and/or the Company from time to time, including applicable anti-money laundering and counter terrorist legislation. In particular, in order to comply with the Common Reporting Standard (as implemented in Ireland by Section 891E, Section 891F and Section 891G of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to those sections), Shareholders' personal data (including financial information) may be shared with the Irish tax authorities and the Revenue Commissioners. They in turn may exchange information (including personal data and financial information) with foreign tax authorities (including foreign tax authorities located outside the European Economic Area). Please consult the AEOI (Automatic Exchange of Information) webpage on [www.revenue.ie](http://www.revenue.ie) for further information in this regard; or



- for disclosure or transfer, whether in Ireland or countries outside Ireland, including without limitation the United States, which may not have the same data protection laws as Ireland, to third parties including financial advisers, regulatory bodies, auditors, technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above as required for the performance of the contract between the Company and the investor or as needed in the Company's legitimate business interests.

Investors' personal data may be disclosed by the Company to its delegates and service providers (including Investment Managers, Sub-Investment Managers, Distributors, Dealers, Shareholder Servicing Agents, the Administrator and the Depositary), its duly authorised agents and any of its respective related, associated or affiliated companies, professional advisors, regulatory bodies, auditors and technology providers for the same purpose(s).

Investors' personal data may be transferred to countries which may not have the same or equivalent data protection laws as Ireland. If such transfer occurs, the Company will ensure that such processing of such personal data complies with Data Protection Legislation and, in particular, that appropriate measures are in place, such as entering into Model Contractual Clauses (as published by the European Commission) or ensuring that the recipient is Privacy Shield certified, if appropriate. If investors require more information on the means of transfer of their data or a copy of the relevant safeguards, please contact the Administrator, by email at [legg.mason@bnymellon.com](mailto:legg.mason@bnymellon.com), or by phone at +353 53 91 49999.

Pursuant to the Data Protection Legislation, investors have several rights which they may exercise in respect of their personal data, namely:

- the right of access to personal data held by the Company;
- the right to amend and rectify any inaccuracies in the personal data held by the Company;
- the right to erase the personal data held by the Company;
- the right to data portability of the personal data held by the Company; and
- the right to request restriction of the processing of the personal data held by the Company.

In addition, investors have the right to object to processing of personal data by the Company.

The above rights will be exercisable by investors subject to limitations as provided for in the Data Protection Legislation. Investors may make a request to the Company to exercise these rights by contacting the Administrator, by email at [legg.mason@bnymellon.com](mailto:legg.mason@bnymellon.com), or by phone at +353 53 91 49999.

Please note that investors' personal data will be retained by the Company for the duration of their investment and otherwise in accordance with the Company's legal obligations including, but not limited to, the Company's record retention policy.

The Company is a data controller within the meaning of the Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence and in accordance with the Data Protection Legislation. Note that investors have the right to lodge a complaint with the Office of the Data Protection Commissioner if they believe that the processing of their data has been unlawful.

Additionally, by signing the application form, prospective investors acknowledge and accept that the Company and/or the Administrator, for purposes of FATCA compliance, may be required to disclose personal data relating to US Reportable Persons and, in certain cases, their Controlling US Persons and nonparticipating FFIs (as defined in FATCA) to the IRS.

## **CONTRACT NOTES AND CERTIFICATES**

Following settlement, a contract note will be sent to the relevant Shareholder confirming ownership of the number of Shares issued to that Shareholder. Although authorised to do so under the Articles of Association, the Company does not propose to issue share certificates or bearer certificates.

The Administrator shall be responsible for maintaining the Company's register of Shareholders in which all issues, conversion and transfers of Shares will be recorded. All Shares issued will be registered and the share register will be conclusive evidence of ownership. Shares may be issued in a single name or in up to four joint names. The register of Shareholders shall be open for inspection at the office of the Administrator during normal business hours.

On acceptance of their initial application, applicants will be allocated a shareholder number and this, together with the Shareholder's personal details, will be proof of identity. This shareholder number should be used for all future dealings by the Shareholder.

Any changes to the Shareholder's personal details or loss of shareholder number must be notified immediately to the Administrator in writing.

## **REDEMPTION PROCEDURES**

Shareholders may place orders to redeem Shares up to the relevant Valuation Point on each Dealing Day with the Administrator or with Dealers. Redemption orders received by the Administrator or a Dealer, as applicable, by the relevant Valuation Point on a Dealing Day shall be dealt with at the applicable Net Asset Value per Share next determined by the Administrator on such Dealing Day. Redemption orders received by the Administrator or a Dealer, as applicable, after the relevant Valuation Point on a Dealing Day shall be dealt with at the applicable Net Asset Value per Share determined by the Administrator on the next succeeding Dealing Day. Certain Dealers may impose a deadline for receipt of orders that is earlier than the relevant Valuation Point. The Company will be required to deduct tax on redemption monies at the applicable rate unless it has received from the Shareholder a declaration in the prescribed form confirming that the Shareholder is not an Irish Resident in respect of whom it is necessary to deduct tax.

Orders may be placed by fax or in writing and must include the following information:

- (a) account number;
- (b) shareholder name;
- (c) redemption amount (base currency amount or shares);
- (d) shareholder signature; and
- (e) bank account details.

In the case of faxed redemption orders, no redemption proceeds will be paid until the original application form has been received from the investor and all of the necessary anti-money laundering checks have been completed. Notwithstanding the foregoing, redemption proceeds may be paid prior to the receipt of the original on the receipt of faxed instructions only where such payment is made into the account of record specified in the original application form submitted. Any amendments to a Shareholder's registration details and payment instructions can only be effected upon receipt of original documents.

Shareholders may redeem all or part of their shareholding, provided that if the request would reduce a shareholding below the minimum initial investment outlined above, such request may be treated as a request to redeem the entire shareholding unless the Company or the Administrator otherwise determines. Redemption orders received by the Administrator prior to the relevant Valuation Point on a Dealing Day will, if accepted, be dealt with at the redemption price calculated on that Dealing Day.

The Company, with the sanction of an ordinary resolution of the Shareholders, may transfer assets of the Company to a Shareholder in satisfaction of the redemption monies payable on the redemption of Shares, provided that, in the case of any redemption request in respect of Shares representing 5% or less of the share capital of the Company or the Fund or with the consent of the Shareholder making such redemption request, assets may be transferred without the sanction of an ordinary resolution provided that such distribution is not prejudicial to the interests of the remaining Shareholders. The allocation of such assets shall be subject to the approval of the Depositary. At the request of the Shareholder making such redemption request, such assets may be sold by the Company and the proceeds of sale shall be transmitted to the Shareholder.

If redemption requests on any Dealing Day exceed 10% of the Shares in issue in respect of any Fund, the Company may elect to restrict the total number of Shares redeemed on that Dealing Day to 10% of the outstanding Shares of the Fund, in which case all the relevant redemption requests shall be scaled down pro rata. The Company shall defer the excess redemption requests, and shall treat the deferred requests as if they were received for each subsequent Dealing Day (in relation to which the Company has the same power of deferral at the then prevailing limit) until all the Shares to which the original request related have been redeemed. In such cases, the Company may reduce requests pro rata on the next and following Dealing Days so as to give effect to the above limitation.

## **CONTINGENT DEFERRED SALES CHARGES**

### Class B Shares

A contingent deferred sales charge ("CDSC") may be imposed on a redemption proceeds paid to a Shareholder that redeems Class B Shares within the first five years after the Shareholder's purchase of such Class B Shares, if the redemption causes the Net Asset Value of the redeeming Shareholder's Class B Share account for a Fund to fall below the amount of all the Shareholder's payments for the purchases of Class B Shares ("Purchase Payments") of such Fund made during the five years immediately preceding such redemption request. The amount of the CDSC that will be imposed on redemption on Class B Shares will depend upon the number of years since the Shareholder made the Purchase Payment from which an amount is being redeemed.

The table below shows the rates of the CDSC applicable with respect to a redemption of Class B Shares:

<b>Year since Purchase Payment was made</b>	<b>CDSC for Class B Shares</b>
First	5.0%
Second	4.0%
Third	3.0%
Fourth	2.0%
Fifth	1.0%
Sixth and thereafter	None

The CDSC on Class B Shares is calculated by multiplying the applicable CDSC percentage rate by the lower of the Net Asset Value of the Class B Shares at the time of purchase or at the time of redemption. Thus, a CDSC will not be imposed on appreciation in the Net Asset Value of Class B Shares above the Purchase Payments made during the five years immediately preceding the redemption request. Furthermore, a CDSC will not be imposed on purchases made through dividend reinvestments. For the purposes of calculating the CDSC, the Purchase Payment from which the redemption is made is assumed to be the earliest Purchase Payment from which a full redemption has not already been made.

Eight years after the date of settlement of the purchase of Class B Shares, such Class B Shares will convert automatically to Class A Shares based on the relative Net Asset Value per Share of each Share Class. Each such conversion will be to the corresponding Share Class – for example, Class B US\$ Distributing (A) Shares will convert to Class A US\$ Distributing (A) Shares. In addition, a certain percentage of Class B Shares that have been acquired by Shareholders through the reinvestment of dividends and distributions (“Class B Dividend Shares”), will also be converted into Class A Shares on the same date. That percentage will be equal to the ratio of the total number of Class B Shares in the relevant Fund being converted at that time to the total number of outstanding Class B Shares (other than Class B Dividend Shares) held by the relevant Shareholder.

Please see “Exchanges of Shares” below for details of the calculation of the CDSC on exchanged Shares that are subsequently redeemed.

#### Class C Shares

A CDSC may also be imposed on redemption proceeds payable to a Shareholder that redeems Class C Shares of the Fund within the first year after the redeeming Shareholder’s purchase of such Class C Shares, if such redemption causes the Net Asset Value of the redeeming Shareholder’s Class C Share account for the Fund to fall below the amount of the Shareholder’s Purchase Payments made during one year immediately preceding such redemption request.

The table below shows the rates of the CDSC applicable with respect to a redemption of Class C Shares:

<b>Year since Purchase Payment was made</b>	<b>CDSC for Class C Shares</b>
First	1.0%
Second and thereafter	None

The CDSC on Class C Shares is calculated by multiplying the applicable CDSC percentage rate by the lower of the Net Asset Value of the Class C Shares at the time of purchase or at the time of redemption. Thus, a CDSC will not be imposed on appreciation in the Net Asset Value of Class C Shares above the Purchase Payments made during the first year immediately preceding the redemption request. Furthermore, a CDSC will not be imposed on purchases made through dividend reinvestments. For the purposes of calculating the CDSC, the Purchase Payment from which the redemption is made is assumed to be the earliest Purchase Payment from which a full redemption has not already been made.

Please see “Exchanges of Shares” below for details of the calculation of the CDSC on exchanged Shares that are subsequently redeemed.

#### Waivers of CDSCs

Each Distributor or relevant Dealer is authorised, but not obliged, to waive the payment of a CDSC on redemptions of Shares of any Share Class upon the death or disability of a Shareholder.

Each Distributor reserves the right to waive the CDSC under other circumstances as it deems appropriate.



## **MANDATORY REDEMPTION OF SHARES AND FORFEITURE OF DIVIDEND**

If a redemption by a Shareholder causes that Shareholder's holding in the Company to fall below the currency equivalent of the initial minimum subscription amount for the relevant Share Class of a Fund, the Company may redeem the whole of that Shareholder's holding in the Fund. Before doing so, the Company shall notify the Shareholder in writing and allow the Shareholder thirty days to purchase additional Shares to meet the minimum requirement. The Company reserves the right to vary this mandatory redemption amount.

Shareholders are required to notify the Administrator immediately in the event that they become US Persons. Shareholders who become US Persons will be required to dispose of their Shares to non-US Persons on the next Dealing Day thereafter unless the Shares are held pursuant to an exemption which would allow them to hold the Shares and provided that such holding would not have adverse tax consequences for the Company. The Company reserves the right to redeem or require the transfer of any Shares which are or become owned, directly or indirectly, by a US Person or other person if the holding of the Shares by such other person is unlawful or, in the opinion of the Directors, the holding might result in the Company or the Shareholders incurring any liability to taxation or suffering pecuniary or material administrative disadvantage which the Company or the Shareholders might not otherwise suffer or incur.

The Articles of Association provide that any unclaimed dividends shall be forfeited automatically after six years from the date on which it first became payable and on forfeiture will form part of the assets of the Company.

## **TRANSFERS OF SHARES**

All transfers of Shares shall be effected by transfer in writing in any usual or common form and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a Share shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the share register in respect thereof. The Directors may decline to register any transfer of Shares if in consequence of such transfer the transferor or transferee would hold less than the minimum initial investment outlined above or would otherwise infringe the restrictions on holding Shares outlined above. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the registered office of the Company or at such other place as the Directors may reasonably require together with such other evidence as the Directors may reasonably require to evidence the right of the transferor to make the transfer. The transferee will be required to complete an application form which includes a declaration that the proposed transferee is not a US Person. The Company will be required to account for tax on the value of the Shares transferred at the applicable rate unless it has received from the transferor a declaration in the prescribed form confirming that the Shareholder is not an Irish Resident in respect of whom it is necessary to deduct tax. The Company reserves the right to redeem such number of Shares held by a transferor as may be necessary to discharge the tax liability arising. The Company reserves the right to refuse to register a transfer of Shares until it receives a declaration as to the transferee's residency or status in the form prescribed by the Revenue Commissioners.

## **EXCHANGES OF SHARES**

### Limitations on Exchanges of Share Classes

Subject to certain conditions described below, a Shareholder may exchange Shares of a certain Share Class of a Fund into a Share Class of the same or another fund on giving notice to the Administrator in such form as the Administrator may require, provided that the two Share Classes share the same letter designation and that the shareholding satisfies the minimum investment criteria. For example, Shareholders holding Class A Shares may exchange such Shares only for Class A Shares of a different type (such as Class A Shares having a different currency or distribution frequency) of the same or another Fund.

The period of ownership for purposes of calculating the CDSC payable on Class B or Class C Shares of another fund, if any, upon a redemption, shall be deemed to commence on the date the Shareholder acquired the Class B or Class C Shares in the initial Fund before the exchange.

Shareholders may also exchange Shares of a Fund (the "Original Fund") for Shares of another Fund (the "Acquired Fund") with the same or a different dealing deadline. Where the Funds have different dealing deadlines, if an exchange order is received prior to the dealing deadline for the Original Fund and the dealing deadline for the Acquired Fund for the relevant Dealing Day, then the exchange will be processed on that Dealing Day. If, however, the exchange order is received after the dealing deadline for the Original Fund and/or the Acquired Fund for the relevant Dealing Day, then the exchange order will be processed on the next day that is a Dealing Day for both the Original Fund and the Acquired Fund, and will be processed at the Net Asset Value on such subsequent Dealing Day.

Notwithstanding the above, the Distributors may permit, in their discretion, exchanges from one Share Class into another Share Class with a different letter designation.

## Exchange Procedures

Orders to exchange Shares of one Fund into Shares of another fund or Shares of a different Share Class of the same Fund that are received by the Administrator or an a Dealer by the relevant Valuation Point on a Dealing Day will be dealt with on such Dealing Day in accordance with the following formula:

$$NS = \frac{A \times B \times C}{E}$$

where:

<i>NS</i>	=	<i>the number of Shares which will be issued in the new fund;</i>
<i>A</i>	=	<i>the number of the Shares to be converted;</i>
<i>B</i>	=	<i>the redemption price of the Shares to be converted;</i>
<i>C</i>	=	<i>the currency conversion factor, if any, as determined by the Directors; and</i>
<i>E</i>	=	<i>the issue price of Shares in the new fund on the relevant Dealing Day.</i>

Certain Dealers may impose a deadline for orders that is earlier than the relevant Valuation Point. Orders to exchange Shares received by the Administrator or an authorised Dealer after the relevant Valuation Point shall be dealt with on the next succeeding Dealing Day in accordance with the above formula. If NS is not an integral number of Shares the Directors reserve the right to issue fractional Shares in the new Fund or to return the surplus arising to the Shareholder seeking to convert the Shares. It is not the intention of the Directors to charge a switching fee for the exchange Shares of one Fund for Shares of another fund or for Shares of a different Share Class of the same Fund. Certain Dealers, however, may charge a switching fee – please ask your Dealer whether it charges a switching fee.

## CDSC Applicability

Following an exchange of Shares of the “Original Fund” for Shares of another fund, the Shares acquired shall be subject to the CDSC schedule of the Original Fund. In the event of any exchange by the Shareholder subsequent to the first exchange, the CDSC schedule applicable to the initial Fund for which the Shareholder subscribed shall remain applicable to its investment in such other fund.

## **UMBRELLA CASH ACCOUNTS**

Cash accounts arrangements have been put in place in respect of the Company and the Funds as a consequence of the introduction of requirements relating to the subscription and/or redemption collection accounts pursuant to the Investor Money Regulations 2015. The following is a description of how such cash accounts arrangements operate. These cash accounts are not subject to the protections of the Investor Money Regulations and instead are subject to the guidance issued by the Central Bank from time to time in relation to umbrella cash accounts.

Subscription monies received from, and redemption monies due to, investors in the Funds and dividend monies due to Shareholders (together, “Investor Monies”) will be held in a single Umbrella Cash Account in respect of a particular currency. The assets in the Umbrella Cash Account are assets of the Company (for the relevant Fund).

If subscription monies are received by a Fund in advance of the issue of Shares (which occurs on the relevant Dealing Day), then such monies will be held in the Umbrella Cash Account and will be treated as an asset of the relevant Fund. The subscribing investors will be unsecured creditors of the relevant Fund with respect to their subscription monies until the Shares are issued to them on the relevant Dealing Day. The subscribing investors will be exposed to the credit risk of the institution at which the Umbrella Cash Account has been opened. Such investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights in respect of the subscription monies (including dividend entitlements) until such time as the Shares are issued on the relevant Dealing Day.

