

Legg Mason BW Global Income Opportunities Fund Inc.  
Form N-CSRS  
June 22, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANIES**  
**Investment Company Act file number 811-22491**

**Legg Mason BW Global Income Opportunities Fund Inc.**  
**(Exact name of registrant as specified in charter)**

**620 Eighth Avenue, 49<sup>th</sup> Floor, New York, NY 10018**  
**(Address of principal executive offices) (Zip code)**

**Robert I. Frenkel, Esq.**

**Legg Mason & Co., LLC**

**100 First Stamford Place**

**Stamford, CT 06902**

**(Name and address of agent for service)**

**Registrant's telephone number, including area code: (888) 777-0102**

**Date of fiscal year end: October 31**

**Date of reporting period: April 30, 2016**

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ITEM 1. REPORT TO STOCKHOLDERS.

The **Semi-Annual** Report to Stockholders is filed herewith.

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Semi-Annual Report

April 30, 2016

LEGG MASON

BW GLOBAL INCOME

OPPORTUNITIES FUND INC.

(BWG)

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

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## **Fund objectives**

The Fund's primary investment objective is to provide current income. As a secondary investment objective, the Fund will seek capital appreciation.

The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its assets in global fixed income securities.

## **Letter from the chairman**

### **Dear Shareholder,**

We are pleased to provide the semi-annual report of Legg Mason BW Global Income Opportunities Fund Inc. for the six month reporting period ended April 30, 2016. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, [www.lmcef.com](http://www.lmcef.com). Here you can gain immediate access to market and investment information, including:

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Edgar Filing: Legg Mason BW Global Income Opportunities Fund Inc. - Form N-CSRS

Jane Trust, CFA

Chairman, President and Chief Executive Officer

May 27, 2016

II Legg Mason BW Global Income Opportunities Fund Inc.

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## Investment commentary

### Economic review

The pace of U.S. economic activity moderated during the six months ended April 30, 2016 (the reporting period). Looking back, the U.S. Department of Commerce reported that third quarter 2015 U.S. gross domestic product (GDP) growth was 2.0%. The U.S. Department of Commerce then reported that fourth quarter 2015 GDP growth was 1.4%. Slower growth was attributed to downturns in nonresidential fixed investment and state and local government spending, along with a deceleration in personal consumption expenditures (PCE) and less export activity. The U.S. Department of Commerce's second reading for first quarter 2016 GDP growth released after the reporting period ended was 0.8%. This further slowdown was attributed to a number of factors, including a decrease in nonresidential fixed investment, a deceleration in PCE and a downturn in federal government spending.

Job growth in the U.S. was solid overall and was a tailwind for the economy during the reporting period. When the period ended in April 2016, unemployment was 5.0%, close to its lowest level since February 2008.

Turning to the global economy, in its April 2016 *World Economic Outlook Update*, the International Monetary Fund (IMF) said Global recovery continues, but at an ever-slowing and increasingly fragile pace. The months since the last *World Economic Outlook Update* have seen a renewed episode of global asset market volatility, some loss of growth momentum in the advanced economies, and continuing headwinds for emerging market economies and lower-income countries. From a regional perspective, the IMF currently estimates 2016 growth in the Eurozone will be 1.5%, versus 1.6% in 2015. Japan's economy is expected to expand 0.5% in 2016, the same as in 2015. Elsewhere, the IMF projects that overall growth in emerging market countries will tick up to 4.1% in 2016, versus 4.0% in 2015.

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## Investment commentary (cont d)

### Market review

#### **Q. How did the Federal Reserve Board ( Fed) respond to the economic environment?**

**A.** After an extended period of maintaining the federal funds rate<sup>iii</sup> at a historically low range between zero and 0.25%, the Fed increased the rate at its meeting on December 16, 2015. This marked the first rate hike since 2006. In particular, the U.S. central bank raised the federal funds rate to a range between 0.25% and 0.50%. In its official statement after the December 2015 meeting, the Fed said, "The stance of monetary policy remains accommodative after this increase, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation." The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. At its meetings that concluded on January 27, 2016, March 16, 2016 and April 27, 2016, the Fed kept rates on hold.

#### **Q. What actions did international central banks take during the reporting period?**

**A.** Given the economic challenges in the Eurozone, the European Central Bank ( ECB) took a number of actions to stimulate growth and ward off deflation. In January 2015, before the beginning of the reporting period, the ECB announced that, beginning in March 2015, it would start a 60 billion-a-month bond buying program that is expected to run until September 2016. In December 2015, the ECB extended its monthly bond buying program until at least March 2017. Finally, in March 2016 the ECB announced that it would increase its bond purchasing program to 80 billion a month. It also cut its deposit rate to

-0.4% and its main interest rate to 0%. In other developed countries, the Bank of England kept rates on hold at 0.50% during the reporting period, its lowest level since 2006. After holding rates steady at 0.10% for more than five years, in January 2016 the Bank of Japan announced that it cut the rate on current accounts that commercial banks hold with it to -0.10%. Elsewhere, after keeping rates steady at 6.0% since July 2012, the People's Bank of China lowered rates six times from November 2014 through October 2015, with the last cut pushing rates down to 4.35%.

#### **Q. Did Treasury yields trend higher or lower during the six months ended April 30, 2016?**

**A.** Short-term Treasury yields edged higher, whereas long-term Treasury yields declined during the reporting period. When the period began, the yield on the two-year Treasury note was 0.75%. Its low for the period was 0.64% on February 11, 2016, and it peaked at 1.09% on December 29, 2015. The yield on the two-year Treasury note ended the period at 0.77%. The yield on the ten-year Treasury note began the period at 2.16%. Its peak of 2.36% occurred on November 9, 2015, and its low of 1.63% was on February 11, 2016. The yield on the ten-year Treasury note ended the period at 1.83%.

#### **Q. What factors impacted the spread sectors (non-Treasuries) during the reporting period?**

**A.** The spread sectors posted mixed results during the reporting period. Performance fluctuated with investor sentiment given the uncertainties regarding future Fed monetary

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policy, along with concerns over global growth and geopolitical issues. The broad U.S. bond market, as measured by the Barclays U.S. Aggregate Index<sup>v</sup>, returned 2.82% during the six months ended April 30, 2016.

**Q. How did the emerging markets debt asset class perform over the reporting period?**

A. The JPMorgan Emerging Markets Bond Index Global (EMBI Global)<sup>i</sup> gained 5.56% during the six months ended April 30, 2016. The asset class declined over the first three months of the reporting period due to concerns over economic growth in China, falling commodity prices and expectations for future Fed rate hikes. The asset class then rallied sharply in February, March and April 2016, as oil prices moved higher, global monetary policy remained accommodative and investor risk appetite improved.

**Performance review**

For the six months ended April 30, 2016, Legg Mason BW Global Income Opportunities Fund Inc. returned 3.83% based on its net asset value (NAV)<sup>ii</sup> and 6.35% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the Barclays Global Aggregate Index<sup>viii</sup>, returned 6.09% for the same period. The Lipper Global Income Closed-End Funds Category Average<sup>ix</sup> returned 2.37% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.74 per share. As of April 30, 2016, the Fund estimates that all of the distributions were sourced from net investment income.\* The performance table shows the Fund's six-month total return based on its NAV and market price as of April 30, 2016. **Past performance is no guarantee of future results.**

**Performance Snapshot as of April 30, 2016**

(unaudited)

	6-Month Total Return**
Price Per Share	
\$14.84 (NAV)	3.83%
\$12.54 (Market Price)	6.35%

**All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.**

**\*\* Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

**Total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV.**

**Total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.**

\*These estimates are not for tax purposes. The Fund will issue a Form 1099 with final composition of the distributions for tax purposes after year-end. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder's investment. For more information about a distribution's composition, please refer to the Fund's distribution press release or, if applicable, the Section 19 notice located in the press release section of our website, [www.lmcef.com](http://www.lmcef.com) (click on the name of the Fund).

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## Investment commentary (cont'd)

### Looking for additional information?

The Fund is traded under the symbol **BWG** and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol **XBWGX** on most financial websites. *Barron's* and the *Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as [www.lmcef.com](http://www.lmcef.com) (click on the name of the Fund).

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

Thank you for your investment in Legg Mason BW Global Income Opportunities Fund Inc. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund's investment goals.

Sincerely,

Jane Trust, CFA

Chairman, President and

Chief Executive Officer

May 27, 2016

***RISKS:** The Fund's common stock is traded on the New York Stock Exchange. Similar to stocks, the Fund's share price will fluctuate with market conditions and, at the time of sale, may be worth more or less than the original investment. Shares of closed-end funds often trade at a discount to their net asset value. The Fund is non-diversified and may be more susceptible to economic, political or regulatory events than a diversified fund.*

*Fixed income securities are subject to various risks, including but not limited to, credit, inflation, income, prepayment and interest rate risks. As interest rates increase, the value of fixed income securities decrease. High yield securities (also known as junk bonds) are subject to greater liquidity and credit risks (risk of default) than higher-rated securities. International investments involve certain risks not associated with domestic investing, such as currency fluctuations, and changes in political and economic conditions. These risks are magnified in emerging or developing markets. Mortgage-backed securities are subject to additional risks, including prepayment risk, which can limit the potential gains in a declining interest rate environment. The Fund may invest in foreign currencies or currency derivatives which may increase the risk and volatility of the Fund. The Fund may invest in illiquid securities and securities/investments that have a leveraging effect on the portfolio which will increase the risks of the Fund. The Fund's use of leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses and have a potentially large impact on Fund performance. The use by the Fund of derivatives such as options, forwards or futures contracts for investment and/or risk management purposes may subject the Fund to risks associated with short economic exposure through such derivatives. Taking a short economic position through derivatives exposes the Fund to the risk that it will be obligated to make payments to its counterparty if the*

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*underlying asset appreciates in value, thus resulting in a loss to the Fund. The Fund's loss on a short position using derivatives theoretically could be unlimited.*

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole. Forecasts and predictions are inherently limited and should not be relied upon as an indication of actual or future performance.

- <sup>i</sup> Gross domestic product ( GDP ) is the market value of all final goods and services produced within a country in a given period of time.
- <sup>ii</sup> The Federal Reserve Board ( Fed ) is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- <sup>iii</sup> The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- <sup>iv</sup> The European Central Bank ( ECB ) is responsible for the monetary system of the European Union and the euro currency.
- <sup>v</sup> The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- <sup>vi</sup> The JPMorgan Emerging Markets Bond Index Global ( EMBI Global ) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.
- <sup>vii</sup> Net asset value ( NAV ) is calculated by subtracting total liabilities, including liabilities associated with financial leverage (if any), from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- <sup>viii</sup> The Barclays Global Aggregate Index is an index comprised of several other Barclays indices that measure fixed-income performance of regions around the world.
- <sup>ix</sup> Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended April 30, 2016, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 14 funds in the Fund's Lipper category.



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**Fund at a glance** (unaudited)

**Investment breakdown** (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of April 30, 2016 and October 31, 2015 and does not include derivatives, such as futures contracts, written options, swap contracts and forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

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**Schedule of investments (unaudited)**

April 30, 2016

**Legg Mason BW Global Income Opportunities Fund Inc.**

Security	Rate	Maturity Date	Face Amount	Value
<b>Sovereign Bonds 74.2%</b>				
<i>Argentina 0.3%</i>				
Republic of Argentina, Senior Notes	6.875%	4/22/21	540,000	\$ 557,550 <sup>(a)</sup>
Republic of Argentina, Senior Notes	7.500%	4/22/26	540,000	549,450 <sup>(a)</sup>
<i>Total Argentina</i>				<i>1,107,000</i>
<i>Australia 0.3%</i>				
Australia Government Bond, Senior Bonds	2.750%	4/21/24	1,060,000 AUD	826,314 <sup>(b)(c)</sup>
<i>Brazil 16.0%</i>				
Federative Republic of Brazil, Notes	10.000%	1/1/21	55,485,000 BRL	14,947,047 <sup>(c)</sup>
Federative Republic of Brazil, Notes	10.000%	1/1/23	88,000,000 BRL	22,901,749 <sup>(c)</sup>
Federative Republic of Brazil, Senior Notes	10.000%	1/1/17	43,100,000 BRL	12,284,186 <sup>(c)</sup>
<i>Total Brazil</i>				<i>50,132,982</i>
<i>Colombia 8.5%</i>				
Republic of Colombia, Senior Bonds	5.000%	6/15/45	27,645,000	26,470,087 <sup>(c)</sup>
<i>Indonesia 18.3%</i>				
Republic of Indonesia, Senior Bonds	8.375%	3/15/24	65,100,000,000 IDR	5,168,855
Republic of Indonesia, Senior Bonds	8.375%	9/15/26	60,000,000,000 IDR	4,760,400
Republic of Indonesia, Senior Bonds	9.000%	3/15/29	410,400,000,000 IDR	33,835,906
Republic of Indonesia, Senior Bonds	8.375%	3/15/34	69,800,000,000 IDR	5,566,534
Republic of Indonesia, Senior Bonds	8.750%	2/15/44	96,900,000,000 IDR	7,833,037
<i>Total Indonesia</i>				<i>57,164,732</i>
<i>Mexico 20.7%</i>				
United Mexican States, Senior Bonds	8.000%	12/7/23	26,580,000 MXN	1,768,484
United Mexican States, Senior Bonds	8.500%	11/18/38	405,979,500 MXN	29,320,363 <sup>(c)</sup>
United Mexican States, Senior Bonds	7.750%	11/13/42	500,100,000 MXN	33,736,493 <sup>(c)</sup>
<i>Total Mexico</i>				<i>64,825,340</i>
<i>Poland 4.2%</i>				
Republic of Poland, Bonds	4.000%	10/25/23	4,670,000 PLN	1,325,590 <sup>(c)</sup>
Republic of Poland, Bonds	3.250%	7/25/25	43,980,000 PLN	11,833,852 <sup>(c)</sup>
<i>Total Poland</i>				<i>13,159,442</i>
<i>Portugal 5.9%</i>				
Portugal Obrigacoes do Tesouro OT, Senior Bonds	4.100%	4/15/37	15,725,000 EUR	18,408,188 <sup>(b)(c)</sup>
<b>Total Sovereign Bonds (Cost \$279,935,327)</b>				<b>232,094,085</b>
<b>Collateralized Mortgage Obligations 18.1%</b>				
Banc of America Commercial Mortgage Trust, 2007-3 B	5.716%	6/10/49	1,770,000	1,753,675 <sup>(d)</sup>
BWAY Mortgage Trust, 2013-1515 E	3.717%	3/10/33	5,000,000	4,761,893 <sup>(a)</sup>
Chase Mortgage Finance Corp., 2007-A1 1A4	2.815%	2/25/37	1,466,464	1,428,824 <sup>(d)</sup>
Chase Mortgage Finance Corp., 2007-A1 2A2	2.651%	2/25/37	2,411,389	2,385,920 <sup>(d)</sup>

See Notes to Financial Statements.

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Security	Rate	Maturity Date	Face Amount	Value
<b>Collateralized Mortgage Obligations continued</b>				
Chase Mortgage Finance Corp., 2007-A2 2A4	2.714%	7/25/37	1,304,998	\$ 1,262,265 (d)
Citigroup Commercial Mortgage Trust, 2007-C6 AJFX	5.899%	7/10/17	2,500,000	2,030,169 (a)(d)
Connecticut Avenue Securities, 2016-C03 1M1	2.439%	10/25/28	3,500,000	3,522,266 (d)
FREMF Mortgage Trust, 2012-K22 B	3.811%	8/25/45	7,555,000	7,782,078 (a)(d)
FREMF Mortgage Trust, 2012-K706 C	4.167%	11/25/44	3,335,000	3,385,361 (a)(d)
FREMF Mortgage Trust, 2015-K720 B	3.506%	7/25/22	1,475,000	1,380,399 (a)(d)
FREMF Mortgage Trust, 2016-K54 B	4.051%	2/25/26	5,750,000	5,330,897 (a)(d)
IM Pastor Fondo de Titulizacion de Activos, 2004 A	0.009%	3/22/44	795,583 EUR	712,725 (b)(d)
JPMorgan Chase Commercial Mortgage Securities Trust, 2007-LD12 AM	6.207%	2/15/51	1,760,000	1,835,669 (d)
Kildare Securities Ltd., 2007-1 A3	0.084%	12/10/43	2,434,966 EUR	2,657,985 (b)(d)
LSTAR Securities Investment Trust, 2015-7 A	2.434%	7/1/20	1,909,937	1,877,371 (a)(d)
Magellan Mortgages PLC, 2002 B	0.849%	7/18/36	200,000 EUR	198,433 (b)(d)
Magellan Mortgages PLC, 2004 A	0.031%	7/20/59	2,789,604 EUR	2,712,511 (b)(d)
RMAC Securities PLC, 2006-NS1X B1C	0.651%	6/12/44	292,533 EUR	263,047 (b)(d)
RMAC Securities PLC, 2006-NS4X B1C	0.621%	6/12/44	1,597,125 EUR	1,387,158 (b)(d)
Rural Hipotecario Fondo De Titulizacion Hipotec, 2009 A2	0.057%	2/17/50	1,592,091 EUR	1,790,999 (b)(d)
Structured Agency Credit Risk Debt Notes, 2015-DN1 M3	4.589%	1/25/25	3,000,000	3,180,080 (d)
TDA CAM Fondo de Titulizacion de Activos, 2008 A	0.026%	2/26/49	104,187 EUR	110,939 (b)(d)
TDA Fondo de Titulizacion de Activos, 2024-A1	0.093%	6/22/40	1,359,563 EUR	1,492,663 (b)(d)
TDA Fondo de Titulizacion de Activos, 2027-A2	0.019%	12/28/50	2,154,243 EUR	2,338,770 (b)(d)
Wachovia Bank Commercial Mortgage Trust, 2006-C26 AJ	6.241%	6/15/45	400,000	361,876 (d)
Wachovia Bank Commercial Mortgage Trust, 2006-C27 AJ	5.825%	7/15/45	790,339	786,718 (d)
<b>Total Collateralized Mortgage Obligations (Cost \$59,238,108)</b>				<b>56,730,691</b>
<b>Corporate Bonds &amp; Notes 51.7%</b>				
<b>Consumer Discretionary 3.0%</b>				
<i>Automobiles 0.3%</i>				
Fiat Chrysler Automobiles NV, Senior Notes	5.250%	4/15/23	1,000,000	1,015,040 (c)
<i>Diversified Consumer Services 0.3%</i>				
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Bonds	7.875%	6/1/21	870,000	874,350
<i>Hotels, Restaurants &amp; Leisure 0.4%</i>				
International Game Technology PLC, Senior Secured Notes	6.500%	2/15/25	1,200,000	1,221,000 (a)
<i>Media 2.0%</i>				
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	1,030,000	1,004,250 (c)
CSC Holdings LLC, Senior Bonds	5.250%	6/1/24	1,130,000	1,031,125 (c)
DISH DBS Corp., Senior Notes	5.000%	3/15/23	820,000	752,350 (c)
Numericable-SFR SA, Senior Secured Bonds	6.000%	5/15/22	200,000	201,010 (a)(c)

See Notes to Financial Statements.

