



Legg Mason Permal Global Absolute Fund (the “ILP Sub-Fund”)

This Fund Summary should be read in conjunction with the Product Summary

Information on the Investment Manager and Sub-Investment Advisors

The Investment Manager

Legg Mason Investments (Europe) Limited has been appointed as the investment manager. Legg Mason Investments (Europe) Limited has been managing collective investment schemes or discretionary funds in the United Kingdom since 1993. Legg Mason Investments (Europe) Limited is organised under the laws of England and is authorised and regulated by the Financial Services 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\$643.3 billion in assets under management as of 31 March 2012.

The Sub-Investment Advisors

The sub-investment advisors of the Legg Mason Permal Global Absolute Fund (“LMPGAF” or “The underlying Sub-Fund”) is Permal Investment Management Services Limited and Legg Mason Global Asset Allocation, LLC (“the “Sub-Investment Advisors”). The ILP sub-fund is a feeder fund investing all or substantially all of its assets in the underlying LMPGAF.

Permal Investment Management Services Limited is incorporated under the laws of England and Wales and is regulated by the Financial Services Authority in the United Kingdom. It is a member of the Permal Group and is owned indirectly by Permal Group Ltd., a holding company which itself is an indirect subsidiary of Legg Mason. The Permal Group is one of the largest fund-of-funds investment firms in the world, with approximately US\$20 billion in assets under management as of 31 December 2011.

Legg Mason Global Asset Allocation, LLC (“LMGAA”) is a limited liability company organised under the laws of the State of Delaware, US and is a direct subsidiary of Legg Mason. It is registered as an investment adviser in the United States with the SEC. Legg Mason Global Asset Allocation, LLC has been managing collective investment schemes since October 2006 and as of 31 December 2011, had approximately US\$0.52 billion in total assets under management.

Each Sub-Investment Advisor may appoint at its own costs and expenses, one or more sub-investment advisors for the purposes of assisting it with carrying out its duties and responsibilities as sub-investment advisor in accordance with the requirements of the Financial Regulator Notices.

Other Parties

The Singapore Representative

Legg Mason Asset Management Singapore Pte. Limited has been appointed to act as the underlying Sub-Fund’s local agent in Singapore to accept service of process on behalf of the underlying Sub-Fund.

Legg Mason Asset Management Singapore Pte. Limited has also been appointed as the representative for the underlying Sub-Fund in Singapore (the “Singapore Representative”) for the purposes of performing administrative and other related functions relating to the offer of Shares under Section 287 of the Securities and Futures Act, which includes maintaining for inspection in Singapore a subsidiary register of shareholders who subscribed for or purchased their Shares in Singapore (or any other facility that enables the inspection or extraction of the equivalent information), which shall be open to the inspection of the public (free of charge) during usual business hours of the Singapore Representative at its business address. The business office of the Singapore Representative is at 1 George Street, #23-02, Singapore 049145.

The Shareholder Servicing Agents

Legg Mason Investments (Europe) Limited, Legg Mason Investor Services, LLC, Legg Mason Asset Management Hong Kong Limited, Legg Mason Asset Management Singapore Pte. Limited and Legg Mason Investments (Taiwan) Limited are appointed as Shareholder Servicing Agents.

The Shareholder Servicing Agents are affiliated with each other because all are wholly-owned subsidiaries of Legg Mason. Further details on each of the Shareholder Servicing Agents as well as a summary of the services provided by the Shareholder Servicing Agents to the Funds and their shareholders are set out under the heading “THE SHAREHOLDER SERVICING AGENTS” in the “MANAGEMENT AND ADMINISTRATION” section of the Legg Mason Global Funds Plc Prospectus.

The Administrator

BNY Mellon Investment Servicing (International) Limited (*formerly known as PNC Global Investment Servicing (Europe) Limited*)(the “**Administrator**”), a private limited liability company incorporated in Ireland on 19 August 1993, has been appointed to act as its administrator, registrar and transfer agent.