Redeeming investors will cease to be Shareholders of the redeemed Shares from the relevant Dealing Day. Redemption and dividend payments will, pending payment to the relevant investors, be held in the Umbrella Cash Account. Redeeming investors and investors entitled to dividend payments held in the Umbrella Cash Account will be unsecured creditors of the relevant Fund with respect to those monies. Where the redemption and dividend payments cannot be transferred to the relevant investors, for example, where the investors have failed to supply such information as is required to allow the Company to comply with its obligations under applicable anti-money laundering and counter terrorist legislation, the redemption and dividend payments will be retained in the Umbrella Cash Account, and investors should address the outstanding issues promptly. Redeeming investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights (including, without

limitation, the entitlement to future dividends) in respect of such amounts.

For information on the risks associated with Umbrella Cash Accounts, see “Risks Associated with Umbrella Cash Accounts” in the “Risk Factors” section herein.

## **PUBLICATION OF THE PRICE OF THE SHARES**

Except where the determination of the Net Asset Value for a Fund has been suspended, in the circumstances described below, the Net Asset Value per Share of each of the Share Classes of the Funds shall be made available at the registered office of the Administrator on each Dealing Day and shall be published no later than the second Business Day immediately succeeding each Dealing Day. In addition, the Net Asset Value per Share of each Share Class of the Funds shall be published in respect of each Dealing Day on the following website: <http://www.leggmason.co.uk/dailyprices>. Such published information shall relate to the Net Asset Value per Share for the Dealing Day and is published for informational purposes only. It is not an invitation to subscribe for, redeem or convert Shares at that Net Asset Value. The Company may accept subscriptions for the Funds in freely convertible currencies other than the currency in which the relevant Share Class is denominated, including, but not limited to, Pounds Sterling, Euro or US Dollars.

## **SETTLEMENT PROCEDURES**

Unless otherwise agreed with the Administrator, settlement for subscriptions for Shares of each Fund made by direct application by an investor to the Administrator or through a Dealer is due in immediately cleared funds within three Business Days after the relevant Dealing Day. Payment is usually made in currency of the relevant Share Class (other than in the case of BRL denominated Share Class where settlement and dealing will normally be in US\$) by telegraphic transfer (quoting the subscription reference number, applicant's name and shareholder number, if available) as per the instructions provided on the Application Form. There will be no interest payable to Shareholders who make payment for subscriptions for Shares earlier than the deadline for such payment.

Investors are requested to instruct their bankers to advise the Administrator of the remittance of funds, such advice to include the subscription reference number, applicant's name, Shareholder number (if available) and the Fund for identification purposes. Failure to do so will cause delay in the processing of the transaction onto the register.

Settlement for redemptions will normally be made by telegraphic transfer to the bank account of the Shareholder as specified in the application form (at the Shareholder's risk) or as otherwise agreed in writing. Settlement for redemptions of Shares of each Fund will normally be made within three Business Days from receipt by the Administrator of correct redemption documentation. The Directors in their sole discretion may delay remittance of redemption proceeds for up to fourteen days after the Dealing Day on which the redemption request is effective. The cost of such settlement by telegraphic transfer may be passed on to the Shareholder.

## **TEMPORARY SUSPENSION OF VALUATION OF THE SHARES AND SALES AND REDEMPTIONS**

The Company may temporarily suspend the determination of the Net Asset Value and the sale or redemption of Shares in a Fund during:

- (i) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Fund's investments, or when trading thereon is restricted or suspended;
- (ii) any period when any emergency exists as a result of which disposal by the Company of investments which constitute a substantial portion of the assets of the Fund is not practically feasible;
- (iii) any period when for any reason the prices of any investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Fund;
- (iv) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- (v) any period when proceeds of the sale or redemption of the Shares cannot be transmitted to or from the Fund's account.

Any such suspension shall be published by the Company in such manner as it may deem appropriate to the persons likely to be affected thereby if, in the opinion of the Company, such suspension is likely to continue for a period exceeding fourteen days and any such suspension shall be notified immediately to the Central Bank and in any event within the same Business Day. Where practicable, the Company shall take all reasonable steps to bring such suspension to an end as soon as possible. The Company may elect to treat the first Business Day on which the conditions giving rise to the suspension have ceased as a substitute Dealing Day.

## MANAGEMENT AND ADMINISTRATION

### THE BOARD OF DIRECTORS

The Board of Directors is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Investment Manager, the Administrator and other parties, which may perform such delegated functions under the supervision and direction of the Directors.

The Directors and their principal occupations are set forth below. The Company has delegated the day-to-day administration of the Company to the Administrator and, consequently, none of the Directors is an executive director. The address of the Directors is the registered office of the Company.

**JOSEPH CARRIER (US)** is the Chief Risk Officer and Chief Audit Executive for Legg Mason. Prior to joining Legg Mason, he was Vice President and Division Head of Investment Operations at T. Rowe Price and Treasurer and Principal Financial Officer of the T. Rowe Price Mutual Funds. Before joining T. Rowe Price, he served as the Industry Chairman for Coopers & Lybrand's Investment Management practice in the United States. He has also served as Assistant Chief Accountant in the Division of Investment Management with the SEC. Mr. Carrier is the Chairman of the Investment Company Institute's Risk Management Committee, a former member of the Investment Companies Expert Panel of the AICPA, and the immediate past chair of the Accounting\Treasurer's Committee of the Investment Company Institute. He was also a member of the AICPA's Investment Companies Committee from 1994-1997 and a contributing author to the Audit and Accounting Guide for Investment Companies.

**BRIAN COLLINS (Irish)** joined Bank of Ireland (Corporate Banking) in 1972 where he held various management positions. From 1986 to 1992, Mr. Collins served as General Manager and Managing Director of Bank of Ireland's Hong Kong business and was primarily engaged in Treasury, Corporate and Trade Finance before his appointment as Managing Director of Bank of Ireland International Finance in 1992 where he served until 1996. From 1996 until July 2004, Mr. Collins served as Managing Director of Bank of Ireland Securities Services where he had responsibility for client assets in excess of €120 billion and was a member of the Bank of Ireland Group Operating Risk Committee. Since that date Mr. Collins has served as an independent director for a number of Irish collective investment schemes. Mr. Collins was formerly Chairman of the Dublin Funds Industry Association and Chairman of Taoiseach's Fund Industry Committee.

**FIONNUALA DORIS (Irish)** is a lecturer in the Department of Economics, Finance and Accounting in Maynooth University, Ireland. She lectures in Audit & Assurance and Management Accounting at undergraduate and postgraduate level. Ms. Doris also undertakes research in the area of Auditing Practices and supervises postgraduate students in their research. Prior to joining Maynooth University, Ms. Doris was Financial Controller and Company Secretary of Temple Bar Properties Ltd, Dublin from 1999 to 2001. She trained with PricewaterhouseCoopers, Dublin from 1993 to 1996 and worked as an Audit Manager in their Asset Management group until 1999 where she specialised in the audit of UCITS funds. Ms. Doris holds a BA in Economics from University College Dublin (1992), a Postgraduate Diploma in Accounting from Dublin City University (1993) and is a Fellow of the Institute of Chartered Accountants in Ireland.

**JOSEPH KEANE (Irish)** provides consultancy services to the mutual and hedge fund industry and acts as an independent director to fund companies. From March 2004 through April 2007, he was Chief Financial Officer of the Vega Hedge Fund Group. In 2002, he founded CFO.IE, and he acted as its Chief Executive Officer through February 2004. He was Head of Operations for SEI Investments, Global Fund Services from 2000 to 2002 and prior to that Managing Director of ABN AMRO Trust Company (Cayman) in the Cayman Islands from 1995 to 2000. He is a Fellow of the Institute of Chartered Accountants in Ireland. Mr. Keane has thirty years' experience in investment funds' management and administration, banking and public accounting.

**JOSEPH LAROCQUE (US)** is a Managing Director, Affiliate Strategic Initiatives, at Legg Mason, which he joined in 2001. He also serves as a director of a number of Legg Mason's international entities and non-US mutual funds. He is a certified public accountant and from 1991 to 2001 was employed by PricewaterhouseCoopers in several capacities, most recently as a Senior Manager in their global financial services practice.

**JANE TRUST (US)** is a Managing Director at Legg Mason. She acts as the Trustee, President and Chief Executive Officer of Legg Mason-sponsored funds domiciled in the US. She has worked at various roles in the Legg Mason Group for over 25 years, including senior investment roles within Legg Mason Capital Management ("LMCM") and Legg Mason Investment Counsel ("LMIC"). Ms. Trust was an Institutional Portfolio Manager for LMCM, managing accounts on behalf of sovereign wealth funds, pension plans, public funds and mutual funds. At LMIC, Ms. Trust was Head of Investments, supervising a team of equity and fixed income portfolio managers and overseeing the firm's trading desk. She is a CFA® charterholder.

The Company Secretary is Bradwell Limited having its registered office at Ten Earlsfort Terrace, Dublin 2.

The Articles of Association do not stipulate a retirement age for Directors and do not provide for the retirement and reelection of Directors each year. The Articles of Association provide that a Director may be a party to any transaction or arrangement with the Company or in which the Company is interested provided that he has disclosed to the Directors the nature and extent of any material interest which he may have. A Director may vote in respect of any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he is not the holder of 5% or more of the issued shares of any class of such company or of the voting rights available to members of such company. A Director may also vote in respect of any proposal concerning an offer of shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in part.

The Articles of Association provide that the Directors may exercise all the powers of the Company to borrow money or to charge its undertaking, property or any part thereof and may delegate these powers to the Investment Manager.

## **THE INVESTMENT MANAGER**

The Company, pursuant to the Investment Management Agreement dated 19<sup>th</sup> December, 2006, has appointed LMI Europe as the Investment Manager for the Funds. LMI Europe is organised under the laws of England and is authorised and regulated by the Financial Conduct Authority in the United Kingdom. It is an indirect, wholly-owned subsidiary of Legg Mason, Inc. (“Legg Mason”). Legg Mason is a global asset management firm providing asset management services through its subsidiaries (collectively the “Legg Mason Group”). The Legg Mason Group collectively had approximately US\$767 billion in assets under management as of 31 December 2017.

The terms relating to the appointment of LMI Europe are set out in the Investment Management Agreement between the Company and LMI Europe. The Investment Management Agreement provides that LMI Europe shall be responsible for investing and re-investing the assets of the Funds. LMI Europe will not be liable for any loss suffered by the Company or a Shareholder except a loss resulting from negligence, willful misfeasance, bad faith or reckless disregard on the part of LMI Europe or any of its employees in the performance of its duties and obligations. The Company agrees to indemnify LMI Europe and keep it indemnified from and against all liability, loss, damage or cost (including taxation) incurred by LMI Europe, except in the case of negligence, willful misfeasance, bad faith or reckless disregard of its duties. The appointment of LMI Europe shall continue in full force and effect unless and until terminated at any time by either party giving ninety days’ written notice to the other party. Either party shall be entitled to terminate the Investment Management Agreement immediately in the event of the insolvency of the other party or the inability of the other party to perform its obligations under applicable law.

## **THE SUB-INVESTMENT MANAGERS**

The Company, under the Investment Management Agreement, authorises the Investment Manager at its own costs and expenses to engage one or more sub-investment managers for the purpose of assisting it with carrying out its duties and responsibilities as investment manager to the Funds, provided the appointments of such other investment advisers are in accordance with the requirements of the Central Bank Rules. Under the terms of the Investment Management Agreement, the Investment Manager, in such instances, shall remain responsible to the Company and the Funds for the performance of its obligations under such agreements. The Investment Manager, pursuant to its Investment Management Agreement with the Company and in accordance with the requirements of the Central Bank, has appointed, and may appoint in the future, affiliated companies as sub-investment managers to manage the Funds, including the Sub-Investment Managers identified below. Disclosure of any sub-investment managers, other than those identified below, appointed by the Investment Manager will be provided to Shareholders upon request and details thereof will be disclosed in the periodic reports to Shareholders. Under each Sub-Investment Management Agreement, the Sub-Investment Manager is authorised at its own costs and expenses to engage one or more investment advisers for the purposes of assisting it with carrying out its duties and responsibilities as sub-investment manager, provided that the appointment of such other investment advisers are in accordance with the requirements of the Central Bank Rules. Under the terms of each Sub-Investment Management Agreement, the Sub-Investment Manager, in such instances, shall remain responsible to the Investment Manager for the performance of its obligations under such agreements. Disclosure of any sub-investment managers appointed by the Sub-Investment Managers will be provided to Shareholders upon request and details thereof will be disclosed in the periodic reports to Shareholders.

**RARE INFRASTRUCTURE LIMITED:** LMI Europe, pursuant to a Sub-Investment Management Agreement dated 25 August 2016, has appointed RARE Infrastructure Limited (“RARE”) to serve as the Sub-Investment Manager of the Legg Mason RARE Global Infrastructure Income Fund. RARE is a subsidiary of Legg Mason and is an Australian public company, limited by shares, incorporated in 2006 and regulated by the Australian Securities & Investment Commission. As of 31 December 2017, RARE had approximately US\$4.4 billion of assets under management.

**BRANDYWINE GLOBAL INVESTMENT MANAGEMENT, LLC:** LMI Europe, pursuant to a Sub-Investment Management Agreement dated 19 December 2006, as amended, has appointed Brandywine to serve as the Sub-Investment Manager of the Legg



Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund and Legg Mason Brandywine Global – US High Yield Fund. Brandywine is organised under the laws of the State of Delaware, USA. It is a wholly-owned subsidiary of Legg Mason. Brandywine is registered as an investment adviser in the United States under the Advisers Act. Brandywine acts as investment adviser to institutional accounts, such as corporate pension plans, mutual funds and endowment funds, as well as individual investors. Brandywine had total assets under management of approximately US\$74 billion as of 31 December 2017.

**CLEARBRIDGE INVESTMENTS, LLC:** LMI Europe, pursuant to a Sub-Investment Management Agreement dated 19 December 2006, as amended, has appointed ClearBridge Investments, LLC to serve as the Sub-Investment Manager of the Legg Mason ClearBridge Global Growth Fund. ClearBridge Investments, LLC is organised under the laws of the State of Delaware, and is registered as an investment adviser in the United States with the SEC. ClearBridge Investments, LLC is a wholly-owned subsidiary of Legg Mason. As of 31 December 2017, ClearBridge (comprising ClearBridge Investments, LLC and ClearBridge, LLC) had approximately US\$136 billion of assets under management.

## **THE ADMINISTRATOR**

The Company has appointed BNY Mellon Fund Services (Ireland) Designated Activity Company (as transferred from BNY Mellon Investment Servicing (International) Limited to the Administrator pursuant to a merger by operation of law on 1 July 2016) to act as its administrator, registrar and transfer agent, pursuant to the Administration Agreement.

The Administrator is a designated activity company limited by shares incorporated in Ireland on 31 May 1994 under registration number 218007. The Administrator's registered office is at Guild House, Guild Street, International Financial Services Centre, Dublin 1, Ireland. The Administrator's main business activity is the provision of administrative services to collective investment schemes and other portfolios. The Administrator is a wholly-owned indirect subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”). BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. As at 31 March 2018, it had US\$33.5 trillion in assets under custody and administration and US\$1.9 trillion in assets under management.

The Administration Agreement may be terminated by either the Company or the Administrator on ninety days’ notice in writing to the other party at any time or may be terminated immediately in the event of: (i) the other party going into liquidation or the appointment of an examiner or receiver to that party or on the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise; or (ii) the other party failing to remedy a material breach of the Administration Agreement within thirty (30) days of being requested to do so; or (iii) the Administrator’s tax certificate under Section 446 of the Taxes Consolidation Act, 1997 being revoked or notice of intention to revoke the certificate is received from the Minister for Finance of Ireland; or (iv) the authorisation by the Central Bank of the Company being revoked; or (v) either party being no longer permitted to perform its obligations under the Administration Agreement pursuant to applicable law.

The Administration Agreement provides that in the absence of negligence, willful misfeasance, bad faith or fraud on the part of the Administrator, the Administrator will not be liable to the Company for any loss incurred by the Company in connection with the performance by the Administrator of its obligations and duties under the Administration Agreement and the Company agrees to indemnify the Administrator against any loss suffered by the Administrator in the performance of its obligations under the Administration Agreement save where such loss arises as a result of negligence, willful misfeasance, bad faith or fraud on the part of the Administrator or from reckless disregard by the Administrator of its obligations under the Administration Agreement.

## **THE DEPOSITARY**

The Company has appointed BNY Mellon Trust Company (Ireland) Limited as depositary pursuant to the Depositary Agreement. The Depositary is a private limited liability company incorporated in Ireland on 13 October 1994. The principal activity of the Depositary is to act as the depositary and trustee of collective investment schemes. The Depositary is authorised by the Central Bank under the Investment Intermediaries Act, 1995 (as amended).

The Depositary is a wholly-owned indirect subsidiary of BNY Mellon.

The duty of the Depositary is to provide safekeeping, oversight and asset verification services in respect of the assets of the Company and each Fund in accordance with the provisions of the Central Bank Rules and the Directive. The Depositary will also provide cash monitoring services in respect of each Fund’s cash flows and subscriptions.

The Depositary will be obliged, inter alia, to ensure that the sale, issue, repurchase and cancellation of Shares in the Company is carried out in accordance with the UCITS Regulations and the Articles of Association. The Depositary will carry out the

instructions of the Company, unless they conflict with the UCITS Regulations or the Articles of Association. The Depositary is also obliged to enquire into the conduct of the Company in each financial year and report thereon to Shareholders.

The Depositary will be liable for loss of financial instruments held in custody or in the custody of any sub-custodian, unless it can prove that loss was not as a result of the Depositary's negligent or intentional failure to perform its obligations and has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall also be liable for all other losses suffered as a result of the Depositary's negligent or intentional failure to properly fulfill its obligations under the UCITS Regulations.

The Depositary has power to delegate the whole or any part of its depositary functions, however, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary has delegated its safekeeping duties in respect of financial instruments in custody to The Bank of New York Mellon SA/NV and/or The Bank of New York Mellon. The list of sub-delegates appointed by The Bank of New York Mellon SA/NV or The Bank of New York Mellon is set out in Schedule VII hereto. The use of particular sub-delegates will depend on the markets in which the Company invests. No conflicts arise as a result of such delegation.

Up-to-date information regarding the duties of the Depositary, any conflicts of interest that may arise and the Depositary's delegation arrangements will be made available to investors by the Company on request.

