

Legg Mason Product Updates

As part of our ongoing commitment to keep you informed about our product line-up, included below are updates to existing products offered by Legg Mason.

Combination of The Permal Group and EnTrust Capital

Permal Alternative Core Fund

Permal Alternative Select Fund

On January 22, 2016, Legg Mason announced that it had entered into an agreement to combine the businesses of The Permal Group ("Permal"), Legg Mason's existing hedge fund platform, with EnTrust Capital ("EnTrust"). Permal Asset Management LLC, the investment manager to Permal Alternative Select Fund and the subadvisor to Permal Alternative Core Fund, is a member of Permal.

EnTrust is a leading independent hedge fund investor and alternative asset manager headquartered in New York with approximately \$12 billion in total assets and complementary investment strategies, investor base and business mix to Permal. The Combination of EnTrust and Permal will create a new global alternatives firm with over \$26 billion in pro-forma assets under management and total assets of \$29 billion. The firm will have a diverse offering of proprietary investment products with a significant number of institutional and high net worth investors.

As a result of the Combination, a new combined entity, EnTrustPermal LLC, will be formed with Legg Mason owning 65% of the new entity and Gregg S. Hymowitz, EnTrust's Co-founder and Managing Partner, and entities controlled by him owning 35%. EnTrustPermal will have the global infrastructure, resources, investment professionals and underlying investment managers to source, research and structure investment opportunities worldwide on behalf of its international client base.

There will be a "change in control" in the ultimate ownership of Permal Asset Management LLC for purposes of the Investment Company Act of 1940, and the current management and subadvisory agreements with respect to the Funds noted above will terminate upon consummation of the Combination. On March 3, the Funds' Board approved new management and subadvisory agreements, and fund shareholders will be proxied to approve these new agreements. A proxy statement describing the Combination and requesting shareholder approvals of the new management and subadvisory agreements will be mailed to shareholders on or about April 11, 2016. The Combination is currently scheduled to be completed during the second calendar quarter of 2016 and is subject to the satisfaction of customary closing conditions.

Renaming of Legg Mason Funds Managed by Permal

After shareholder approvals of the new management and subadvisory agreements noted above and after the closing of the Combination, it is anticipated that each of the Funds will be rebranded "EnTrustPermal" as noted in the attached prospectus supplements.

Only the names of the funds will change - CUSIPs and NASDAQ symbols will remain the same.

See Excel spreadsheet (attached) for impacted funds/share classes.

Timeline (subject to change; additional information to be provided in subsequent communication):

- March 3: Prospectus supplements (attached) filed with SEC and mailed to shareholders
- March 21 (close of business): Record date for proxy statements
- On or about April 11: Proxy statement mailing
- May 20: Special meeting of shareholders
- TBD upon shareholder approval of the new agreements and the closing of the Combination of The Permal Group and EnTrust Capital: Effective date of new agreements and fund name changes

Shareholder Communication

This information is reflected in prospectus supplements (attached) dated March 3, 2016 which will be mailed to shareholders.

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Permal Alternative Select Fund – Addition of Subadviser

As soon as March 16, 2016, Electron Capital Partners, LLC (“Electron”) will serve as a subadviser to the Permal Alternative Select Fund. Electron will manage an equity hedge-long/short equity strategy and joins Atlantic Investment Management, Inc.; BH-DG Systematic Trading LLP (part of a joint venture arrangement between David Gorton and Brevan Howard Investment Holdings Limited) (trading advisor); First Quadrant, L.P.; River Canyon Fund Management LLC (a wholly-owned subsidiary of Canyon Capital Advisors LLC); and TT International as subadvisers for the Fund. Permal is the Fund’s Investment Manager. The addition of Electron did not result in any modifications to the Fund’s principal investment objectives or the management fee payable by the Fund.

Shareholder communication

Further information is reflected in a prospectus supplement (attached) dated March 4, 2016, which will be mailed to shareholders. An information statement will be provided within 90 days of the Electron effective date.

Certain Legg Mason Funds – Conversion of Class B Shares to Class A Shares

Effective July 1, 2011, Legg Mason closed B shares to purchases for new and existing investors. Class B shares are currently available for incoming exchanges and dividend reinvestments. The share classes are reviewed periodically to assess ongoing viability and to attempt to protect shareholders from rising costs that may be associated with a declining asset base. Effective on or about close of business April 29, 2016, Legg Mason has determined to accelerate the conversion of Class B shares to Class A shares for all shareholders for the following funds:

ClearBridge Small Cap Growth Fund Class B
QS Legg Mason Conservative Growth Fund Class B
QS Legg Mason Defensive Growth Fund Class B
Western Asset Corporate Bond Fund Class B
Western Asset Global High Yield Bond Fund Class B
Western Asset Global Strategic Income Fund Class B
Western Asset Mortgage Backed Securities Fund Class B
Western Asset New York Municipals Fund Class B

See excel spreadsheet (attached) for impacted funds/share classes.

Timeline:

On or about close of business April 27: Close Class B shares of impacted funds to incoming exchanges and dividend reinvestments
On or about close of business April 29: Convert Class B shares of impacted funds to Class A shares

Shareholder communication

These changes are reflected in a prospectus supplement (attached) dated March 3, 2016 which will be mailed to Class B shareholders.

Legg Mason Funds Class IS Shares – New Purchase Eligibility

Effective immediately, Class IS shares will be made available to Clients of Eligible Financial Intermediaries (wrap accounts or similar fee based accounts offered by broker-dealers or registered investment advisers) that hold its shares in one account, which is not subject to payment of recordkeeping, account servicing, networking or similar fees by the fund to any intermediary.

See excel spreadsheet (attached) for impacted funds.

Shareholder communication

This change is reflected in a prospectus supplement (attached) dated March 3, 2016 which is for fulfillment only.

All investments involve risk, including the loss of principal.

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BEFORE INVESTING, CAREFULLY CONSIDER A FUND’S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES. YOU CAN FIND THIS AND OTHER INFORMATION IN EACH PROSPECTUS, AND SUMMARY PROSPECTUS, IF AVAILABLE, AT WWW.LEGGMASON.COM/INDIVIDUALINVESTORS. PLEASE READ THE PROSPECTUS CAREFULLY.

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INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE