



Navigating life together

Legg Mason

MetLife QS Multi Asset

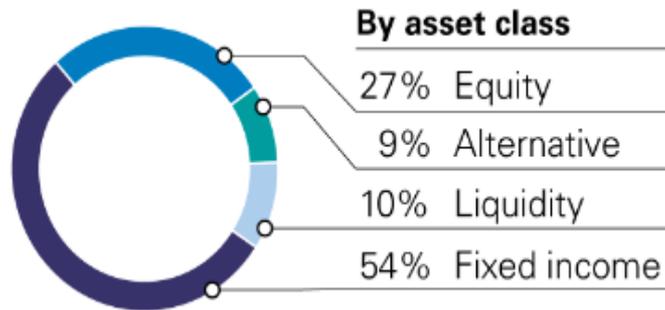
February 2018

About Legg Mason Global Asset Management

Founded in 1899, Legg Mason is one of the world's largest global asset managers. Designed around nine independent investment managers, we bring you expertise across equities, fixed income and alternatives.

AUM breakdown

Assets under management of **\$767 billion** as of 31 December 2017.



Global presence with approximately 3,300 employees, including 360 investment professionals in 40 offices.

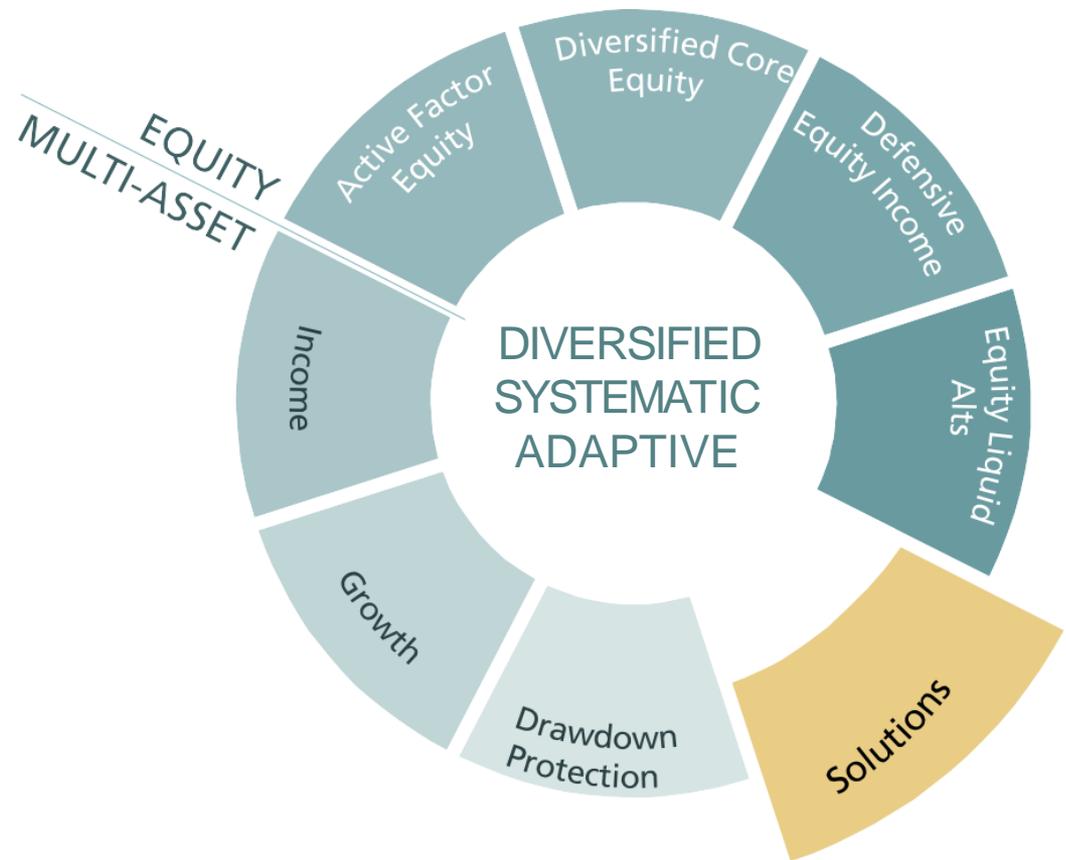


Legg Mason Investment Family

 <p>Brandywine GLOBAL</p>	 <p>CLARION PARTNERS</p>	 <p>ClearBridge Investments</p>
<p>Global value investing</p>	<p>Real estate investment specialists</p>	<p>Quality-focused equity</p>
 <p>EnTrustPermal</p>	 <p>QS Investors</p>	 <p>MARTIN CURRIE</p>
<p>Global Alternative Asset Manager</p>	<p>Systematic investment solutions</p>	<p>Active equity specialists</p>
 <p>RARE</p>	 <p>Royce&Associates</p>	 <p>WESTERN ASSET</p>
<p>Global listed infrastructure investing</p>	<p>Small-cap equity</p>	<p>Global Value Fixed income</p>

QS Investors – Legg Mason's Asset allocation experts: Deep resources, experienced professionals

- Build advanced solutions for Multi-Asset and Equity portfolios
- US\$22.5 Billion in AUM *
- 50 investment professionals, 73 employees
- Formed in 1999, based in New York and Boston



Why multi-asset?



Why asset allocation?

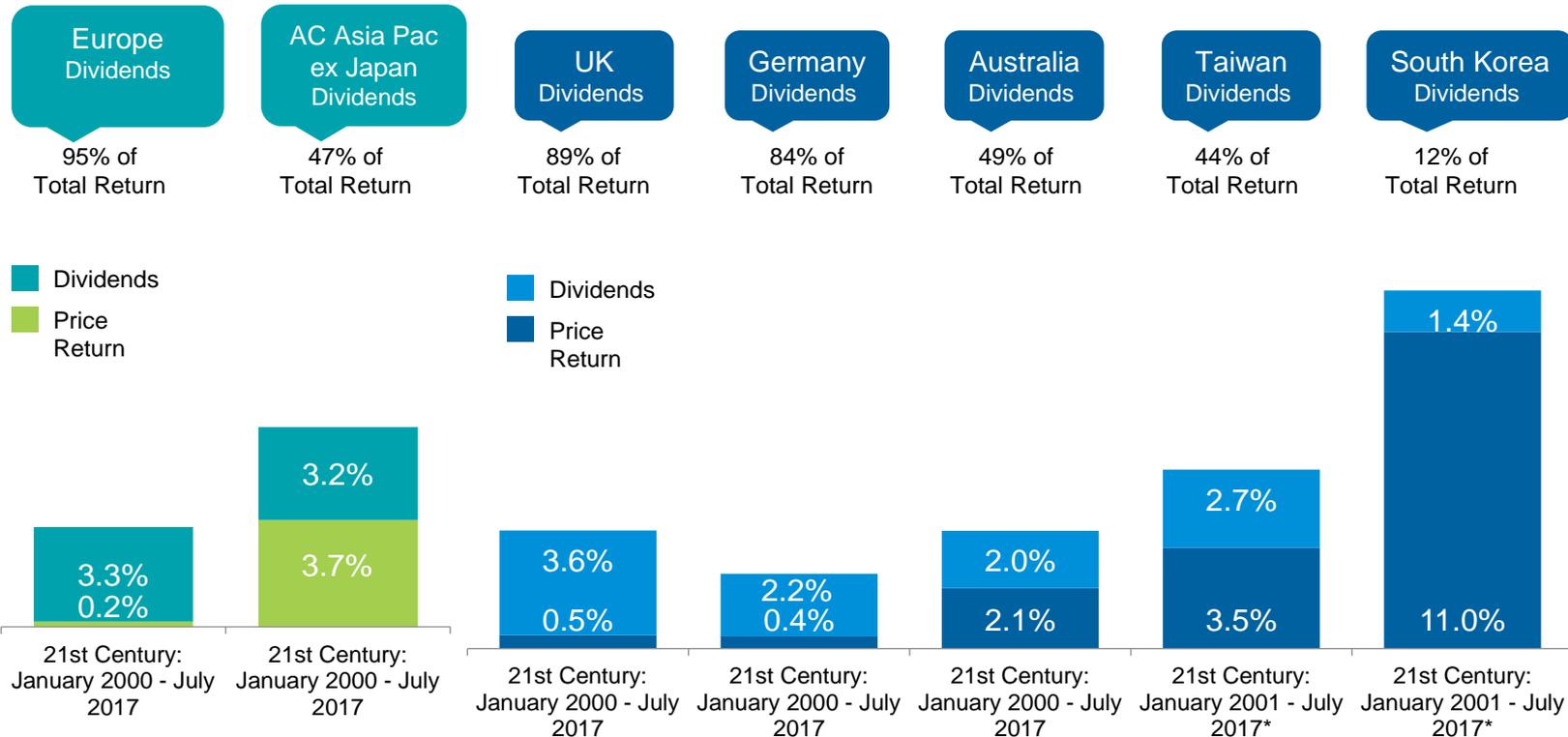
No crystal ball, only smart diversification

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
	Large-Cap Growth 11.8%	Bonds 5.2%	Mid-Cap Blend 40.5%	Small-Cap Blend 26.9%	Bonds 7.8%	Large-Cap Value 17.5%	Small-Cap Blend 38.8%	Large-Cap Value 13.5%	Large-Cap Growth 5.7%	Small-Cap Blend 21.3%	Highest % return ↑ ↓ Lowest % return
	Developed Foreign 11.2%	Cash 1.8%	Large-Cap Growth 37.2%	Mid-Cap Blend 25.5%	Large-Cap Growth 2.6%	Developed Foreign 17.3%	Mid-Cap Blend 34.8%	Mid-Cap Blend 13.2%	Bonds 0.6%	Large-Cap Value 17.3%	
	Bonds 7.0%	Small-Cap Blend -33.8%	Developed Foreign 31.8%	Large-Cap Growth 16.7%	Large-Cap Value 0.4%	Mid-Cap Blend 17.3%	Large-Cap Growth 33.5%	Large-Cap Growth 13.1%	Cash 0.0%	Mid-Cap Blend 13.8%	
	Mid-Cap Blend 5.6%	Large-Cap Value -36.9%	Small-Cap Blend 27.2%	Large-Cap Value 15.5%	Cash 0.1%	Small-Cap Blend 16.4%	Large-Cap Value 32.5%	Bonds 6.0%	Developed Foreign -0.8%	Large-Cap Growth 7.1%	
	Cash 4.7%	Large-Cap Growth -38.4%	Large-Cap Value 19.7%	Developed Foreign 7.8%	Mid-Cap Blend -1.5	Large-Cap Growth 15.3%	Developed Foreign 22.8%	Small-Cap Blend 4.9%	Mid-Cap Blend -2.4%	Bonds 2.7%	
	Large-Cap Value -0.2%	Mid-Cap Blend -41.5%	Bonds 5.9%	Bonds 6.5%	Small-Cap Blend -4.2%	Bonds 4.2%	Cash 0.1%	Cash 0.0%	Large-Cap Value -3.8%	Developed Foreign 1.0%	
	Small-Cap Blend -1.6%	Developed Foreign -43.4%	Cash 0.2%	Cash 0.1%	Developed Foreign -12.1%	Cash 0.1%	Bonds -2.0%	Developed Foreign -4.9%	Small-Cap Blend -4.4%	Cash 0.3%	

- No one can predict which asset class will come out on top each year.
- The worst-performing investment one year can be the best the next, and vice versa.
- Asset classes typically perform differently due to the macro environment and risk tolerances.

Benefits of Dividends: 21st Century Important Contributor to Total Return

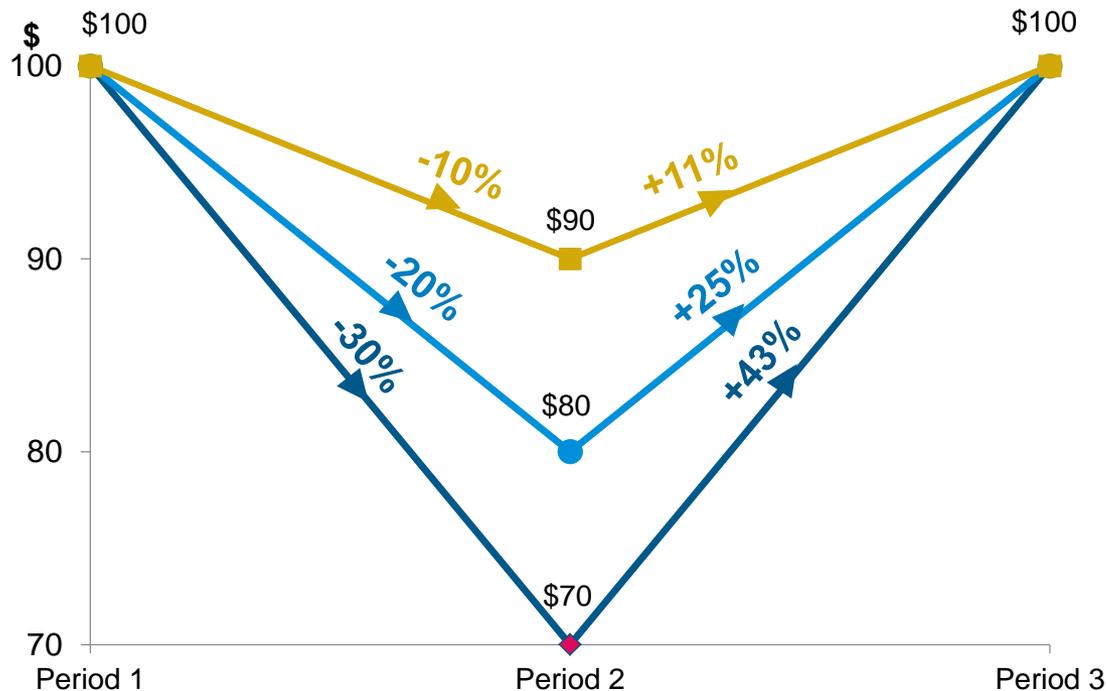
- 1 - Have been the main contributors to total return in equity investments
- 2 – Provide a strong compounding effect and dollar cost averaging



Source: QS Investors Analysis; MSCI.

Preserving capital during down markets; enhancing returns over long run

The power of numbers: importance of limiting downside



Portfolio

A

When portfolio falls **10%**

Has to rise **11%** to recover

Portfolio

B

When portfolio falls **20%**

Has to rise **25%** to recover

Portfolio

C

When portfolio falls **30%**

Has to rise **43%** to recover!

Moral of the story – Dig a smaller hole in the first place!

The Multi-asset advantage – constrain risk not return

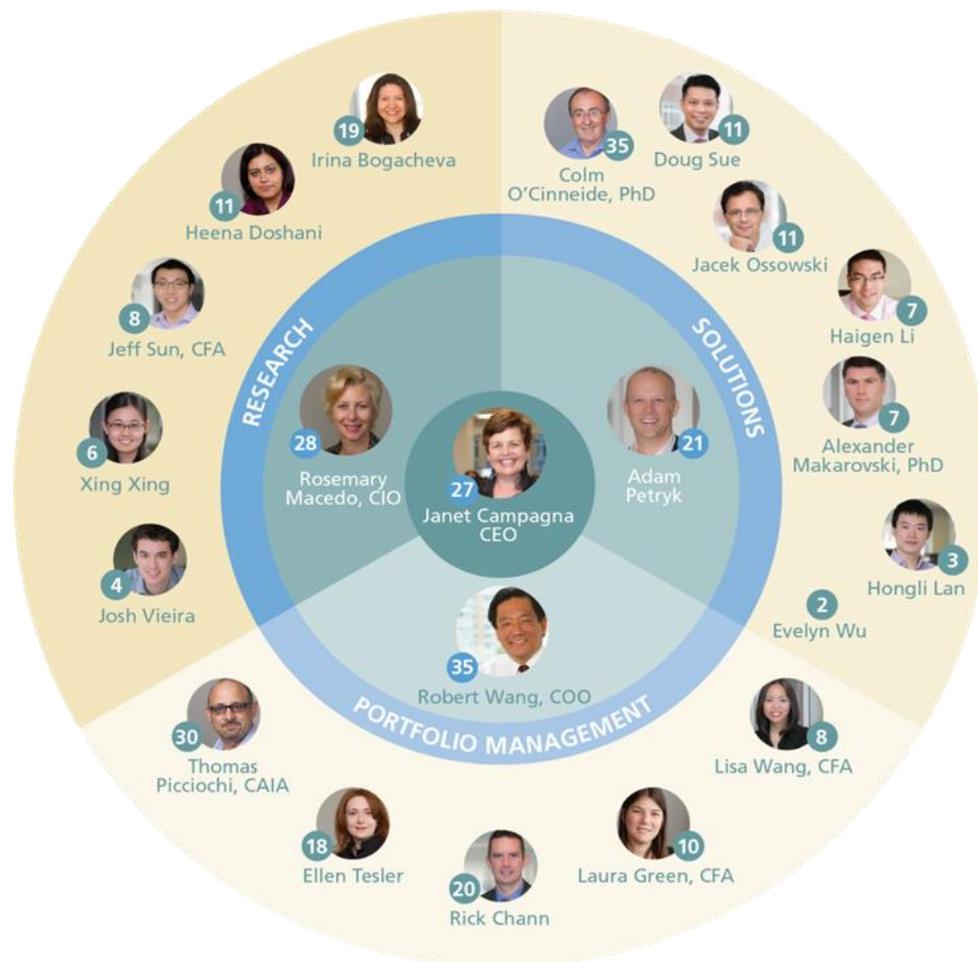
Benefits of Outcome-based Investing

- ✓ Outcome-based Investing provides a broad diversified approach to investment solutions that address specific investor needs
- ✓ QS employs multiple tools and multiple asset classes to increase the certainty of achieving the investment outcome
- ✓ Rigorous manager selection and sophisticated portfolio construction addresses the challenges and opportunities presented by the marketplace, and ensures the portfolios are positioned appropriately

How does Legg Mason QS do multi asset?



QS Investors – Asset allocation experts: Applying diverse expertise to build smart solutions



Diverse team of scientists, mathematicians, engineers, finance and investment experts working together too elevate the certainty of outcomes.

RESEARCH TEAM

Focus on long-term research and alpha model

SOLUTIONS TEAM

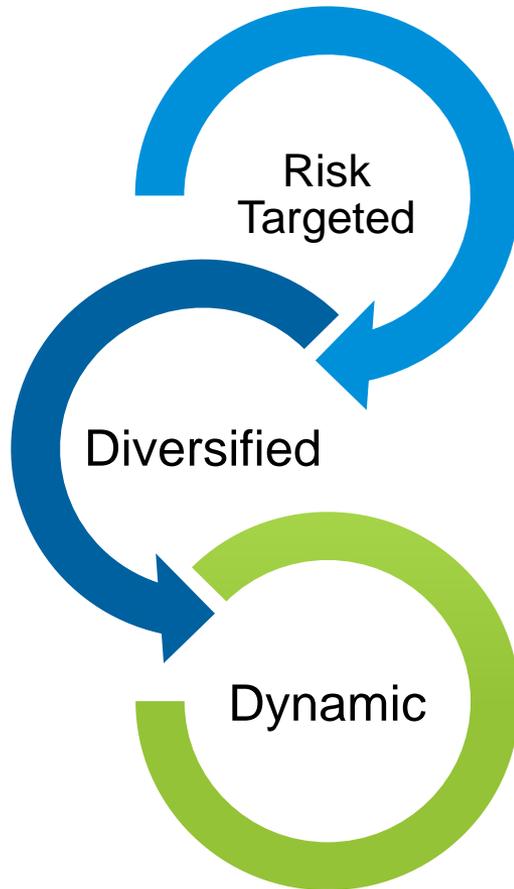
Execute on short-term client demands

PORTFOLIO MANAGEMENT TEAM

Day-to-day management of funds

Supported by client relationship team and strategic IT resources

Legg Mason QS Investors' robust investment process

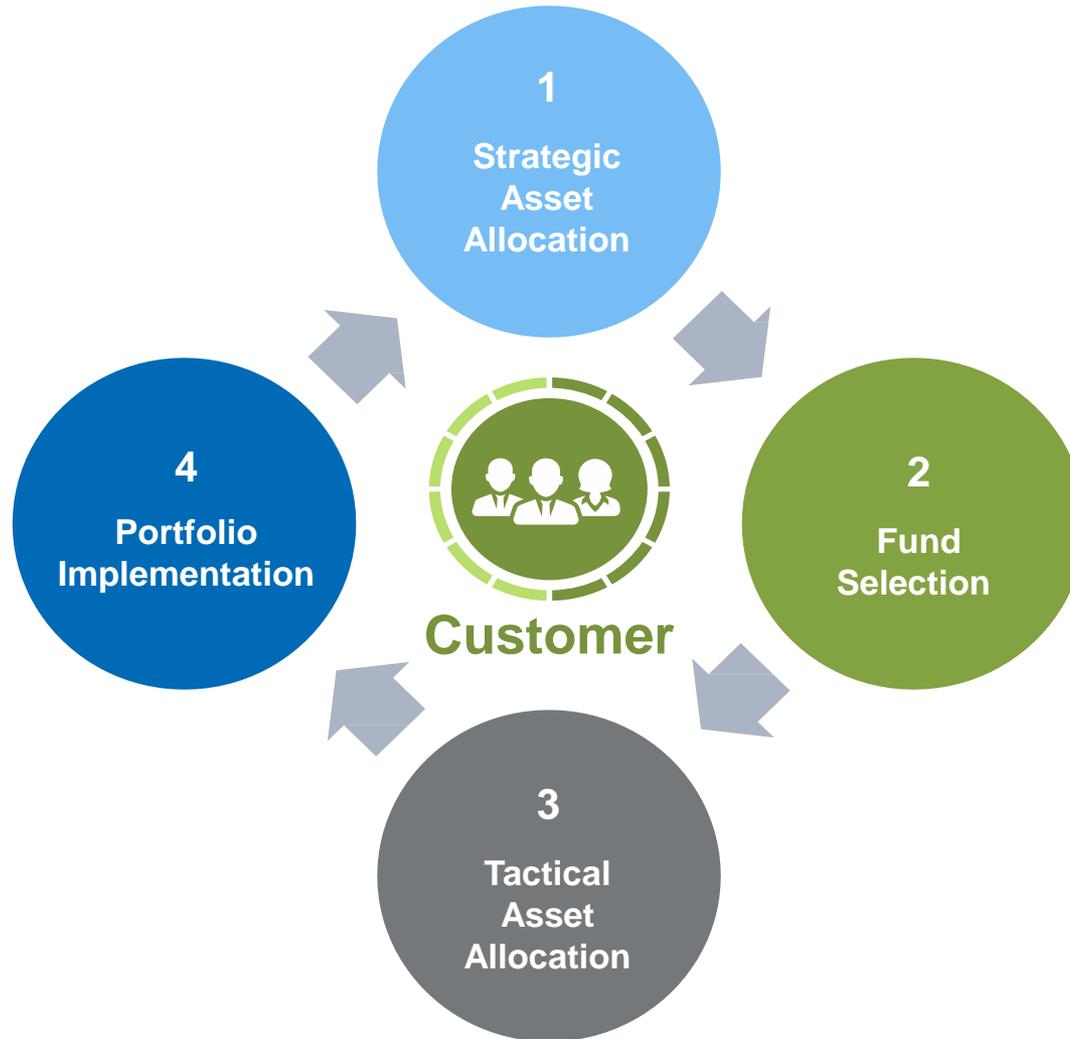


- **THREE** risk-defined portfolios designed for investors with different risk profiles
- Each portfolio targets consistent long term risk characteristics to maintain client suitability

- **RISK** is managed by diversifying across a range of markets and investments
- The funds combine specialist active strategies with low cost passive funds to seek uncorrelated sources of return

- **TACTICAL** allocations implemented to adapt to changing market conditions

Legg Mason QS Investors: Comprehensive Investment Model



Investment Process

Tactical Asset Allocation

EXPLOITING MARKET OPPORTUNITIES

Evaluate
Environment

- Risk sentiment
- Economic cycle
- Liquidity
- Volatility

Evaluate
Opportunities

- **Macro factors**
GDP growth, fiscal policy, monetary policy, unemployment, current account trends, political environment
- **Market factors**
Earnings trends and revisions, sentiment, risk appetite, flows

Produce Tactical
Tilts

- **Global equities**
- **Global fixed income**
- **Credit**

Portfolio tactically shifts among assets to take advantage of changes in investment opportunity set

Investment Process Portfolio Implementation

Provides professional oversight of the portfolios

- **Disciplined approach to rebalancing**
 - Monitor and reconcile holdings daily
 - Use cash flows to maintain target allocation
 - Rebalance to target allocation on a monthly basis
 - Assess transaction costs

- **Expertise in Manager of Manager Portfolio Trading**
 - Leverage efficient trading operation of QS Investors
 - Understand liquidity and tax issues

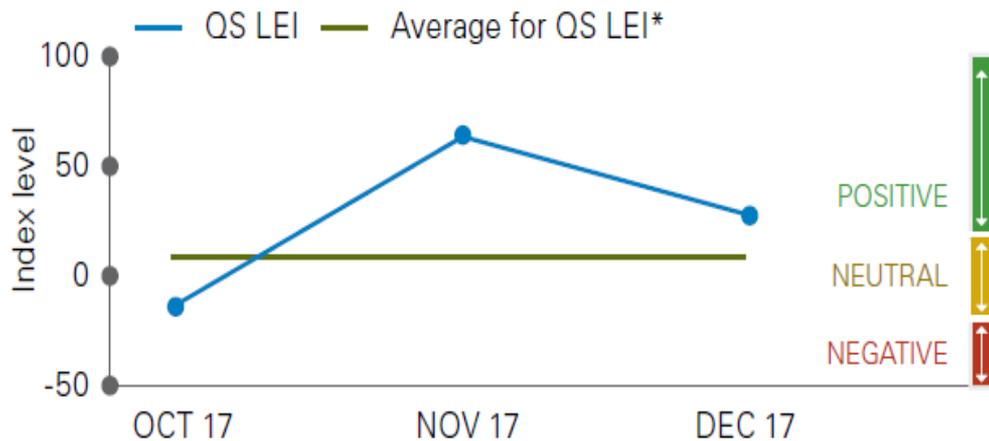
- **Efficient portfolio fulfilment**

QS Investors – Outlook

Mixed economic data has moderated our economic outlook

Macro outlook: Continue to be positive, with a down tick

QS Leading Economic Indicator Index (U.S.)



The QS Leading Economic Indicator Index¹ (QS LEI) is in positive territory, but it has weakened since last month. Contributing to the index this month:

- Weakening QS LEI was a result of an increase in average jobless claims and a slight deterioration of average hours worked
- One positive indicator was slightly stronger global trade activity, which helped to lessen this pullback and keep the QS LEI as a positive signal

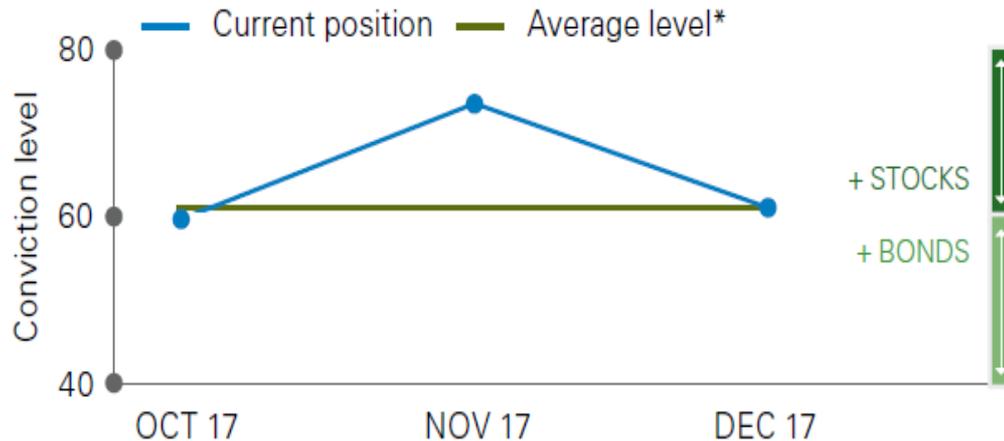
¹ QS Leading Economic Indicator Index is a proprietary composite of economic data that QS Investors believes are significant in determining financial and economic conditions in the U.S.

QS Investors – Outlook

Continue to favor U.S. stocks over bonds, but with increased caution

Asset outlook: Continue to be bullish on stocks

Stocks vs. Investment Grade Bonds (Global)

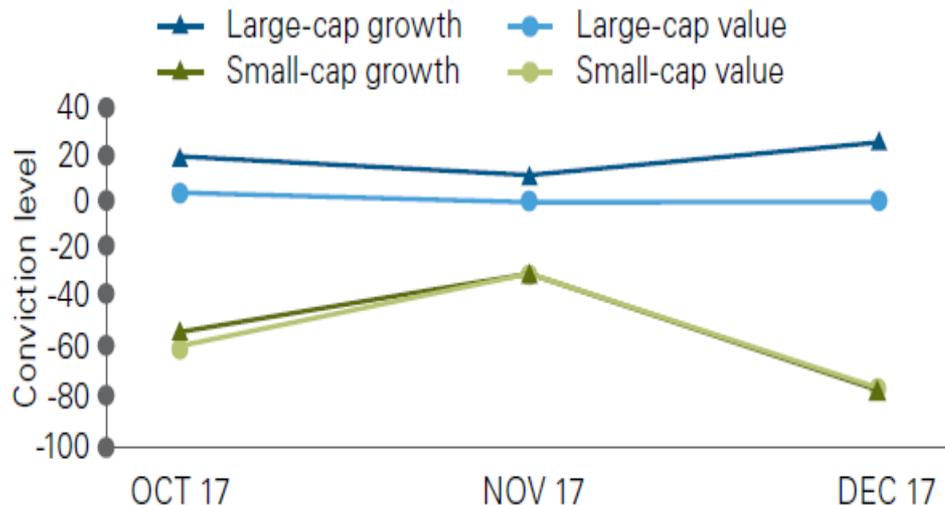


- While we maintain a preference for equities, our conviction on stocks over bonds, and their probability for outperformance, has slightly decreased versus the previous month
- The weakening of our QS LEI is the leading cause of this change

QS Investors – Outlook

Tightening monetary and leverage indicators bodes poorly for small-cap companies

Investment styles: Maintain preference for growth Value vs. Growth, Large vs. Small (U.S.)



Large vs. Small

- Strong leading economic indicators in international and emerging markets favor large-cap stocks, which typically receive a higher portion of their earnings in these markets vs. small-cap stocks. Additionally, monetary tightening and leverage indicators could be a headwind for small-caps

Value vs. Growth

- Investor optimism continues to hold as market volatility remains near historic low. Though credit conditions have just begun to show tightening, leading economic indicators (in particular global trade) remain relatively positive
- This is supportive of our preference for growth over value, which has been the preferred style exposure benefiting investors year to date

QS Investors – Tactical shift Equity

Equity outlook

	Positioning	Change from previous month	Rationale
U.S.	Overweight	▼	<p>We are overweight U.S. equities versus Investment Grade bonds</p> <ul style="list-style-type: none"> • Our view is driven by valuation, where we see stocks more fairly valued than Investment Grade bonds • Secondly, although this has moderated since last month, our proprietary leading indicator index remains a positive factor to the stock preference
International Developed	Overweight	—	<p>Our overweight to international stocks is similar to last month's position</p> <ul style="list-style-type: none"> • This is driven by steeper yield curves in EAFE countries, which is an indicator of stronger expected growth • Secondly, a comparison of valuation between the two regions favors EAFE countries

QS Investors – Tactical shift

Fixed Income

Fixed Income outlook			
U.S. Investment Grade	Underweight	▲	<p>We are underweight Investment Grade bonds strategically, but have a tactical preference</p> <ul style="list-style-type: none"> • From a relative valuation basis vs. equities, we continue to see Investment Grade bonds as being overvalued and have a consistent tactical underweight • However, for the month, we have tactically added to our investment grade exposure largely due to weaker U.S. leading economic indicators
U.S. High Yield	Overweight	—	<p>Preference for U.S. High Yield (HY) vs. Investment Grade (IG) bonds remains similar to last month</p> <ul style="list-style-type: none"> • The low-volatility environment and valuation between HY and IG bonds favor HY • However, credit spreads have tightened, which moderates our preference for HY
European Investment Grade	Underweight	▲	<ul style="list-style-type: none"> • The continued strength of U.S. stocks relative to U.S. bonds fuels our preference for European stocks over European bonds, but this factor lessened vs. last month • Valuation versus stocks continues to suggest that EU IG bonds are overvalued • EU leading indicators also support EU stocks over bonds

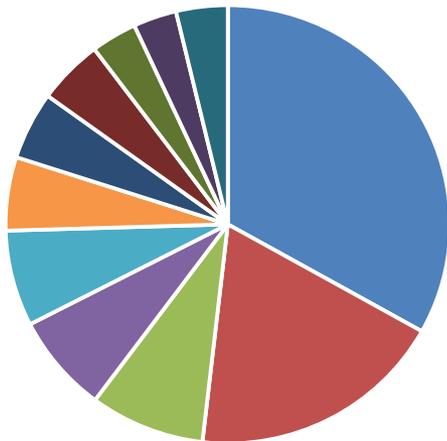
Legg Mason Multi Asset Funds

Breakdown by Asset Class

Legg Mason QS Growth Fund

At least 55% in Equity strategies

Long-term volatility range of 10-12% over the market cycle

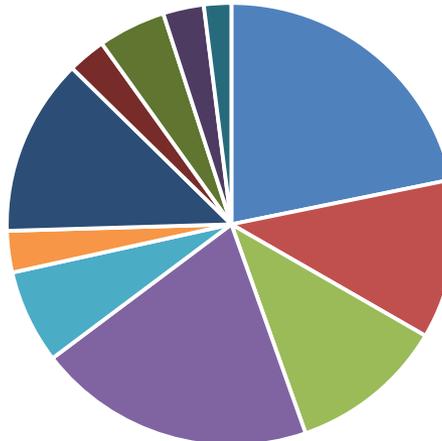


- US Equities
- Global Equities
- Emerging Markets Bonds

Legg Mason QS Balanced Fund

At least 35% in Bonds/Money market/ Capital preservation strategies

Long-term volatility range of 8-10% over the market cycle

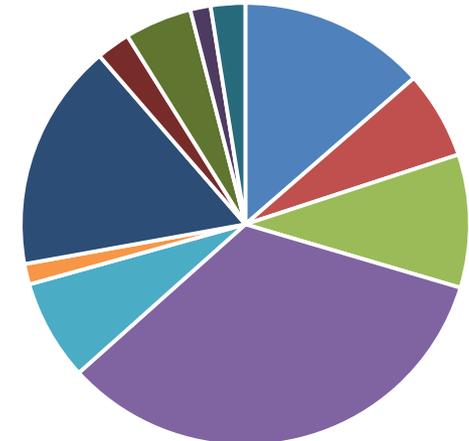


- Euro Equities
- Emerging Markets Equities
- Alternatives

Legg Mason QS Conservative Fund

At least 60% in Bonds/Money Market/ Capital preservation strategies

Long-term volatility range of 6-8% over the market cycle



- Global Bonds
- Investment Grade Bonds
- Pacific Equities

Source Legg Mason, Morningstar, as at 31 December 2017. *Fund names changed on 1 January 2018 to Legg Mason QS Growth Fund (previously Legg Mason Multi-Manager Performance Fund), Legg Mason QS Balanced Fund (previously Legg Mason Multi-Manager Balanced Fund) and Legg Mason QS Conservative Fund (previously Legg Mason Multi-Manager Conservative Fund). Multi Asset US Funds: These funds were created from the contribution of all the assets of the no longer existing Luxembourg SICAV (Legg Mason Multi-Manager Conservative Fund (US), Legg Mason Multi-Manager Balanced Fund (US), and the Legg Mason Multi-Manager Performance Fund (US)) established on 13 December 2004, funds with substantially similar investment objectives and policies. Past performance was calculated using historical performance data of the Luxembourg SICAV] funds may not be a reliable indicator of the fund's future performance.

The performance data should be used for illustrative purposes only, as performance prior to the inception date of these Funds have not been adjusted to reflect the fees of the Funds. As at Fund inception, the Funds' fixed annual expenses for the share class shown above (investment management fees, custody and administration fees and shareholder servicing fees) were around 1.45% in comparison to the predecessor fund of 1.83% – there may be other variable costs not included in these figures.

Legg Mason Multi-asset Funds Growth Fund

Top 10 holdings

Legg Mason QS Growth Fund – Top 10 Holdings	% of Portfolio
Legg Mason ClearBridge US Appreciation Fund	14.19
Lyxor ETF MSCI Europe	13.94
Legg Mason Brandywine Global Opportunistic Fixed Income Fund	8.36
DBX MSCI USA	7.99
iShares MSCI World Minimum Volatility UCITS ETF	7.08
Lyxor ETF MSCI Emerging Markets	5.42
Legg Mason QS MV European Equity Growth and Income Fund	4.77
iShares US Aggregate Bond UCITS ETF	4.03
Legg Mason ClearBridge US Aggressive Growth Fund	3.89
Legg Mason Royce US Smaller Companies Fund	3.81

Source Legg Mason, Morningstar, as at 31 December 2017. Fund names changed on 1 January 2018 to Legg Mason QS Growth Fund (previously Legg Mason Multi-Manager Performance Fund), Legg Mason QS Balanced Fund (previously Legg Mason Multi-Manager Balanced Fund) and Legg Mason QS Conservative Fund (previously Legg Mason Multi-Manager Conservative Fund). Multi Asset US Funds: These funds were created from the contribution of all the assets of the no longer existing Luxembourg SICAV (Legg Mason Multi-Manager Conservative Fund (US), Legg Mason Multi-Manager Balanced Fund (US), and the Legg Mason Multi-Manager Performance Fund (US)) established on 13 December 2004, funds with substantially similar investment objectives and policies. Past performance was calculated using historical performance data of the Luxembourg SICAV] funds may not be a reliable indicator of the fund's future performance.

Legg Mason Multi asset funds cumulative Performance

Multi Asset (US) Funds Cumulative Performance	1 Month		3 Months		1 Year		3 Years		5 Years		Since Inception (13 Dec 2004)	
	%	Qtl	%	Qtl	%	Qtl	%	Qtl	%	Qtl	%	Qtl
Legg Mason QS Conservative Fund*	0.57	2	1.59	2	10.59	1	11.63	1	24.05	1	57.49	-
Morningstar Peer Group Average (USD)	0.47		1.39		6.90		6.38		12.02		-	
Legg Mason QS Balanced Fund*	0.75	3	2.17	3	13.01	2	13.49	2	30.77	2	61.35	-
Morningstar Peer Group Average (USD)	0.90		2.71		11.28		11.31		23.36			
Legg Mason QS Growth Fund*	1.03	2	2.90	2	15.26	1	16.73	1	38.77	1	70.16	-
Morningstar Peer Group Average (USD)	0.90		2.71		11.28		11.31		23.36			

Past performance is not a reliable indicator of future results
Currency exchange rate fluctuations may impact the value of your investment

Source Legg Mason, Morningstar, as at 31 December 2017. Performance is shown for the A Acc USD Share Class. Performance is calculated on a NAV to NAV basis.

*Fund names changed on 16 January 2018 to Legg Mason QS Growth Fund (previously Legg Mason Multi-Manager Performance Fund), Legg Mason QS Balanced Fund (previously Legg Mason Multi-Manager Balanced Fund) and Legg Mason QS Conservative Fund (previously Legg Mason Multi-Manager Conservative Fund). **Multi Asset US Funds:** These funds were created from the contribution of all the assets of the no longer existing Luxembourg SICAV (**Legg Mason Multi-Manager Conservative Fund (US)**, **Legg Mason Multi-Manager Balanced Fund (US)**, and the **Legg Mason Multi-Manager Performance Fund (US)**) established on 13 December 2004, funds with substantially similar investment objectives and policies. Past performance was calculated using historical performance data of the Luxembourg SICAV] funds may not be a reliable indicator of the fund's future performance. The performance data should be used for illustrative purposes only, as performance prior to the inception date of these Funds have not been adjusted to reflect the fees of the Funds. As at Fund inception, the Funds' fixed annual expenses for the share class shown above (investment management fees, custody and administration fees and shareholder servicing fees) were around 1.45% in comparison to the predecessor fund of 1.83% – there may be other variable costs not included in these figures.

Legg Mason Multi asset funds

Calendar year performance

Calendar Year Performance	2017		2016		2015		2014		2013		2012	
	%	Qtl	%	Qtl	%	Qtl	%	Qtl	%	Qtl	%	Qtl
Legg Mason QS Conservative Fund	10.59	1	2.69	2	-1.70	3	5.59	1	5.24	2	9.83	1
Morningstar Peer Group Average (USD)	6.90		2.17		-2.61		1.31		3.94		6.32	
Legg Mason QS Balanced Fund	13.01	2	2.58	3	-2.11	3	5.04	2	9.70	2	13.08	1
Morningstar Peer Group Average (USD)	11.28		3.19		-3.06		1.49		9.20		9.15	
Legg Mason QS Growth Fund	15.26	1	3.83	2	-2.47	3	4.89	2	13.33	1	15.19	1
Morningstar Peer Group Average (USD)	11.28		3.19		-3.06		1.49		9.20		9.15	

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Source Legg Mason, Morningstar, as at 31 December 2017. Performance is shown for the A Acc USD Share Class. Performance is calculated on a NAV to NAV basis.

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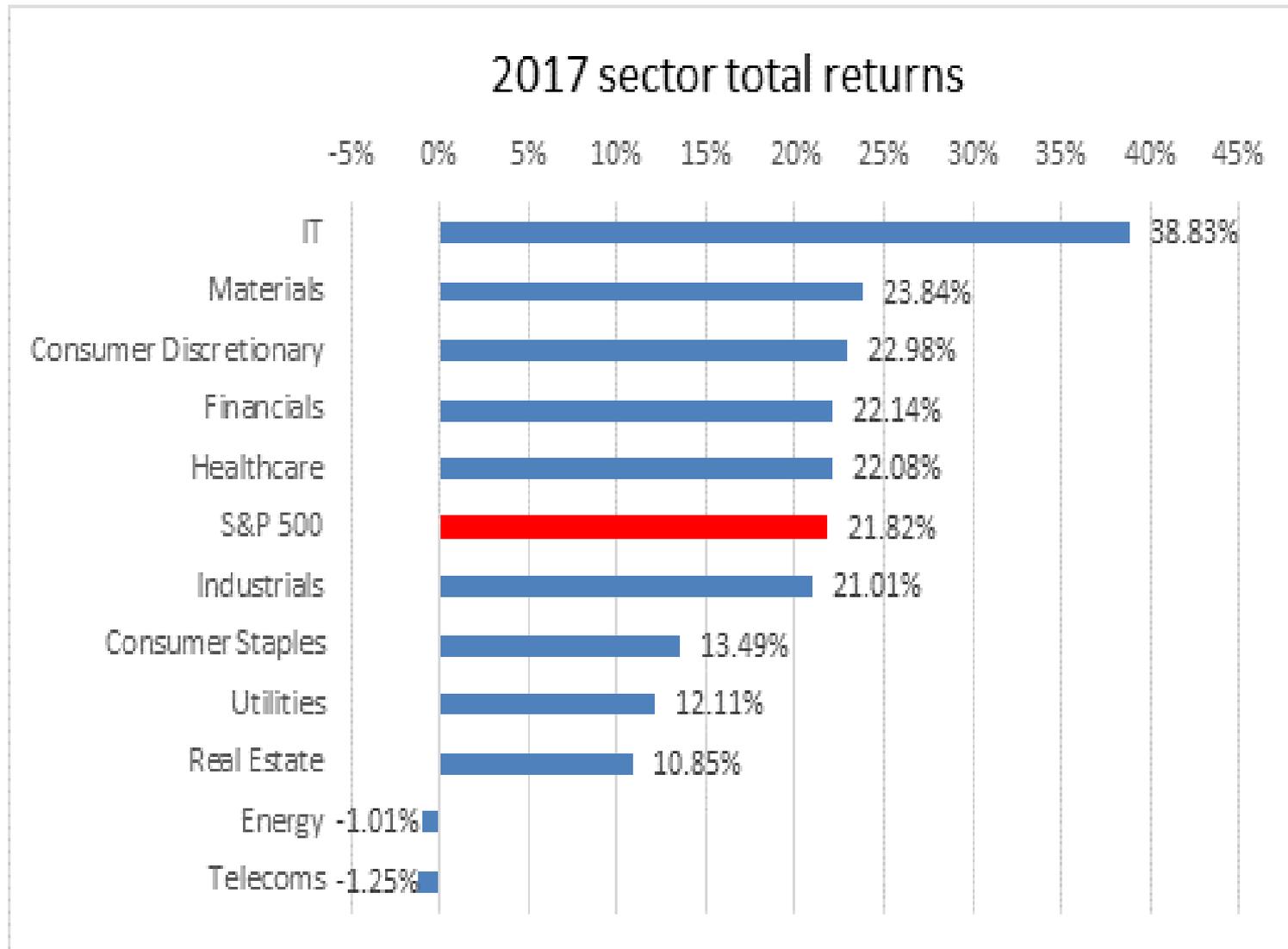
Macro update



Macro update

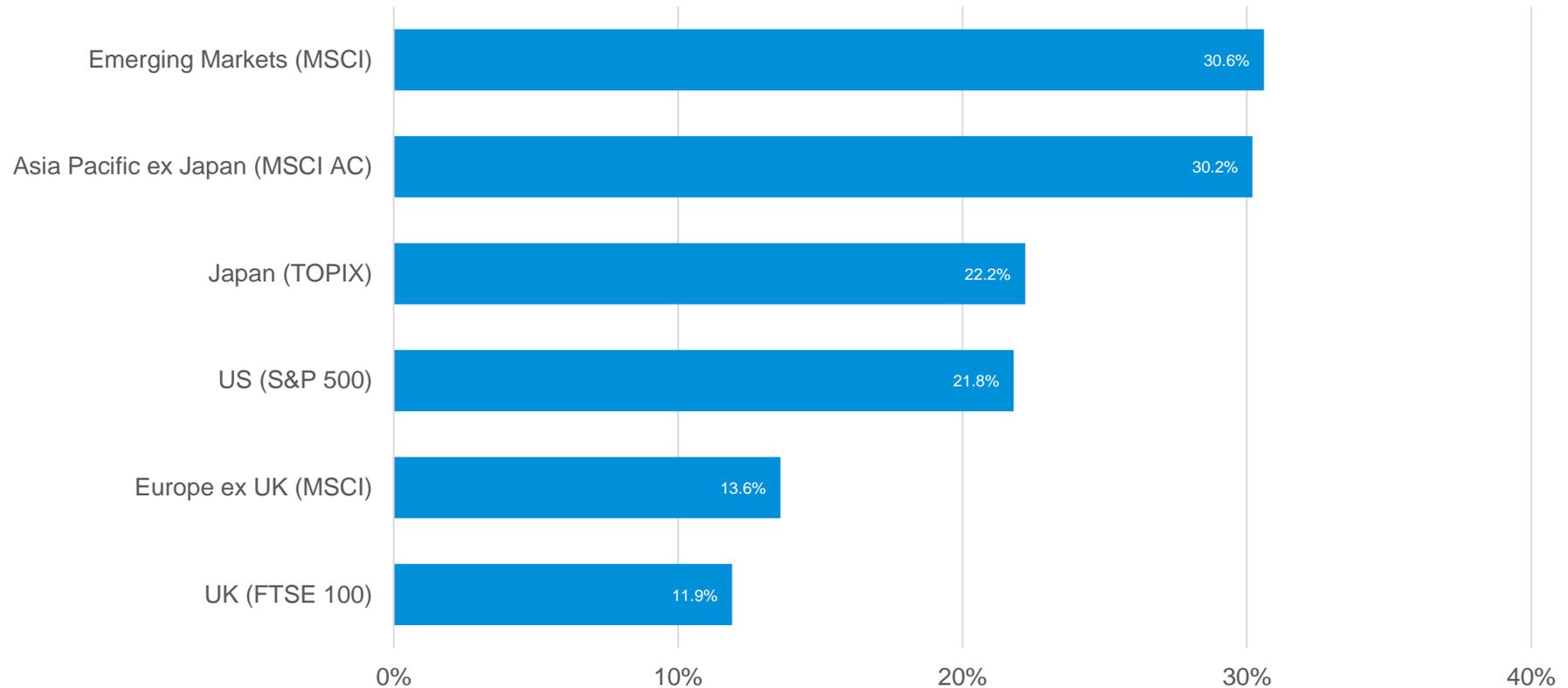
- **Global Review of 2017**
- **Key region views 2018**
- **Views on key macro**
 - US tax cuts and the key winners, US economy vs market
 - Japan and Europe
 - EM and China
 - Central Banks and Inflation
 - Credit markets and the hunt for yield
 - Exchange rates opportunity
 - Bitcoin – FOMA!

US Equities - 2017 review

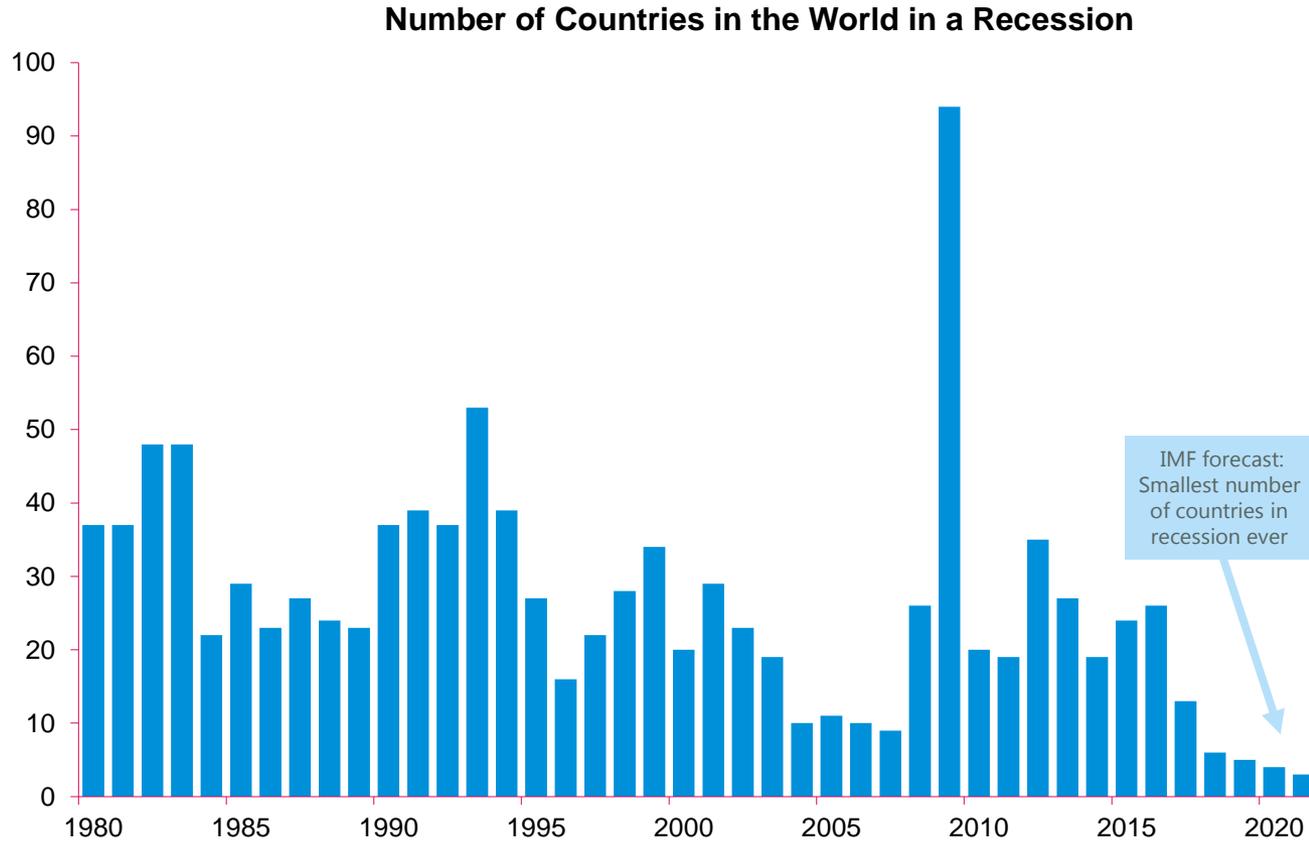


International equities – 2017 review

2017 International stock market returns (local currency)

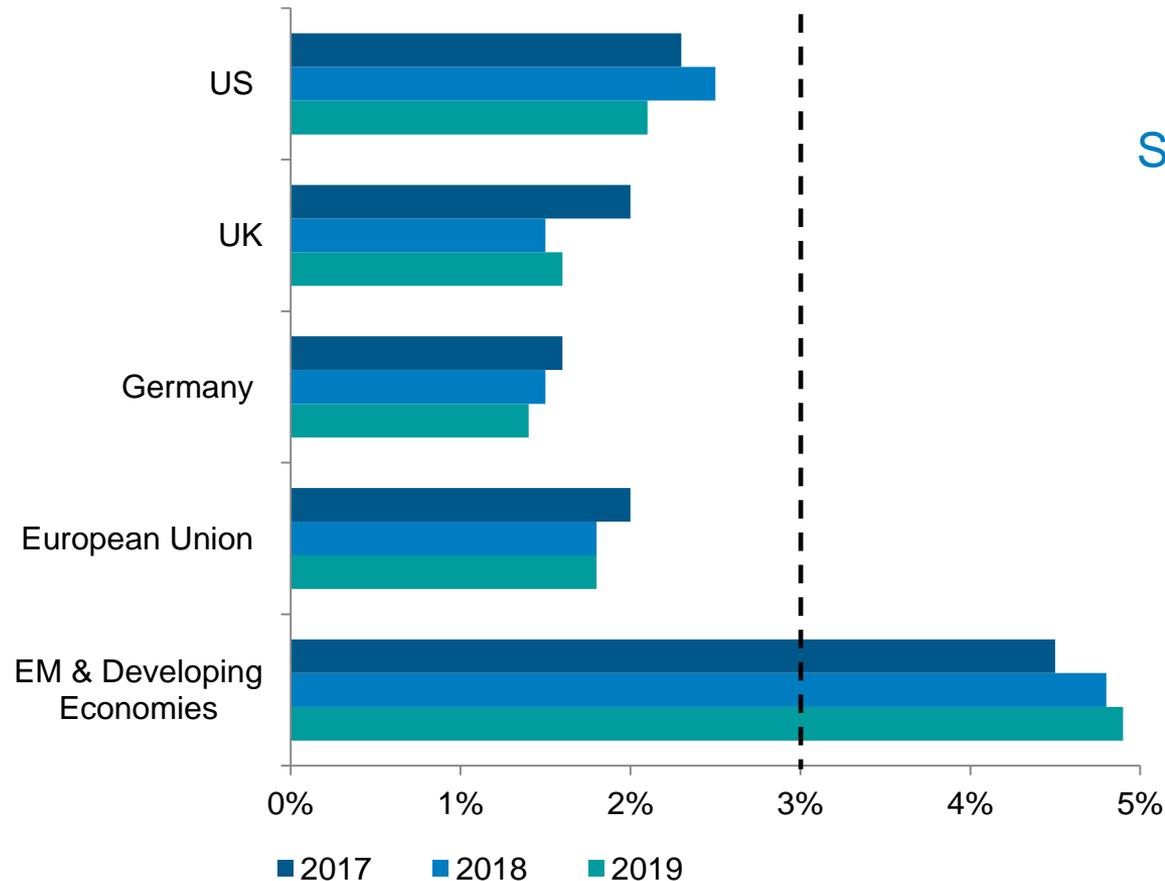


The world economy in great shape



Economic growth forecasts to be low

Real GDP Growth Forecast

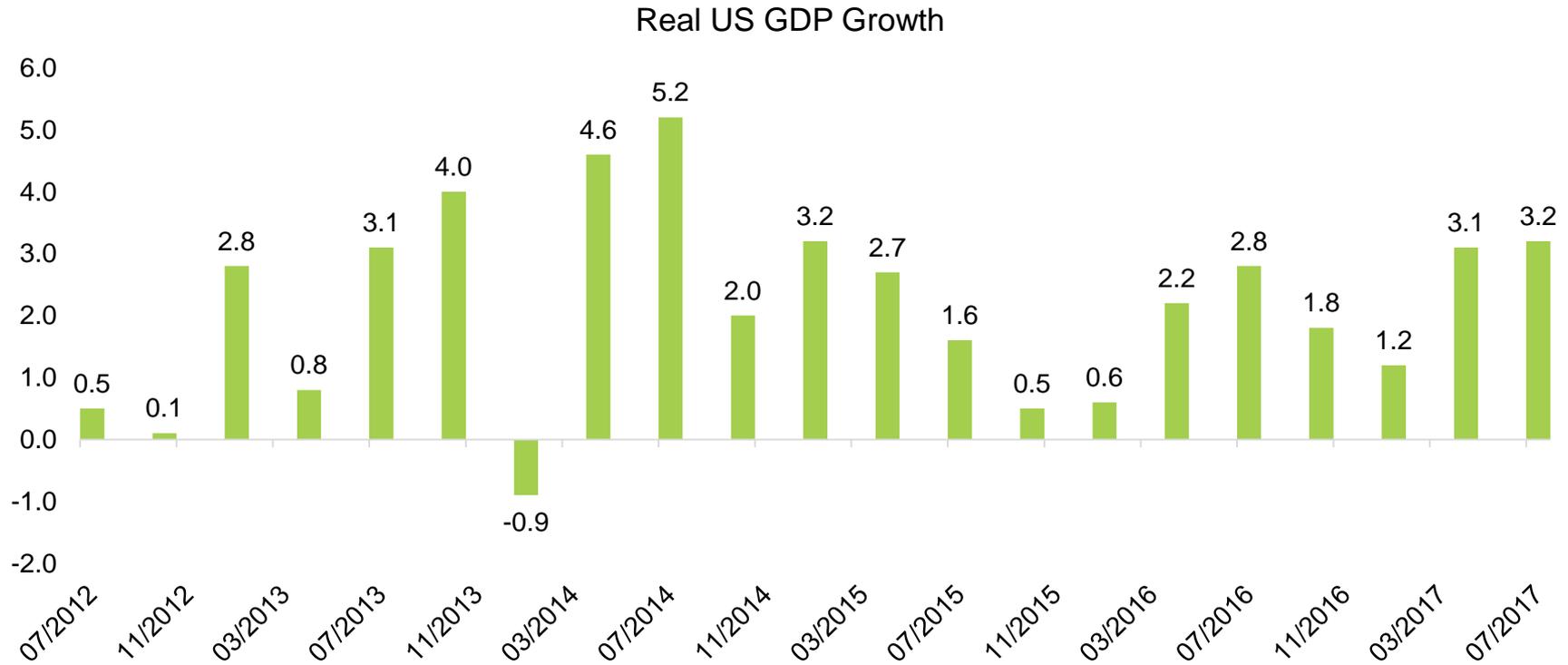


Some drivers include:

- Low Productivity Growth
- Macro Uncertainty
 - Political
 - Regulatory
 - Trade Policy

US Economy on a solid footing...

GDP Growth exceeded 3% in 3Q and 4Q

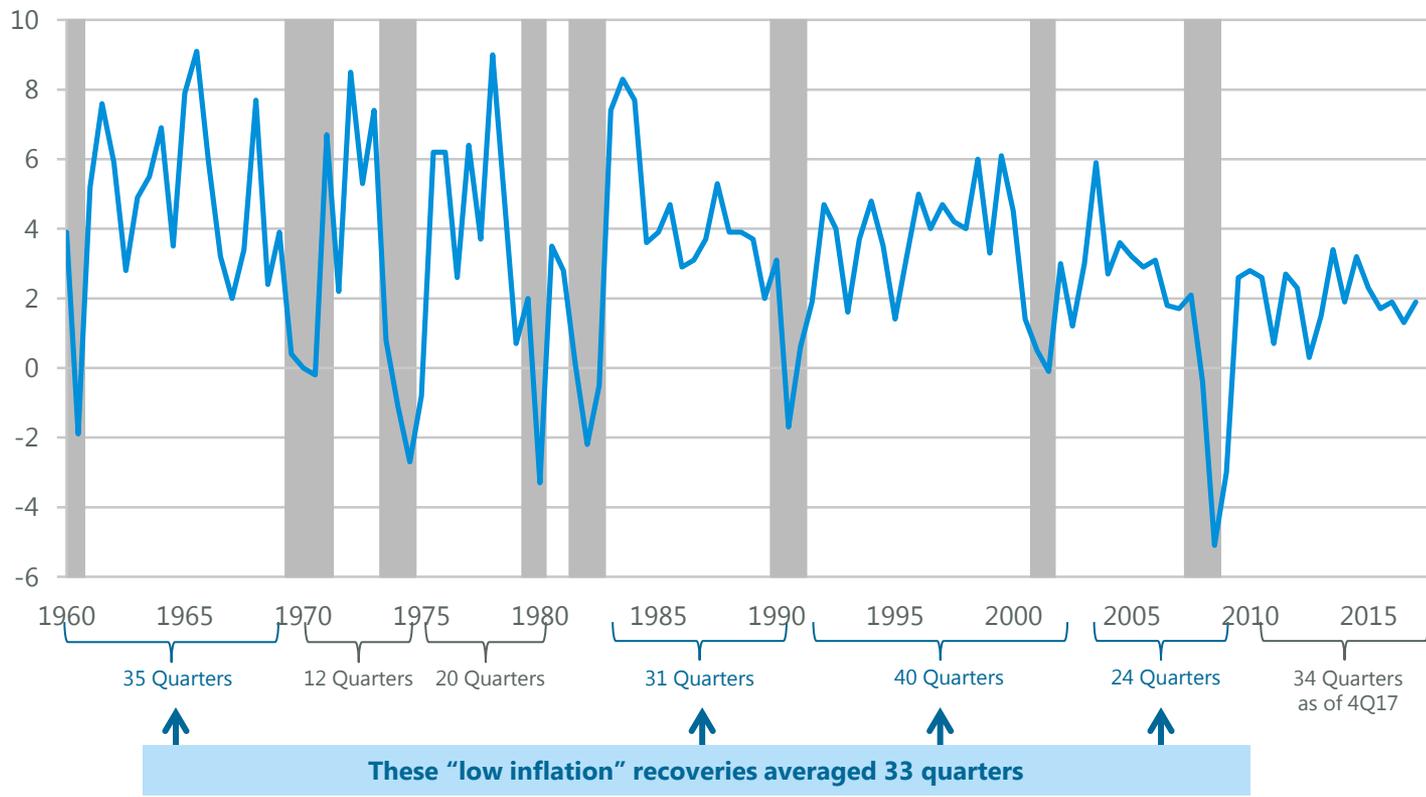


Past performance is not a reliable indicator of future results

Recovery / expansion in US

U.S. Real GDP

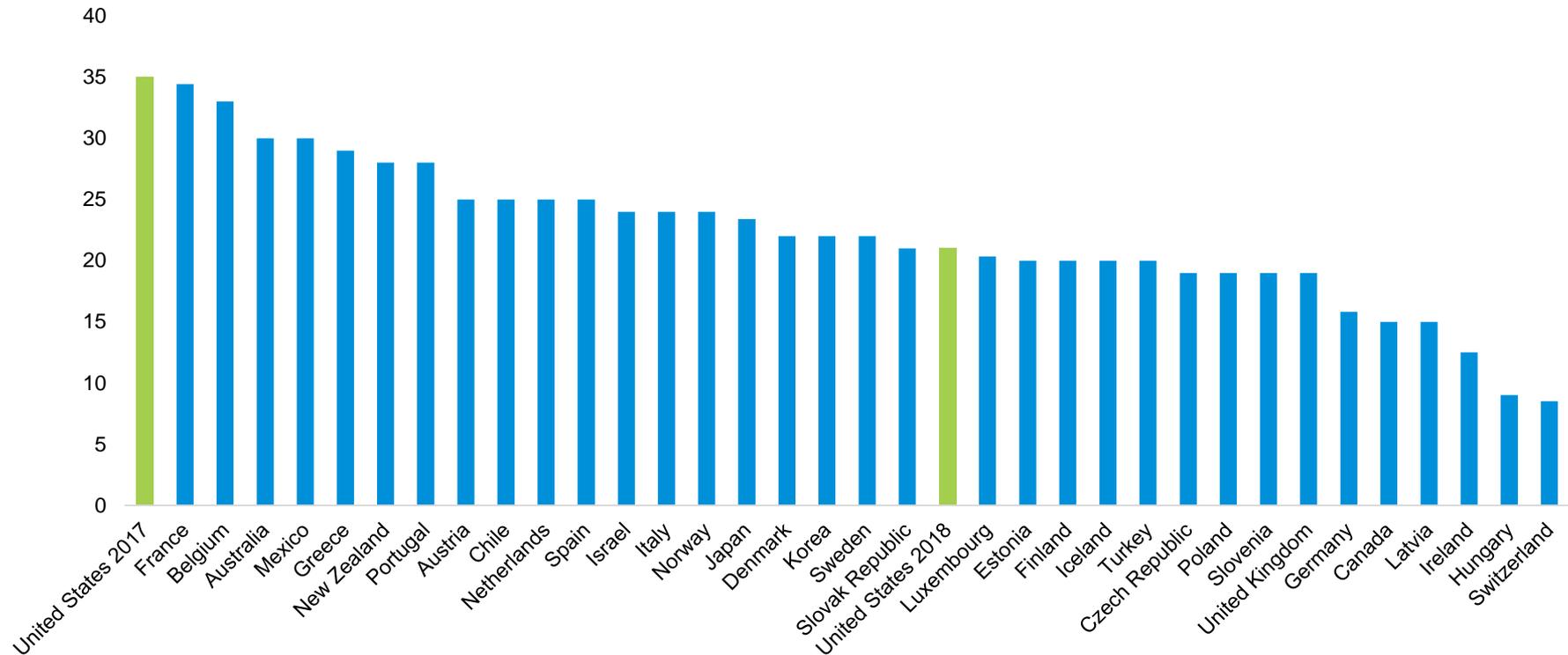
- Recoveries (1960-2007) averaged 27 quarters
- Low-inflation expansions tend to be longer than high-inflation expansions
- Currently recovery is equal to the average low-inflation expansion



Policy action in 2017 – The visible

Tax cuts have been enacted

OECD Corporate Tax Rates

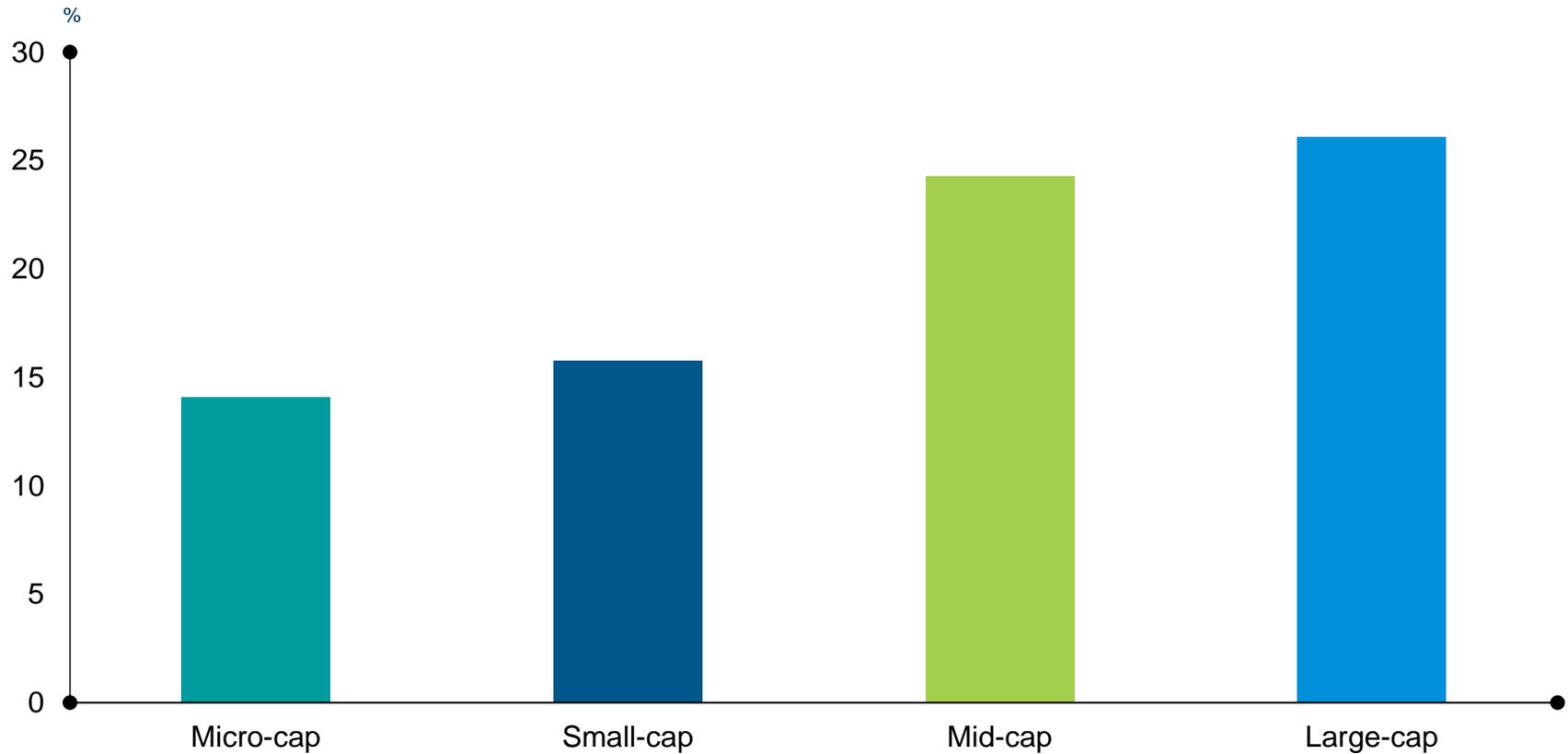


Past performance is not a reliable indicator of future results

Small and micro cap stock

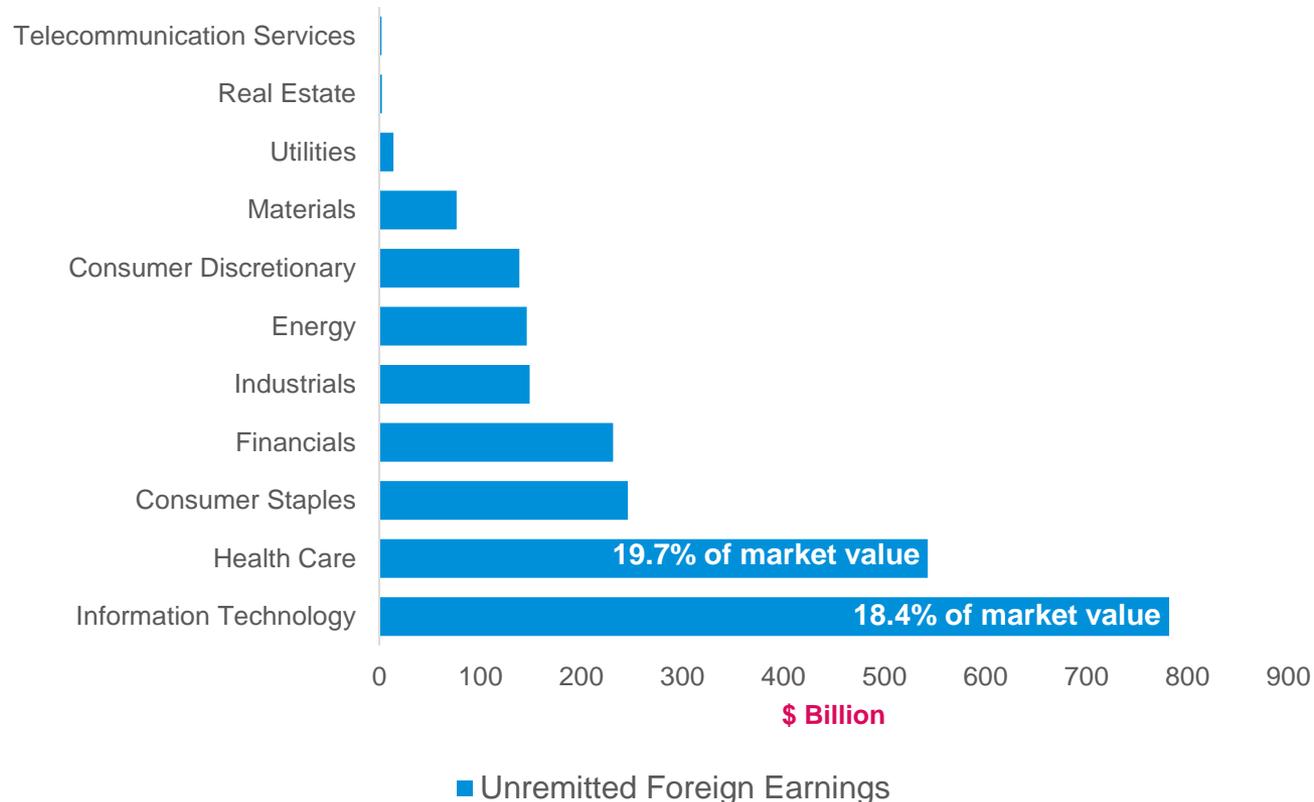
Tax benefits from being more domestic

Average foreign sales as percentage of total



Repatriation – how lower taxes could bring back cash

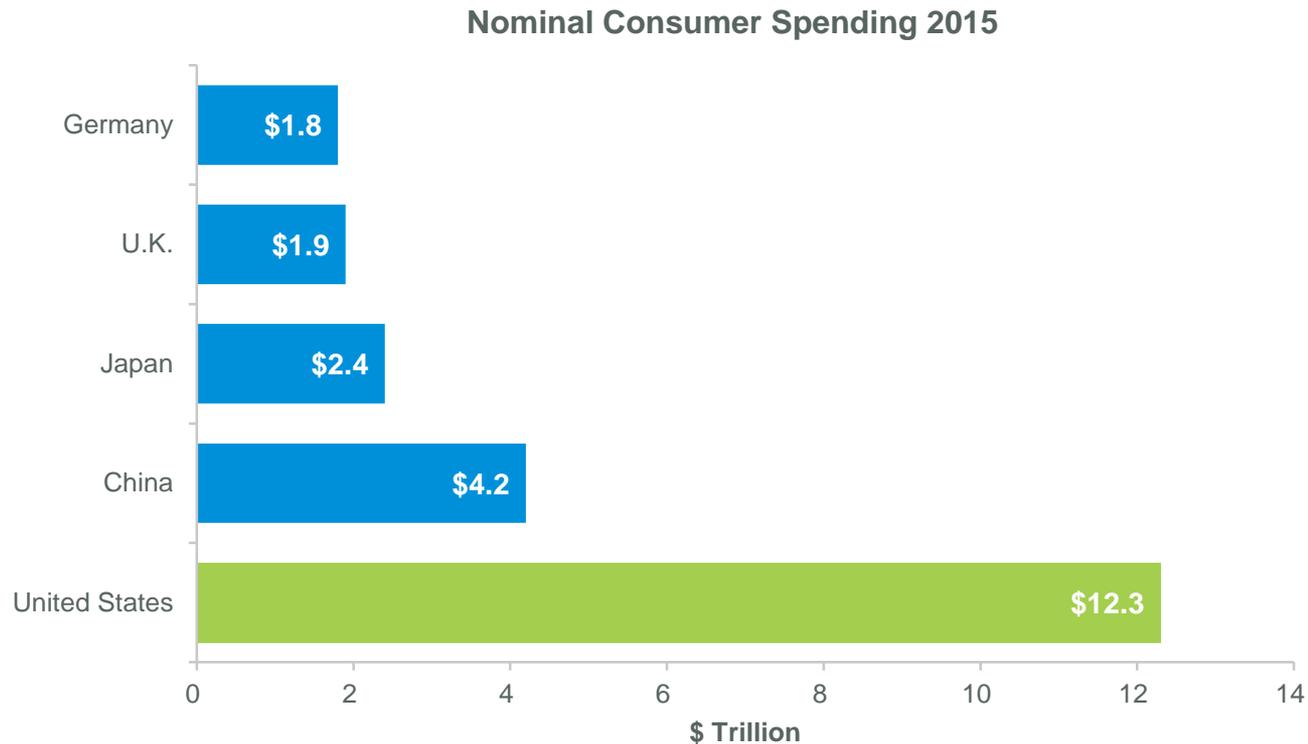
2016 Unremitted Foreign Earnings: S&P 500 Sectors