**Table of Contents****Schedule of investments (unaudited) (cont d)**

April 30, 2016

**Legg Mason BW Global Income Opportunities Fund Inc.**

	Rate	Maturity Date	Face Amount	Value
<b>Security</b>				
<i>Media continued</i>				
Numericable-SFR SA, Senior Secured Bonds	6.250%	5/15/24	400,000	\$ 388,500 <sup>(a)(c)</sup>
Sirius XM Radio Inc., Senior Notes	6.000%	7/15/24	1,100,000	1,163,360 <sup>(a)</sup>
Virgin Media Secured Finance PLC, Senior Secured Notes	5.500%	1/15/25	1,174,500 GBP	1,703,251 <sup>(a)(c)</sup>
<i>Total Media</i>				<i>6,243,846</i>
<b>Total Consumer Discretionary</b>				<b>9,354,236</b>
<b>Consumer Staples 2.3%</b>				
<i>Beverages 0.3%</i>				
Constellation Brands Inc., Senior Notes	4.250%	5/1/23	1,000,000	1,050,000
<i>Food Products 1.5%</i>				
Agrokor DD, Senior Notes	8.875%	2/1/20	730,000	781,100 <sup>(a)(c)</sup>
Boparan Finance PLC, Senior Notes	5.250%	7/15/19	540,000 GBP	778,330 <sup>(a)(c)</sup>
JBS Investment GmbH, Senior Notes	7.250%	4/3/24	1,385,000	1,346,913 <sup>(a)(c)</sup>
Kraft Heinz Foods Co., Secured Notes	4.875%	2/15/25	1,120,000	1,240,161 <sup>(a)(c)</sup>
Marfrig Overseas Ltd., Senior Notes	9.500%	5/4/20	525,000	540,750
<i>Total Food Products</i>				<i>4,687,254</i>
<i>Tobacco 0.5%</i>				
Vector Group Ltd., Senior Subordinated Secured Notes	7.750%	2/15/21	1,415,000	1,496,363 <sup>(c)</sup>
<b>Total Consumer Staples</b>				<b>7,233,617</b>
<b>Energy 9.1%</b>				
<i>Oil, Gas &amp; Consumable Fuels 9.1%</i>				
Anadarko Petroleum Corp., Senior Notes	6.450%	9/15/36	6,937,000	7,505,695
ConocoPhillips, Notes	6.500%	2/1/39	3,675,000	4,574,655 <sup>(c)</sup>
Devon Energy Corp., Senior Notes	3.250%	5/15/22	1,760,000	1,595,769 <sup>(c)</sup>
Hess Corp., Notes	8.125%	2/15/19	1,795,000	2,019,072 <sup>(c)</sup>
Marathon Oil Corp., Senior Notes	6.600%	10/1/37	1,170,000	1,123,977
Petrobras Global Finance BV, Senior Notes	5.750%	1/20/20	500,000	460,000
Petrobras Global Finance BV, Senior Notes	5.375%	1/27/21	430,000	383,237
Petroleos Mexicanos, Senior Notes	5.500%	6/27/44	6,605,000	5,845,425
Petroleos Mexicanos, Senior Notes	5.625%	1/23/46	5,405,000	4,832,394
<b>Total Energy</b>				<b>28,340,224</b>
<b>Financials 17.7%</b>				
<i>Banks 10.3%</i>				
Bank of America Corp., Subordinated Notes	7.750%	5/14/38	10,345,000	14,437,885 <sup>(c)</sup>
Citigroup Inc., Senior Notes	8.125%	7/15/39	5,330,000	8,197,924 <sup>(c)</sup>
Wells Fargo & Co., Subordinated Notes	4.300%	7/22/27	9,000,000	9,611,883
<i>Total Banks</i>				<i>32,247,692</i>

See Notes to Financial Statements.

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**Legg Mason BW Global Income Opportunities Fund Inc.**

	Rate	Maturity Date	Face Amount	Value
Security				
<i>Capital Markets 6.3%</i>				
Goldman Sachs Group Inc., Senior Notes	3.625%	1/22/23	5,000,000	\$ 5,189,335 (c)
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	12,000,000	14,591,844 (c)
<i>Total Capital Markets</i>				<i>19,781,179</i>
<i>Diversified Financial Services 0.2%</i>				
CPUK Finance Ltd., Secured Notes	7.000%	8/28/20	490,000 GBP	749,793 (a)
<i>Real Estate Investment Trusts (REITs) 0.9%</i>				
Equinix Inc., Senior Notes	5.375%	4/1/23	1,265,000	1,328,250 (c)
Equinix Inc., Senior Notes	5.875%	1/15/26	160,000	169,699 (c)
Iron Mountain Inc., Senior Notes	6.000%	10/1/20	165,000	174,900 (a)(c)
Iron Mountain Inc., Senior Notes	6.000%	8/15/23	955,000	1,019,463 (c)
<i>Total Real Estate Investment Trusts (REITs)</i>				<i>2,692,312</i>
<b>Total Financials</b>				<b>55,470,976</b>
<i>Health Care 1.9%</i>				
<i>Health Care Providers &amp; Services 1.7%</i>				
DaVita HealthCare Partners Inc., Senior Notes	5.750%	8/15/22	1,500,000	1,576,875 (c)
HCA Inc., Senior Secured Notes	5.000%	3/15/24	845,000	876,687 (c)
HealthSouth Corp., Senior Notes	5.750%	11/1/24	1,060,000	1,099,750 (c)
Tenet Healthcare Corp., Senior Secured Notes	4.750%	6/1/20	845,000	874,575 (c)
Universal Health Services Inc., Senior Secured Notes	4.750%	8/1/22	1,000,000	1,022,500 (a)
<i>Total Health Care Providers &amp; Services</i>				<i>5,450,387</i>
<i>Pharmaceuticals 0.2%</i>				
Capsugel SA, Senior Notes	7.000%	5/15/19	583,000	587,373 (a)(c)(e)
<b>Total Health Care</b>				<b>6,037,760</b>
<i>Industrials 4.3%</i>				
<i>Aerospace &amp; Defense 3.5%</i>				
Lockheed Martin Corp., Senior Notes	3.550%	1/15/26	9,000,000	9,667,503
Northrop Grumman Corp., Senior Notes	3.250%	8/1/23	1,236,000	1,304,235
<i>Total Aerospace &amp; Defense</i>				<i>10,971,738</i>
<i>Commercial Services &amp; Supplies 0.3%</i>				
Safway Group Holding LLC/Safway Finance Corp., Secured Notes	7.000%	5/15/18	1,065,000	1,070,325 (a)(c)
<i>Trading Companies &amp; Distributors 0.5%</i>				
Fly Leasing Ltd., Senior Notes	6.750%	12/15/20	1,500,000	1,511,250 (c)
<b>Total Industrials</b>				<b>13,553,313</b>
<i>Information Technology 5.6%</i>				
<i>Electronic Equipment, Instruments &amp; Components 0.2%</i>				
Anixter Inc., Senior Notes	5.125%	10/1/21	470,000	477,050 (c)

See Notes to Financial Statements.

**Table of Contents****Schedule of investments (unaudited) (cont d)**

April 30, 2016

**Legg Mason BW Global Income Opportunities Fund Inc.**

	Rate	Maturity Date	Face Amount	Value
<b>Security</b>				
<i>Internet Software &amp; Services 0.3%</i>				
VeriSign Inc., Senior Notes	4.625%	5/1/23	800,000	\$ 826,000 (c)
<i>Software 3.1%</i>				
Microsoft Corp., Senior Notes	4.200%	11/3/35	9,000,000	9,829,656 (c)
<i>Technology Hardware, Storage &amp; Peripherals 2.0%</i>				
Apple Inc., Senior Notes	4.500%	2/23/36	2,820,000	3,080,012 (c)
Apple Inc., Senior Notes	4.650%	2/23/46	2,970,000	3,269,676 (c)
<i>Total Technology Hardware, Storage &amp; Peripherals</i>				6,349,688
<b>Total Information Technology</b>				<b>17,482,394</b>
<b>Materials 2.3%</b>				
<i>Chemicals 1.3%</i>				
Hexion Inc., Senior Secured Notes	6.625%	4/15/20	1,480,000	1,246,900 (c)
Ineos Finance PLC, Senior Secured Bonds	4.000%	5/1/23	1,180,000 EUR	1,324,981 (a)(c)
W.R. Grace & Co., Senior Notes	5.125%	10/1/21	1,380,000	1,448,310 (a)(c)
<i>Total Chemicals</i>				4,020,191
<i>Construction Materials 0.4%</i>				
Cemex SAB de CV, Senior Secured Notes	7.250%	1/15/21	1,130,000	1,209,100 (a)
<i>Containers &amp; Packaging 0.6%</i>				
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Secured Notes	4.250%	1/15/22	800,000 EUR	930,926 (a)
Ball Corp., Senior Notes	4.375%	12/15/20	160,000	166,700 (c)
Coveris Holdings SA, Senior Notes	7.875%	11/1/19	800,000	772,000 (a)(c)
<i>Total Containers &amp; Packaging</i>				1,869,626
<b>Total Materials</b>				<b>7,098,917</b>
<b>Telecommunication Services 3.7%</b>				
<i>Diversified Telecommunication Services 2.4%</i>				
Digicel Group Ltd., Senior Notes	8.250%	9/30/20	2,670,000	2,449,725 (a)(c)
Interoute Finco PLC, Senior Secured Bonds	7.375%	10/15/20	440,000 EUR	548,864 (a)
SBA Communications Corp., Senior Notes	4.875%	7/15/22	810,000	818,610 (c)
Telecom Italia Capital SA, Senior Notes	6.375%	11/15/33	2,215,000	2,270,375 (c)
Unitymedia GmbH, Senior Notes	3.750%	1/15/27	350,000 EUR	363,196 (a)(c)
Wind Acquisition Finance SA, Senior Bonds	7.375%	4/23/21	1,350,000	1,208,250 (a)(c)
<i>Total Diversified Telecommunication Services</i>				7,659,020
<i>Wireless Telecommunication Services 1.3%</i>				
Altice Financing SA, Senior Secured Notes	5.250%	2/15/23	350,000 EUR	419,023 (a)(c)
Matterhorn Telecom SA, Senior Secured Bonds	3.875%	5/1/22	520,000 EUR	580,213 (a)(c)
Sprint Corp., Senior Notes	7.250%	9/15/21	2,000,000	1,625,000 (c)
T-Mobile USA Inc., Senior Notes	6.500%	1/15/24	1,335,000	1,426,781 (c)
<i>Total Wireless Telecommunication Services</i>				4,051,017
<b>Total Telecommunication Services</b>				<b>11,710,037</b>