The Administrator is an indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation. Further details on the Administrator are set out under the heading “THE ADMINISTRATOR” in the “MANAGEMENT AND ADMINISTRATION” section of the Legg Mason Global Funds Plc Prospectus.

The Custodian

BNY Mellon Trust Company (Ireland) Limited (the “**Custodian**”) has been appointed to act as the custodian.

The Custodian is a wholly-owned indirect subsidiary of The Bank of New York Mellon Corporation. Further details on the Custodian and a summary of the custodian agreement are set out under the heading “THE CUSTODIAN” in the “MANAGEMENT AND ADMINISTRATION” section and under the heading “MATERIAL CONTRACTS” in the “GENERAL” section of the Legg Mason Global Funds Plc Prospectus.

Structure of ILP Sub-Fund

The ILP sub-fund is a feeder fund investing all or substantially all of its assets in the underlying Sub-Fund, which in turn is a sub-fund of Dublin-domiciled Legg Mason Global Funds Public Limited Company (“LMGF Plc”).

The LMGF Plc is an open-ended investment company, with variable capital, incorporated on 13 January 1998 under the laws of Ireland as a public limited company, and authorised by the Irish Financial Services Regulatory Authority (the “Financial Regulator”) as a UCITS under the Regulations.

The LMGF Plc is organised in the form of an umbrella fund with segregated liability between sub-funds and comprises separate sub-funds, each representing interests in a defined portfolio of assets and liabilities, which may be established from time to time with the prior approval of the Financial Regulator. Each sub-fund may further be divided into separate Classes of Shares.

Investment Objectives, Focus & Approach

Investment Objective and Policies of LMPGAF

The Legg Mason Permal Global Absolute Fund’s investment objective is to generate absolute returns over the medium-term through a macro style investment process.

The underlying Sub-Fund will invest primarily in other open-ended collective investment schemes within the meaning of Regulation 45(e) of the UCITS Regulations and transferable securities listed or traded on Regulated Markets (including closed-ended funds, real estate investment trusts (“REITs”), debt securities, equity securities and equity-related securities (such as depositary receipts, notes and certificates that are tied to the performance of a single equity, a basket of equities or equity indices)) and financial derivative instruments.

In acting as Sub-Investment Advisor for the underlying Sub-Fund, Permal Investment Management Services Limited (“Permal”) incorporates a three-stage, ongoing investment process, combining Permal’s top-down and bottom-up views with quantitative and qualitative practices. The first stage is quantitative, with the Permal Risk Team performing a quantitative analysis of the recent past performance of asset classes, regions and strategies, as well as particular assets. The second stage is qualitative, with Permal’s Investment Committee developing the forward-looking, top-down macroeconomic overview, deciding which are the most attractive asset classes, regions and strategies. The third stage is a bottom-up approach, with Permal’s portfolio managers translating the findings and views reached in the first two stages into a portfolio of eligible investments. LMGAA will allocate and re-allocate the assets of the underlying Sub-Fund in accordance with Permal’s portfolio investment decisions.

The debt securities in which the underlying Sub-Fund may invest shall include debt securities issued or guaranteed by national governments, their agencies, instrumentalities, and political sub-divisions that are listed or traded on Regulated Markets; corporate debt securities, 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; certain types of structured products such as equity-linked notes and index and participation notes; and mortgage-backed and asset-backed securities. The underlying Sub-Fund may invest without limit in debt securities (including high yield securities) that are rated below Investment Grade or are unrated. 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. In addition, the underlying Sub-Fund may invest in securities of companies in the form of Depositary Receipts that are listed or traded on Regulated Markets in Europe, the United States, and Asia (including Japan). The underlying Sub-Fund may invest in securities listed or traded on Regulated Markets located anywhere in the world, including Emerging Market Countries.