The Depositary Agreement may be terminated by either the Depositary or the Company giving not less than ninety days' written notice to the other party. The Company may terminate the Depositary Agreement forthwith in the event that: (i) the Depositary shall go into liquidation (except voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Company which approval shall not be unreasonably withheld, delayed or conditioned) or being unable to pay its debts within the meaning of Section 570 of the Companies Act or in the event of the appointment of a receiver over any of the assets of the Company or if an examiner is appointed to the Company or if some event having an equivalent effect occurs; (ii) the Depositary fails to remedy a material breach of the Depositary Agreement within thirty (30) days of being requested to do so. The Depositary shall continue in office until a successor is appointed. The Depositary's appointment shall not terminate until revocation of the Company's authorisation by the Central Bank.

## **THE SHAREHOLDER SERVICING AGENTS**

The Company has appointed LMIS as Master Shareholder Servicing Agent of the Company. Under the terms of the Master Shareholder Servicing Agent Agreement with the Company, LMIS is authorised at its own costs and expenses to engage one or more parties for the purpose of assisting it with carrying out its duties under the agreement, provided that LMIS shall remain responsible to the Company for the performance of its obligations under such agreement. Pursuant to this, LMIS has appointed LMI Europe as an additional Shareholder Servicing Agent. Similarly, under the terms of the Shareholder Servicing Agent Agreement with LMIS, LMI Europe is authorised at its own costs and expenses to engage one or more parties for the purpose of assisting it with carrying out its duties under the agreement, provided that LMI Europe shall remain responsible to the Company and LMIS for the performance of its obligations under such agreement. Pursuant to this, LMI Europe has appointed LMAMHK, Legg Mason Asset Management Singapore Pte. Limited and Legg Mason Investments (Taiwan) Limited as Shareholder Servicing Agents of the Company. LMIS is organised under the laws of the State of Delaware, USA and is registered with the SEC as a broker-dealer. LMAMHK is incorporated under the laws of Hong Kong and is regulated by the Hong Kong Securities and Futures Commission. Legg Mason Asset Management Singapore Pte. Limited is organised under the laws of Singapore and is regulated by the Monetary Authority of Singapore. Legg Mason Investments (Taiwan) Limited is organised under the laws of the Republic of China (Taiwan). The Shareholder Servicing Agents are affiliated with each other because all are wholly-owned subsidiaries of Legg Mason. The Shareholder Servicing Agents are affiliated with each other because each is a wholly-owned subsidiary of Legg Mason. The terms relating to the appointment of each Shareholder Servicing Agent are set out in the Shareholder Servicing Agreements.

Under each Shareholder Servicing Agreement, the Shareholder Servicing Agent is responsible for providing various services to the Funds and their shareholders, including among other things: (1) maintaining adequate personnel and facilities in order to provide the services set forth in the Shareholder Servicing Agreement; (2) responding to shareholders' inquiries relating to their investment in Shares; (3) assisting shareholders with processing purchase, exchange and redemption requests, and forwarding such orders to the Funds' Administrator; (4) assisting shareholders with changing dividend options, account designations, and addresses; (5) making its books and records relating to the Funds available for audit and answering questions with respect to same; (6) consulting with the Funds regarding legal issues; (7) assisting the Administrator in monitoring and developing compliance procedures for the Funds which will include, among other matters, procedures to assist the Investment Manager in monitoring compliance with the policies described in the Prospectus; (8) preparing and furnishing Shareholders with performance information (including yield and total return information); and (9) providing such other services as the Company may reasonably request from time to time, to the extent such services are permissible under applicable law.

Each Shareholder Servicing Agent will not be liable for any loss suffered by the Company, the Funds, or a Shareholder except a loss resulting from negligence, willful misfeasance, bad faith or reckless disregard on the part of the Shareholder Servicing Agent or any of its employees in the performance of its duties and obligations. The Company agrees to indemnify LMIS and keep it indemnified from and against all liability, loss, damage or cost incurred by LMIS, except in the case of negligence, willful misfeasance, bad faith, or reckless disregard of LMIS's duties. The appointment of each Shareholder Servicing Agent shall continue in full force and effect unless and until terminated at any time by either party giving ninety days written notice to the other party.

## THE DISTRIBUTORS

Under the terms of the Master Distribution Agreement between the Company and LMIS, LMIS is authorised to market, promote, offer and arrange for the sale and redemption of Shares of the Company (collectively, "distribution services"). In addition, LMIS is authorised at its own costs and expenses to engage one or more distributors for the purpose of assisting it with carrying out its duties and responsibilities, provided the appointments of such other firms are made in accordance with the requirements of the Central Bank Rules. Under the terms of the Master Distribution Agreement between the Company and LMIS, LMIS in such instances shall remain responsible to the Company for the performance of its obligations under such agreement. Accordingly, LMIS has appointed LMI Europe as an additional Distributor of the Funds. Similarly, under the terms of the Distribution Agreement with LMIS, LMI Europe is authorised at its own costs and expenses to engage one or more distributors for the purpose of assisting it with carrying out its duties and responsibilities, provided the appointments of such other firms are made in accordance with the requirements of the Central Bank Rules. Under the terms of the Distribution Agreement between LMIS and LMI Europe, LMI Europe in such instances shall remain responsible to LMIS for the performance of its obligations under such agreement. LMI Europe, pursuant to the Distribution Agreement with LMIS and in accordance with the requirements of the Central Bank, has appointed LMAMHK and Legg Mason Asset Management Singapore Pte. Limited as additional Distributors of the Funds.

The terms relating to the appointment of each of these firms as Distributors of the Funds are set forth in the Distribution Agreements. Under the Distribution Agreements, which are terminable by either party on ninety days' notice to the other party, the Distributors are responsible for marketing, promoting, offering and arranging for the sale and redemption of Shares of the Company subject to the terms and conditions of the Distribution Agreement and this Prospectus.

A Distributor may also enter into sub-distribution or dealer agreements with brokers, securities dealers and other intermediaries of its choice for the marketing, promotion, offer, sale and redemption of the Shares of the Company. The Distributors shall not be liable for any loss of the Company, the Funds, or a Shareholder except a loss resulting from negligence, wilful misfeasance, bad faith or reckless disregard on the part of the Distributors or any of their officers, directors, employees, or other controlling persons in the performance of the Distributors' duties and obligations under the Distribution Agreements. Except in the case of negligence, wilful misfeasance, bad faith, or reckless disregard in the performance of the Distributors' duties under the Distribution Agreements, the appointing party agrees to indemnify the relevant Distributor and keep it indemnified from and against all liability, loss, damage or cost (including the cost of investigating or defending against such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Distributor, their officers, directors or any such controlling person may incur, including any loss, liability, damage or cost arising out of or based upon any untrue statement of a material fact contained in this Prospectus or arising out of or based upon any alleged omission to state a material fact required to be stated in this Prospectus or necessary to make the statement in this Prospectus not misleading, except insofar as such claims, demands, liabilities or expenses arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished in writing by the Distributors to the Company for use in this Prospectus.

## TAXATION

**Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting, redeeming or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.**

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time of an investment in the Company will endure indefinitely.

Dividends and interest and capital gains on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Company may not benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreements in operation between Ireland and other countries. Consequently, the Company may not be able to reclaim withholding tax suffered by it in particular countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company, the Net Asset Value will not be restated and the benefit will be allocated to the existing Shareholders ratably at the time of repayment.



## IRISH TAX CONSIDERATIONS

The following is a general summary of the main Irish tax considerations applicable to the Company and certain investors in the Company who are the beneficial owners of Shares in the Company. It does not purport to deal with all of the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of Shareholders whose acquisition of Shares in the Company would be regarded as a shareholding in a Personal Portfolio Investment Undertaking (PPIU). Accordingly, its applicability will depend on the particular circumstances of each Shareholder. It does not constitute tax advice and Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely.

### Taxation of the Company

The Directors have been advised that, under current Irish law and practice, the Company qualifies as an investment undertaking for the purposes of Section 739B of the Taxes Consolidation Act, 1997, as amended (“TCA”) so long as the Company is resident in Ireland. Accordingly, it is generally not chargeable to Irish tax on its income and gains.

#### *Chargeable Event*

However, Irish tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any payments of distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of Shares and any deemed disposal of Shares as described below for Irish tax purposes arising as a result of holding Shares in the Company for a period of eight years or more. Where a chargeable event occurs, the Company is required to account for the Irish tax thereon.

No Irish tax will arise in respect of a chargeable event where:

- (a) the Shareholder is neither resident nor ordinarily resident in Ireland (“Non-Irish Resident”) and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or
- (b) the Shareholder is Non-Irish Resident and has confirmed that to the Company and the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn; or
- (c) the Shareholder is an Exempt Irish Resident as defined below.

A reference to “intermediary” means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (b) holds units in an investment undertaking on behalf of other persons.

In the absence of a signed and completed declaration or written notice of approval from the Revenue Commissioners, as applicable, being in the possession of the Company at the relevant time there is a presumption that the Shareholder is resident or ordinarily resident in Ireland (“Irish Resident”) or is not an Exempt Irish Resident and a charge to tax arises.

A chargeable event does not include:-

- any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners; or
- a transfer of Shares between spouses/civil partners and any transfer of Shares between spouses/civil partners or former spouses/civil partners on the occasion of judicial separation, decree of dissolution and/or divorce, as appropriate; or
- an exchange by a Shareholder, effected by way of arm’s length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company; or

- an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the Company with another investment undertaking.

If the Company becomes liable to account for tax on a chargeable event, the Company shall be entitled to deduct from the payment arising on that chargeable event an amount equal to the appropriate tax and/or, where applicable, to repurchase and cancel such number of Shares held by the Shareholder, as is required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event.

#### *Deemed Disposals*

The Company may elect not to account for Irish tax in respect of deemed disposals in certain circumstances. Where the total value of Shares in a Fund held by Shareholders who are Irish Resident and, who are not Exempt Irish Residents as defined below, is 10% or more of the Net Asset Value of the Fund, the Company will be liable to account for the tax arising on a deemed disposal in respect of Shares in that Fund as set out below. However, where the total value of Shares in the Fund held by such Shareholders is less than 10% of the Net Asset Value of the Fund, the Company may, and it is expected that the Company will, elect not to account for tax on the deemed disposal. In this instance, the Company will notify relevant Shareholders that it has made such an election and those Shareholders will be obliged to account for the tax arising under the self-assessment system themselves. Further details of this are set out below under the heading “Taxation of Irish Resident Shareholders”.

#### *Irish Courts Service*

Where Shares are held by the Irish Courts Service the Company is not required to account for Irish tax on a chargeable event in respect of those Shares. Rather, where money under the control or subject to the order of any Court is applied to acquire Shares in the Company, the Courts Service assumes, in respect of the Shares acquired, the responsibilities of the Company to, *inter alia*, account for tax in respect of chargeable events and file returns.

#### **Exempt Irish Resident Shareholders**

The Company will not be required to deduct tax in respect of the following categories of Irish Resident Shareholders, provided the Company has in its possession the necessary declarations from those persons (or an intermediary acting on their behalf) and the Company is not in possession of any information which would reasonably suggest that the information contained in the declarations is not, or is no longer, materially correct. A Shareholder who comes within any of the categories listed below and who (directly or through an intermediary) has provided the necessary declaration to the Company is referred to herein as an “Exempt Irish Resident”:

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA, applies;
- a company carrying on life business within the meaning of Section 706 of the TCA;
- an investment undertaking within the meaning of Section 739B(1) of the TCA, or an investment limited partnership within the meaning of Section 739J of the TCA;
- a special investment scheme within the meaning of Section 737 of the TCA;
- a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- a qualifying management company within the meaning of Section 739B(1) of the TCA;
- a unit trust to which Section 731(5)(a) of the TCA applies;
- a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA, and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;

- (k) the National Asset Management Agency;
- (l) the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance of Ireland is the sole beneficial owner or Ireland acting through the National Treasury Management Agency;
- (m) a company within the charge to corporation tax in accordance with Section 110(2) of the TCA (securitisation companies);
- (n) in certain circumstances, a company within the charge to corporation tax in respect of payments made to it by the Company; or
- (o) any other person who is resident or ordinarily resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising the tax exemptions associated with the Company.

There is no provision for any refund of tax to Shareholders who are Exempt Irish Residents where tax has been deducted in the absence of the necessary declaration. A refund of tax may only be made to corporate Shareholders who are within the charge to Irish corporation tax.

### **Taxation of Non-Irish Resident Shareholders**

Non-Irish Resident Shareholders who (directly or through an intermediary) have made the necessary declaration of non-residence in Ireland, where required, are not liable to Irish tax on the income or gains arising to them from their investment in the Company and no tax will be deducted on distributions from the Company or payments by the Company in respect of an encashment, repurchase, redemption, cancellation or other disposal of their investment. Such Shareholders are generally not liable to Irish tax in respect of income or gains made from holding or disposing of Shares except where the Shares are attributable to an Irish branch or agency of such Shareholder.

Unless the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn, in the event that a non-resident Shareholder (or an intermediary acting on its behalf) fails to make the necessary declaration of non-residence, tax will be deducted as described above on the happening of a chargeable event and notwithstanding that the Shareholder is not resident or ordinarily resident in Ireland any such tax deducted will generally not be refundable.

Where a Non-Irish Resident company holds Shares in the Company which are attributable to an Irish branch or agency, it will be liable to Irish corporation tax in respect of income and capital distributions it receives from the Company under the self assessment system.

### **Taxation of Irish Resident Shareholders**

#### *Deduction of Tax*

Tax will be deducted and remitted to the Revenue Commissioners by the Company from any distributions made by the Company (other than on a disposal) to an Irish Resident Shareholder who is not an Exempt Irish Resident at the rate of 41%.

Tax will also be deducted by the Company and remitted to the Revenue Commissioners from any gain arising on an encashment, repurchase, redemption, cancellation or other disposal of Shares by such a Shareholder at the rate of 41%. Any gain will be computed as the difference between the value of the Shareholder's investment in the Company at the date of the chargeable event and the original cost of the investment as calculated under special rules. Where the Shareholder is an Irish resident company and the Company is in possession of a relevant declaration from the Shareholder that it is a company and which includes the company's tax reference number, tax will be deducted by the Company from any distributions made by the Company to the Shareholder and from any gains arising on an encashment, repurchase, redemption, cancellation or other disposal of shares by the Shareholder at the rate of 25%.

#### *Deemed Disposals*

Tax will also be deducted by the Company and remitted to the Revenue Commissioners in respect of any deemed disposal where the total value of Shares in a Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is 10% or more of the Net Asset Value of the Fund. A deemed disposal will occur on each and every eighth anniversary of the acquisition of Shares in the Fund by such Shareholders. The deemed gain will be calculated as the difference between the value of the Shares held by the

Shareholder on the relevant eighth year anniversary or, as described below where the Company so elects, the value of the Shares on the later of the 30 June or 31 December prior to the date of the deemed disposal and the relevant cost of those Shares. The excess arising will be taxable at the rate of 41% (or in the case of Irish resident corporate Shareholders where a relevant declaration has been made, at the rate of 25%). Tax paid on a deemed disposal should be creditable against the tax liability on an actual disposal of those Shares.

Where the Company is obliged to account for tax on deemed disposals it is expected that the Company will elect to calculate any gain arising for Irish Resident Shareholders who are not Exempt Irish Residents by reference to the Net Asset Value of the relevant Fund on the later of the 30 June or 31 December prior to the date of the deemed disposal, in lieu of the value of the Shares on the relevant eighth year anniversary.

The Company may elect not to account for tax arising on a deemed disposal where the total value of Shares in the relevant Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is less than 10% of the Net Asset Value of the Fund. In this case, such Shareholders will be obliged to account for the tax arising on the deemed disposal under the self-assessment system themselves. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary and the relevant cost of those Shares. The excess arising will be regarded as an amount taxable under Case IV of Schedule D and will be subject to tax where the Shareholder is a company, at the rate of 25%, and where the Shareholder is not a company, at the rate of 41%. Tax paid on a deemed disposal should be creditable against the tax payable on an actual disposal of those Shares.

#### *Residual Irish Tax Liability*

Corporate Shareholders resident in Ireland which receive payments from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax at the rate of 25% (or 41% if no declaration has been made) has been deducted. Subject to the comments below concerning tax on a currency gain, in general, such Shareholders will not be subject to further Irish tax on payments received in respect of their holding from which tax has been deducted. A corporate Shareholder resident in Ireland which holds the Shares in connection with a trade will be taxable on any income or gains received from the Company as part of that trade with a set-off against corporation tax payable for any tax deducted from those payments by the Company. In practice, where tax at a rate higher than 25% has been deducted from payments to a corporate Shareholder resident in Ireland, a credit of the excess tax deducted over the higher corporation tax rate of 25% should be available.

Subject to the comments below concerning tax on a currency gain, in general, non-corporate Irish Resident Shareholders will not be subject to further Irish tax on income arising on the Shares or gains made on disposal of the Shares, where the appropriate tax has been deducted by the Company from distributions paid to them.

Where a currency gain is made by a Shareholder on the disposal of Shares, the Shareholder will be liable to capital gains tax in respect of that gain in the year/s of assessment in which the Shares are disposed of.

Any Irish Resident Shareholder who is not an Exempt Irish Resident and who receives a distribution from which tax has not been deducted or who receives a gain on an encashment, repurchase, redemption, cancellation or other disposal from which tax has not been deducted, (for example, because the Shares are held in a recognised clearing system) will be liable to account for income tax or corporation tax as the case may be on the payment or on the amount of the gain under the self-assessment system and in particular, Part 41A of the TCA.

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the Company is obliged to report certain details in relation to Shares held by investors to the Revenue Commissioners on an annual basis. The details to be reported include the name, address and date of birth if on record of, and the investment number associated with and the value of the Shares held by, a Shareholder. In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. These provisions do not require such details to be reported in respect of Shareholders who are:

- Exempt Irish Residents (as defined above);
- Shareholders who are neither Irish Resident nor ordinarily resident in Ireland (provided the relevant declaration has been made); or
- Shareholders whose Shares are held in a recognised clearing system,

however, investors should note the section herein entitled "Automatic Exchange of Information" for information on additional investor information gathering and reporting requirements to which the Company is subject.