The consumer is king in the US

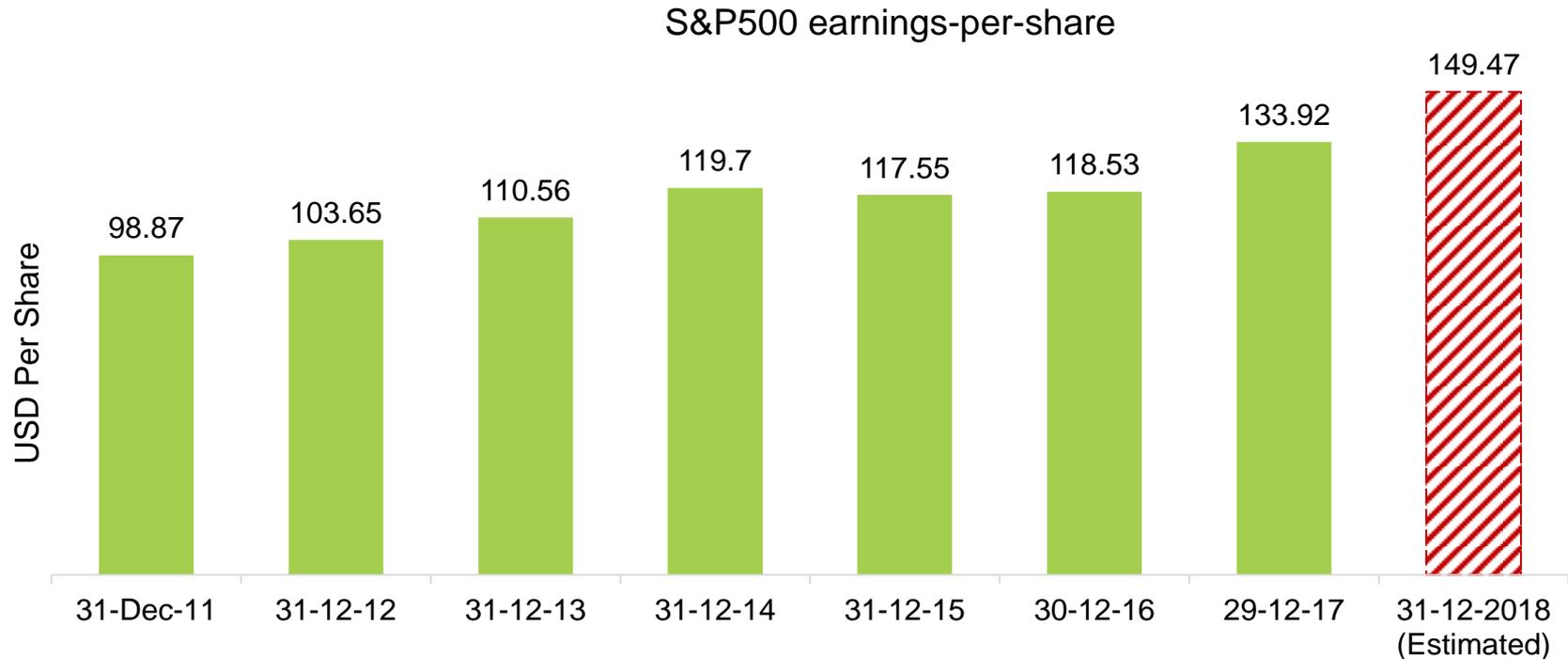
U.S. Consumer Spending Is Largest in the World

U.S. consumer spending is larger than the next 4 largest countries (China, Japan, U.K., Germany) combined



US Corporate earnings are growing

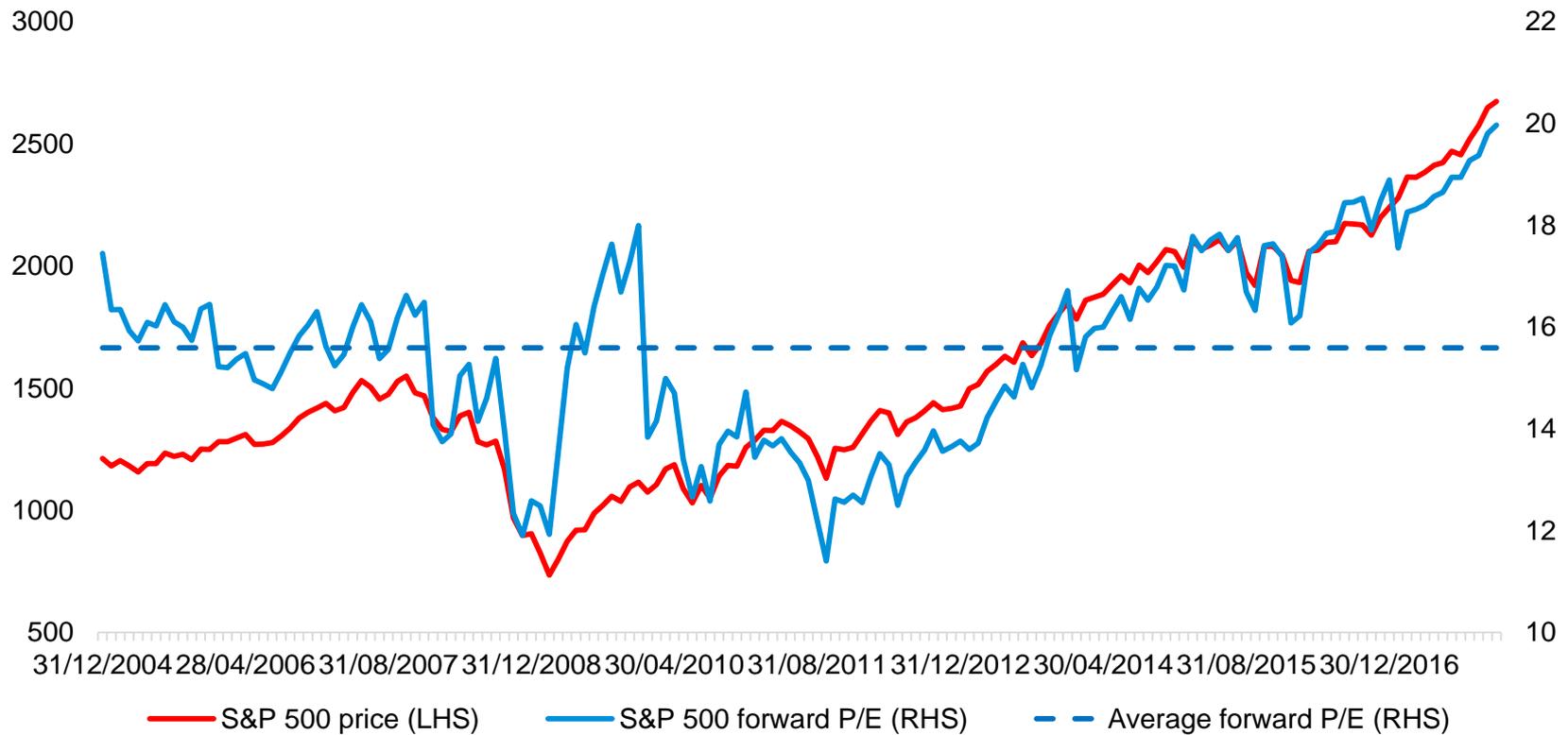
S&P 500 Quarterly Bottom-Up Earnings Per Share Actuals & Estimates



Past performance is not a reliable indicator of future results

Us equity valuations: no longer cheap

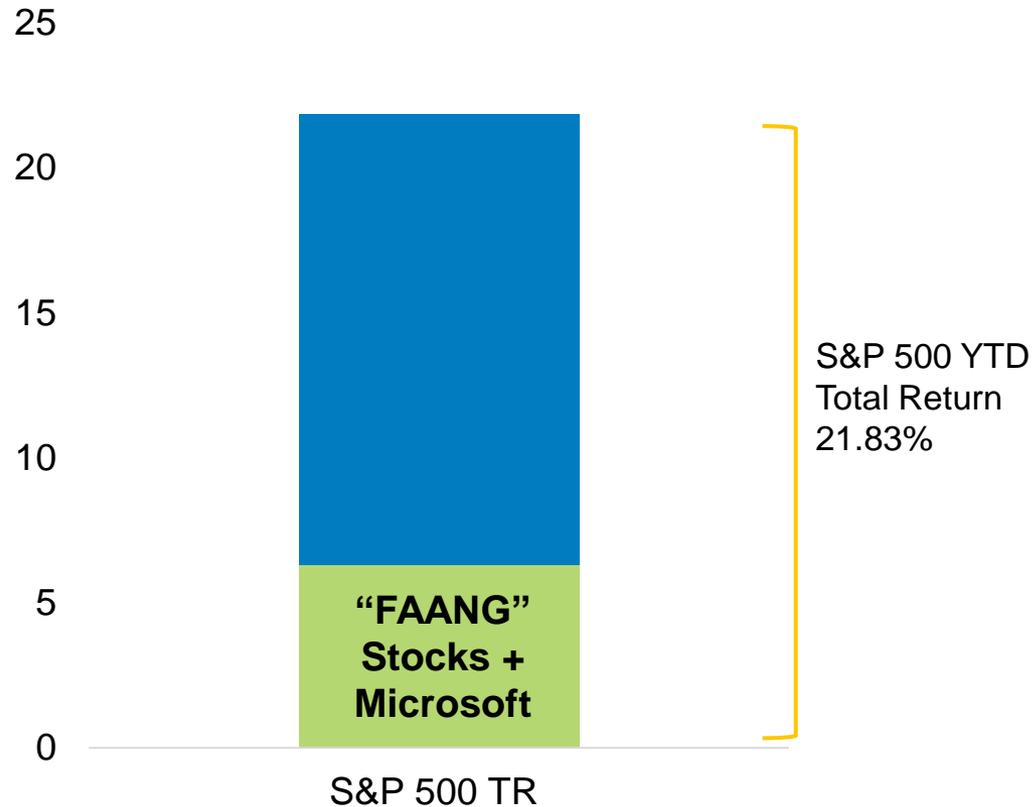
Multiple expansion has driven markets higher



Past performance is not a reliable indicator of future results

US equities: where is the risk?

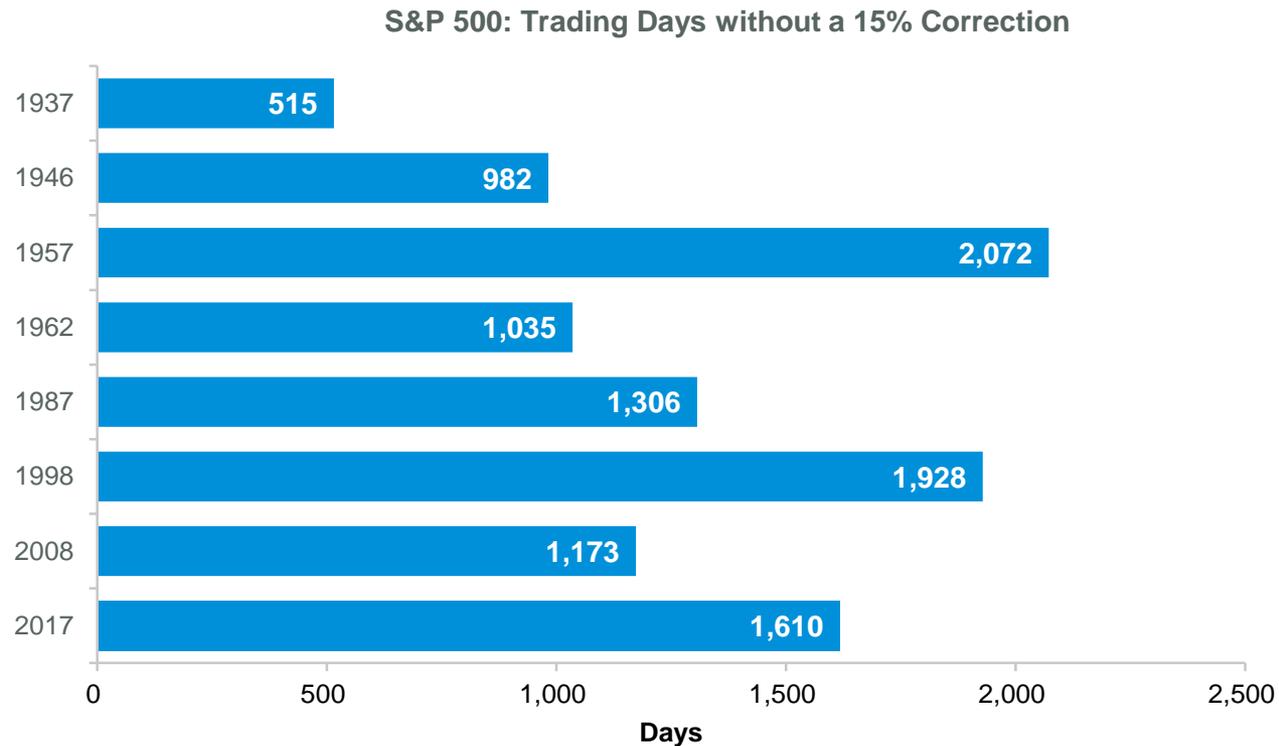
“FAANG” stocks and Microsoft made up 29% of the market’s overall return last year



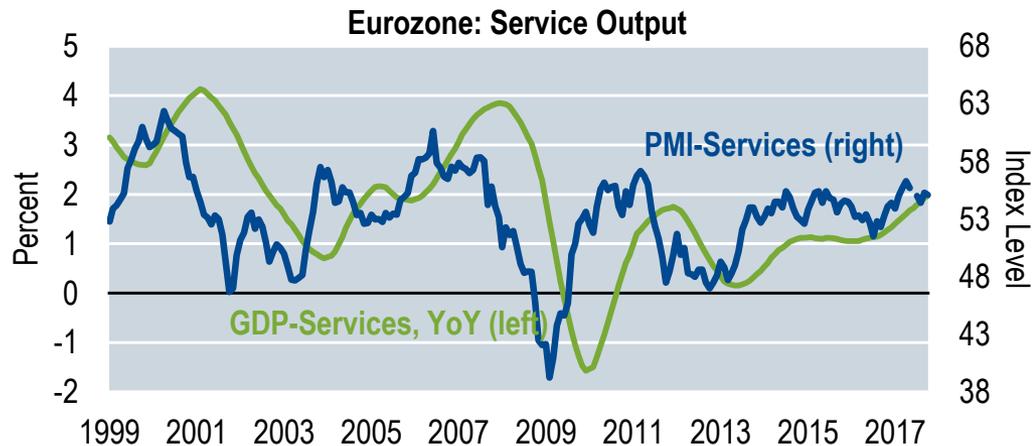
Past performance is not a reliable indicator of future results

Market corrections

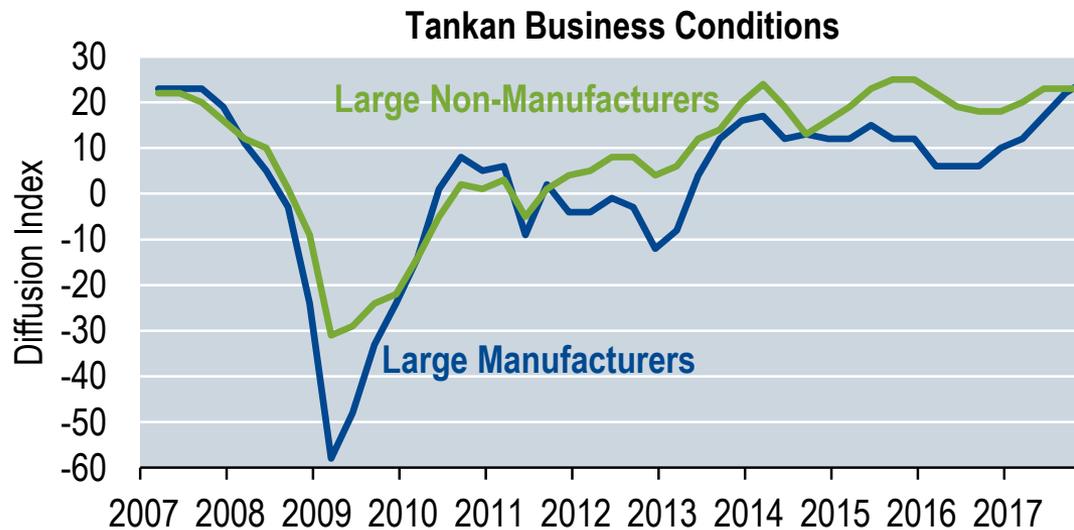
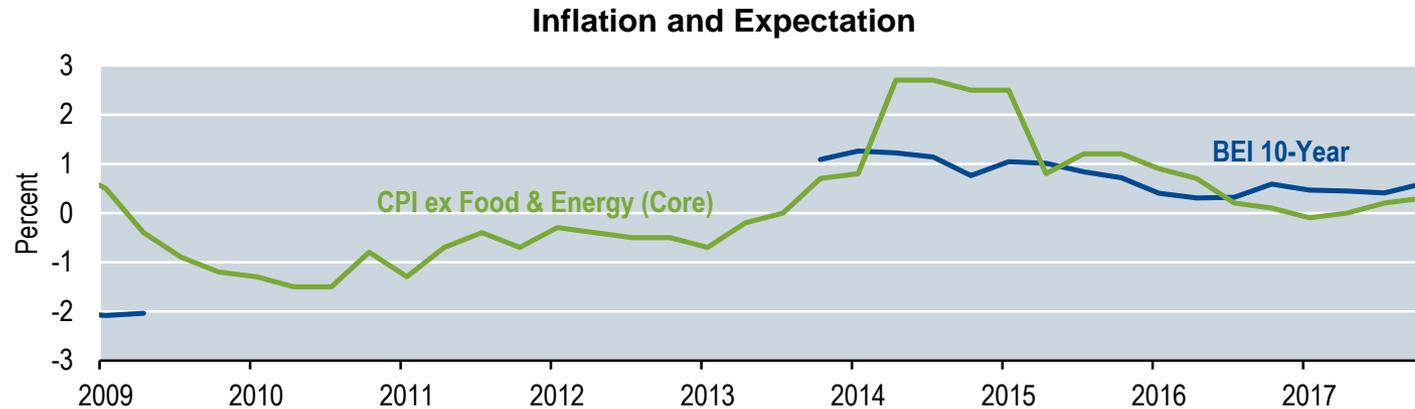
It's Been a Long Time Since the Market Has Seen a 15% Correction