The underlying Sub-Fund may have exposure to China “A” shares indirectly via investments in other collective investment schemes that invest in China “A” shares, structured notes, participation notes, equity-linked notes, similar financial instruments and derivative instruments where the underlying assets consists of securities issued by companies quoted on Regulated Markets in China, and/or the performance of which is linked to the performance of securities issued by companies quoted on Regulated Markets in China. Any participation notes and structured notes in which the underlying Sub-Fund may invest will generally be in the form of securitized participations in loans that are transferable securities. Only participation notes and structured notes which are unleveraged, securitised and capable of free sale and transfer to other investors and which are purchased through recognised regulated dealers are deemed to be transferable securities which are traded on Regulated Markets. The aggregate exposure to Russian securities and Chinese “A” shares will not exceed 35 per cent of the underlying Sub-Fund’s Net Asset Value.

The aggregate expected investment in closed-ended funds will range between 0 to 20 per cent of the Net Asset Value of the underlying Sub-Fund, at the time of investment, and in no event will exceed 35 per cent of the Net Asset Value of the underlying Sub-Fund at the time of investment. To the extent that the underlying Sub-Fund invests in closed ended funds or REITs, such investment will not impact on the liquidity of the underlying Sub-Fund at the time of investment.

Financial derivative instruments used by the underlying Sub-Fund may include, but are not limited to, options, futures and options on futures, swaps, total return swaps, and forward currency exchange contracts including non-deliverable forward contracts. Financial derivative instruments may be used for investment and efficient portfolio management purposes. The underlying Sub-Fund will not directly short securities but instead may hold short positions exclusively through financial derivative instruments. The underlying Sub-Fund may be leveraged to up to 100 per cent of its Net Asset Value as a result of its use of derivative instruments.

The underlying Sub-Fund’s assets 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. Permal may seek to hedge or mitigate this risk through the use of financial derivative instruments, but they are not obligated to do so.

Risks

In addition to the risks stated in the Product Summary, the following are among the risks specific to the underlying Sub-Fund. This does not purport to be an exhaustive list of the risk factors relating to investment in the underlying Sub-Fund.

Specific Risks

(a) Investment Risk

There can be no assurance that the underlying Sub-Fund will achieve its investment objectives. The value of Shares may rise or fall, as the capital value of the securities in which the underlying Sub-Fund invests may fluctuate. The investment income of the underlying Sub-Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the underlying Sub-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 per cent of the subscription monies may be payable on subscriptions for Shares of each of the Class A Share Classes, 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. Due to the investment policy of the underlying Sub-Fund, the underlying Sub-Fund may have particularly volatile performance.

(b) Risk of Debt Securities

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. The value of such 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. The underlying Sub-Fund is 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 underlying Sub-Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality.

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 the underlying Sub-Fund may invest, which may subject the underlying Sub-Fund to credit risk.

To the extent the underlying Sub-Fund invests in medium or low-rated securities and unrated securities of comparable quality, the underlying Sub-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 underlying Sub-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 underlying Sub-Fund's net asset value.

Low-rated securities also present risks based on payment expectations. If an issuer calls an obligation for redemption, the underlying Sub-Fund may have to replace the security with a lower yielding security, resulting in a decreased return for investors. If the underlying Sub-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 underlying Sub-Fund's investment portfolio and increasing the exposure of the underlying Sub-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 the underlying Sub-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.

The ratings of Nationally Recognised Statistical Rating Organisation ("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 the underlying Sub-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 underlying Sub-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 the underlying Sub-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.

(c) Risks of Emerging Markets

The underlying Sub-Fund might invest in securities of companies domiciled in or conducting their principal business activities in Emerging Market Countries. Investing in Emerging Market Countries poses certain risks, some of which are set out below.

- (i) 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 underlying Sub-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 underlying Sub-Fund's portfolio.

- (ii) **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 underlying Sub-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 underlying Sub-Fund.
- (iii) **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.
- (iv) **Custodial Risks:** As the LMGF Plc may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the LMGF Plc which are traded in such markets and which have been entrusted to sub-custodians may be exposed to risk in circumstances whereby the Custodian would have no liability. The Custodian has a sub-custodial network in certain Emerging Market Countries. The LMGF Plc has agreed that it will not invest in securities issued or corporations located in Emerging Market Countries until the Custodian 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 Custodian and any sub-custodian will be upheld by a court of any Emerging Market Country or that any judgment obtained by the Custodian 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.

(d) **Equity Markets 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 Investment Manager will attempt to reduce these risks by utilizing 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 underlying Sub-Fund.

(e) **China Markets Risks**

The underlying Sub-Fund may have exposure to China "A" shares indirectly via investments in other collective investment schemes that invest in China "A" shares, structured notes, participation notes, equity-linked notes, similar

financial instruments and derivative instruments where the underlying assets consists of securities issued by companies quoted on Regulated Markets in China, and/or the performance of which is linked to the performance of securities issued by companies quoted on Regulated Markets in China. Only participation notes and structured notes which are unleveraged, securitised and capable of free sale and transfer to other investors and which are purchased through recognised regulated dealers are deemed to be transferable securities which are traded on Regulated Markets.

Investing in the securities markets of China is subject to emerging market risks as well as China-specific risks, including the risk of significant change in political, social or economic policy in China, which may adversely affect the capital growth and performance of such investments. The legal and regulatory framework for capital markets and joint stock companies in China is less developed than in Developed Countries. The Shanghai and Shenzhen securities markets are also in the process of development and change which may lead to trading volatility and difficulty in interpreting and applying relevant rules and regulations.

In addition, special risks associated with investing in Chinese securities include (a) a lower level of liquidity in China “A” and “B” share markets, which are relatively smaller in terms of both combined market value and the number of “A” and “B” shares available for investment as compared with other markets, which may in turn lead to severe price volatility, (b) differences between China’s accounting standards applicable to Chinese issuers and international accounting standards, (c) China’s taxes, including withholding and other taxes imposed by Chinese authorities which frequently change, and the availability of tax incentives, which may impact the financial results of Chinese issuers and the underlying Sub-Fund’s investments in such issuers, and (d) controls imposed by the Chinese authorities on foreign exchange and movements in exchange rates may impact on the operations and financial results of Chinese companies invested in by the underlying Sub-Fund.

Under Chinese regulations, foreign investors can access the “A” share market by obtaining a Qualified Foreign Institutional Investor (“QFII”) licence or through institutions that have obtained a QFII licence and investment quota in China. The underlying Sub-Fund does not have QFII status, but may have exposure to the China “A” share market indirectly, including via investment in other collective investment schemes that invest in China “A” shares, structured notes, participation notes, equity-linked notes, similar financial instruments and derivative instruments where the underlying assets consists of securities issued by companies quoted on Regulated Markets in China, and/or the performance of which is linked to the performance of securities issued by companies quoted on Regulated Markets in China. In such instances, the managers or issuers of such schemes, notes or instruments may possess QFII licenses and investment quotas. Actions of the relevant manager or issuer which violate QFII regulations could result in the revocation of, or other regulatory action against, the relevant QFII licence as a whole, and may impact on the underlying Sub-Fund’s exposure to Chinese securities as the relevant scheme, note or instrument may be required to dispose its holdings in Chinese securities.

In addition, if the underlying Sub-Fund invests indirectly a significant part of its assets in Chinese issuers, changes in applicable rules and regulations, including QFII repatriation restrictions, may indirectly prevent timely sales or redemptions of such assets, which could in turn lead to a suspension of dealings in the underlying Sub-Fund. The underlying Sub-Fund may also be indirectly impacted by the rules and restrictions under the QFII regime (including rules on investment restrictions, minimum investment holding periods, and repatriation of principal and profits), illiquidity of the A-share market, and/or delay or disruption in execution of trades or in settlement of trades, which may consequently have an adverse impact on the investment performance of the underlying Sub-Fund.

The underlying Sub-Fund may have an indirect exposure to China “A” shares through investing in other collective investment schemes and other financial instruments that invest in or are linked to the performance of China “A” shares. Under Chinese rules, the issuers of such schemes and other instruments may not be required to make provisions for Chinese tax, although they may be subject to a withholding tax on capital gains derived from the disposal of China “A” shares, which tax would indirectly be borne by the underlying Sub-Fund. At present, only part of the Net Asset Value of the underlying Sub-Fund may be invested indirectly in China “A” shares, so the potential impact of the imposition of capital gains tax to the underlying Sub-Fund is considered not significant by the Directors. No tax provision has been made at present in respect of such capital gains tax liability of the underlying Sub-Fund. In the event that the rules in China change and that provisions are required to be made (whether retrospectively or not) by the issuers of such schemes and instruments, the ensuing provisions may reduce the valuation of the underlying Sub-Fund’s investment in such schemes and instruments.

(f) 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 underlying Sub-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 underlying Sub-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, 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 do not necessarily move in tandem with the prices of the underlying securities and may be volatile. They 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 held by the underlying Sub-Fund is not exercised by the date of its expiration, the underlying Sub-Fund would lose the entire purchase price of the warrant.

(g) Concentration Risk

The Investment Manager may make investment decisions primarily on the basis of company-specific factors, which may result in a substantial portion of the underlying Sub-Fund’s investments consisting of securities of companies doing business in one industry or product field. Such a concentration of assets could increase the potential for volatility and risk of loss, especially in periods of pronounced market volatility.

(h) Custody and Settlement Risks

As the underlying Sub-Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the underlying Sub-Fund 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 Custodian 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 the underlying Sub-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 Custodian, 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 Custodian or its local agents in Russia.

Therefore, neither the Custodian 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 Custodian 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 level 1 or level 2 of the RTS stock exchange or MICEX. The Custodian's liability extends to its unjustifiable failure to perform its obligations or its improper performance of them 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 underlying Sub-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 underlying Sub-Fund may invest.

(i) Fair Value Pricing Risks

Details of the method of calculation of the net asset value per Share of the underlying Sub-Fund are set out in the section of the LMGF plc 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 as at the 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 Valuation Point on the relevant Dealing Day. If a security is valued using fair value pricing, the underlying Sub-Fund's value for that security is likely to be different than the latest available traded price for that security.

(j) Risks of Index-Linked Securities

Index-linked (or "Indexed") securities are securities whose prices are indexed to the prices of securities indices, currencies, or other financial statistics. Indexed securities typically 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 indexed securities fluctuates (either directly or inversely, depending upon the instrument) with the performance of the index, security or currency. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their value may substantially decline if the issuer's creditworthiness deteriorates. Recent issuers of indexed securities have included banks, corporations and certain US government agencies. The US Treasury recently began issuing securities whose principal value is indexed to the Consumer Price Index (also known as "Treasury Inflation-Indexed Securities"). The underlying Sub-Fund will only purchase indexed securities of issuers, which are transferable securities and are rated Investment Grade at the time of purchase. The underlying Sub-Fund will not purchase leveraged indexed securities.

(k) 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 the underlying Sub-Fund purchases inflation-protected securities in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the underlying Sub-Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the underlying Sub-Fund purchases inflation-protected securities in the secondary market whose price has been adjusted upward due to real interest rates increasing, the underlying Sub-Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the underlying Sub-Fund holds an inflation-protected securities, the underlying Sub-Fund may earn less on the security than on a conventional bond. If the underlying Sub-Fund sells US TIPS in the secondary market prior to maturity however, the underlying Sub-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 underlying Sub-Fund's portfolio will decline. Moreover, because the principal amount of inflation-protected securities would be adjusted downward during a period of deflation, the underlying Sub-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 underlying Sub-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 underlying Sub-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 underlying Sub-Fund purchases US TIPS in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the underlying Sub-Fund may experience a loss if there is a subsequent period of deflation. If inflation is lower than expected during the period the underlying Sub-Fund holds a US TIPS, the underlying Sub-Fund may earn less on the security than on a conventional bond.