## **Overseas Dividends**

Dividends (if any) and interest which the Company receives with respect to investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of the investments are located. It is not known whether the Company will be able to benefit from reduced rates of withholding tax under the provisions of the double tax treaties which Ireland has entered into with various countries.

However, in the event that the Company receives any repayment of withholding tax suffered, the Net Asset Value of the relevant Fund will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of such repayment.

## **Stamp Duty**

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the TCA, generally, no stamp duty will be payable in Ireland on the issue, transfer, repurchase or redemption of Shares in the Company. However, where any subscription for or redemption of Shares is satisfied by an in-kind or in specie transfer of Irish securities or other Irish property, Irish stamp duty might arise on the transfer of such securities or properties.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities of a company or other body corporate not registered in Ireland, provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property, or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B of the TCA or a qualifying company within the meaning of Section 110 of the TCA) which is registered in Ireland.

## **Residence**

In general, investors in the Company will be either individuals, corporate entities or trusts. Under Irish rules, both individuals and trusts may be resident or ordinarily resident. The concept of ordinary residence does not apply to corporate entities.

### Individual Investors

#### *Test of Residence*

An individual will be regarded as resident in Ireland for a particular tax year if the individual is present in Ireland: (1) for a period of at least 183 days in any one tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each tax year. In determining days present in Ireland, an individual is deemed to be present if he / she is present in the country at any time during the day.

If an individual is not resident in Ireland in a particular tax year the individual may, in certain circumstances, elect to be treated as resident.

#### *Test of Ordinary Residence*

If an individual has been resident for the three previous tax years then the individual will be deemed “ordinarily resident” from the start of the fourth year. An individual will remain ordinarily resident in Ireland until the individual has been non-resident for three consecutive tax years.

### Trust Investors

A trust will generally be regarded as resident in Ireland where all of the trustees are resident in Ireland. Trustees are advised to seek specific tax advice if they are in doubt as to whether the trust is resident in Ireland.

### Corporate Investors

A company will be resident in Ireland if its central management and control is in Ireland or (in certain circumstances) if it is incorporated in Ireland. For Ireland to be treated as the location of a company’s central management and control this typically means Ireland is the location where all fundamental policy decisions of the company are made.

All companies incorporated in Ireland are resident in Ireland for tax purposes except where:

- (i) in the case of a company incorporated before 1 January 2015, the company or a related company carries on a trade in Ireland, and either (a) the company is ultimately controlled by persons resident in a “relevant territory”, being an EU member state (other than Ireland) or a country with which Ireland has a double taxation agreement in force by virtue of Section 826(1) of the TCA or that is signed and which will come into force once all the ratification procedures set out in Section 826(1) of the TCA have been completed, or (b) the principal class of the shares in the company or a related company is substantially and regularly traded on a recognised stock exchange in a relevant territory; or
- (ii) the company is regarded as resident in a country other than Ireland and not resident in Ireland under a double taxation agreement between Ireland and that other country.

A company incorporated in Ireland and coming within either (i) or (ii) above will not be regarded as resident in Ireland unless its central management and control is in Ireland, PROVIDED however, a company coming within (i) above which has its central management and control outside of Ireland will still be regarded as resident in Ireland if (a) it would by virtue of the law of a relevant territory be tax resident in that relevant territory if it were incorporated in that relevant territory but would not otherwise be tax resident in that relevant territory, (b) is managed and controlled in that relevant territory, and (c) would not otherwise by virtue of the law of any territory be regarded as resident in that territory for tax purposes.

The exception from the incorporation rule of tax residence at (i) above in respect of a company incorporated before 1 January 2015 will however cease to apply or be available after 31 December 2020, or, if earlier, from the date, after 31 December 2014, of a change in ownership (direct or indirect) of the company where there is a major change in the nature or conduct of the business of the company within the period beginning on the later of 1 January 2015 or the date which occurs one year before the date of the change in ownership of the company, and ending 5 years after the date of the change in ownership. For these purposes a major change in the nature or conduct of the business of the company includes the commencement by the company of a new trade or a major change arising from the acquisition by the company of property or of an interest in or right over property.

### **Disposal of Shares and Irish Capital Acquisitions Tax**

#### **(a) Persons Domiciled or Ordinarily Resident in Ireland**

The disposal of Shares by means of a gift or inheritance made by a disponent domiciled or ordinarily resident in Ireland or received by a beneficiary domiciled or ordinarily resident in Ireland may give rise to a charge to Irish Capital Acquisitions Tax for the beneficiary of such a gift or inheritance with respect to those Shares.

#### **(b) Persons Not Domiciled or Ordinarily Resident in Ireland**

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the TCA, the disposal of Shares will not be within the charge to Irish Capital Acquisitions Tax provided that;

- the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date;
- the donor is not domiciled or ordinarily resident in Ireland at the date of the disposition; and
- the beneficiary is not domiciled or ordinarily resident in Ireland at the date of the gift or inheritance.

### **Application of FATCA under the Irish IGA**

The governments of the United States and the Republic of Ireland have entered into the Irish IGA, which establishes a framework for cooperation and information sharing between the two countries and provides an alternative way for foreign (i.e. non-US) financial entities (“**FFIs**”), including the Company and the Funds, to comply with FATCA without having to enter into an FFI Agreement with the IRS. Pursuant to the Irish IGA, each Fund registers with the IRS as a Model 1 FFI (as defined under the FATCA regulations) and is assigned a global intermediary identification number (“**GIIN**”). Under the terms of the Irish IGA, each Fund will identify any US Reportable Accounts held by it and report certain information on such US Reportable Accounts to the Revenue Commissioners, which, in turn, will report such information to the IRS.

Each existing and prospective investor in the Funds is expected to be required to provide the Administrator (or a Dealer when Shares are purchased through and held by a Dealer) a completed and signed IRS Form W-8, W-9 or other withholding certificate acceptable to the Administrator (or Dealer, as appropriate), as well as any other information required by them to determine whether such Shareholder is a holder of a US Reportable Account or qualifies for an exemption under the FATCA regulations. If Shares are held in a nominee account by a non-FFI nominee for the benefit of their underlying beneficial owner, the underlying beneficial owner is an accountholder under FATCA, and the information provided must pertain to the beneficial owner. In many cases, however, a nominee would be considered an FFI by reason of being a custodial institution.

Please note that the term “US Reportable Account” under FATCA applies to a wider range of investors than the term “US Person” under Regulation S of the 1933 Act. Please refer to the Definitions section of the Prospectus for definitions of both of these terms. Investors should consult their legal counsel or tax advisors regarding whether they fall under either of these definitions.

Dealers will be required to certify their compliance with FATCA by providing the Funds (i) an appropriate IRS Form W-8, W-9 or other withholding certificate acceptable to the Funds duly executed by an authorized representative of such Dealer; (ii) its GIIN, if applicable, as well as (iii) any other information required by the Funds to confirm such compliance with FATCA. Failure by a Dealer to provide such information may lead to closure of their accounts by the Administrator and imposition of FATCA withholding on such accounts.

## **AUTOMATIC EXCHANGE OF INFORMATION**

Ireland has implemented the “Standard for Automatic Exchange of Financial Account Information”, also known as the Common Reporting Standard (“**CRS**”), into Irish law.

The CRS is a new, single global standard on Automatic Exchange of Information (“**AEOI**”) which was approved by the Council of the Organisation for Economic Cooperation and Development (“**OECD**”) in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Under the CRS, participating jurisdictions are required to exchange certain information held by financial institutions regarding their non-resident customers.

The Company is required to disclose the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number and tax identification number(s) of each reportable person in respect of a reportable account for CRS and information relating to each Shareholder’s investment (including but not limited to the value of and any payments in respect of the Shares) to the Revenue Commissioners who may in turn exchange this information with the tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, the Company may require additional information and documentation from Shareholders.

The non-provision of information requested by the Company pursuant to CRS may result in mandatory redemption of Shares or other appropriate action taken by the Company. Shareholders refusing to provide the requisite information to the Company may also be reported to the Revenue Commissioners.

The above description is based in part on regulations and guidance from the OECD in relation to the CRS, all of which are subject to change.

Pursuant to information-sharing arrangements in place between Ireland and/or the European Union and certain third countries and/or dependant or associated territories of CRS-participating jurisdictions, to the extent that those countries or territories are not “Reportable Jurisdictions” under the CRS, the Administrator, or such other entity considered to be a paying agent for these purposes, may be obliged to collect certain information (including the tax status, identity and residency of the Shareholders) in order to satisfy the disclosure requirements under those arrangements and to disclose such information to the relevant tax authorities. Those tax authorities may in turn be obliged to provide the information disclosed to the tax authorities of other relevant jurisdictions.

Shareholders will be deemed by their subscription for Shares in a Fund to have authorised the automatic disclosure of such information by the Administrator, or other relevant person to the relevant tax authorities.

Each prospective investor should consult its own tax advisers on the requirements applicable to it under these arrangements.

## **US FEDERAL TAX CONSIDERATIONS**

As with any investment, the tax consequences of an investment in Shares may be material to an analysis of an investment in the Company. Prospective investors investing in the Company should be aware of the tax consequences of such an investment before purchasing Shares. This Prospectus discusses certain US federal income tax consequences only generally and does not purport to deal with all of the US federal income tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. In particular, because US Reportable Persons generally are not expected to subscribe for Shares, the discussion does not address the US federal tax consequences to taxable US Reportable Persons of an investment in Shares. Such persons should consult their own tax advisors. The following discussion assumes that no US Holder owns or will



own directly or indirectly, or will be considered as owning by reason of certain tax law rules of constructive ownership, 10% or more of the total combined voting power of all Shares.

The Company does not, however, guarantee that will always be the case. Furthermore, the discussion assumes that the Company will not hold any interests (other than as a creditor) in any “United States real property holding corporations” as defined in the Code. Each prospective investor is urged to consult his or her tax advisor regarding the specific consequences of an investment in the Company under applicable US federal, state, local and foreign income tax laws as well as with respect to any specific gift, estate and inheritance tax issues.

As used herein, the term “US Holder” means a beneficial owner of Shares that is a US Taxpayer.

The following discussion assumes that the Company, including each Fund thereof, will be treated as a single entity for US federal income tax purposes. The law in this area is uncertain. Thus, it is possible that the IRS might take a contrary view, treating each Fund of the Company as a separate entity for US federal income tax purposes. There can be no assurance that the IRS would agree with the position taken by the Company.

### **Taxation of the Company**

The Company generally intends to conduct its affairs so that it will not be deemed to be engaged in trade or business in the United States and, therefore, none of its income will be treated as “effectively connected” with a US trade or business carried on by the Company. If none of the Company’s income is effectively connected with a US trade or business carried on by the Company, certain categories of income (including dividends and certain types of interest income) derived by the Company from US sources will be subject to a US tax of 30%, which tax is generally withheld from such income. Certain other categories of income, generally including most forms of US source interest income (e.g. interest and original issue discount on portfolio debt obligations (which may include United States Government securities, original issue discount obligations having an original maturity of 183 days or less, and certificates of deposit), and capital gains (including those derived from options transactions), will not be subject to this 30% withholding tax. If, on the other hand, the Company derives income which is effectively connected with a US trade or business carried on by the Company, such income will be subject to US federal income tax at the graduated rates applicable to US domestic corporations, and the Company would also be subject to a branch profits tax on earnings removed, or deemed removed, from the United States.

Notwithstanding the foregoing, Funds that directly own units in MLPs domiciled in the United States will be considered under the Code to be engaged in business in the United States because of the ownership of such units. As a consequence, they will be required to file US federal tax returns to report their share of the MLP’s income, gain, loss or deduction and pay US federal income tax at regular rates on their share of the MLP’s net earnings or gain. Moreover, under rules applicable to US publicly traded partnerships, the MLPs are expected to withhold at the highest applicable effective tax rate from cash distributions made quarterly to non-US unitholders like the Funds. In addition, because a non-US corporation that owns MLP units will be treated as engaged in a US trade or business, the Funds may be subject to the US branch profits tax under Section 884 of the Code at a rate of 30%, in addition to regular US federal income tax, on their share of the MLP’s income and gain, as adjusted for changes in the Funds’ “US net equity” which is effectively connected with the conduct of a US trade or business. Additionally, the Funds may be subject to US federal income tax on gain from the sale or disposition of their MLP fund units. The Funds investing in US MLPs may also be subject to special information reporting requirements under Section 6038C of the Code. State and local income taxes and return filing obligations may also apply.

Pursuant to FATCA, the Company (or each Fund thereof) will be subject to US federal withholding taxes (at a 30% rate) on payments of certain amounts made to such entity (“withholdable payments”), unless it complies (or is deemed compliant) with extensive reporting and withholding requirements. Withholdable payments generally include interest (including original issue discount), dividends, rents, annuities, and other fixed or determinable annual or periodical gains, profits or income, if such payments are derived from US sources, as well as gross proceeds from dispositions of securities that could produce US source interest or dividends. Income which is effectively connected with the conduct of a US trade or business is not, however, included in this definition. To avoid the withholding tax, unless deemed compliant, the Company (or each Fund thereof) will be required to enter into an agreement with the United States to identify and disclose identifying and financial information about each US Reportable Person (or foreign entity with substantial US ownership) which invests in the Company (or Fund), and to withhold tax (at a 30% rate) on withholdable payments and related payments made to any investor which fails to furnish information requested by the Company to satisfy its obligations (or those of its Funds) under the agreement. Pursuant to the Irish IGA, the Company (or each Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US Reportable Person information directly to the Irish government. Certain categories of US investors, generally including, but not limited to, tax-exempt investors, publicly traded corporations, banks, regulated investment companies, real estate investment trusts, common trust funds, brokers, dealers and middlemen, and state and federal governmental entities, will be exempt from such reporting. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future Company (or Fund) operations.

Shareholders will be required to provide certifications as to their US or non-US tax status, together with such additional tax information as the Company (or a Fund) or its agents may from time to time request. Failure to furnish requested information or (if applicable) satisfy its own FATCA obligations may subject a Shareholder to liability for any resulting US tax information reporting and/or mandatory redemption of such Shareholder's Shares, to the extent permitted by applicable law and provided that the Company is acting in good faith and on reasonable grounds. **Shareholders are advised to consult with their own tax advisors regarding the possible implications of FATCA on them and the Funds.**

## **Taxation of Shareholders**

The US tax consequences to Shareholders of distributions from the Company and of dispositions of Shares generally depends on the Shareholder's particular circumstances, including whether the Shareholder conducts a trade or business within the United States or is otherwise taxable as a US Reportable Person.

US Reportable Persons may be required to furnish the Company with a properly executed IRS Form W-9; all other Shareholders may be required to furnish an appropriate, properly executed IRS Form W-8. Amounts paid to a US Reportable Person as dividends from the Company, or as gross proceeds from a redemption of Shares, generally may be reportable to the US Reportable Person and the IRS on an IRS Form 1099 (except as otherwise noted below). Failure to provide an appropriate and properly executed IRS Form W-8 (in the case of Shareholders who are not US Reportable Persons) or IRS Form W-9 (for Shareholders who are US Reportable Persons) when required may subject a Shareholder to backup withholding tax. Backup withholding is not an additional tax. Any amounts withheld may be credited against a Shareholder's US federal income tax liability. Shareholders will be required to provide such additional tax information as the Board of Directors may request from time to time.

US tax-exempt entities, corporations, non-US Reportable Persons and certain other categories of Shareholders generally will not be subject to reporting on IRS Form 1099 or backup withholding, if applicable, provided that such Shareholders furnish the Company with an appropriate and properly executed IRS Form W-8 or IRS Form W-9, certifying as to their exempt status.

Passive Foreign Investment Company ("PFIC") Rules - In General. The Company is expected to be a PFIC within the meaning of Section 1297(a) of the Code. In addition, the Company may invest in other entities that are classified as PFICs. Thus, Shareholders may be treated as indirect shareholders of PFICs in which the Company invests. US Reportable Persons are urged to consult their own tax advisors with respect to the application of the PFIC rules. The Company does not intend to provide US Shareholders with the information necessary to make an effective "qualified electing fund" ("QEF") election.

PFIC Consequences - Tax-Exempt Organizations - Unrelated Business Taxable Income. Certain entities (including qualified pension and profit sharing plans, individual retirement accounts, 401(k) plans and Keogh plans ("Tax-Exempt entities")) generally are exempt from US federal income taxation except to the extent that they have unrelated business taxable income ("UBTI"). UBTI is income from a trade or business regularly carried on by a Tax-Exempt entity which is unrelated to the entity's exempt activities. Various types of income, including dividends, interest and gains from the sale of property other than inventory and property held primarily for sale to customers, are excluded from UBTI, so long as the income is not derived from debt-financed property. Capital gains derived from a Tax-Exempt entity from the sale or exchange of Shares and any dividends received by a Tax-Exempt entity with respect to its Shares should be excluded from UBTI, provided that the Tax-Exempt entity has not incurred acquisition indebtedness in connection with the acquisition of such Shares.

Under current law, the PFIC rules apply to a Tax-Exempt entity that holds Shares only if a dividend from the Company would be subject to US federal income taxation in the hands of the Shareholder (as would be the case, for example, if the Shares were debt-financed property in the hands of the Tax-Exempt entity). It should be noted, however, that temporary and proposed regulations appear to treat individual retirement accounts and other tax-exempt trusts (but not qualified plans) differently than other Tax-Exempt entities by treating the beneficiaries of such trusts as PFIC shareholders and thereby subjecting such persons to the PFIC rules.

Other Tax Considerations. The foregoing discussion assumes, as stated above, that no US Reportable Person owns or will own directly or indirectly, or be considered as owning by application of certain tax law rules of constructive ownership, 10% or more of the total combined voting power of all voting Shares of the Company (any such US Reportable Person so holding such an interest is referred to herein as a "10% US Shareholder"). If more than 50% of the equity interests in the Company were owned by 10% US Shareholders, the Company would be a "controlled foreign corporation," in which case a 10% US Shareholder would be required to include in income that amount of the Company's earnings to which the Shareholder would have been entitled had the Company currently distributed all of its earnings. (Under current law, such income inclusions generally would not be expected to be treated as UBTI, so long as not deemed to be attributable to insurance income earned by the Company.) Also, upon the sale or exchange of Shares, all or part of any resulting gain could be treated as ordinary income. Alternatively, if the IRS were to treat each Fund as a separate entity for US federal income tax purposes, the ten percent ownership determinations would be made on

an individual Fund basis. Similar rules could apply with respect to shares of any other non-US corporations that are held by a Shareholder indirectly through the Company.