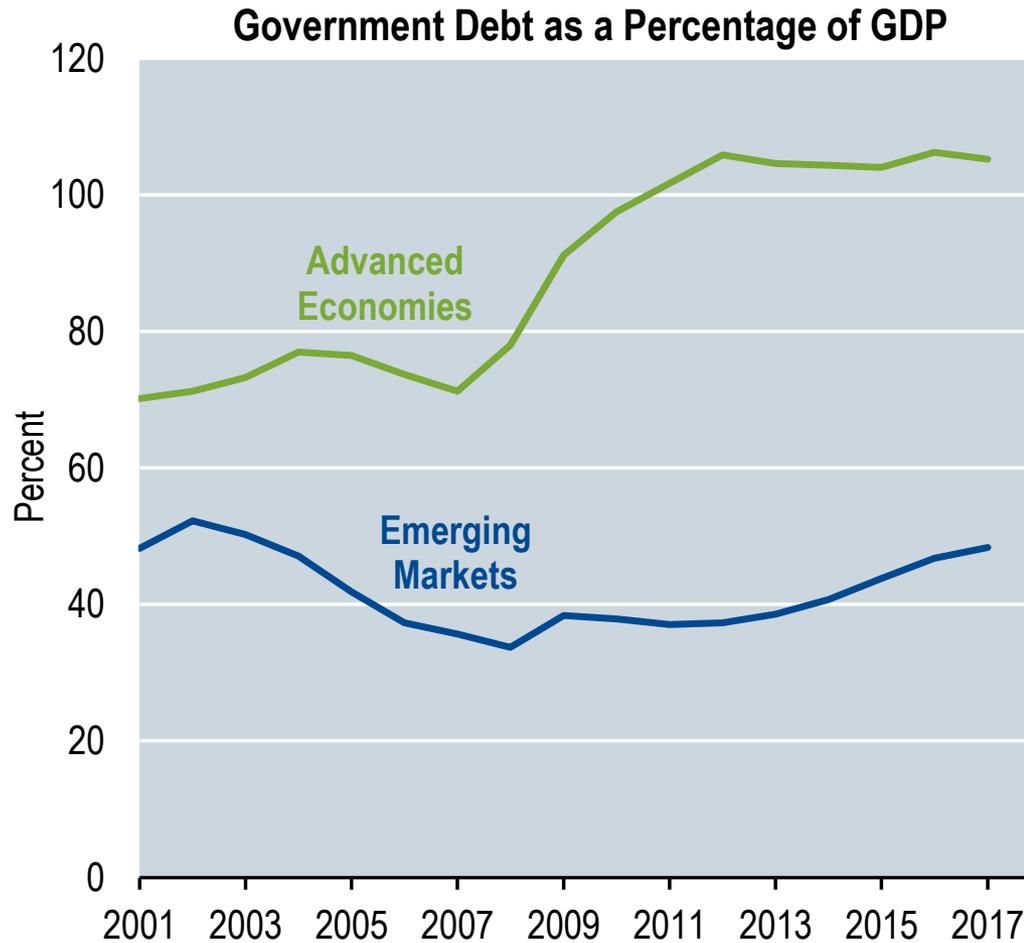
Europe Outlook – growth continues to improve but inflation remains subdued



Japan Outlook – inflation expectations rising



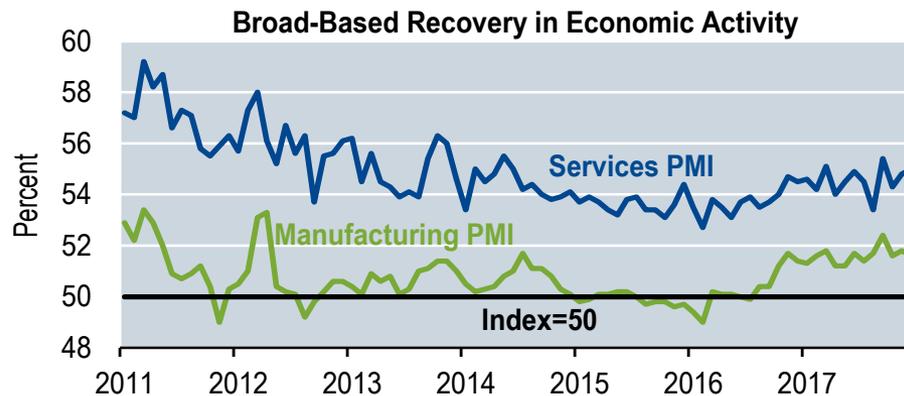
EM Outlook – Government finances healthy



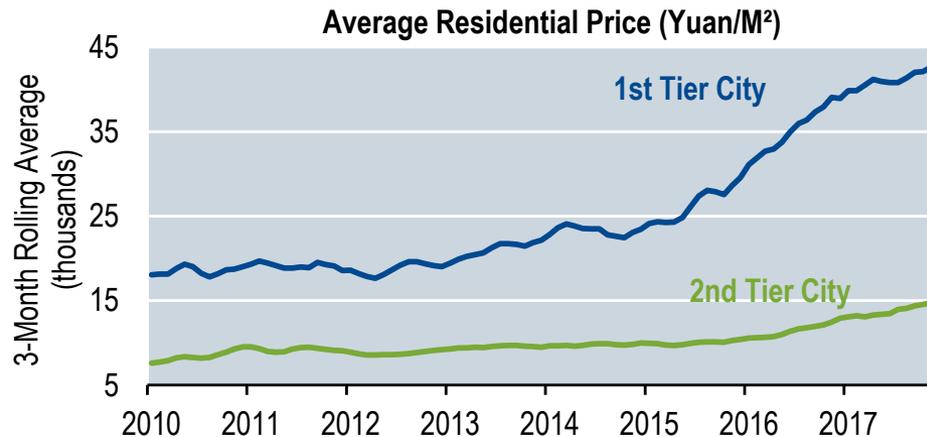
Source: International Monetary Fund, World Economic Outlook Database.
As of 31 Oct 17

China outlook – solid economic activity

- China has been able to support growth with a tremendous amount of stimulus to make growth resilient. At some point policy will turn back to neutral and growth will likely downshift toward the policy directive of 6.5% GDP growth.



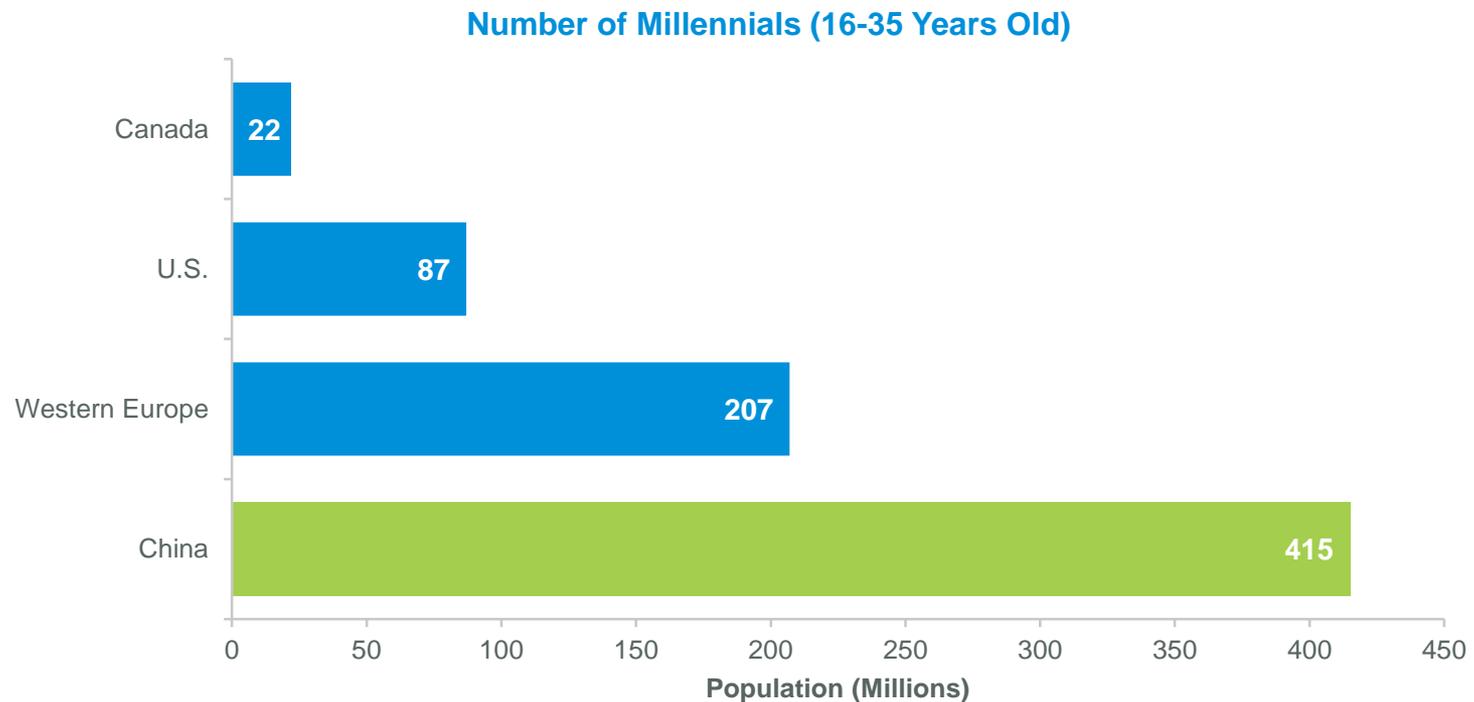
Source: China Federation of Logistics and Purchasing. As of 31 Dec 17
Note: 3-Month Moving Average



Source: Bank for International Settlements, Bloomberg. As of 31 Dec 17

Long-Term Growth Prospects for China

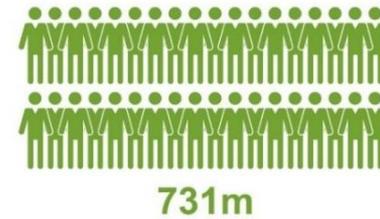
- Number of millennials in China is larger than the working populations of U.S., Canada and Western Europe combined
- More than one-quarter of China's millennials are college graduates
- As 400 million new Chinese people enter the spending class, implications are huge



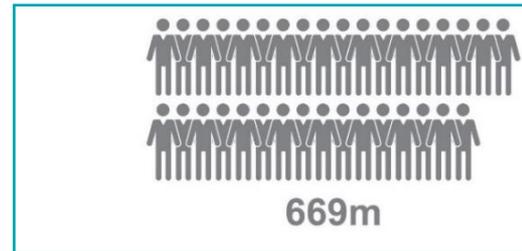
Secular trends bring opportunities



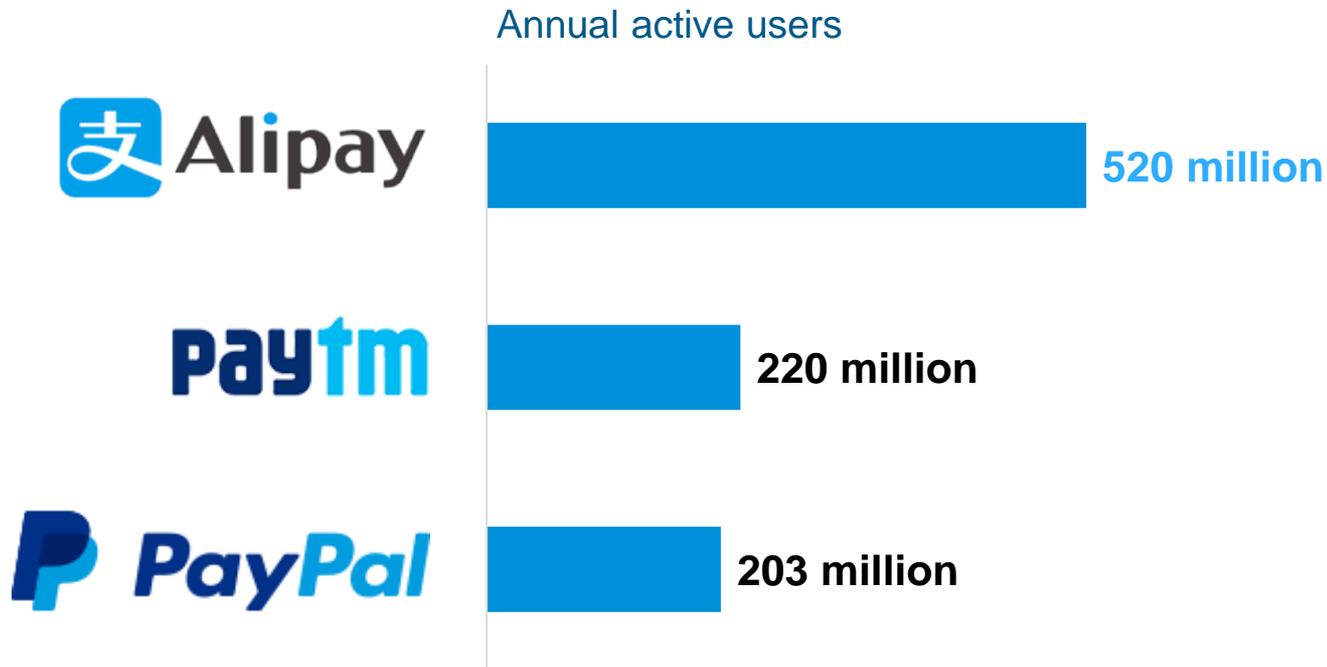
Online population



Offline population

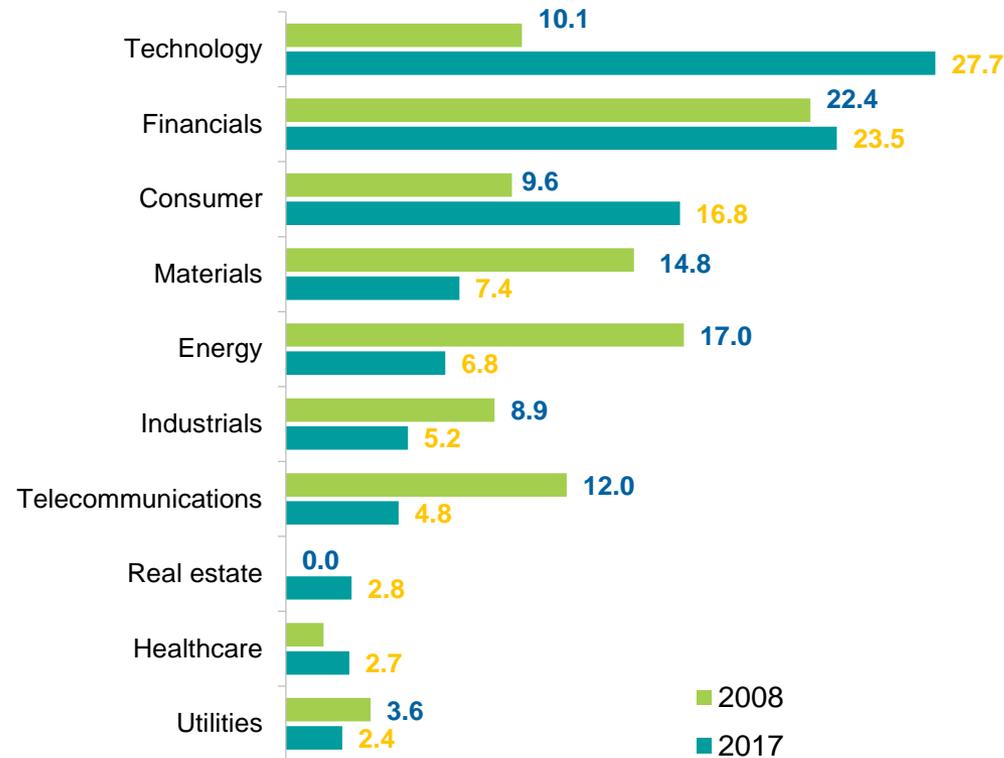


World leaders in innovation



The changing nature of emerging markets

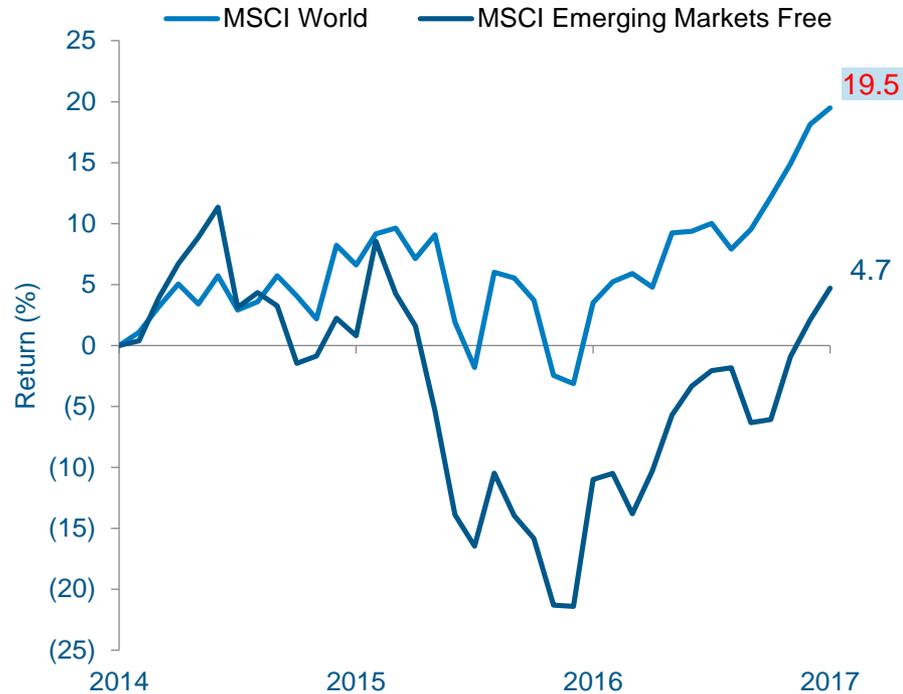
MSCI Emerging Markets Index sector weight comparison



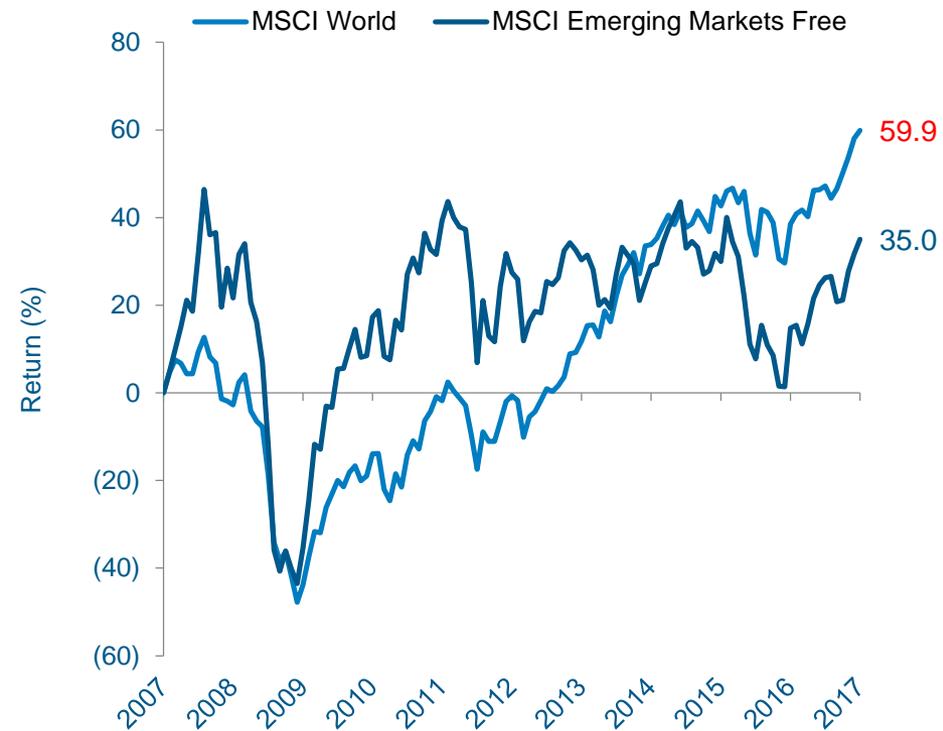
Past performance is not a reliable indicator of future results

Market Performance

Market performance over three years



Market performance over ten years

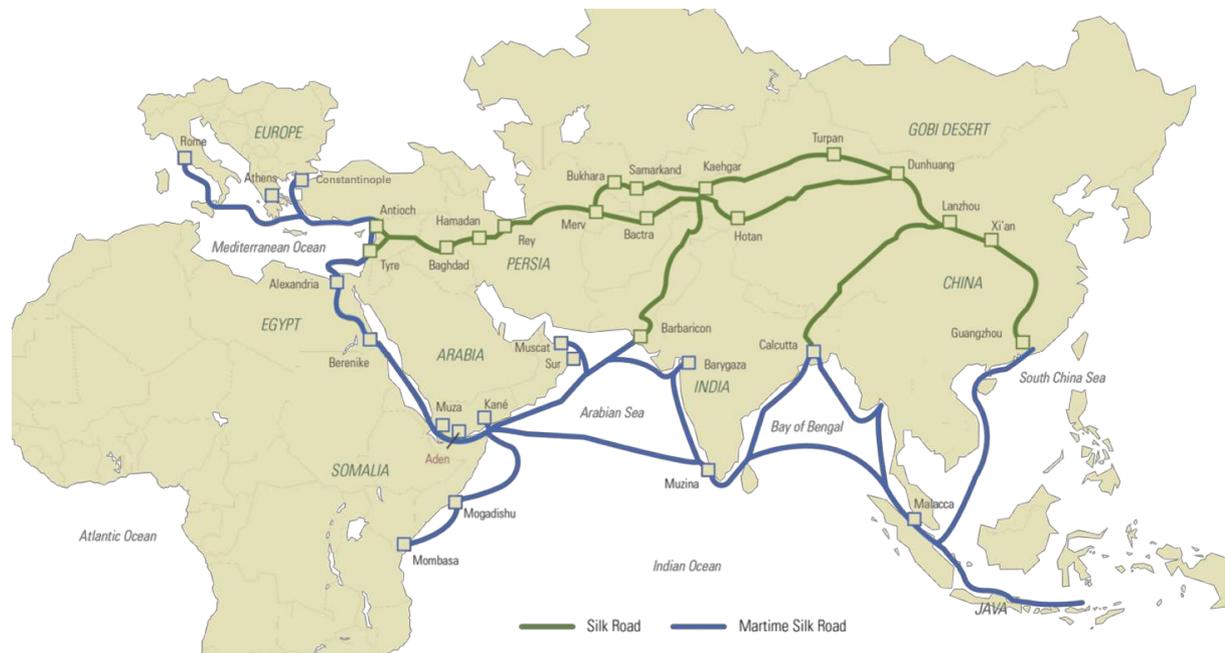


Past performance is not a guide to future returns.