(l) Currency Transaction Risks

Should the underlying Sub-Fund invests in securities denominated in currencies other than the underlying Sub-Fund's base currency, or that invests in debt securities and holds active currency positions that are denominated 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 underlying Sub-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 the underlying Sub-Fund's portfolio security is denominated appreciates against the underlying Sub-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 underlying Sub-Fund. The underlying Sub-Fund may engage in foreign currency transactions in order to hedge against currency fluctuations between its underlying investments and its Base Currency. The underlying Sub-Fund's hedging transactions, while potentially reducing the currency risks to which the underlying Sub-Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty, and the risk that the Sub-Investment Advisors' forecast with respect to currency movements is incorrect.

With respect to Share Classes denominated in a currency other than the underlying Sub-Fund's base currency and that do not include "(Hedged)" in their name, the relevant 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 Share Classes denominated in a currency other than the underlying Sub-Fund's base currency and that do include "(Hedged)" in their name, while the Investment Manager will attempt to hedge the risk of changes in value between the base currency and the currency of the relevant Share Class, 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 currency in which some or all of the assets of the underlying Sub-Fund are denominated.

(m) 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 underlying Sub-Fund may experience a loss (if the price at which the respective security was acquired by the underlying Sub-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 underlying Sub-Fund was at a discount from par). To the extent that the underlying Sub-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 underlying Sub-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 underlying Sub-Fund's 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.

(n) 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 underlying Sub-Fund's yields 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 underlying Sub-Fund may fail to recoup fully its initial investments 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 underlying Sub-Fund's ability to buy or sell those securities at any particular time.

(o) 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 underlying Sub-Fund 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.

(p) Risks of REITS

Investments in real estate investment trusts ("REITs") and other issuers that invest, deal or otherwise engage in transactions in or hold real estate or interests therein expose the underlying Sub-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 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.

(q) 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, the underlying Sub-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 the underlying Sub-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.

(r) Derivatives Risk

Derivatives, in general, involve special risks and costs and may result in losses to the underlying Sub-Fund. The successful use of derivatives requires sophisticated management, and the underlying Sub-Fund will depend on the ability of the Sub-Investment Advisors 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 the underlying Sub-Fund may prove not to be what the underlying Sub-Fund’s Sub-Investment Advisors expected. Some derivatives are “leveraged” and therefore may magnify or otherwise increase investment losses to the underlying Sub-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 the underlying Sub-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 underlying Sub-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 underlying Sub-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 underlying Sub-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.

(s) Risks of Utilising Options

Because option premiums paid or received by the underlying Sub-Fund will be small in relation to the market value of the investment underlying the options, trading in options could cause the underlying Sub-Fund’s Net Asset Value to be subject to more frequent and wider fluctuations than would be the case if the underlying Sub-Fund did not utilise options.

Upon the exercise of a put option written by the underlying Sub-Fund, the underlying Sub-Fund may suffer a loss equal to the difference between the price at which the underlying Sub-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 the underlying Sub-Fund, the underlying Sub-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 underlying Sub-Fund is obliged to sell the asset, less the premium received for writing the option.

No assurance can be given that the underlying Sub-Fund will be able to effect closing transactions at a time when they wish to do so. If the underlying Sub-Fund cannot enter into a closing transaction, the underlying Sub-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 the underlying Sub-Fund to risks relating to its counterparty, such as the counterparty's bankruptcy, insolvency, or refusal to honour its contractual obligations.

The underlying Sub-Fund is prohibited from writing uncovered options.