**Reporting Requirements.** US Reportable Persons may be subject to additional US tax reporting requirements by reason of their ownership of Shares. For example, special reporting requirements may apply with respect to certain interests in, transfers to, and changes in ownership interest in, the Company and certain other foreign entities in which the Company may invest. A US Reportable Person also would be subject to additional reporting requirements in the event that it is deemed to be a 10% US Shareholder of a controlled foreign corporation by reason of its investment in the Company. Alternatively, the determination of “controlled foreign corporation” and determination of 10% US Shareholder status would be made on an individual Fund basis, if each Fund were to be treated as a separate entity for US federal income tax purposes. US Reportable Persons should consult their own US tax advisors regarding any reporting responsibilities resulting from an investment in the Company, including the responsibility to file Form FinCEN Report 114 with the US Department of the Treasury.

**US State and Local Taxes.** In addition to the US federal income tax consequences described above, Shareholders should consider potential US state and local tax consequences of an investment in the Company. US state and local tax laws often differ from the US federal income tax laws. Shareholders and potential investors are urged to consult their own tax advisors with respect to the application of US state and local taxes, based on their particular circumstances.

**Tax Shelter Reporting.** Persons who participate in or act as material advisors with respect to certain “reportable transactions” must disclose required information concerning the transaction to the IRS. In addition, material advisors must maintain lists that identify such reportable transactions and their participants. Significant penalties apply to taxpayers who fail to disclose a reportable transaction. Although the Company is not intended to be a vehicle to shelter US federal income tax, and the new regulations provide a number of relevant exceptions, there can be no assurance that the Company and certain of its Shareholders and material advisors will not, under any circumstance, be subject to these disclosure and list maintenance requirements.

## **OTHER TAX CONSIDERATIONS**

The Company may from time to time purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or foreign withholding taxes are imposed with respect to any of the Company’s investments, the effect generally reduces the income received by the Company on its investments.

## **GENERAL**

### **CONFLICTS OF INTEREST AND BEST EXECUTION**

The Company has policies designed to ensure that in all transactions, a reasonable effort is made to avoid conflicts of interest, and when they cannot be avoided, that the Funds and their shareholders are fairly treated. The Investment Manager, the Sub-Investment Managers, the Directors, the Distributors, the Shareholder Servicing Agents, the Depositary and the Administrator may from time to time act as investment manager, investment adviser, director, depositary, administrator, company secretary, securities lending agent, dealer, distributor or shareholder servicing agent in relation to, or be otherwise involved in, other funds established by parties other than the Company which have similar investment objectives to those of the Company and a Fund. The Investment Manager and the Sub-Investment Managers and their clients may hold Shares in the Funds. The Investment Manager or Sub-Investments Managers may also purchase or sell securities for one or more portfolios (including the Funds) on the same day that it executes an opposite transaction or holds an opposite position in the same or similar security for one or more of the other portfolios that it manages. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the Company and the Funds. Each will, at all times, have regard in such event to its obligations to the Company and the Funds and will ensure that such conflicts are resolved fairly and to minimise any harm to the Funds. In addition, any of the foregoing may deal, as principal or agent, with the Company in respect of the assets of the Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and that such dealings are consistent with the best interests of Shareholders. Where a commission (including a rebated commission) is received by the Investment Manager or the Sub-Investment Manager by virtue of an investment by a Fund in the units or shares of another collective investment scheme, this commission must be paid into the Fund.

“Connected Person” means the Depositary and the delegates or sub-delegates of the Company or the Depositary (excluding any non-group company sub-custodians appointed by the Depositary), and any associated or group company of the Company, the Depositary, any delegate or sub-delegate;

The Company is required to ensure that any transaction between the Company and a Connected Person is conducted at arm’s length and is in the best interests of Shareholders.

The Company may enter into a transaction with a Connected Person if at least one of the conditions in the following paragraphs (a), (b) or (c) is complied with:

- (a) the value of the transaction is certified by either: (i) a person who has been approved by the Depositary as being independent and competent; or (ii) a person who has been approved by the Directors as being independent and competent in the case of transactions involving the Depositary;
- (b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of the relevant exchange; or
- (c) the transaction is executed on terms which the Depositary is or, in the case of a transaction involving the Depositary, the Directors are, satisfied conformed to the requirement that transactions with Connected Persons be conducted at arm's length and in the best interests of Shareholders.

The Depositary or, in the case of a transaction involving the Depositary, the Directors, shall document how it or they complied with the requirements of (a), (b) or (c) above. Where transactions are conducted in accordance with (c) above, the Depositary or, in the case of a transaction involving the Depositary, the Directors, shall document its or their rationale for being satisfied that the transaction conformed to the requirement that transactions with Connected Persons be conducted at arm's length and in the best interests of Shareholders.

Conflicts of interest may arise as a result of transactions in FDI and efficient portfolio management techniques and instruments. For example, the counterparties to, or agents, intermediaries or other entities which provide services in respect of, such transactions may be related to the Depositary. As a result, those entities may generate profits, fees or other income or avoid losses through such transactions. Furthermore, conflicts of interests may also arise where the collateral provided by such a counterparty is subject to a valuation or haircut applied by a party related to such counterparty.

A conflict of interest may arise where the competent person valuing unlisted securities owned or purchased by a Fund is the Investment Manager, the Sub-Investment Manager or any other related party to the Company. For example, because the Investment Manager's and the Sub-Investment Manager's fees are calculated on the basis of a percentage of a Fund's average Net Asset Value, such fees increase as the Net Asset Value of the Fund increases. When valuing securities owned or purchased by a Fund, the Investment Manager (or any other related party to the Company) will, at all times, have regard to its obligations to the Company and the Fund and will ensure that such conflicts are resolved fairly.

The Investment Manager, Sub-Investment Managers and/or their affiliates may invest, directly or indirectly, or manage or advise other investment funds or accounts, which invest in assets which may also be purchased or sold by the Company. Neither the Investment Manager, the Sub-Investment Manager nor any of their affiliates are under any obligation to offer investment opportunities of which any of them becomes aware to the Company or to account to the Company in respect of (or share with the Company or inform the Company of) any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the Company and other clients.

The Company has policies designed to ensure that its service providers act in the Funds' best interests when executing decisions to deal on behalf of those Funds in the context of managing the Funds' portfolios. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Funds, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, research services provided by the broker to the Investment Manager or Sub-Investment Manager, or any other consideration relevant to the execution of the order. Information about the Funds' execution policies is available to Shareholders at no charge upon request.

Consistent with the foregoing, the Investment Manager and/or the Sub-Investment Managers may direct transactions to brokers in return for research services (such as written research reports on companies, sectors, or economies or the subscription of on-line data bases that provide real time and historical pricing information) furnished by them to the Investment Manager and/or the Sub-Investment Managers, provided that any such arrangements comply with legal and regulatory requirements applicable to such Investment Manager and Sub-Investment Managers, including MIFID II. In such circumstances, the Investment Manager or the Sub-Investment Manager will enter into soft commission agreements or similar arrangements with such brokers. Under such arrangements, the Investment Manager or the Sub-Investment Manager, as applicable, must ensure that the broker or counterparty to the arrangement has agreed or is required by applicable law to provide best execution to the relevant Fund. Best execution does not necessarily mean the lowest commission. For example, the Investment Manager and/or the Sub-Investment Manager may cause a Fund to pay a broker a commission greater than that charged by another qualified broker to execute the same transaction where the Investment Manager or the Sub-Investment Manager, in good faith, determines that (1) the commission is reasonable in relation to the value of the brokerage and research services received and (2) the research services will assist the Investment Manager or the Sub-Investment Manager in its provision of investment services to the Fund. The Investment Manager and the Sub-Investment Manager have provided the Fund with a copy of their soft commission policies, which includes a list of their soft

commission arrangements with third parties. This information is available to Shareholders of the Fund upon written request. Furthermore, the Investment Manager and Sub-Investment Manager have provided the Fund with information concerning soft commissions for disclosure in periodic financial reports issued by the Fund, which are also available to Shareholders. The Investment Manager and Sub-Investment Managers may be subject to additional requirements regarding best execution due to the regulations in the jurisdictions in which they are domiciled.

The Company has entered into a currency administration agreement with the Currency Administrator, which is an affiliate of the Depositary and Administrator, pursuant to which the Company or relevant Fund will instruct the Currency Administrator to enter into foreign exchange (“FX”) transactions with the Company or relevant Fund based upon the Company’s predetermined hedging parameters, as part of the non-discretionary, passive currency administration service. The purpose of this service will be (i) to hedge the exposure of the relevant Hedged Share Classes to changes in exchange rates between the Base Currency or the currencies of the Fund’s investments and the currency of such Share Class; (ii) to convert currencies on subscriptions, redemptions, exchanges and distributions on all Share Classes denominated in a currency other than the relevant Fund’s Base Currency; and (iii) for certain Funds (where provided for in its investment policies), to hedge the exposure of the Funds to various currencies, under the direction of the relevant Sub-Investment Manager. All FX transactions for this service will be executed by the Company or relevant Fund with the Currency Administrator as the principal and counterparty. The Currency Administrator is not acting as a fiduciary, advisor or agent. FX transactions will typically be priced using rates provided by third party benchmark providers (i.e. WM rates provided by The World Markets Company plc), which are adjusted by a pre-agreed spread and also by quoted forward prices for FX transactions not designated for spot settlement, in accordance with the currency administration agreement. The benchmark rates will be utilized at a fixed time, predetermined by the Company. The Currency Administrator is entitled to a currency administration fee as described above under “Fees and Expenses”, which shall be borne exclusively by the relevant Share Class.

The Company has entered into a collateral management agreement with the Collateral Manager, which is an affiliate of the Depositary and Administrator and a branch of the Currency Administrator. The purpose of this service is to provide certain administrative and record-keeping functions (including valuation) in connection with the posting of collateral, by the Funds or their counterparties to the foreign currency exchange contracts through which the currency hedging for Hedged Share Classes is implemented. The Collateral Manager is entitled to a collateral management fee as described above under “Fees and Expenses”, which shall be borne exclusively by the relevant Hedged Share Classes.

## **THE SHARE CAPITAL**

The Company was incorporated with an initial share capital of €39,000 represented by 39,000 Subscriber Shares of no par value. As of the date of this Prospectus, all but seven of the Subscriber Shares have been redeemed by the Company. Shareholders of these seven Subscriber Shares are entitled to attend and vote at all meetings of the Company, but are not entitled to participate in the dividends or net assets of any Fund or of the Company.

The share capital of the Company shall at all times equal the Net Asset Value. The Directors are generally and unconditionally authorised to exercise all the powers of the Company to issue shares in the Company pursuant to Section 20 of the Companies (Amendment) Act, 1983 and are empowered to issue up to five hundred billion Shares of no par value in the Company at the Net Asset Value per Share on such terms as they may think fit. There are no rights of pre-emption upon the issue of Shares in the Company.

Each of the Shares entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of the fund in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder.

The proceeds from the issue of Shares shall be applied in the books of the Company to the relevant fund and shall be used in the acquisition on behalf of the relevant fund of assets in which the fund may invest. The records and accounts of each fund shall be maintained separately.

Each of the Shares entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of the Fund in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder.

The proceeds from the issue of Shares shall be applied in the books of the Company to the relevant Fund and shall be used in the acquisition on behalf of the relevant Fund of assets in which the Fund may invest. The records and accounts of each fund shall be maintained separately.

Any resolution to alter the rights of the Shares requires the approval of three quarters of the holders of the Shares represented or present and voting at a general meeting duly convened in accordance with the Articles of Association.

The Articles of Association empower the Directors to issue fractional Shares in the Company. Fractional Shares may be issued to the nearest one thousandth of a Share and shall not carry any voting rights at general meetings of the Company or of any Fund and the Net Asset Value of any fractional Share shall be the Net Asset Value per Share adjusted in proportion to the fraction.

## **THE FUNDS AND SEGREGATION OF LIABILITY**

The Company is an umbrella fund with segregated liability between funds and each fund may comprise one or more Share Classes in the Company. The Directors may, from time to time, upon the prior approval of the Central Bank, establish further funds by the issue of one or more separate Share Classes on such terms as the Directors may resolve. The Directors may, from time to time, in accordance with the requirements of the Central Bank, establish one or more separate Share Classes within each fund on such terms as the Directors may resolve.

The assets and liabilities of each fund will be allocated in the following manner:

- (a) the proceeds from the issue of Shares representing a fund shall be applied in the books of the Company to the fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such fund subject to the provisions of the Memorandum and Articles of Association;
- (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant fund;
- (c) where the Company incurs a liability which relates to any asset of a particular fund or to any action taken in connection with an asset of a particular fund, such a liability shall be allocated to the relevant fund, as the case may be; and
- (d) where an asset or a liability of the Company cannot be considered as being attributable to a particular fund, such asset or liability, subject to the approval of the Depositary, shall be allocated to all the funds pro rata to the Net Asset Value of each fund.

Any liability incurred on behalf of or attributable to any fund shall be discharged solely out of the assets of that fund, and neither the Company nor any Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply, nor be obliged to apply, the assets of any such fund in satisfaction of any liability incurred on behalf of, or attributable to, any other fund.

There shall be implied in every contract, agreement, arrangement or transaction entered into by the Company the following terms, that:

- (i) the party or parties contracting with the Company shall not seek, whether in any proceedings or by any other means whatsoever or wheresoever, to have recourse to any assets of any fund in the discharge of all or any part of a liability which was not incurred on behalf of that fund;
- (ii) if any party contracting with the Company shall succeed by any means whatsoever or wheresoever in having recourse to any assets of any fund in the discharge of all or any part of a liability which was not incurred on behalf of that fund, that party shall be liable to the Company to pay a sum equal to the value of the benefit thereby obtained by it; and
- (iii) if any party contracting with the Company shall succeed in seizing or attaching by any means, or otherwise levying execution against, any assets of a fund in respect of a liability which was not incurred on behalf of that fund, that party shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the Company and shall keep those assets or proceeds separate and identifiable as such trust property.

All sums recoverable by the Company shall be credited against any concurrent liability pursuant to the implied terms set out in (i) to (iii) above.

Any asset or sum recovered by the Company shall, after the deduction or payment of any costs of recovery, be applied so as to compensate the fund.

In the event that assets attributable to a fund are taken in execution of a liability not attributable to that fund, and insofar as such assets or compensation in respect thereof cannot otherwise be restored to the fund affected, the Directors, with the consent of the Depositary, shall certify or cause to be certified, the value of the assets lost to the fund affected and transfer or pay from the assets



of the fund or funds to which the liability was attributable, in priority to all other claims against such fund or funds, assets or sums sufficient to restore to the fund affected, the value of the assets or sums lost to it.

A fund is not a legal person separate from the Company but the Company may sue and be sued in respect of a particular fund and may exercise the same rights of set-off, if any, as between its funds as apply at law in respect of companies and the property of a fund is subject to orders of the court as it would have been if the fund were a separate legal person.

Separate records shall be maintained in respect of each fund.

## **REMUNERATION POLICY OF THE COMPANY**

The Company has adopted a remuneration policy as required by the UCITS Regulations (the “Remuneration Policy”). As at the date of this Prospectus, the Remuneration Policy applies to those Directors who receive a fee for their services to the Company and Directors who do not receive remuneration in light of their affiliation with the Investment Manager. The Company ensures that the Investment Manager is subject to regulatory requirements on remuneration that are equally as effective as those applicable under EU directives, regulations and guidelines on remuneration (the “Remuneration Rules”) or that it has appropriate contractual arrangements with the Investment Manager to ensure that there is no circumvention of the Remuneration Rules. The Investment Manager will, in turn, ensure that any Sub-Investment Manager it delegates investment management functions to complies with the Remuneration Rules. Due to the size and internal organisation of the Company and the nature, scope and complexity of its activities, a remuneration committee has not been established by the Company. Any fee arrangements with Directors of the Company shall be subject to the approval of the Board of Directors. Please see the section entitled “Fees and Expenses” for details of the fees and expenses payable to the Directors. Further information on the current remuneration policy of the Company, including a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits, is available at <http://www.leggmasonglobal.com/remuneration-policies/index.aspx>. A paper copy of this information is available free of charge upon request from Legg Mason Investments (Europe) Limited.

## **MINIMUM VIABLE SIZE**

Each Fund must achieve a Net Asset Value of at least US\$20 million or such other amount as may be determined by the Directors and notify to Shareholders in the fund from time to time (the “Minimum Viable Size”) within 24 months of its launch. In the event that a Fund does not reach the Minimum Viable Size within such period, or subsequently drops below such Minimum Viable Size following such period, then upon prior written notice the Company may redeem any Shares in issue in the Fund and return the redemption proceeds to Shareholders.

## **TERMINATION**

All of the Shares of a fund or of the Company may be redeemed by the Company in the following circumstances:

- (i) if a majority of the holders of the shares voting at a general meeting of the fund or the Company approve the redemption of the shares; or
- (ii) if so determined by the Directors provided that not less than twenty-one days’ written notice has been given to the holders of the Shares of the Company or the fund, as appropriate.

Where a redemption of Shares would result in the number of Shareholders falling below seven or such other minimum number stipulated by statute or where a redemption of Shares would result in the issued share capital of the Company falling below such minimum amount as the Company may be obliged to maintain pursuant to applicable law, the Company may defer the redemption of the minimum number of Shares sufficient to ensure compliance with applicable law. The redemption of such Shares will be deferred until the Company is wound up or until the Company procures the issue of sufficient Shares to ensure that the redemption can be effected. The Company shall be entitled to select the Shares for deferred redemption in such manner as it may deem to be fair and reasonable and as may be approved by the Depositary.

On a winding up or if all of the Shares in any fund are to be redeemed, the assets available for distribution (after satisfaction of creditors’ claims) shall be distributed pro rata to the holders of the Shares in proportion to the number of the Shares held in that fund. The balance of any assets of the Company then remaining not comprised in any of the other funds shall be apportioned as between the funds pro rata to the Net Asset Value of each fund immediately prior to any distribution to Shareholders and shall be distributed among the Shareholders of each fund pro rata to the number of Shares in that fund held by them. With the authority of an ordinary resolution of the Shareholders, the Company may make distributions in specie to Shareholders. The Company may arrange to sell the Shares on behalf of the Shareholder. However, the Company cannot guarantee that the amount received by the Shareholder will be the amount at which the Shares were valued when the distribution in specie was made. If all of the Shares are to be redeemed and it is proposed to transfer all or part of the assets of the Company to another company, the Company, with the sanction of a special resolution of Shareholders may exchange the assets of the Company for Shares or similar interests in the

transferee company for distribution among Shareholders. The Subscriber Shares do not entitle the holders to participate in the dividends or net assets of any fund.

The assets available for distribution among the Shareholders shall be applied in the following priority:

- (i) first, in the payment to the Shareholders of each Share Class of each fund of a sum in the Base Currency in which that Share Class is denominated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange reasonably determined by the liquidator) to the Net Asset Value of the Shares of such Share Class held by such Shareholders respectively as at the date of commencement of the winding up provided that there are sufficient assets available in the relevant fund to enable such payment to be made. In the event that, as regards any Share Class, there are insufficient assets available in the relevant fund to enable such payment to be made, recourse shall be had to the assets of the Company not comprised within any of the funds;
- (ii) second, in the payment to the holders of the Subscriber Shares of sums up to the amount paid thereon (plus any interest accrued) out of the assets of the Company not comprised within any funds remaining after any recourse thereto under paragraph (i) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the funds;
- (iii) third, in the payment to the Shareholders of any balance then remaining in the relevant fund, such payment being made in proportion to the number of shares held; and
- (iv) fourth, in the payment to the Shareholders of any balance then remaining and not comprised within any of the funds, such payment being made in proportion to the value of each fund and within each fund to the value of each Share Class and in proportion to the Net Asset Value per Share.

## **MEETINGS**

All general meetings of the Company or of the Funds shall be held in Ireland. In each year the Company shall hold a general meeting as its annual general meeting. The quorum for general meetings shall be two persons present in person or by proxy, provided that, in the event that there is only one Shareholder, the quorum shall be the one Shareholder present in person or by proxy at the meeting. The quorum at any adjourned meeting shall be one Shareholder present in person or by proxy and entitled to vote. Twenty-one days' notice (excluding the day of posting and the day of the meeting) shall be given in respect of each general meeting of the Company. The notice shall specify the venue and time of the meeting and the business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder. An ordinary resolution is a resolution passed by a simple majority of votes cast and a special resolution is a resolution passed by a majority of 75% or more of the votes cast. The Articles of Association provide that matters may be determined by a meeting of Shareholders on a show of hands (with each Shareholder having one vote) unless a poll is requested by five Shareholders or by Shareholders holding 10% or more of the Shares or unless the Chairman of the meeting requests a poll. Each Share (including the Subscriber Shares) gives the holder one vote in relation to any matters relating to the Company, which are submitted to Shareholders for a vote by poll. Results of each annual general meeting will be available from the Distributors.

## **REPORTS**

In each year the Directors shall cause to be prepared an annual report and audited annual accounts for the Company. These will be forwarded to Shareholders within four months of the end of the financial year and at least twenty-one days before the annual general meeting. In addition, the Company shall prepare and circulate to Shareholders within two months of the end of the relevant period a half-yearly report which shall include unaudited half yearly accounts for the Company.

Annual accounts shall be made up to the last day of February in each year. Unaudited half-yearly reports shall be made up to the last day of August in each year. Audited annual reports and unaudited half-yearly reports incorporating financial statements will be made available for inspection at the registered offices of the Investment Manager and the Company, and paper copies shall be delivered to Shareholders free of charge upon request.

Additional information regarding the Funds may be available upon request on Business Days at the registered office of the Company.

## **COMPLAINTS**

Shareholders may file any complaints about the Company or a Fund free of charge at the registered office of the Company. Information regarding the Company's complaint procedures are available to Shareholders free of charge upon request.

## MISCELLANEOUS

- (i) The Company is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.
- (ii) There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
- (iii) Mr. Carrier, Mr. LaRocque and Ms. Trust are directors and/or executives of certain affiliates of the Investment Manager, Distributors and Shareholder Servicing Agents. Save as disclosed above, none of the Directors has any interest, direct or indirect, in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company.
- (iv) At the date of this document, neither the Directors nor their spouses nor their infant children nor any connected party have any direct or indirect interest in the share capital of the Company or any options in respect of such capital.
- (v) No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- (vi) Save as disclosed herein in the section entitled Fees and Expenses, no commissions, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued by the Company.
- (vii) The Company does not have, nor has it had since its incorporation, any employees or subsidiary companies.
- (viii) The Investment Manager, Distributors and Shareholder Servicing Agents may, in their discretion and upon request, pay rebates directly to Shareholders. Such rebates are paid from fees received by the Investment Manager, Distributors and Shareholder Servicing Agents and therefore do not represent an additional charge on the Funds' assets.

## MATERIAL CONTRACTS

The following contracts, details of which are set out in the section entitled "Management and Administration", have been entered into and are, or may be, material:

- The Investment Management Agreement dated 19 December 2006 between the Company and LMI Europe, as amended from time to time, pursuant to which the latter was appointed as investment manager with respect to the Funds.
- The Master Distribution Agreement dated 13 May 2015 between the Company and LMIS, as amended from time to time, pursuant to which the latter was appointed as the Master Distributor of each of the Funds
- The Distribution Agreement dated 13 May 2015 between LMIS and LMI Europe, as amended from time to time, pursuant to which the latter was appointed as Distributor of each of the Funds.
- The Amended and Restated Distribution Agreement dated 24 September 2009, as amended from time to time, between LMI Europe and LMAMHK, pursuant to which the latter was appointed as a Distributor of the Funds.
- The Distribution Agreement dated 19 December 2006 between LMI Europe and Legg Mason Asset Management Singapore Pte. Limited, as amended from time to time, pursuant to which the latter was appointed as a Distributor of the Funds.
- The Amended and Restated Master Agent Agreement dated 21 May 2013, between LMI Europe, ClearBridge, LLC and Legg Mason Investments (Taiwan) Limited pursuant to which Legg Mason Investments (Taiwan) Limited was appointed Master Agent of the Funds to be registered or registered for sale in Taiwan.
- The Master Shareholder Servicing Agreement dated 19 December 2006 between the Company and LMIS, as amended from time to time, pursuant to which the latter was appointed a Shareholder Servicing Agent of the Company.
- The Shareholder Servicing Agreement dated 13 May 2015 between LMIS and LMI Europe, as amended from time to time, pursuant to which the latter was appointed a Shareholder Servicing Agent of the Company.
- The Shareholder Servicing Agreement dated 13 May 2015 between LMI Europe and Legg Mason Asset Management Hong Kong Limited, as amended from time to time, pursuant to which the latter was appointed a Shareholder Servicing Agent of the Company.
- The Hong Kong Representative Agreement dated 13 May 2015 between the Company and Legg Mason Asset Management Hong Kong Limited, as amended from time to time, pursuant to which the latter was appointed the Hong Kong Representative of the Company.
- The Shareholder Servicing Agreement dated 13 May 2015 between LMI Europe and Legg Mason Asset Management Singapore Pte. Limited, as amended from time to time, pursuant to which the latter was appointed a Shareholder Servicing Agent of the Company.

- The Shareholder Servicing Agreement dated 13 May 2015 between LMI Europe and Legg Mason Investments (Taiwan) Ltd, as amended from time to time, pursuant to which the latter was appointed a Shareholder Servicing Agent of the Company
- The Sub-Investment Management Agreement dated 19 December 2006 between LMI Europe and Brandywine Global Investment Management, LLC, as amended from time to time, pursuant to which the latter was appointed as Sub-Investment Manager in relation to the Legg Mason Brandywine Global Dynamic US Equity Fund, Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund and Legg Mason Brandywine Global – US High Yield Fund.
- The Sub-Investment Management Agreement dated 25 August 2016 between LMI Europe and RARE Infrastructure Limited, as amended from time to time, pursuant to which the latter was appointed as Sub-Investment Manager in relation to the Legg Mason RARE Global Infrastructure Income Fund.
- The Sub-Investment Management Agreement dated 19 December 2006 between LMI Europe and ClearBridge Investments, LLC, as amended from time to time, pursuant to which the latter was appointed as Sub-Investment Manager in relation to the Legg Mason ClearBridge Global Growth Fund.
- The Depositary Agreement dated 22 June 2016, between the Company and the Depositary, and any subsequent amendments or novations thereto, pursuant to which the latter was appointed depositary of the Company.
- The Administration Agreement dated 27 January 1998 as amended from time to time, between the Company and BNY Mellon Fund Services (Ireland) Designated Activity Company (as transferred from BNY Mellon Investment Servicing (International) Limited to the Administrator pursuant to a merger by operation of law on 1 July 2016), pursuant to which the latter was appointed administrator to the Company.
- Such agreements as the Company may enter into from time to time with the prior approval of the Central Bank with paying agents or local representatives in countries or jurisdictions in which the Company intends to offer its Shares for sale.

## **SUPPLY AND INSPECTION OF DOCUMENTS**

The following documents are available for inspection free of charge during normal business hours on weekdays (Saturdays and public holidays excepted) at the registered office of the Company:

- (a) the certificate of incorporation and memorandum and articles of association of the Company;
- (b) the material contracts referred to above;
- (c) the UCITS Regulations and the Central Bank Rules; and
- (d) a list of past and current directorships and partnerships held by each Director over the last five years.

Copies of the memorandum and articles of association of the Company (each as amended from time to time) and the latest financial reports of the Company, as appropriate, may be obtained, free of charge, upon request at the registered office of the Company.

## SCHEDULE I

### A. INVESTMENT RESTRICTIONS APPLICABLE TO THE FUNDS UNDER THE UCITS REGULATIONS

#### *Permitted Investments*

1. Investments of each Fund are confined to:
  - 1.1 Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
  - 1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
  - 1.3 Money market instruments, as defined in the Central Bank Rules, other than those dealt on a regulated market.
  - 1.4 Units of UCITS.
  - 1.5 Units of alternative investment funds.
  - 1.6 Deposits with credit institutions.
  - 1.7 Financial derivative instruments.

#### *Investment Restrictions*

2.
  - 2.1 Each Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
  - 2.2 Recently Issued Transferable Securities

Subject to paragraph (2) a responsible person shall not invest any more than 10% of the net assets of a Fund in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations apply.

Paragraph (1) does not apply to an investment by a responsible person in US securities known as “Rule 144A securities” provided that:

    - (a) the relevant securities are issued with an undertaking to register the securities with the SEC within one year of issue; and
    - (b) the securities are not illiquid securities i.e. they may be realised by the Fund within 7 days at the price, or approximately at the price, at which they are valued by the Fund.
  - 2.3 Each Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body, provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%. This limitation does not apply to deposits and over the counter derivative transactions made with financial institutions.
  - 2.4 The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the Fund. It is not proposed to avail of this without the prior approval of the Central Bank.
  - 2.5 The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
  - 2.6 The transferable securities and money market instruments referred to in 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
  - 2.7 Each Fund shall not invest more than 20% of net assets in deposits made with the same body. Deposits with any single credit institution other than a credit institution specified in Regulation 7 of the Central Bank Regulations and held as ancillary liquidity shall not exceed: (a) 10% of the net assets of each Fund; or (b) where the cash is booked in an account with the Depositary, 20% of the net assets of each Fund.
  - 2.8 The risk exposure of each Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of credit institutions authorised in the EEA; credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; and credit institutions authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
  - 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
    - investments in transferable securities or money market instruments;
    - deposits, and/or
    - risk exposures arising from OTC derivatives transactions.

- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12 Each Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Export-Import Bank of the United States, Export-Import Bank of Korea, Export-Import Bank of China, Japan Bank for International Cooperation (successor to Export-Import Bank of Japan).

The Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

#### ***Investment in Collective Investment Schemes ("CIS")***

- 3.1 Each Fund may not invest more than 20% of net assets in any one CIS.
- 3.2 A Fund's investment in alternative investment funds may not, in aggregate, exceed 30% of net assets of the Fund.
- 3.3 The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
- 3.4 When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the Fund's management company or by any other company with which the Fund's management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other CIS.
- 3.5 Where by virtue of investment in the units of another investment fund, the Company, an investment manager or an investment advisor receives a commission on behalf of the Fund (including a rebated commission), the Fund shall ensure that the relevant commission is paid into the property of the Fund.

#### ***Index Tracking UCITS***

- 4.1 Each Fund may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the Central Bank Rules and is recognised by the Central Bank.
- 4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

#### ***General Provisions***

- 5.1 An investment company, Irish collective asset management vehicle ("ICAV") or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 Each Fund may acquire no more than:
  - (i) 10% of the non-voting shares of any single issuing body;
  - (ii) 10% of the debt securities of any single issuing body;
  - (iii) 25% of the units of any single CIS;
  - (iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3 5.1 and 5.2 shall not be applicable to:
  - (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
  - (iv) shares held by a Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.
  - (v) Shares held by an investment company or investment companies or ICAV or ICAVs in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on their behalf.
- 5.4 A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets.



- 5.5 The Central Bank may allow recently authorised funds to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
- 5.7 Neither an investment company, ICAV, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
- transferable securities;
  - money market instruments<sup>2</sup>;
  - units of investment funds; or
  - financial derivative instruments.
- 5.8 Each Fund may hold ancillary liquid assets.

***Financial Derivative Instruments (“FDIs”)***

- 6.1 Each Fund which employs the “commitment approach” to measure global exposure must ensure that the Fund’s global exposure relating to FDIs must not exceed its total net asset value. Where a Fund employs the Value-at-Risk (“VaR”) method in measuring global exposure, that Fund must adhere to a limit on the absolute VaR of the Fund of 20% of the Fund’s net asset value. In applying the VaR method, the following quantitative standards are used:
- the confidence level is 99%;
  - the holding period is 20 days; and
  - the historical observation period is longer than one year.
- 6.2 Position exposure to the underlying assets of FDIs, including embedded FDIs in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Regulations/Central Bank Rules. (This provision does not apply in the case of index based FDIs provided the underlying index is one which meets with the criteria set out in the Central Bank Regulations/Central Bank Rules.)
- 6.3 Each Fund may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

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<sup>2</sup> Any short selling of money market instruments by UCITS is prohibited.

## **B. PERMITTED BORROWINGS UNDER THE UCITS REGULATIONS**

Each Fund may not borrow money except as follows:-

- (a) the Fund may acquire foreign currency by means of a "back-to-back" loan. Foreign currency obtained in this manner is not classified as borrowing for the purposes of Regulation 103(1) of the Regulations, except to the extent that such foreign currency exceeds the value of a "back-to-back" deposit; and
- (b) the Fund may borrow:
  - (i) up to 10% of its Net Asset Value provided that such borrowing is on a temporary basis; and
  - (ii) up to 10% of its Net Asset Value provided that the borrowing is to make possible the acquisition of real property required for the purpose of its business; provided that such borrowing referred to in subparagraph b(i) and (ii) may not in total exceed 15% of the borrower's assets.

## SCHEDULE II

### THE REGULATED MARKETS:

With the exception of permitted investments in unlisted securities, investment will be restricted to only those stock exchanges or markets which meet with the regulatory criteria of the Central Bank (i.e. regulated, operating regularly and open to the public) and which are listed in the Prospectus. The Regulated Markets shall comprise:

Argentina	<ul style="list-style-type: none"><li>• Buenos Aires Stock Exchange</li><li>• Cordoba Stock Exchange</li><li>• La Plata Stock Exchange</li><li>• Mendoza Stock Exchange</li><li>• Rosario Stock Exchange</li></ul>
Australia	<ul style="list-style-type: none"><li>• Any stock exchange</li></ul>
Bangladesh	<ul style="list-style-type: none"><li>• Dhaka Stock Exchange</li></ul>
Brazil	<ul style="list-style-type: none"><li>• Bolsa de Valores do Rio de Janeiro</li><li>• Sao Paulo Stock Exchange</li><li>• Bahia-Sergipe-Alagoas Stock Exchange</li><li>• Extremo Sul Stock Exchange, Porto Alegre</li><li>• Minas Esperito Santo Brasilia Stock Exchange</li><li>• Parana Stock Exchange, Curitiba</li><li>• Pernambuco e Paraiba Stock Exchange</li><li>• Regional Stock Exchange, Fortaleza</li><li>• Santos Stock Exchange</li></ul>
Canada	<ul style="list-style-type: none"><li>• Any stock exchange</li><li>• Over-the-counter market in Canadian Government bonds regulated by the Investment Dealers Association of Canada</li></ul>
Chile	<ul style="list-style-type: none"><li>• Santiago Stock Exchange</li></ul>
China	<ul style="list-style-type: none"><li>• China Interbank Bond Market</li><li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li><li>• Shenzhen Stock Exchange</li><li>• Shanghai Stock Exchange</li></ul>
Colombia	<ul style="list-style-type: none"><li>• Bogota Stock Exchange</li><li>• Medellin Stock Exchange</li></ul>
Egypt	<ul style="list-style-type: none"><li>• Cairo Stock Exchange</li><li>• Alexandria Stock Exchange</li></ul>
European Union	<ul style="list-style-type: none"><li>• Any stock exchange</li><li>• NASDAQ Europe</li></ul>
France	<ul style="list-style-type: none"><li>• French market for Titres Creance Negotiable (over-the-counter market in negotiable debt instruments)</li></ul>

Hong Kong	<ul style="list-style-type: none"> <li>• Stock Exchange of Hong Kong</li> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• OTC market conducted by primary dealers and secondary dealers regulated by the Hong Kong Securities and Futures Commission and by banking institutions regulated by the Hong Kong Monetary Authority</li> </ul>
India	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Mumbai Stock Exchange</li> <li>• Bangalore Stock Exchange</li> <li>• Calcutta Stock Exchange</li> <li>• Delhi Stock Exchange Association</li> <li>• Gauhati Stock Exchange</li> <li>• Hyderabad Securities and Enterprises</li> <li>• Ludhiana Stock Exchange</li> <li>• Madras Stock Exchange</li> <li>• Pune Stock Exchange</li> <li>• Uttar Pradesh Stock Exchange Association</li> <li>• National Stock Exchange of India</li> <li>• Ahmedabad Stock Exchange</li> <li>• Cochin Stock Exchange</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Indonesian Parallel Stock Exchange</li> <li>• Indonesia Stock Exchange</li> </ul>
Israel	<ul style="list-style-type: none"> <li>• Tel Aviv Stock Exchange</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• Any stock exchange</li> <li>• Over-the-counter market in Japan regulated by the Securities Dealers Association of Japan</li> </ul>
Jordan	<ul style="list-style-type: none"> <li>• Amman Stock Exchange</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• OTC market conducted by primary dealers and secondary dealers regulated by the Securities Commission Malaysia and banking institutions which are regulated by Bank Negara Malaysia</li> <li>• Bursa Malaysia Berhad</li> </ul>
Mauritius	<ul style="list-style-type: none"> <li>• Stock Exchange of Mauritius</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>• Mexican Stock Exchange</li> </ul>
Morocco	<ul style="list-style-type: none"> <li>• Casablanca Stock Exchange</li> </ul>
New Zealand	<ul style="list-style-type: none"> <li>• Any stock exchange</li> </ul>
Norway	<ul style="list-style-type: none"> <li>• Any stock exchange</li> </ul>
Peru	<ul style="list-style-type: none"> <li>• Lima Stock Exchange</li> </ul>
Philippines	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Philippines Stock Exchange</li> </ul>
Pakistan	<ul style="list-style-type: none"> <li>• Karachi Stock Exchange</li> </ul>

	<ul style="list-style-type: none"> <li>• Lahore Stock Exchange</li> </ul>
Russia	<ul style="list-style-type: none"> <li>• Moscow Central Exchange</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Singapore Exchange Limited</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>• Johannesburg Stock Exchange</li> </ul>
South Korea	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• OTC market regulated by the Korea Financial Investment Association</li> <li>• Korea Exchange</li> </ul>
Sri Lanka	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Colombo Stock Exchange</li> </ul>
Switzerland	<ul style="list-style-type: none"> <li>• Any stock exchange</li> </ul>
Taiwan	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Taiwan Stock Exchange</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Stock Exchange of Thailand</li> <li>• Bond Electronic Exchange (Thailand)</li> </ul>
Turkey	<ul style="list-style-type: none"> <li>• Istanbul Stock Exchange</li> </ul>
United Arab Emirates	<ul style="list-style-type: none"> <li>• Abu Dhabi Securities Exchange</li> <li>• Dubai Financial Market</li> <li>• NASDAQ Dubai</li> </ul>
United Kingdom	<ul style="list-style-type: none"> <li>• Alternative Investment Market, regulated by the London Stock Exchange</li> </ul>
United States	<ul style="list-style-type: none"> <li>• Any stock exchange</li> <li>• NASDAQ</li> <li>• Market in US government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York</li> <li>• OTC market conducted by primary dealers and secondary dealers which are regulated by the SEC and by the Financial Industry Regulatory Authority, and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation</li> </ul>
Venezuela	<ul style="list-style-type: none"> <li>• Caracas Stock Exchange</li> <li>• Maracaibo Stock Exchange</li> </ul>
Vietnam	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Ho Chi Minh City Securities Trading Center</li> <li>• Securities Trading Center (Hanoi)</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Market organised by the International Capital Market Association</li> <li>• Market conducted by listed money market institutions as described in the Financial Services Authority publication entitled "The Regulation of Wholesale Cash and OTC Derivative Markets: The Grey Paper" dated April 1988</li> </ul>

#### REGULATED MARKETS FOR FINANCIAL DERIVATIVE INSTRUMENTS ("FDI") INVESTMENTS:

Australia	<ul style="list-style-type: none"> <li>• Australian Stock Exchange</li> <li>• Sydney Futures Exchange</li> </ul>
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Canada	<ul style="list-style-type: none"> <li>• OTC market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada</li> <li>• Montreal Stock Exchange</li> <li>• Toronto Futures Exchange</li> </ul>
European Union	<ul style="list-style-type: none"> <li>• Any stock exchange (European Union or European Economic Area)</li> <li>• European Options Exchange</li> <li>• Euronext.life</li> </ul>
France	<ul style="list-style-type: none"> <li>• French market for Titres Creance Negotiable (over-the-counter market in negotiable debt instruments)</li> </ul>
Hong Kong	<ul style="list-style-type: none"> <li>• Hong Kong Futures Exchange</li> </ul>
India	<ul style="list-style-type: none"> <li>• National Stock Exchange of India</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• OTC market in Japan regulated by the Securities Dealers Association of Japan</li> <li>• Osaka Securities Exchange</li> <li>• Tokyo Stock Exchange</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>• Bursa Malaysia Derivatives Berhad</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>• Bolsa Mexicana de Valores</li> </ul>
Netherlands	<ul style="list-style-type: none"> <li>• Financiele Termijnmarkt Amsterdam</li> </ul>
New Zealand	<ul style="list-style-type: none"> <li>• New Zealand Futures and Options Exchange</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>• Singapore Exchange Derivatives Trading Limited</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>• South Africa Futures Exchange</li> </ul>
South Korea	<ul style="list-style-type: none"> <li>• Korea Exchange</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>• Thailand Futures Exchange</li> </ul>
United Kingdom	<ul style="list-style-type: none"> <li>• Alternative Investment Market, regulated by the London Stock Exchange</li> <li>• Financial Futures and Options Exchange</li> <li>• OMLX The London Securities and Derivatives Exchange Ltd.</li> </ul>
United States	<ul style="list-style-type: none"> <li>• OTC market in the US conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and by the National Association of Securities Dealers, Inc. and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation</li> <li>• American Stock Exchange</li> <li>• Chicago Board of Trade</li> <li>• Chicago Board of Exchange</li> <li>• Chicago Board Options Exchange</li> <li>• Chicago Mercantile Exchange</li> <li>• Chicago Stock Exchange</li> <li>• Kansas City Board of Trade</li> <li>• New York Futures Exchange</li> <li>• New York Mercantile Exchange</li> <li>• New York Stock Exchange</li> <li>• NASDAQ</li> </ul>



- NASDAQ OMX Futures Exchange
  - NASDAQ OMX PHLX
- Other
- Market conducted by listed money market institutions as described in the Financial Services Authority publication entitled “The Regulation of the Wholesale Cash and OTC Derivatives Markets”: “The Grey Paper” (as amended or revised from time to time)
  - International Capital Market Association

These exchanges are listed in accordance with the requirements of the Central Bank which does not issue a list of approved exchanges.

## SCHEDULE III

### RATINGS OF SECURITIES

#### DESCRIPTION OF MOODY'S INVESTORS SERVICE, INC. ("MOODY'S") LONG-TERM DEBT RATINGS

**Aaa:** Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

**Aa:** Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

**A:** Obligations rated A are considered upper-medium grade and are subject to low credit risk.

**Baa:** Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

**Ba:** Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

**B:** Obligations rated B are considered speculative and are subject to high credit risk.

**Caa:** Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

**Ca:** Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

**C:** Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest. Note: Moody's applies numerical modifiers 1, 2, and 3 in each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

#### DESCRIPTION OF STANDARD & POOR'S ("S&P") LONG-TERM ISSUE CREDIT RATINGS

**AAA:** An obligation rated AAA has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

**AA:** An obligation rated AA differs from the highest rated obligations only in small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

**A:** An obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

**BBB:** An obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. Obligations rated BB, B, CCC, CC, and C are regarded as having significant speculative characteristics. BB indicates the least degree of speculation and C the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

**BB:** An obligation rated BB is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

**B:** An obligation rated B is more vulnerable to nonpayment than obligations rated BB, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

**CCC:** An obligation rated CCC is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

**CC:** An obligation rated CC is currently highly vulnerable to nonpayment. The "CC" rating is used when a default has not yet occurred, but S&P expects default to be a virtual certainty, regardless of the anticipated time to default.

**C:** An obligation rated “C” is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

**D:** An obligation rated “D” is in payment default. For non-hybrid capital instruments, the “D” rating category is used when payments on an obligation are not made on the date due, unless S&P believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 days. The ‘D’ rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to “D” if it is subject to a distressed exchange offer.

**Plus (+) or minus (-):** The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

**N.R.:** This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular obligation as a matter of policy.

## DESCRIPTION OF MOODY'S SHORT-TERM DEBT RATINGS

**PRIME-1:** Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

**PRIME-2:** Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

**PRIME-3:** Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

**NOT PRIME:** Issuers rated Not Prime do not fall within any of the Prime rating categories.

## DESCRIPTION OF S&P'S SHORT-TERM ISSUE CREDIT RATINGS

**A-1:** A short-term obligation rated “A-1” is rated in the highest category by S&P. The obligor’s capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitment on these obligations is extremely strong.

**A-2:** A short-term obligation rated “A-2” is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor’s capacity to meet its financial commitment on the obligation is satisfactory.

**A-3:** A short-term obligation rated “A-3” exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

**B:** A short-term obligation rated “B” is regarded as having significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

**C:** A short-term obligation rated “C” is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

**D:** A short-term obligation rated “D” is in default or in breach of an imputed promise. For non-hybrid capital instruments, the “D” rating category is used when payments on an obligation are not made on the date due, unless S&P believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The “D” rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation’s rating is lowered to “D” if it is subject to a distressed exchange offer.

## SCHEDULE IV

### SHARE CLASSES OFFERED BY THE FUNDS

The Funds offer a wide variety of Share Classes. The Share Classes are characterised by their letter type, currency denomination and whether or not they are hedged, and whether or not they distribute dividends, and if so, at what frequency and from what sources.

#### Letter types:

The following letter types of Share Classes are available:

A	B	C	E	F	R	S	X	LM	Premier
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The letter types are distinguished by their investment minimums, whether they charge sales charges, and other eligibility requirements. See the “Minimum Subscription Amounts” sub-section in the “Administration of the Company” section, the “Fees and Expenses” section and Schedule VIII on “Minimum Subscription Amounts” for more information. In the Fund Summaries, the table headed “Share Class Types” indicates which Share Class letter types are offered for each Fund.

#### Share class types:

The following Share Classes are available:

Share Class	Eligibility
Class A	Class A Shares are available to all investors. Commission/rebate payments may be made by Distributors to Dealers or other investors who have an agreement with a Distributor with respect to such Shares.
Class B Class C Class E	Class B, C, D and E Shares are available to all investors who are clients of Dealers appointed by a Distributor with respect to such Shares. Commission payments may be made by Distributors to Dealers or other investors who have an agreement with a Distributor with respect to such Shares.
Class F	Class F Shares are available to Professional Investors and investors with a discretionary investment agreement with a Dealer appointed by the Distributor with respect to such Shares. Commission/rebate payments may be made by Distributors to Dealers or other investors who have an agreement with the Distributor with respect to such Shares.
Class R	Class R Shares are available to all investors who have a fee-based arrangement with an intermediary from whom they have received a personal recommendation in relation to their investment in the Funds.
Class U	Class U Shares are available to institutional investors at the discretion of the Directors or Distributors.
Class X	Class X Shares are available to Dealers, portfolio managers or platforms which, according to regulatory requirements or based on fee arrangements with their clients, are not allowed to accept and retain trail commissions; and institutional investors (for investors in the European Union, this means “Eligible Counterparties” as defined under MIFID II) investing for their own account.
LM Share Class	LM Share Classes are available at the discretion of the Directors or Distributors to qualifying investors who are members of the Legg Mason group, retirement schemes and schemes of similar nature sponsored by members of Legg Mason group, or clients of such members.
S Share Class	S Share Classes are available to institutional investors at the discretion of the Directors or Distributors.
Premier Share Class	For investors based in the European Union, Premier Share Classes are available to “Eligible Counterparties” as defined under MIFID II; for investors based outside the European Union, Premier Share Classes are available to institutional investors.

These different Share Classes differ principally in terms of their sales charges, fees, rates of expenses, distribution policy, and currency denomination. Investors are thus able to choose a Share Class that best suits their investment needs, considering the amount of investment and anticipated holding period.

Currency denomination and hedging:

For each Fund, unless otherwise indicated in the relevant Fund Summary, Share Classes are available in any of the currencies below.

US\$	Euro	GBP	SGD	AUD	CHF	JPY	NOK	SEK	HKD	CAD	CNH	NZD	KRW	PLN	ZAR
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For each letter type offered, each Fund offers Share Classes in its base currency, and Share Classes in each of the other currencies above, in both hedged and unhedged versions, provided that Share Classes denominated in ZAR are offered only for Class S, Premier Share Class and LM Share Class. For Share Classes that include “(Hedged)” in their name after the currency denomination, it is intended that such Share Classes will be hedged against movements in exchange rates between the currency of the Share Class and the Base Currency of the relevant Fund. The absence of the term “(Hedged)” indicates that there will be no hedging against movements in exchange rates between the currency of the Share Class and the Base Currency of the relevant Fund.

The Legg Mason RARE Global Infrastructure Income Fund offers Portfolio Hedged Share Classes, as indicated by the inclusion of a “(PH)” in the Share Class name.

See the “Currency Transactions” section for more information regarding the hedging process for unhedged, hedged and portfolio hedged Share Classes.

Accumulating or distributing:

Each Fund offers Share Classes that accumulate earnings (net gains and net investment income) and Share Classes that make distributions to Shareholders. In the Share Class name, “Accumulating” indicates an accumulating Share Class and “Distributing” indicates a distributing Share Class. The names of Distributing Share Classes also indicate the frequency of distribution declarations, with a letter after the term “Distributing”. The distributions may be daily (D), monthly (M), quarterly (Q), semi-annually (S) or annually (A). See the “Distributions” section for more information. Each Fund offers accumulating and distributing Share Classes in each of the distribution frequencies mentioned above, for each letter type offered by the Fund and for each currency denomination.

Certain Distributing Share Classes also include the term “Plus (e)” in their names. This indicates that the Share Class (as detailed below) may charge expenses to capital rather than income. Other Distributing Share Classes include the term “Plus” in their names. This indicates that the Share Class may distribute capital. See the “Distributions” section for more information. Each Fund offers Distributing Plus (e) Share Classes and Distributing Plus Share Classes that declare distributions on a monthly basis (as indicated by “(M)” in the Share Class name), for each letter type offered by the Fund, other than B Share Classes and C Share Classes, and for each currency denomination.

**SCHEDULE V**  
**DEFINITION OF “US PERSON”**

1. Pursuant to Regulation S of the 1933 Act, “US Person” means:
  - (i) any natural person resident in the United States;
  - (ii) any partnership or corporation organized or incorporated under the laws of the United States;
  - (iii) any estate of which any executor or administrator is a US Person;
  - (iv) any trust of which any trustee is a US Person;
  - (v) any agency or branch of a foreign entity located in the United States;
  - (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or
  - (vii) any partnership or corporation if:
    - (a) organized or incorporated under the laws of any non-US jurisdiction; and
    - (b) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts.
2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a “US Person”.
3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall not be deemed a US Person if:
  - (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and
  - (ii) the estate is governed by non-US law.
4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a US Person.
5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a US Person.
6. Notwithstanding (1) above, any agency or branch of a US Person located outside the United States shall not be deemed a “US Person” if:
  - (i) the agency or branch operates for valid business reasons; and
  - (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.
7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed “US Persons”.

8. Notwithstanding (1) above, any entity excluded or exempted from the definition of “US Person” in (1) above in reliance on or with reference to interpretations or positions of the SEC or its staff as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

**Definition of the term “resident” for purposes of Regulation S**

For purposes of the definition of “US Person” in (1) above with respect to natural persons, a natural person shall be resident in the US if such person (i) is in possession of an Alien Registration Card (a “green card”) issued by the US Immigration and Naturalization Service or (ii) meets a “substantial presence” test. The “substantial presence” test is generally met with respect to any current calendar year if (i) the individual was present in the US on at least 31 days during such year and (ii) the sum of the number of days on which such individual was present in the US during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days.



## **SCHEDULE VI**

### **DEFINITION OF “US REPORTABLE PERSON”**

1. Pursuant to US tax provisions commonly known as the Foreign Account Tax Compliance Act (“FATCA”), “US Reportable Person” means (i) a US Taxpayer who is not an Excluded US Taxpayer or (ii) a US Controlled Foreign Entity.
2. For purposes of the definition of the term “US Taxpayer” in (1) above, US Taxpayer means:
  - (i) a US citizen or resident alien of the United States (as defined for US federal income tax purposes);
  - (ii) any entity treated as a partnership or corporation for US federal tax purposes that is created or organized in, or under the laws of, the United States or any state thereof (including the District of Columbia);
  - (iii) any estate, the income of which is subject to US income taxation regardless of source; and
  - (iv) any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under the control of one or more US fiduciaries.

An investor who is considered a “non-US Person” under Regulation S and a “Non-United States person” under CFTC Rule 4.7 may nevertheless be considered a “US Taxpayer” depending on the investor’s particular circumstances.

3. For purposes of the definition of the term “Excluded US Taxpayer” in (1) above, Excluded US Taxpayer means a US taxpayer who is also: (i) a corporation the stock of which is regularly traded on one or more established securities markets; (ii) any corporation that is a member of the same expanded affiliated group, as defined in Section 1471(e)(2) of the Code, as a corporation described in clause (i); (iii) the United States or any wholly owned agency or instrumentality thereof; (iv) any state of the United States, the District of Columbia, any US territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (v) any organization exempt from taxation under Section 501(a) or an individual retirement plan as defined in Section 7701(a)(37) of the Code; (vi) any bank as defined in Section 581 of the Code; (vii) any REIT as defined in Section 856 of the Code; (viii) any regulated investment company as defined in Section 851 of the Code or any entity registered with the Securities Exchange Commission under the 1940 Act; (ix) any common trust fund as defined in Section 584(a) of the Code; (x) any trust that is exempt from tax under Section 664(c) of the Code, or is described in Section 4947(a)(1) of the Code; (xi) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state thereof; (xii) a broker as defined in Section 6045(c) of the Code; or (xiii) any trust under a Section 403(b) plan or Section 457(g) plan.
4. For purposes of the definition of the term “US Controlled Foreign Entity” in (1) above, US Controlled Foreign Entity means any entity that is not a US Taxpayer and that has one or more “Controlling US Persons”. For this purpose, a Controlling US Person means an individual who is either a citizen or resident alien of the United States (as defined for US federal income tax purposes) who exercises control over an entity. In the case of a trust, such term means the settler, the trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” shall be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

## SCHEDULE VII

### Sub-delegates appointed by The Bank of New York Mellon SA/NV or The Bank of New York Mellon

Country/Market	Subcustodian
<b>Argentina</b>	Citibank N.A., Argentina * * On March 27, 2015, the Comisión Nacional de Valores (CNV: National Securities Commission) has appointed the central securities depository Caja de Valores S.A. to replace the branch of Citibank N.A. Argentina for those activities performed within the capital markets and in its role as custodian.
<b>Australia</b>	National Australia Bank Limited
<b>Australia</b>	Citigroup Pty Limited
<b>Australia</b>	HSBC Ltd.
<b>Austria</b>	Citibank N.A. Milan
<b>Austria</b>	UniCredit Bank Austria AG
<b>Bahrain</b>	HSBC Bank Middle East Limited
<b>Bangladesh</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Belgium</b>	The Bank of New York Mellon SA/NV
<b>Belgium</b>	Citibank Europe plc (cash is deposited with Citibank NA)
<b>Belgium</b>	Citibank International Limited
<b>Bermuda</b>	HSBC Bank Bermuda Limited
<b>Botswana</b>	Stanbic Bank Botswana Limited
<b>Brazil</b>	Citibank N.A., Brazil
<b>Brazil</b>	Itau Unibanco S.A.
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch
<b>Canada</b>	CIBC Mellon Trust Company (CIBC Mellon)
<b>Cayman Islands</b>	The Bank of New York Mellon
<b>Chile</b>	Banco de Chile
<b>Chile</b>	Bancau Itau S.A. Chile
<b>China</b>	HSBC Bank (China) Company Limited
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria
<b>Costa Rica</b>	Banco Nacional de Costa Rica
<b>Croatia</b>	Privredna banka Zagreb d.d.
<b>Cyprus</b>	BNP Paribas Securities Services S.C.A., Athens
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (Publ)
<b>Egypt</b>	HSBC Bank Egypt S.A.E.

<b>Country/Market</b>	<b>Subcustodian</b>
<b>Estonia</b>	SEB Pank AS
<b>Euromarket</b>	Clearstream Banking S.A.
<b>Finland</b>	Finland Skandinaviska Enskilda Banken AB (Publ)
<b>France</b>	BNP Paribas Securities Services S.C.A.
<b>France</b>	Citibank International Limited (cash deposited with Citibank NA)
<b>Germany</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
<b>Ghana</b>	Stanbic Bank Ghana Limited
<b>Greece</b>	BNP Paribas Securities Services S.C.A., Athens
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Hong Kong</b>	Deutsche Bank AG
<b>Hungary</b>	Citibank Europe plc. Hungarian Branch Office
<b>Iceland</b>	Islandbanki hf.
<b>Iceland</b>	Landsbankinn hf.
<b>India</b>	Deutsche Bank AG
<b>India</b>	HSBC Ltd
<b>Indonesia</b>	Deutsche Bank AG
<b>Ireland</b>	The Bank of New York Mellon
<b>Israel</b>	Bank Hapoalim B.M.
<b>Italy</b>	The Bank of New York Mellon SA/NV
<b>Italy</b>	Citibank N.A. Milan
<b>Italy</b>	Intesa Sanpaolo S.p.A.
<b>Japan</b>	Mizuho Bank, Ltd.
<b>Japan</b>	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
<b>Jordan</b>	Standard Chartered Bank
<b>Kazakhstan</b>	Joint-Stock Company Citibank Kazakhstan
<b>Kenya</b>	CfC Stanbic Bank Limited
<b>Kuwait</b>	HSBC Bank Middle East Limited, Kuwait
<b>Latvia</b>	AS SEB banka
<b>Lithuania</b>	AB SEB bankas
<b>Luxembourg</b>	Euroclear Bank
<b>Malawi</b>	Standard Bank Limited
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad
<b>Malaysia</b>	HSBC Bank Malaysia Berhad

<b>Country/Market</b>	<b>Subcustodian</b>
<b>Malta</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Mexico</b>	Banco Nacional de México S.A.
<b>Mexico</b>	Banco Santander (Mexico), S.A.
<b>Morocco</b>	Citibank Maghreb
<b>Namibia</b>	Standard Bank Namibia Limited
<b>Netherlands</b>	The Bank of New York Mellon SA/NV
<b>New Zealand</b>	HSBC Limited
<b>New Zealand</b>	National Australia Bank Limited
<b>Nigeria</b>	Stanbic IBTC Bank Plc
<b>Norway</b>	Skandinaviska Enskilda Banken AB (Publ)
<b>Oman</b>	HSBC Bank Oman S.A.O.G.
<b>Pakistan</b>	Deutsche Bank AG
<b>Peru</b>	Citibank del Peru S.A.
<b>Philippines</b>	Deutsche Bank AG
<b>Poland</b>	Bank Polska Kasa Opieki S.A.
<b>Portugal</b>	Citibank International Limited, Sucursal em Portugal
<b>Qatar</b>	HSBC Bank Middle East Limited, Doha
<b>Romania</b>	Citibank Europe plc, Romania Branch
<b>Russia</b>	PJSC Rosbank
<b>Russia</b>	AO Citibank
<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited
<b>Serbia</b>	UniCredit Bank Serbia JSC
<b>Singapore</b>	DBS Bank Ltd
<b>Singapore</b>	United Overseas Bank Ltd
<b>Slovak Republic</b>	Citibank Europe plc, pobočka zahraničnej banky
<b>Slovenia</b>	UniCredit Banka Slovenia d.d.
<b>South Africa</b>	The Standard Bank of South Africa Limited
<b>South Africa</b>	Standard Chartered Bank
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>South Korea</b>	Deutsche Bank AG
<b>Spain</b>	Banco Bilbao Vizcaya Argentaria, S.A.
<b>Spain</b>	Santander Securities Services S.A.U.
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited

<b>Country/Market</b>	<b>Subcustodian</b>
<b>Swaziland</b>	Standard Bank Swaziland Limited
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (Publ)
<b>Switzerland</b>	Credit Suisse AG
<b>Switzerland</b>	UBS Switzerland AG
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited
<b>Taiwan</b>	Standard Chartered Bank (Taiwan) Ltd.
<b>Tanzania</b>	Stanbic Bank Tanzania Limited
<b>Thailand</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Tunisia</b>	Banque Internationale Arabe de Tunisie
<b>Turkey</b>	Deutsche Bank A.S.
<b>Uganda</b>	Stanbic Bank Uganda Limited
<b>Ukraine</b>	Public Joint Stock Company "Citibank"
<b>U.A.E.</b>	HSBC Bank Middle East Limited, Dubai
<b>UK</b>	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch
<b>UK</b>	The Bank of New York Mellon
<b>USA</b>	The Bank of New York Mellon
<b>Uruguay</b>	Banco Itaú Uruguay S.A.
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd
<b>Zambia</b>	Stanbic Bank Zambia Limited
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited

## SCHEDULE VIII

### MINIMUM SUBSCRIPTION AMOUNTS

At the date of this Prospectus, the minimum initial investment per Shareholder in Shares of the Funds are as follows. Unless otherwise indicated, the minimums indicated apply for each Fund offering the relevant Share Class.

Share Class	Minimum Initial Investment*
<b>US Dollars (US\$) Share Class Minimum Investments</b>	
Each A Share Class denominated in US\$ Each B Share Class denominated in US\$ Each C Share Class denominated in US\$ Each E Share Class denominated in US\$ Each R Share Class denominated in US\$	US\$ 1,000
Each F Share Class denominated in US\$	US\$ 1,000,000
Each U Share Class denominated in US\$	US\$ 100,000,000
Each X Share Class denominated in US\$	US\$ 1,000
Each Premier Share Class denominated in US\$	US\$ 15,000,000
Each S Share Class denominated in US\$	US\$ 50,000,000
<b>Euro (EUR) Share Class Minimum Investments</b>	
Each A Share Class denominated in Euro Each B Share Class denominated in Euro Each C Share Class denominated in Euro Each E Share Class denominated in Euro Each R Share Class denominated in Euro	Euro 1,000
Each F Share Class denominated in Euro	Euro 1,000,000
Each U Share Class denominated in Euro	Euro 100,000,000
Each X Share Class denominated in Euro	Euro 1,000
Each Premier Share Class denominated in Euro	Euro 15,000,000
Each S Share Class denominated in Euro	Euro 50,000,000
<b>Pound Sterling (GBP) Share Class Minimum Investments</b>	
Each A Share Class denominated in GBP Each B Share Class denominated in GBP Each C Share Class denominated in GBP Each E Share Class denominated in GBP Each R Share Class denominated in GBP	GBP 1,000
Each F Share Class denominated in GBP	GBP 1,000,000
Each U Share Class denominated in GBP	GBP 100,000,000
Each X Share Class denominated in GBP	GBP 1,000
Each Premier Share Class denominated in GBP	GBP 10,000,000

<b>Share Class</b>	<b>Minimum Initial Investment*</b>
Each S Share Class denominated in GBP	GBP 25,000,000
<b>Japanese Yen (JPY) Share Class Minimum Investments</b>	
Each A Share Class denominated in JPY Each B Share Class denominated in JPY Each C Share Class denominated in JPY Each E Share Class denominated in JPY Each R Share Class denominated in JPY	JPY 100,000
Each F Share Class denominated in JPY	JPY 100,000,000
Each U Share Class denominated in JPY	JPY 10,000,000,000
Each X Share Class denominated in JPY	JPY 100,000
Each Premier Share Class denominated in JPY	JPY 1,500,000,000
Each S Share Class denominated in JPY	JPY 5,000,000,000
<b>Korean Won (KRW) Share Class Minimum Investments</b>	
Each A Share Class denominated in KRW Each B Share Class denominated in KRW Each C Share Class denominated in KRW Each E Share Class denominated in KRW Each R Share Class denominated in KRW	KRW 1,000,000
Each F Share Class denominated in KRW	KRW 1,000,000,000
Each U Share Class denominated in KRW	KRW 100,000,000,000
Each X Share Class denominated in KRW	KRW 1,000,000
Each Premier Share Class denominated in KRW	KRW 15,000,000,000
Each S Share Class denominated in KRW	KRW 50,000,000,000
<b>Swiss Francs (CHF) Share Class Minimum Investments</b>	
Each A Share Class denominated in CHF Each B Share Class denominated in CHF Each C Share Class denominated in CHF Each E Share Class denominated in CHF Each R Share Class denominated in CHF	CHF 1,000
Each F Share Class denominated in CHF	CHF 1,000,000
Each U Share Class denominated in CHF	CHF 100,000,000
Each X Share Class denominated in CHF	CHF 1,000
Each Premier Share Class denominated in CHF	CHF 15,000,000
Each S Share Class denominated in CHF	CHF 50,000,000



<b>Share Class</b>	<b>Minimum Initial Investment*</b>
<b>Singapore Dollars (SGD) Share Class Minimum Investments</b>	
Each A Share Class denominated in SGD Each B Share Class denominated in SGD Each C Share Class denominated in SGD Each E Share Class denominated in SGD Each R Share Class denominated in SGD	SGD 1,500
Each F Share Class denominated in SGD	SGD 1,500,000
Each U Share Class denominated in SGD	SGD 150,000,000
Each X Share Class denominated in SGD	SGD 1,500
Each Premier Share Class denominated in SGD	SGD 22,500,000
Each S Share Class denominated in SGD	SGD 75,000,000
<b>Australian Dollars (AUD) Share Class Minimum Investments</b>	
Each A Share Class denominated in AUD Each B Share Class denominated in AUD Each C Share Class denominated in AUD Each E Share Class denominated in AUD Each R Share Class denominated in AUD	AUD 1,000
Each F Share Class denominated in AUD	AUD 1,000,000
Each U Share Class denominated in AUD	AUD 100,000,000
Each X Share Class denominated in AUD	AUD 1,000
Each Premier Share Class denominated in AUD	AUD 15,000,000
Each S Share Class denominated in AUD	AUD 50,000,000
<b>Norwegian Kroner (NOK) Share Class Minimum Investments</b>	
Each A Share Class denominated in NOK Each B Share Class denominated in NOK Each C Share Class denominated in NOK Each E Share Class denominated in NOK Each R Share Class denominated in NOK	NOK 6,000
Each F Share Class denominated in NOK	NOK 8,000,000
Each U Share Class denominated in NOK	NOK 600,000,000
Each X Share Class denominated in NOK	NOK 6,000
Each Premier Share Class denominated in NOK	NOK 90,000,000
Each S Share Class denominated in NOK	NOK 300,000,000

Share Class	Minimum Initial Investment*
<b>Swedish Kronor (SEK) Share Class Minimum Investments</b>	
Each A Share Class denominated in SEK Each B Share Class denominated in SEK Each C Share Class denominated in SEK Each E Share Class denominated in SEK Each R Share Class denominated in SEK	SEK 6,500
Each F Share Class denominated in SEK	SEK 8,000,000
Each U Share Class denominated in SEK	SEK 650,000,000
Each X Share Class denominated in SEK	SEK 6,500
Each Premier Share Class denominated in SEK	SEK 97,500,000
Each S Share Class denominated in SEK	SEK 325,000,000
<b>Canadian Dollars (CAD) Share Class Minimum Investments</b>	
Each A Share Class denominated in CAD Each B Share Class denominated in CAD Each C Share Class denominated in CAD Each E Share Class denominated in CAD Each R Share Class denominated in CAD	CAD 1,000
Each F Share Class denominated in CAD	CAD 1,000,000
Each U Share Class denominated in CAD	CAD 100,000,000
Each X Share Class denominated in CAD	CAD 1,000
Each Premier Share Class denominated in CAD	CAD 15,000,000
Each S Share Class denominated in CAD	CAD 50,000,000
<b>Chinese Renminbi (CNH) Share Class Minimum Investments</b>	
Each A Share Class denominated in CNH Each B Share Class denominated in CNH Each C Share Class denominated in CNH Each E Share Class denominated in CNH Each R Share Class denominated in CNH	CNH 6,000
Each F Share Class denominated in CNH	CNH 6,000,000
Each U Share Class denominated in CNH	CNH 600,000,000
Each X Share Class denominated in CNH	CNH 6,000
Each Premier Share Class denominated in CNH	CNH 90,000,000
Each S Share Class denominated in CNH	CNH 300,000,000
<b>Hong Kong Dollars (HKD) Share Class Minimum Investments</b>	
Each A Share Class denominated in HKD Each B Share Class denominated in HKD Each C Share Class denominated in HKD Each E Share Class denominated in HKD Each R Share Class denominated in HKD	HKD 8,000

<b>Share Class</b>	<b>Minimum Initial Investment*</b>
Each F Share Class denominated in HKD	HKD 7,500,000
Each U Share Class denominated in HKD	HKD 800,000,000
Each X Share Class denominated in HKD	HKD 8,000
Each Premier Share Class denominated in HKD	HKD 120,000,000
Each S Share Class denominated in HKD	HKD 400,000,000
<b>New Zealand Dollars (NZD) Share Class Minimum Investments</b>	
Each A Share Class denominated in NZD Each B Share Class denominated in NZD Each C Share Class denominated in NZD Each E Share Class denominated in NZD Each R Share Class denominated in NZD	NZD 1,000
Each F Share Class denominated in NZD	NZD 1,000,000
Each U Share Class denominated in NZD	NZD 100,000,000
Each X Share Class denominated in NZD	NZD 1,000
Each Premier Share Class denominated in NZD	NZD 15,000,000
Each S Share Class denominated in NZD	NZD 50,000,000
<b>Polish Zloty (PLN) Share Class Minimum Investments</b>	
Each A Share Class denominated in PLN Each B Share Class denominated in PLN Each C Share Class denominated in PLN Each E Share Class denominated in PLN Each R Share Class denominated in PLN	PLN 3,000
Each F Share Class denominated in PLN	PLN 3,000,000
Each U Share Class denominated in PLN	PLN 300,000,000
Each X Share Class denominated in PLN	PLN 3,000
Each Premier Share Class denominated in PLN	PLN 45,000,000
Each S Share Class denominated in PLN	PLN 150,000,000
<b>South African Rand (ZAR) Share Class Minimum Investments</b>	
Each S Share Class denominated in ZAR	ZAR 750,000,000
Each Premier Share Class denominated in ZAR	ZAR 200,000,000

\*For each class, the minimum may be satisfied by an equivalent amount in another authorised currency.

The Directors have authorised the Distributors to accept, in their discretion, (i) subscriptions for Shares of any Share Class in currencies other than the currency in which such Share Class is denominated and (ii) subscriptions in amounts less than the minimum for initial investments for the relevant Share Class of each Fund.

If a subscription is accepted in a currency other than the currency in which the relevant Share Class is denominated, then the relevant investor may be required to bear any costs associated with converting the subscription currency into the currency of the Share Class or the Base Currency of the Fund, as well as any costs associated with converting the currency of the Share Class or the Base Currency of

the Fund into the subscription currency prior to paying redemption proceeds. The Directors reserve the right to vary in the future the minimums for initial investments. There are no investment minimums for the LM Share Classes.

The Company may issue fractional Shares rounded to the nearest one thousandth of a Share. Fractional Shares shall not carry any voting rights.

**SCHEDULE IX**  
**INITIAL OFFER PERIODS**

For each Share Class offered by the Legg Mason Brandywine Global – EM Macro Bond Fund, Legg Mason Brandywine Global Enhanced Absolute Return Fund and Legg Mason ClearBridge Global Growth Fund, the initial offer period shall begin at 9am (Irish time) on 26 June 2018 and shall end at 4pm (New York time) on 20 December 2018 or such other date as the Directors may determine, in accordance with the requirements of the Central Bank.