Source: Lipper for Investment Management as at 31 March 2017. Total return indices used and reported in US\$. The figures provided include the re-investment of dividends.

One Belt One Road

The One Belt One Road program (OBOR) is a development strategy proposed by Chinese President Xi Jinping in 2013 that focuses on connectivity and cooperation between Eurasian countries and China through the land-based "Silk Road Economic Belt" (SREB) and the "Maritime Silk Road" (MSR). It's about building infrastructure, mostly around transport and energy: roads, bridges, gas pipelines, ports, railways, and power plants.



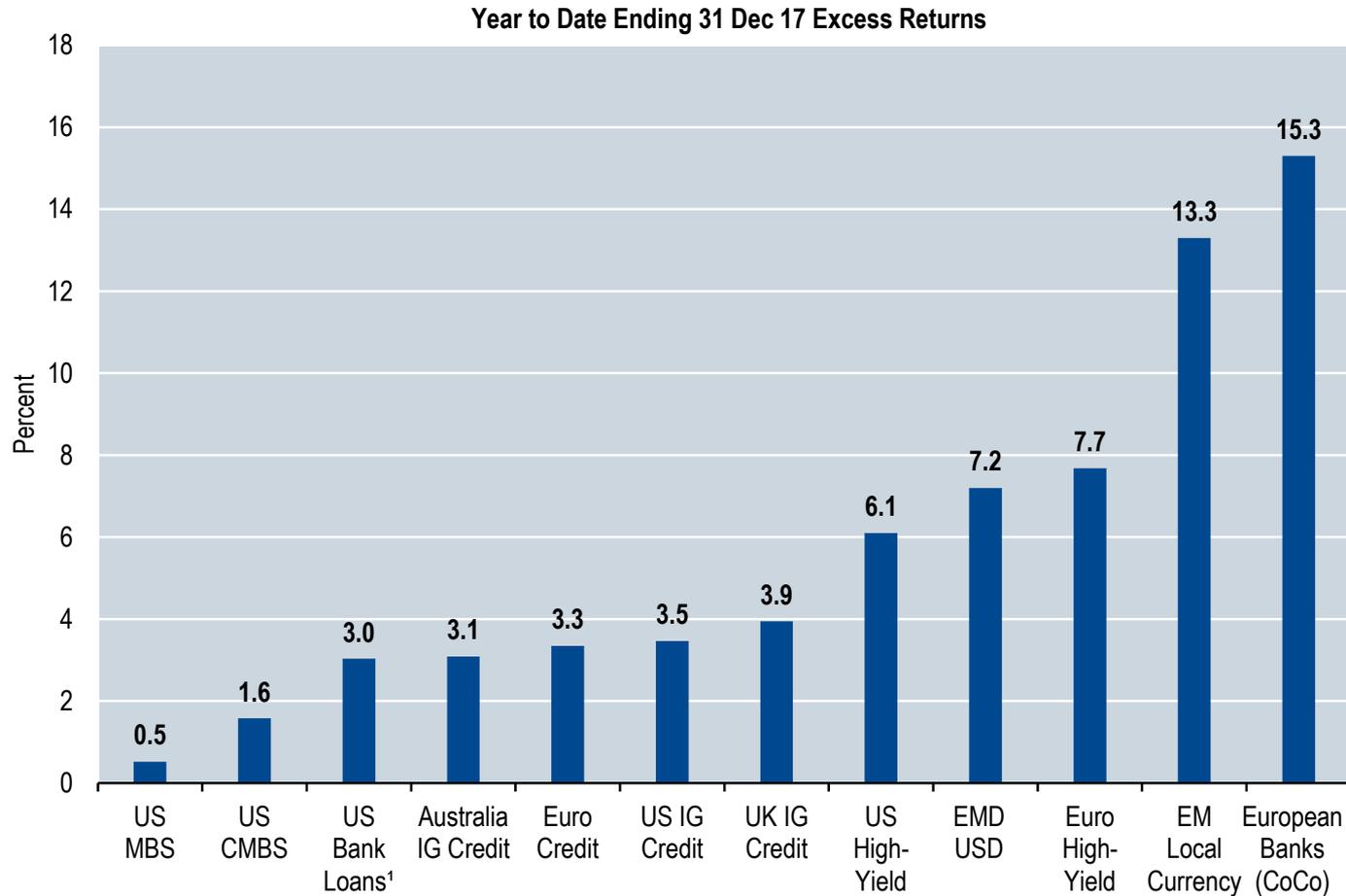
- Involves 65 countries accounting for 62% of the world's population, 40% of world GDP, 75% of global energy resources.
- Anticipated cumulative investment over an uncertain timescale is estimated to be between US\$4 trillion and US\$8 trillion.

Financial Income Investment Outlook

- Global growth and inflation improving from subdued levels
- US growth and inflation aided by fiscal stimulus
- Central banks very cautiously signaling their path to normalization
- Spread credit sectors should outperform but margins are thin
- Emerging markets debt and currencies should provide superior performance

Spread Sectors

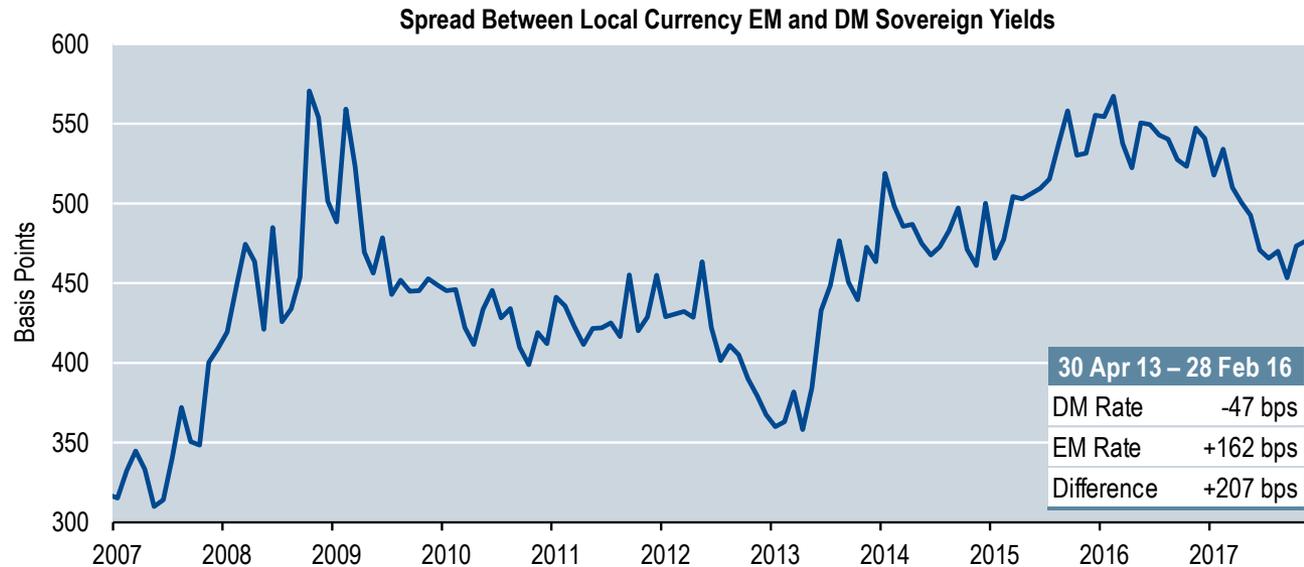
Most spread sectors performed well over the quarter with emerging markets leading the way.



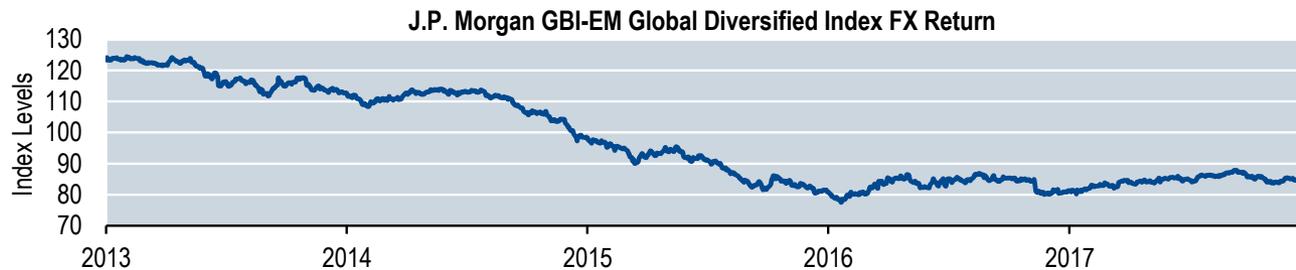
Source: Bloomberg Barclays, J.P. Morgan, Western Asset. As of 31 Dec 17
¹Bank loan excess return vs. 3-Month LIBOR

Emerging Markets

Emerging markets valuations look attractive both on a historical basis and relative to developed markets, particularly given a better global recovery, lower risks in China and commodity stabilization.

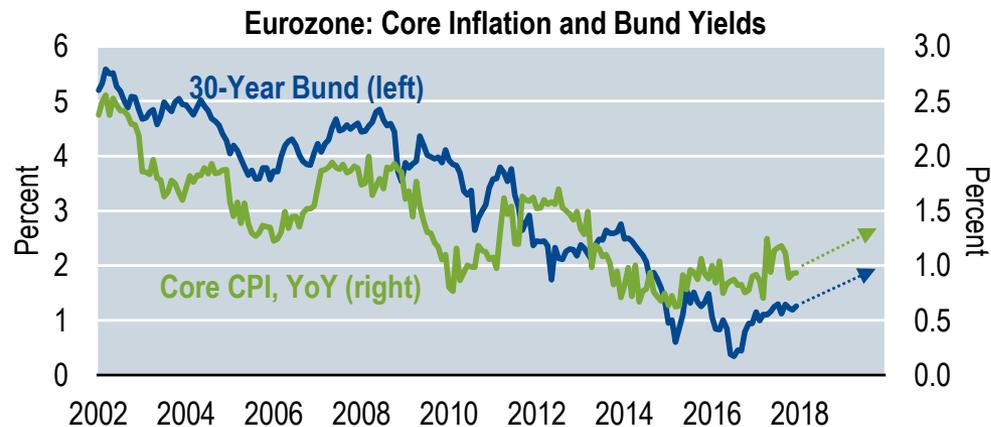


Source: J.P. Morgan. As of 31 Dec 17



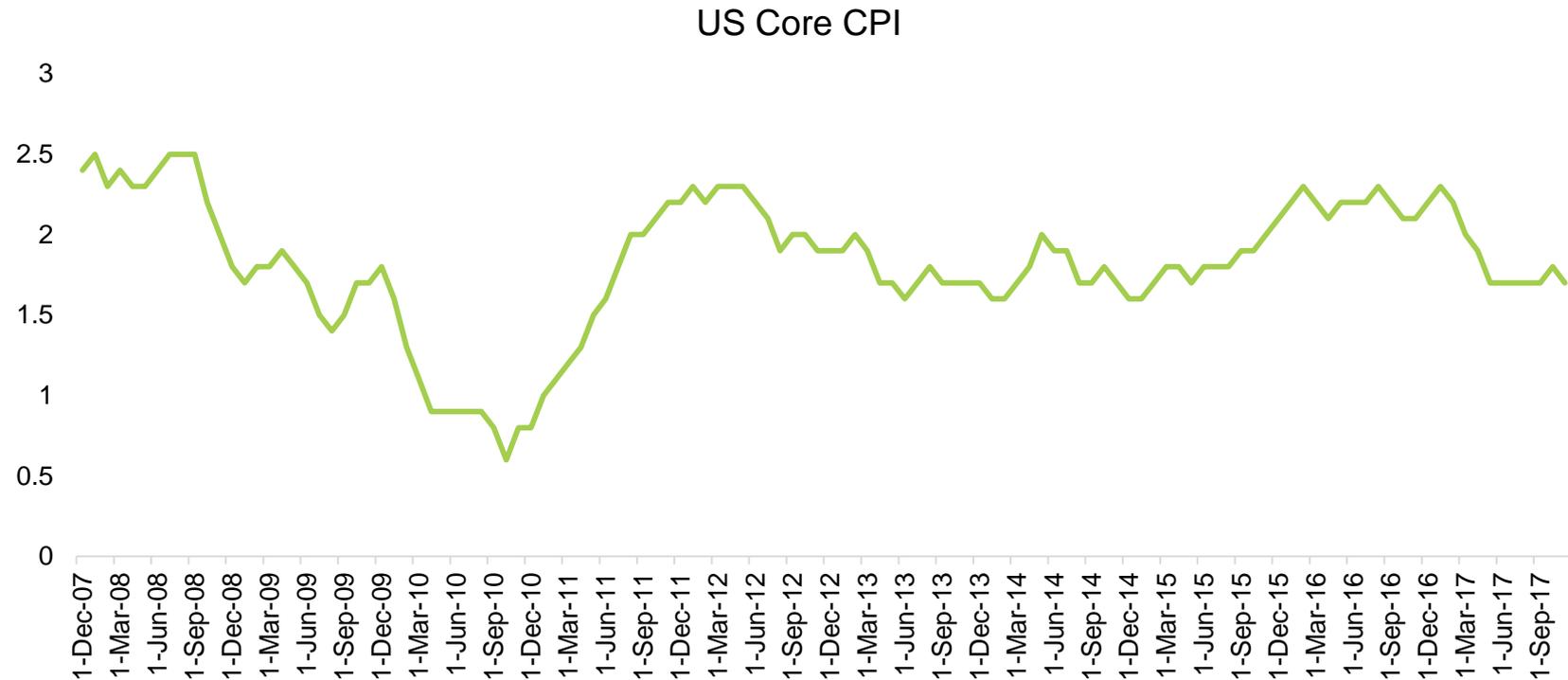
Source: J.P. Morgan, Bloomberg. As of 31 Dec 17

European growth continues to improve but core inflation remains subdued



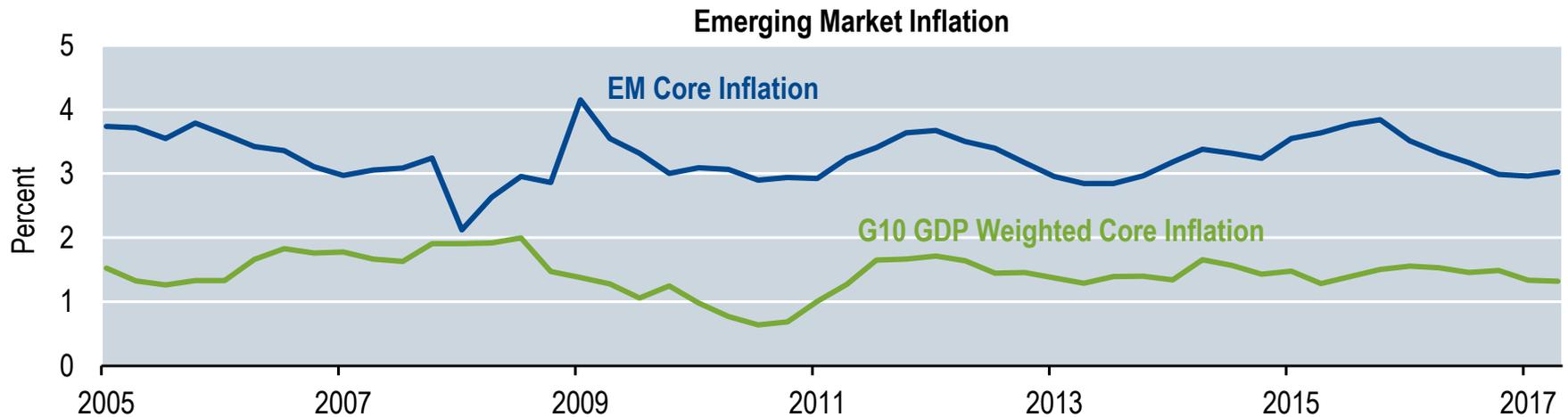
No sign of inflation in US

Absence of price acceleration continues to puzzle



Past performance is not a reliable indicator of future results

Could low inflation actually be “More ingrained and turn out to be permanent”?

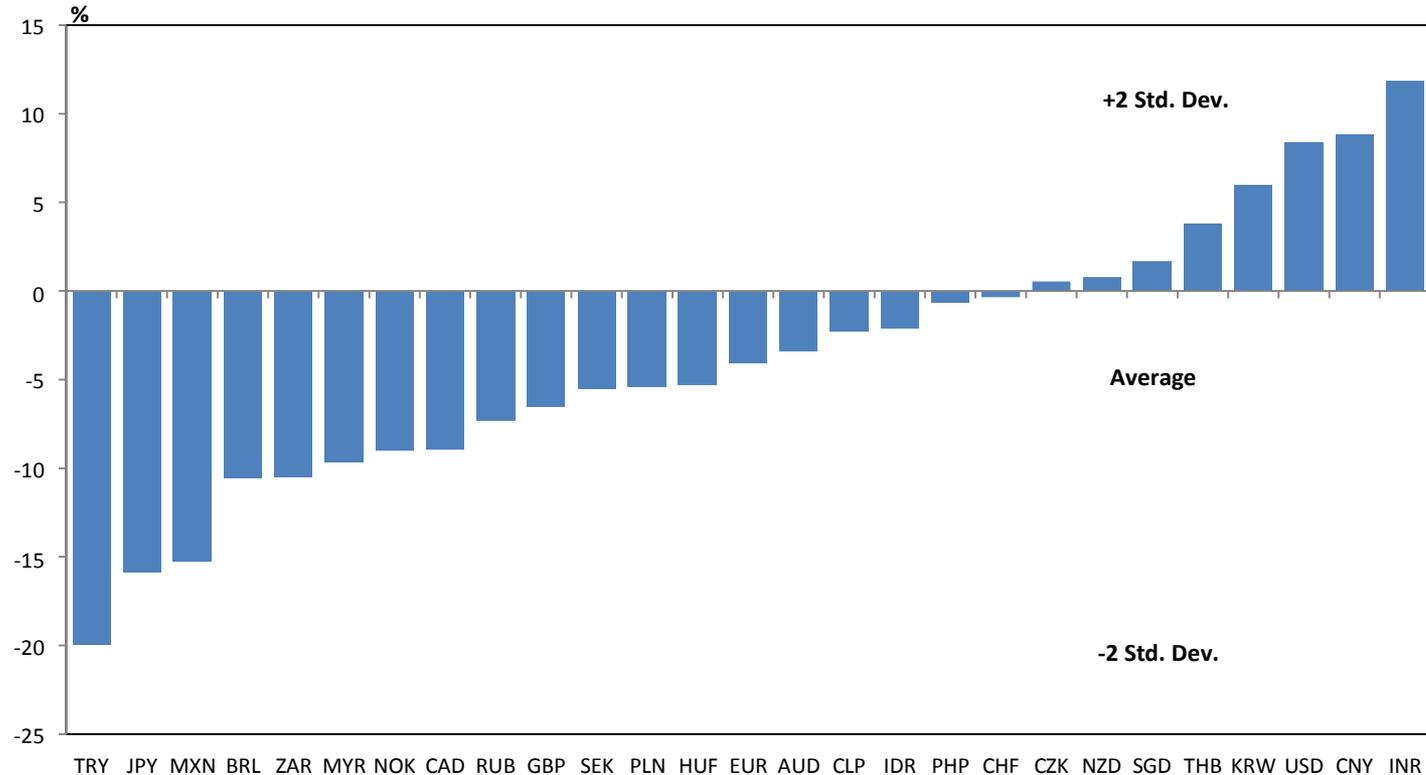


Source: J.P. Morgan. As of 30 Jun 17

- The chart shows a 36-month average of this same core PCE deflator measure. The 36-month average smooths out short-and intermediate-term swings in inflation. It has been nowhere near 2% at any time in the 10 year coverage of this chart. The 36-month averages for 2010 include inflation data back to 2008.

How far are some exchange rates from long term averages?

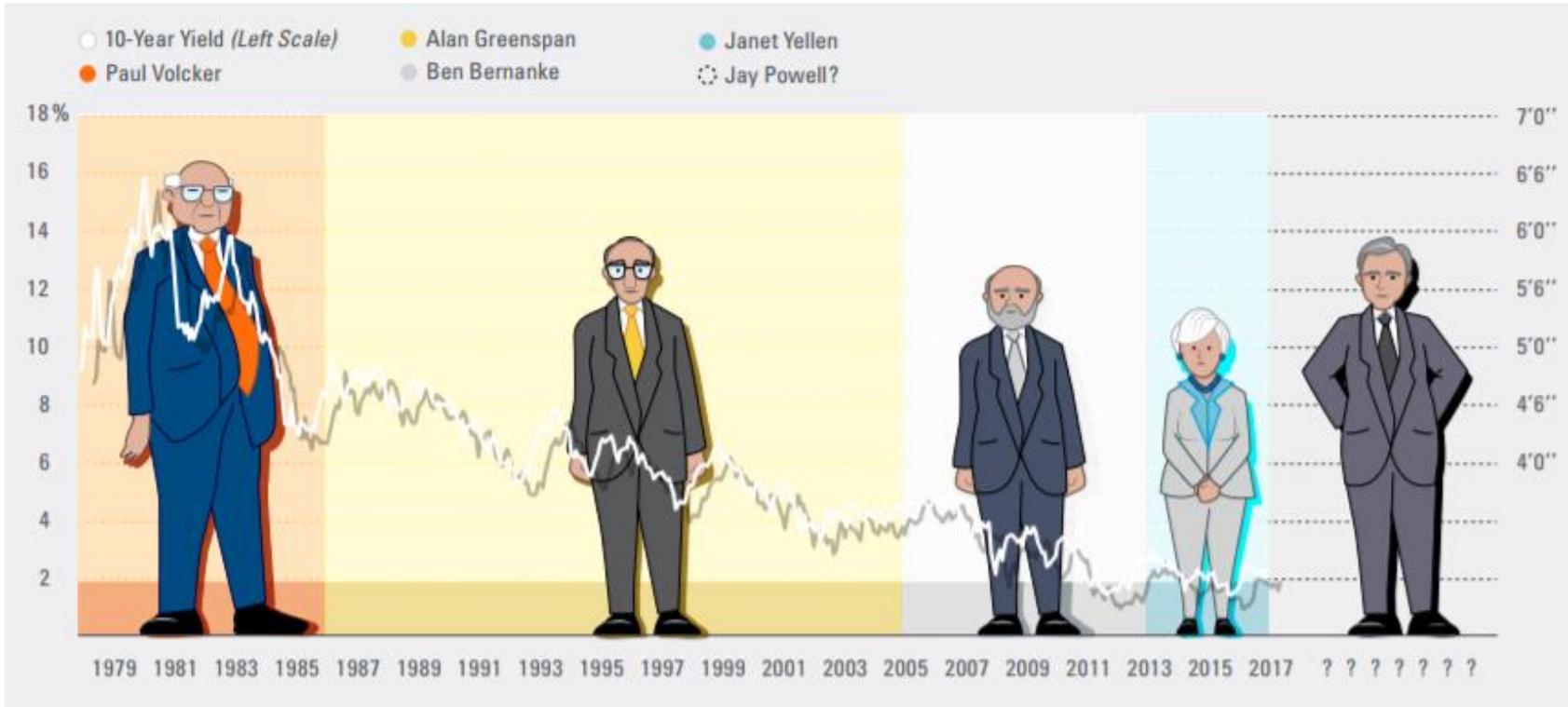
REAL EFFECTIVE EXCHANGE RATE: PERCENTAGE DEVIATION FROM 10-YEAR MA



As of 10/31/2017

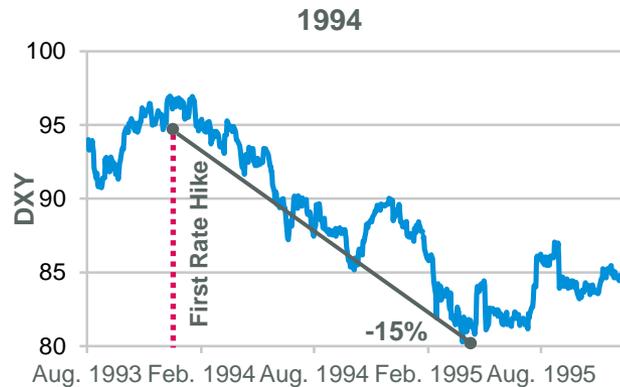
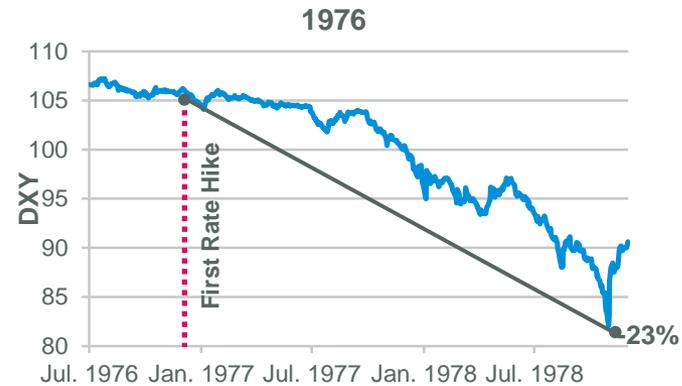
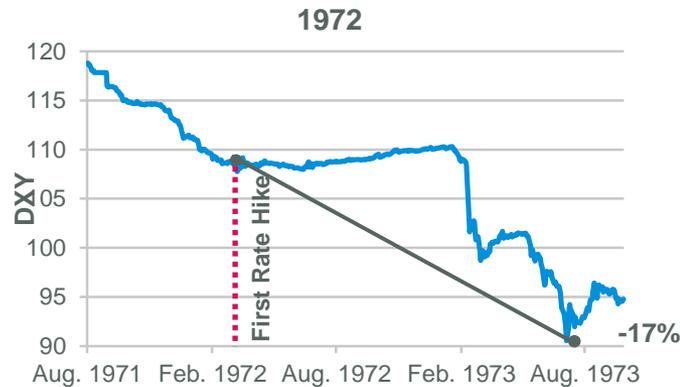
Dollar and yuan look expensive, the Turkish lira and yen cheap

Both the height of the fed chair and rates have fallen over time, could a taller fed chair mean rates rise?

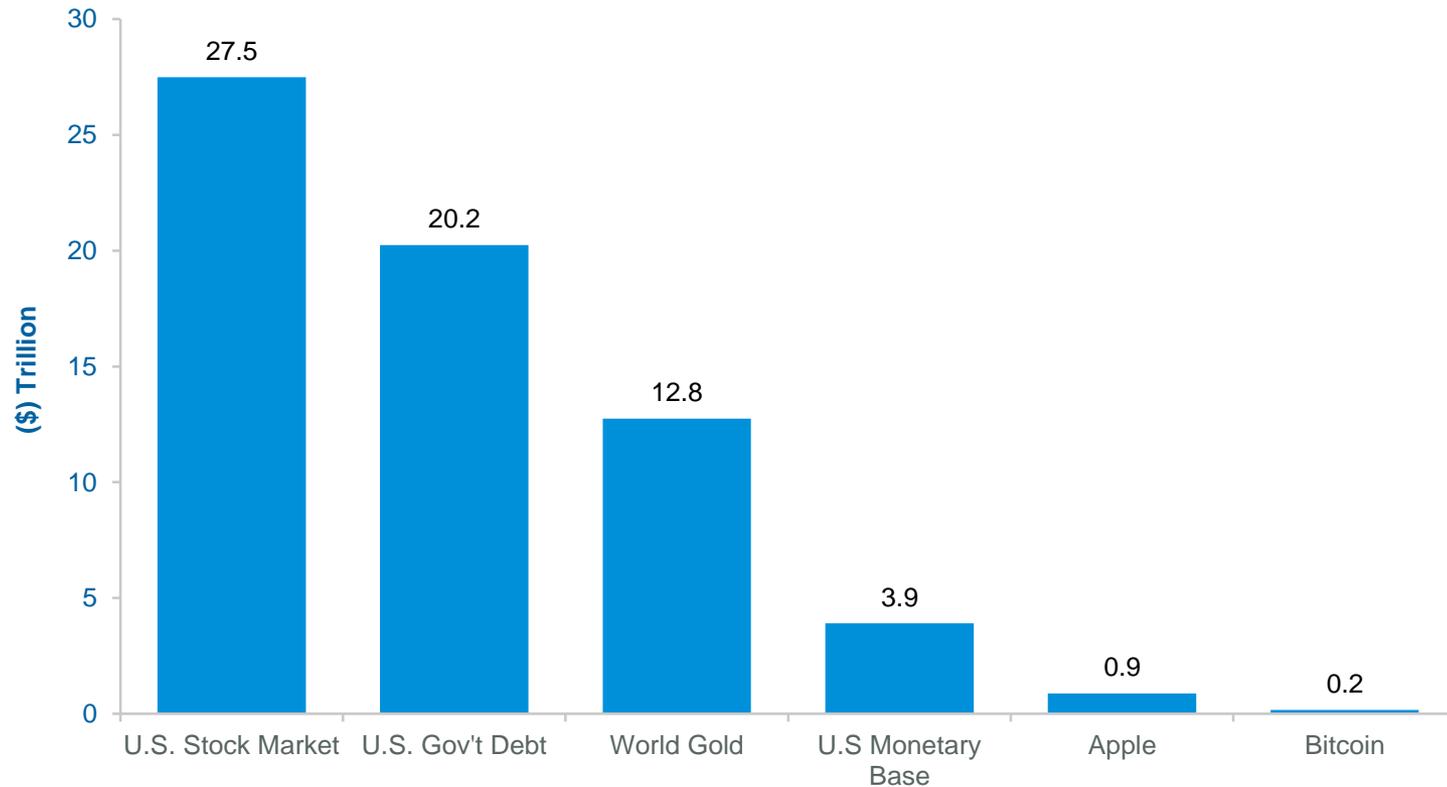


Dollar Might Not Rise

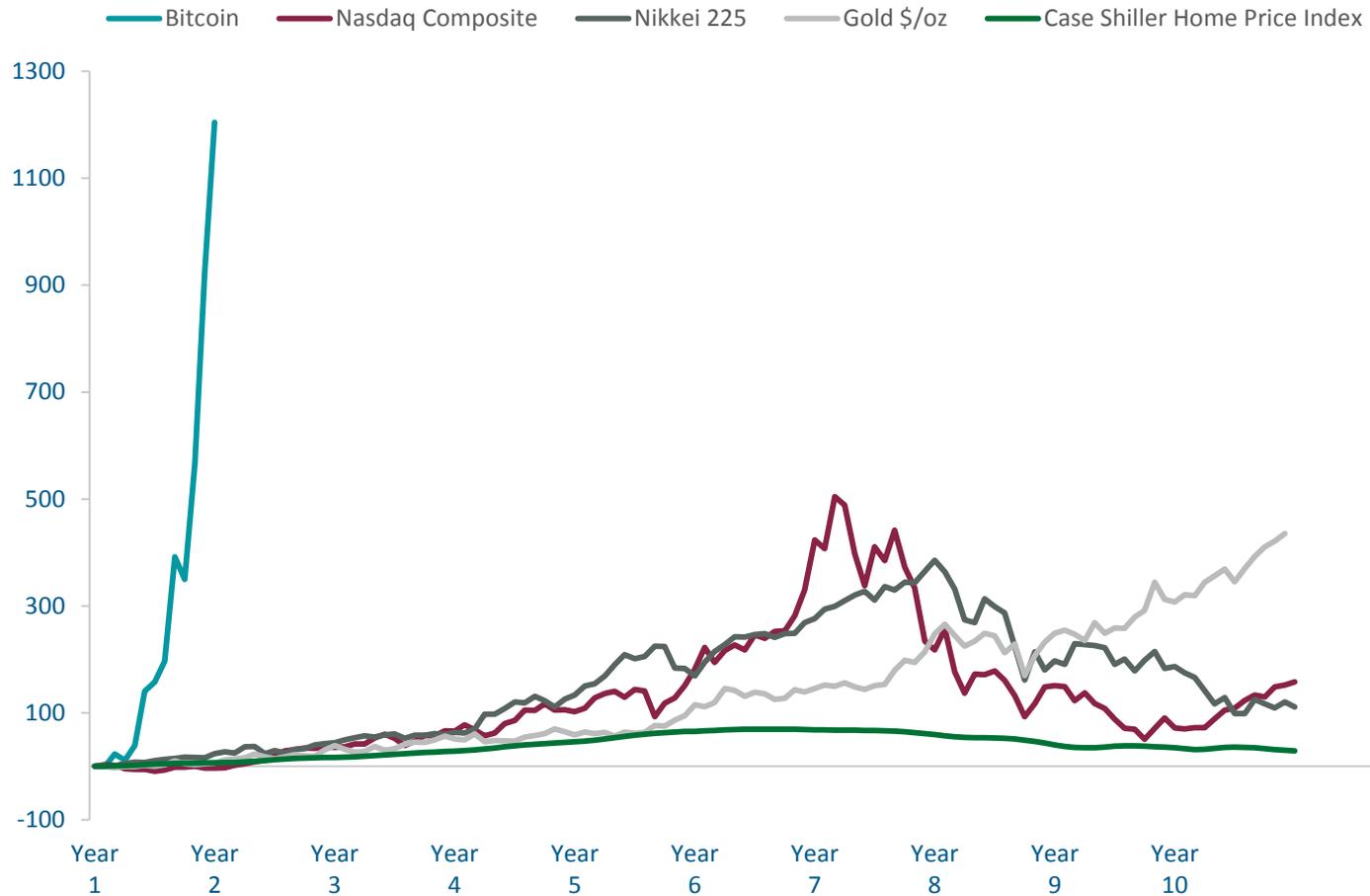
The easy assumption that the dollar will rise with Fed tightening is not validated by history, as in only one of the last seven tightening cycles did the dollar clearly rise (1983). Here are four examples where the dollar declined in a tightening cycle.



Bitcoin's Value is Relatively Small



How does the Bitcoin bubble stack up to history?



Questions?

Fund Risks

Bonds: There is a risk that issuers of bonds held by the fund may not be able to repay the bond or pay the interest due on it, leading to losses for the fund.

Liquidity: In certain circumstances it may be difficult to sell the fund's investments because there may not be enough demand for them in the markets, in which case the fund may not be able to minimise a loss on such investments.

Investment in company shares: The fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Emerging markets investment: The fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Fund currency: Changes in exchange rates between the currencies of investments held by the fund and the fund's base currency may negatively affect the value of an investment and any income received from it.

Interest rates: Changes in interest rates may negatively affect the value of the fund. Typically as Interest rates rise, bond values fall.

Fund counterparties: The fund may suffer losses if the parties that it trades with cannot meet their financial obligations.

Fund operations: The fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

Fund of Funds: The fund is subject to the overall costs, investment objectives or policy changes, performance and investment valuations of the underlying funds in which it invests which could result in a loss to the fund.

Charges from capital: Fees and expenses of this share class may be charged to the capital of the share class rather than its income. This policy will result in an increase in income available for distribution to investors. However, this will forego some of the capital that the share class has available for future investment and potential growth.

Class currency: The value of your investment may fall due to changes in the exchange rate between the currency of your share class and the base currency of the fund.

Income from capital: For this share class a portion of the class's capital may be declared as dividends. This policy may result in higher dividends to investors. However, such higher dividends limit the capital that the share class has available for future investment and potential growth.



Investment Expertise and Choice: Investing in capabilities to solve client needs

Our affiliate line-up provides investors with access to world class investment talent across a breadth of asset classes and investment strategies.



Legg Mason Global Distribution

Global Footprint

- International offices staffed by local professionals
- Fully aligned to local client requirements given location and focus
- Full understanding of local market dynamics and trends impacting our clients at a local level

Location	Sales	Client Service	Marketing	Product
US	●	●	●	●
UK	●	●	●	●
Middle East	●	●	●	
Spain	●	●	●	
Italy	●	●	●	
Germany	●	●	●	
Switzerland	●	●	●	
France	●	●	●	
Benelux	●	●	●	●
Nordics	●	●	●	
Hong Kong	●	●	●	●
Singapore	●	●	●	●
Taiwan	●	●	●	
Japan	●	●	●	●
Australia	●	●	●	●
Miami (covers NRA* and Latin America)	●	●	●	
Chile (covers Latin America)	●			
Brazil	●			

The Multi-asset advantage to customers

Strategic Asset Allocation

Start with a long term view toward asset class returns

