

Media Release

14 March 2017

Zenith gives three Legg Mason bond funds strong ratings

Independent research house Zenith has given strong ratings to three bond funds being offered to the Australian retail market by the multi-affiliate global fund manager Legg Mason.

The newly launched Legg Mason Western Asset Global Bond Fund was rated 'Recommended', the Legg Mason Western Asset Macro Opportunities Fund 'Recommended', and the Legg Mason Brandywine Global Opportunistic Fixed Income Trust got the rating of 'Highly Recommended'. Both Western Asset and Brandywine are 100%-wholly owned affiliates of Legg Mason.

Legg Mason Australia and New Zealand Managing Director Andy Sowerby says, "Zenith's ratings for the three funds is an "excellent outcome" and certainly justifies the decision to "expand our bond offering to the Australian retail market".

"There is a growing awareness among retail investors, especially in a low interest rate environment, about the capacity for bonds to generate income and capture capital appreciation, and the active management underpinning all three funds aims to achieve these two goals."

The Legg Mason Western Asset Global Bond Fund was launched for investors, in December 2016, while the Legg Mason Western Asset Macro Opportunities Fund had a September 2016 start date. The Legg Mason Brandywine Opportunistic Fixed Income Trust has been on offer since March 2011.

For the two Western Asset funds the Zenith research identifies the high quality and experienced investment team as a key factor in their respective ratings.

The team's investment philosophy is to generate returns from diversified resources that are identified through a fundamental, value-based process. As Zenith explains, "through an unconstrained approach, Western Asset Management is permitted flexibility to implement their highest conviction views in areas of the market that are displaying the greatest value, enhancing return generation relative to traditional benchmarks."

In regards to the Legg Mason Western Asset Global Bond Fund, Zenith says: "[It] provides investors with exposure to an actively managed portfolio of global fixed income securities. WAM employs an attractive 'hub and spoke' structure, where a Global Investment Strategy Committee (GISC) provides centralised views on key decisions such as duration, yield curve, sector selection and currencies, while specialist teams are responsible for populating the targeted exposures. In Zenith's opinion, the Fund successfully combines the rigour of WAM's topdown process, yet still allows the portfolio managers sufficient latitude to utilise their trade expression skills with relative value opportunities.

Western Asset, one of the largest fixed income specialists globally, manages \$US8.2 billion in the Legg Mason Western Asset Macro Opportunities Fund at 31 December 2016. With this Fund, Zenith identified its "dynamic nature" that is "expected to have multiple drivers of return through time, and exhibit lower correlations to the traditional fixed income benchmarks.

“The Fund will also seek to generate returns through the active management of yield curve, duration and volatility.”

Zenith described the Legg Mason Brandywine Opportunistic Fixed Income Trust as having a “high conviction, value-driven approach that predominantly seeks to generate returns from global sovereign bonds, as well as currency and credit”.

“Specifically, the Fund seeks to invest in the highest yielding, developed global bonds as well as tactically allocate to credit when spreads are attractive. Currency is also actively managed to both protect and enhance returns.”

“These new Zenith ratings reinforce Legg Mason’s active approach to fixed interest, giving investors a comprehensive range of bond funds to meet their specific investment goals,” said Sowerby.

He added “Our objective is to design and deliver truly differentiated solutions that help clients have the flexibility and control needed to achieve their investment goals. Legg Mason now offers a full range of fixed income solutions including domestic, global and unconstrained strategies that can assist investors meet their investment targets.”

About Legg Mason

Legg Mason is one of the world's largest funds management groups, with a history that dates back to 1899. The firm is listed on the New York Stock Exchange and employs approximately 3,100 employees in 31 offices worldwide. One of Legg Mason’s most distinguishing characteristics is its global multi-affiliate model. Legg Mason provides a global platform and centralised business and distribution support for its nine affiliated fund managers that include: Brandywine, Clarion Partners, ClearBridge, EnTrustPermal, Martin Currie, RARE Infrastructure (in addition to its own domestic distribution), Royce & Associates, QS Investors and Western Asset. Each affiliate operates independently under its own brand and investment process, and is considered an industry expert in its asset class. Legg Mason offers a diverse set of investment solutions across institutional, wealth management and direct investor channels, covering a range of asset classes including Australian equities, global equities, fixed income, real assets, income, alternatives, emerging markets, direct lending and multi-asset products.

- *Established 1899*
- *Head office Baltimore, USA*
- *Funds managed US\$710 billion (as at 31/12/2016)*

About Brandywine Global

Since its founding, Brandywine Global has pursued one investment approach: value investing. Through in-depth research studies and practical experience, the founding partners determined that value-style investing – whether in equity or fixed income markets, domestically or internationally - may provide excellent risk-adjusted returns over full investment cycles.

- *Established 1986*
- *Head office Philadelphia, USA*
- *Funds managed US\$65 billion (as at 31/12/2016)*

About Western Asset Management

Western Asset Management is one of the world's leading fixed income managers. From offices in Pasadena, Hong Kong, London, Melbourne, New York, São Paulo, Singapore, Tokyo and Dubai, the company provides investment services for a wide variety of global clients, across an equally wide variety of mandates. Western Asset's long performance track record and global presence have positioned the company to continue its commitment to excellence in fixed-income investment management and client service. With a focus on long-term fundamental value investing that employs a top-down and bottom-up approach, the firm has nine offices around the globe and deep experience across the range of fixed income sectors.

- *Established 1971*
- *Head office Pasadena, USA*
- *Funds managed US\$425.9 billion (as at 31/12/2016)*

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The Zenith Investment Partners ("Zenith") Australian Financial Services License No. 226872 rating (Legg Mason Legg Mason Brandywine Global Opportunistic Fixed Income Trust assigned March 2017, Legg Mason Western Asset Global Bond Fund, assigned March 2017 and the Legg Mason Western Asset Macro Opportunities Fund, assigned March 2017) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>.