(t) Risks of Utilising Swaps

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, the underlying Sub-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 underlying Sub-Fund will succeed in pursuing contractual remedies. The underlying Sub-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 the underlying Sub-Fund to close out its obligations under the swap contract. Under such circumstances, the underlying Sub-Fund might be able to negotiate another swap contract with a different counterparty to offset the risk associated with the first swap contract. Unless the underlying Sub-Fund is able to negotiate such an offsetting swap contract, however, it could be subject to continued adverse developments, even after the Investment 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 Investment Manager is incorrect in its expectations of market values or interest rates the investment performance of the underlying Sub-Fund would be less favourable than it would have been if this efficient portfolio management technique were not used.

(u) Umbrella Structure of the LMGF Plc and Cross-liability Risk

The LMGF Plc is an umbrella fund with segregated liability between sub-funds and under Irish law the LMGF Plc generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between the sub-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 LMGF Plc in the courts of another jurisdiction, the segregated nature of the sub-funds would necessarily be upheld.

(v) Investments in Absolute Funds

Although the Legg Mason Permal Global Absolute Fund seeks to generate absolute returns over the medium-term, it may be unsuccessful and may have negative returns. Investors should not interpret the Legg Mason Permal Global Absolute Fund's investment objective to imply that absolute return is guaranteed.

(w) Risk of Termination of the Underlying Sub-Fund

In the event of the termination of the underlying Sub-Fund, the underlying Sub-Fund would have to distribute to the shareholders their pro rata interest in the assets of the underlying Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the underlying Sub-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 sub-funds that had not yet become fully amortised would be debited against the underlying Sub-Fund's capital at that time.

The above should not be considered to be an exhaustive list of the risks which potential policyholders should consider before investing in the ILP Sub-Fund. Potential policyholders should be aware that an investment in the ILP Sub-Fund may be exposed to other risks of an exceptional nature from time to time.

Fees and Charges

In addition to the fees and charges shown in the Product Summary, the following fees are also payable through deduction from the asset value of the ILP sub-fund:

Fees Payable by the Legg Mason Permal Global Absolute Fund, which the ILP sub-fund invests into	
Annual Shareholder Servicing Fee [^]	0.35% p.a.
Annual Combined Administration and Custodian Fee [^]	0.15%p.a.

[^] Fees and charges payable by each sub-fund within the LMGF Plc.

Past Performance¹ and Benchmark² of the Underlying Fund as at: 31 March 2012

NOTE: PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

Cumulative Performance

Funds	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception *
Legg Mason Permal Global Absolute Fund (Class A Acc (Hedged) SGD)	-2.18%	N.A.	N.A.	N.A.	-1.30%

Annualised Performance

Funds	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception *
Legg Mason Permal Global Absolute Fund (Class A Acc (Hedged) SGD)	-2.18%	N.A.	N.A.	N.A.	-0.65%

Source: Legg Mason.

* Legg Mason Permal Global Absolute Fund : Incepted on 25 March 2010

¹ Performance shown in fund currency and calculated before sales charges are deducted. Fees and charges payable through deduction of premium or cancellation of units are excluded in deriving the performance. Performance is calculated on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment. Performance figures are net of fees and calculated on a NAV to NAV basis.

² There is no benchmark for Legg Mason Permal Global Absolute Fund.

Expense Ratio and Turnover Ratio of the Underlying

Funds	Expense Ratio	Turnover Ratio
Legg Mason Permal Global Absolute Fund	1.79%	67.71%

The expense ratios and turnover ratios stated in the table above are for the year ended 31 December 2011.

Soft Dollar Commissions or Arrangements

The Investment Manager and the Sub-Investment Advisors 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 Sub-Investment Advisors. In such circumstances, the Investment Manager or Sub-Investment Advisors will enter into soft commission agreements or similar arrangements with such brokers. Under such arrangements, the Investment Manager or Sub-Investment Advisors, as applicable, shall ensure that the broker or counterparty to the arrangement has agreed or is required by applicable law to provide best execution to the underlying Sub-Fund. Best execution does not necessarily ensure that the lowest commission is charged on the underlying Sub-Fund. For example, the Investment Manager or Sub-Investment Advisors may cause the underlying Sub-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 Sub-Investment Advisors, 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 Sub-Investment Advisors in their provision of investment services to the underlying Sub-Fund. The Investment Manager or Sub-Investment Advisors have provided the underlying Sub-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 underlying Sub-Fund upon written request. Furthermore, the Investment Manager or Sub-Investment Advisors have provided the underlying Sub-Fund with information concerning soft commissions for disclosure in periodic financial reports issued by the underlying Sub-Fund, which are also available to shareholders.

Conflicts of Interest

The Investment Manager and the Sub-Investment Advisors, the Directors, the Distributors, the Shareholder Servicing Agents, the Custodian and the Administrator (each, an “Interested Party”) may from time to time act as investment manager, investment adviser, director, custodian, 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 underlying Sub-Fund which have similar investment objectives to those of the underlying Sub-Fund.

The Investment Manager and the Sub-Investment Advisors may hold Shares in the underlying Sub-Fund. The Investment Manager may also purchase or sell securities for one or more portfolios (including the underlying Sub-Fund) 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 underlying Sub-Fund. Each will, at all times, have regard in such event to its obligations to the underlying Sub-Fund and will ensure that such conflicts are resolved fairly and to minimise any harm to the underlying Sub-Fund. In addition, any of the foregoing may deal, as principal or agent, with the other sub-funds under the LMGF Plc in respect of the assets of the underlying Sub-Fund, 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 the shareholders of the underlying Sub-Fund. Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment by the underlying Sub-Fund in the units or shares of another collective investment scheme, this commission must be paid into the underlying Sub-Fund.

Dealings with an affiliated entity of the Investment Managers or the Sub-Investment Advisors will be deemed to have been effected on normal commercial terms negotiated at arm’s length if: (1) a certified valuation of a transaction by a person approved by the Custodian as independent and competent is obtained; or (2) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange; or (3) where (1) and (2) are not practical, the transaction is executed on terms which the Custodian is, or the Directors in the case of a transaction involving the Custodian are, satisfied are normal commercial terms negotiated at arm’s length and are in the best interests of Shareholders.

Specialised ILP Sub-Fund

The ILP Sub-Fund is a non-specialised fund as set out in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

TEMPORARY SUSPENSION OF VALUATION OF THE SHARES AND SALES AND REDEMPTIONS

Suspension of dealing at the ILP sub-fund level usually occurs when the underlying Sub-Fund is suspended from dealing.

The following relates to the underlying Sub-Fund.

The determination of the Net Asset Value and the sale or redemption of Shares in the underlying Sub-Fund may be temporarily suspended 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 underlying Sub-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 LMGF plc of investments which constitute a substantial portion of the assets of the underlying Sub-Fund is not practically feasible;
- (iii) any period when for any reason the prices of any investments of the underlying Sub-Fund cannot be reasonably, promptly or accurately ascertained by the underlying Sub-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 underlying Sub-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 underlying Sub-Fund's account.

Any such suspension shall be published by LMGF plc in such manner as it may deem appropriate to the persons likely to be affected thereby if, in the opinion of LMGF plc, such suspension is likely to continue for a period exceeding fourteen days and any such suspension shall be notified immediately to the Financial Regulator and the Irish Stock Exchange and in any event within the same Business Day (as defined in the LMGF plc prospectus). Where practicable, all reasonable steps shall be taken to bring such suspension to an end as soon as possible. LMGF plc may elect to treat the first Business Day on which the conditions giving rise to the suspension have ceased as a substitute Dealing Day (as defined in the LMGF plc prospectus).