



**FRANKLIN  
TEMPLETON**

**Product Key Facts**  
**Legg Mason Global Funds Plc -**  
**Legg Mason Western Asset US High Yield Fund**

Issuer: Legg Mason Asset Management Hong Kong Limited

Last updated: April 2022

- **This statement provides you with key information about Legg Mason Western Asset US High Yield Fund.**
- **This statement is a part of the offering document.**
- **You should not invest in this product based on this statement alone.**

**QUICK FACTS**

**Manager:** Franklin Templeton International Services S.à r.l.

**Investment Manager (internal delegation):** Western Asset Management Company Limited (located in the UK)

**Sub-Investment Manager (internal delegation):** Western Asset Management Company, LLC (located in the USA)

**Depository:** The Bank of New York Mellon SA/NV, Dublin Branch

**Base Currency:** USD

**Financial Year End of this Fund:** Last day of February

**Dealing Frequency:** Daily

**Ongoing Charges over a Year<sup>#</sup>:**

Class A US\$ Accumulating: 1.40%<sup>1</sup>

Class A US\$ Distributing (D): 1.41%<sup>1</sup>

Class A US\$ Distributing (M) Plus: 1.41%<sup>1</sup>

Class A EUR Accumulating (Hedged): 1.43% (estimated)<sup>2</sup>

Class A EUR Distributing (M) (Hedged) Plus: 1.44% (estimated)<sup>2</sup>

Class A AUD Accumulating (Hedged): 1.43% (estimated)<sup>2</sup>

Class A AUD Distributing (M) (Hedged) Plus: 1.44% (estimated)<sup>2</sup>

Class A HKD Accumulating: 1.40% (estimated)<sup>2</sup>

Class A HKD Distributing (M) Plus: 1.41% (estimated)<sup>3</sup>

Class A NZD Distributing (M) (Hedged) Plus: 1.44% (estimated)<sup>2</sup>

Class A GBP Distributing (M) (Hedged) Plus: 1.44% (estimated)<sup>2</sup>

Class A CAD Distributing (M) (Hedged) Plus: 1.44% (estimated)<sup>2</sup>

<sup>#</sup> The ongoing charges figure is expressed as a percentage of the expenses over the average net asset value of the share class for the corresponding period as described below. This figure may vary from year to year.

<sup>1</sup> This figure is based on the expenses for the 12 month period from 1 September 2020 to 31 August 2021 and the average net asset value of the share class for the corresponding period.

<sup>2</sup> This figure is the Investment Manager's best estimate of the expenses and the average net asset value of the share class over a 12 month period based on information available on another active share class of the Fund with similar fee structure, as this share class is newly established or is yet to be launched.

<sup>3</sup> This figure is the Investment Manager's best estimate of the expenses and the average net asset value of the share class over a 12 month period based on information available on another active share class of the Fund with similar fee structure, as this share class was fully redeemed.

**Dividend Policy:**

For Class A Distributing (M) Share Classes\* – any dividends will be declared and paid monthly

For Class A Distributing (D) Share Classes – any dividends will be declared daily and paid monthly

No distributions will be made for Class A Accumulating Share Classes

\* Distributing Plus Share Classes available within this Fund may, at the discretion of the Directors of Legg Mason Global Funds Plc, pay dividends out of capital. Such distribution will result in a corresponding immediate decrease in the net asset value per share of the Distributing Plus Share Classes.

**Minimum Investment:**

Class A US\$ – US\$ 1,000 (Initial)

Class A EUR – EUR 1,000 (Initial)

Class A AUD – AUD 1,000 (Initial)

Class A HKD – HKD 8,000 (Initial)

Class A NZD – NZD 1,000 (Initial)

Class A GBP – GBP 1,000 (Initial)

Class A CAD – CAD 1,000 (Initial)

There is no minimum for subsequent investment.



## WHAT IS THIS PRODUCT?

Legg Mason Western Asset US High Yield Fund (the “Fund”) is a sub-fund of Legg Mason Global Funds Plc, which is constituted in the form of a mutual fund. It is domiciled in Ireland and its home regulator is Central Bank of Ireland.

## OBJECTIVE AND INVESTMENT STRATEGY

**Objective:** The Fund seeks to provide a high level of current income.

**Strategy:** The Fund will invest in at least 70% of its net asset value in the following types of high-yielding debt securities and instruments of US issuers (either directly or indirectly via investment in other collective investment schemes that primarily invest in such securities, subject to restrictions herein) that are denominated in US Dollars and that are listed or traded on regulated markets: (i) corporate debt securities and instruments; (ii) structured notes whose underlying exposure may be to fixed income securities; and (iii) mortgage-backed and asset-backed securities that are structured as debt securities; provided that at least two-thirds of the Fund’s net asset value is invested in non-convertible debt securities.

Higher yields are generally available from securities rated below Investment Grade, or unrated securities of equivalent quality. The Fund may invest in debt securities rated as low as D by S&P or the equivalent by another nationally recognised statistical rating organisation (“NRSRO”).

The Fund’s remaining assets may be held in debt securities listed or traded on regulated markets that are rated above BB+ by S&P or the equivalent by another NRSRO, or unrated securities deemed by the Investment Manager and Sub-Investment Manager (collectively, “Western Asset”) to be of equivalent quality, cash or short term money market instruments with remaining maturities of 13 months or less, equity securities (not more than 10% of the Fund’s net asset value) (including warrants and preferred shares), unsecuritised participations in or assignments of floating rate mortgages or other commercial loans, high-yielding corporate debt securities of non-US Issuers located in developed countries and emerging market countries (up to 20% of the Fund’s net asset value, provided that such debt securities are denominated in US Dollars and such issuers are domiciled in or have their principal activities located in OECD member countries), convertible debt securities, other collective investment schemes and other investments.

At least 95% of the Fund’s net asset value will be denominated in US Dollars.

The Fund may invest up to 30% of its net asset value in (i) Additional Tier 1 capital, Tier 2 capital and senior non-preferred debt instruments; (ii) contingent convertible securities and (iii) bail-in bonds that have contingent write down or loss absorption features.

The Fund may have exposure to reverse repurchase agreements for efficient portfolio management purposes and subject to the requirements of the Central Bank.

## USE OF DERIVATIVES/ INVESTMENT IN DERIVATIVES:

The Fund’s net derivative exposure<sup>1</sup> may be up to 50% of the Fund’s net asset value.

<sup>1</sup> Please refer to the offering document for details regarding the calculation methodology of net derivative exposure.

## WHAT ARE THE KEY RISKS?

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

- **Debt Securities Risk:** Investments in debt securities are subject to risks such as credit risk, market risk, liquidity risk, interest rate risk, valuation risk and pricing volatility, which may cause substantial losses to the Fund. The prices of debt securities fluctuate in response to perceptions of the issuer’s creditworthiness and also tend to vary inversely with market interest rates. Generally, and in the absence of hedging measures, the longer the average weighted duration of a fund, the greater the sensitivity to interest rates. Investment Grade securities may be subject to the risk of being downgraded to below Investment Grade. 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.
- **Risk of Government Securities:** Government-issued debt securities are sensitive to changes in macro policy and associated interest rate trends, political and economic instability, social unrest and potentially default. Not all government debt securities



are backed by the full faith and credit of the relevant government. Some are backed only by the credit of the issuing agency, instrumentality or sponsored entity, although they may be implicitly guaranteed by the relevant government. There is a chance of default on all government securities, particularly those not backed by the full faith and credit of the relevant government.

- **Risk related to below investment grade / unrated securities:** 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 exposures to adverse conditions affecting the issuer. Unrated debt securities are not necessarily of lower quality than rated securities, however, they may not be attractive to as many buyers hence may be less liquid and with higher risks. The Fund may be invested in 'below investment grade' and/or unrated debt securities, which carry a higher degree of pricing volatility, market risk, liquidity risk and default risk than 'investment grade' debt securities. When any such risk materialises, the Fund may suffer a substantial loss.
- **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.
- **Credit Risk:** The Fund's investment in debt securities expose the Fund 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 the security will suffer because investors believe the issuer is less able to pay. Ratings are only the opinions of the agencies issuing them. Such ratings are relative and subjective, and are not absolute standards of quality. The credit rating agency may change their ratings on particular debt securities held by the Fund, and downgrades are likely to adversely affect the price hence the Fund may suffer a substantial loss.
- **Liquidity Risk:** 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 sell or liquidate such investments or to sell them at a significant discount to the purchase price hence the Fund may suffer a substantial loss.
- **Concentration Risk:** This Fund may select fewer securities, countries or regions in which to invest and this concentration carries more risk than funds investing in a larger number of securities, countries or regions. This can increase the volatility of the Fund than that of a fund having a more diverse portfolio of investments and risk of loss to the Fund.
- **Mortgage-Backed Securities and Asset-Backed Securities Risk:** The Fund invests in mortgaged-backed securities (including collateralized debt obligations) and asset-backed securities which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.
- **Derivatives Risks:** This Fund may use certain types of financial derivative instruments (FDIs). These instruments may involve a higher degree of risk including but not limited to counterparty, volatility, liquidity, leverage and valuation risks, and the Fund may suffer a substantial loss. There is no guarantee that the performance of FDIs will result in a positive effect to the Fund.
- **US Markets Risk:** This Fund invests primarily in the United States, which means that it is more sensitive to local economic, market, political or regulatory events in the United States, and will be more affected by these events than other funds that invest in a broader range of regions.
- **Currency Risk:** Fluctuations in exchange rates between the currency of the underlying securities and the Fund's base currency may adversely affect the value of an investment and any income derived from it. In addition, 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. With respect to any share class with "(Hedged)" in its name, the Fund will attempt to hedge the currency risk between the base currency of the Fund and the currency of the share class, although there can be no guarantee that it 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 and/or the currencies that are significant to the Fund's investment strategy, as applicable. Any hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, may involve certain other risks, including the risk of a default by a

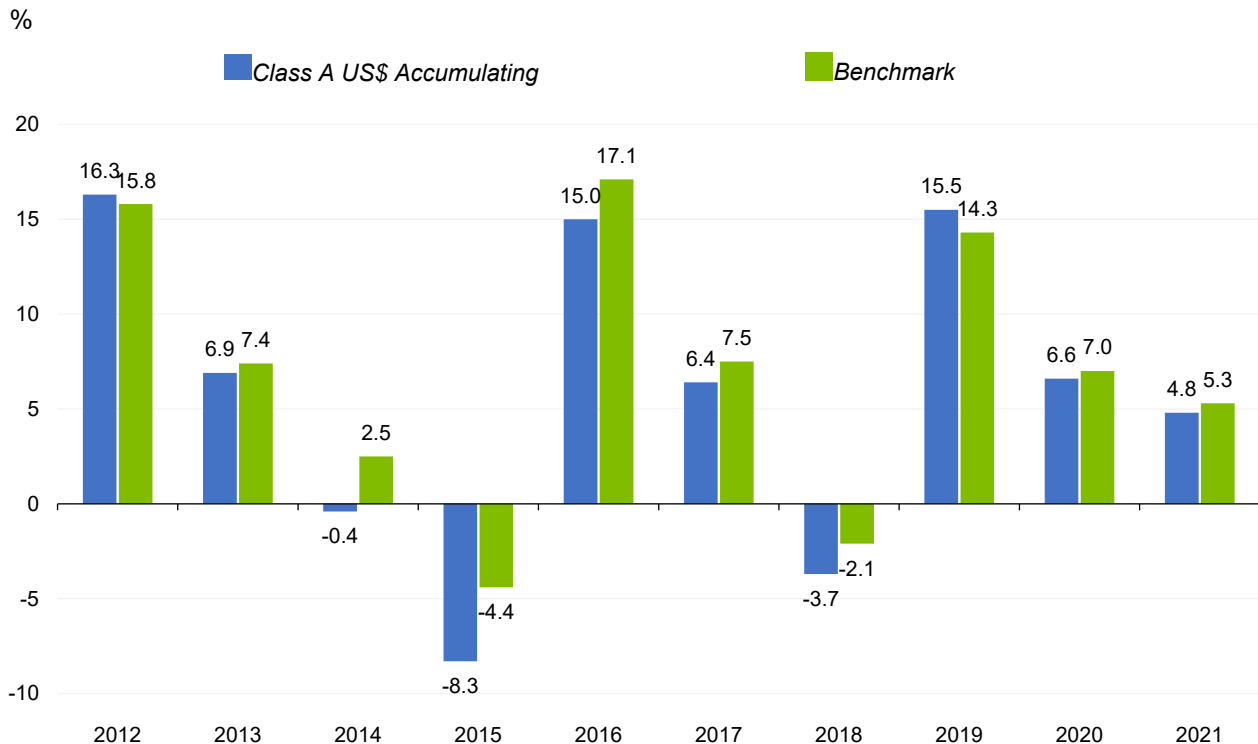


counterparty, and the risk that the Fund's forecast with respect to currency movements is incorrect. If the abovementioned hedging transactions become ineffective, the Fund may suffer a substantial loss.

- **Risk of Investing in Distributing Plus Share Classes:** Distributing Plus share classes may pay dividends out of capital. The payment of dividends out of capital effectively amounts to a return or withdrawal of an investor's original capital investment or of capital gains attributable to that original investment. Such distribution will result in a corresponding immediate decrease in the net asset value per share of the Share Classes. There is also an increased risk that on a redemption, you may not receive back the full amount invested. The distribution amount and net asset value of the Distributing (Hedged) Plus Share Class may be adversely affected by differences in the interest rates of the reference currency of the Distributing (Hedged) Plus Share Class and the Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other Share Classes.
- **Investment Risk:** The value of investments in the Fund and the income from them can go down as well as up, and investors may not get back the amount originally invested and may suffer a substantial loss to their investments. Past performance is no guide to future returns and may not be repeated. There is no guarantee of the repayment of principal.
- **Risk of investing in instruments with loss-absorption features:** The Fund may invest in debt instruments that have contingent write down or loss absorption features. Such instruments may be written-off fully or partially or converted to common stock on the occurrence of a trigger event. These instruments generally absorb losses in a trigger event, for example, where the issuer's capital falls below a certain level, and may be compulsorily redeemed as a result which may be out of the issuer's control. Such trigger events are complex and hard to predict, and may potentially lead to losses to the Fund. The Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The Fund may also invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.



## HOW HAS THE FUND PERFORMED?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Class A US\$ Accumulating\* increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 2004.
- Class A US\$ Accumulating\* launch date: 2007.
- The benchmark of the Fund is Bloomberg US Corporate High Yield, 2% Issuer Cap Index (formerly known as Bloomberg Barclays US Corporate High Yield, 2% Issuer Cap Index / Barclays US Corporate High Yield, 2% Issuer Cap Index).

\* This share class is a representative share class of the Fund as it represents the total return on the Fund's investment strategy and is the most widely available share class in Hong Kong.

## IS THERE ANY GUARANTEE?

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

## WHAT ARE THE FEES AND CHARGES?

### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Fund:

| Fees in respect of each Class A Share Class    | What you pay                             |
|--|--|
| <b>Subscription Fee (Initial Sales Charge)</b> | Up to 5.00% of the amount you subscribed |
| <b>Switching Fee</b>                           | Not applicable                           |
| <b>Redemption Fee</b>                          | Not applicable                           |

### Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments:

| Expenses in respect of each Class A Share Class*  | Annual rate (as a % of the Fund's NAV) |
|---|--|
| <b>Management Fee</b>                             | Up to 1.15%                            |
| <b>Combined Administration and Depositary Fee</b> | Up to 0.15%                            |
| <b>Performance Fee</b>                            | Not applicable                         |
| <b>Shareholder Servicing Fee</b>                  | Up to 0.15%                            |

\* For Hedged Share Classes, (i) the Currency Administrator is entitled to receive fees for hedging administration services (currently charged at 0.04% per annum of the value of the hedging transactions), which shall be borne exclusively by the relevant Hedged Share Class; and (ii) the Collateral Manager is entitled to receive fees for its collateral management services in relation to currency hedging (such fees not exceeding GBP 340 per month for the Fund), which shall be charged only to the relevant Hedged Share Classes.

### Other fees

You may have to pay other fees when dealing in the shares of the Fund.

## ADDITIONAL INFORMATION

- You generally buy and redeem shares at the Fund's next-determined net asset value (NAV) after the authorised dealer or sub-distributor receives your request in good order on or before 4:00 p.m. in New York (EST) on any relevant dealing day. Certain dealer or sub-distributors may impose a deadline for receipt of orders that is earlier than this.
- The NAV of this Fund is calculated on each dealing day and published no later than the second business day immediately succeeding each dealing day on [www.leggmason.com.hk](http://www.leggmason.com.hk).
- In respect of Distributing Plus Share Classes, the composition of dividend payouts (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Hong Kong Representative on request and on our website, [www.leggmason.com.hk](http://www.leggmason.com.hk).
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from our website, [www.leggmason.com.hk](http://www.leggmason.com.hk).

## IMPORTANT

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.