See Notes to Financial Statements.

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**Legg Mason BW Global Income Opportunities Fund Inc.**

	Rate	Maturity Date	Face Amount	Value
Security				
<b>Utilities 1.8%</b>				
<i>Electric Utilities 0.5%</i>				
Viridian Group FundCo II Ltd., Senior Secured Notes	7.500%	3/1/20	1,225,000 EUR	\$ 1,497,298 (a)(c)
<i>Gas Utilities 0.5%</i>				
AmeriGas Partners LP/AmeriGas Finance Corp., Senior Notes	6.500%	5/20/21	1,449,000	1,496,092 (c)
<i>Independent Power and Renewable Electricity Producers 0.4%</i>				
AES Corp., Senior Notes	7.375%	7/1/21	1,000,000	1,152,500
<i>Water Utilities 0.4%</i>				
Anglian Water (Osprey) Financing PLC, Senior Secured Notes	5.000%	4/30/23	950,000 GBP	1,423,623 (b)(c)
<b>Total Utilities</b>				<b>5,569,513</b>
<b>Total Corporate Bonds &amp; Notes (Cost \$150,809,731)</b>				<b>161,850,987</b>
<b>Municipal Bonds 0.9%</b>				
<i>Georgia 0.9%</i>				
Municipal Electric Authority, GA, Build America Bonds, Plant Vogtle Units 3&4 Project J	6.637%	4/1/57	1,230,000	1,578,582 (c)
Municipal Electric Authority, GA, Build America Bonds, Plant Vogtle Units 3&4 Project M	6.655%	4/1/57	915,000	1,126,484 (c)
<b>Total Municipal Bonds (Cost \$2,421,952)</b>				<b>2,705,066</b>
<b>Senior Loans 1.0%</b>				
<b>Consumer Discretionary 0.4%</b>				
<i>Media 0.4%</i>				
Adria Topco BV, EUR PIK Term Loan	9.000%	7/8/19	1,141,166 EUR	1,327,110 (e)(f)(g)
<b>Health Care 0.6%</b>				
<i>Pharmaceuticals 0.6%</i>				
Capsugel Holdings U.S. Inc., USD Term Loan B	4.000%	7/31/21	1,812,609	1,815,443 (f)(g)
<b>Total Senior Loans (Cost \$3,316,357)</b>				<b>3,142,553</b>
			Shares	
<b>Common Stocks 1.8%</b>				
<b>Consumer Discretionary 1.5%</b>				
<i>Diversified Consumer Services 1.5%</i>				
StoneMor Partners LP			196,000	4,782,400 (c)
<b>Energy 0.3%</b>				
<i>Oil, Gas &amp; Consumable Fuels 0.3%</i>				
BP Prudhoe Bay Royalty Trust			50,000	825,500 (c)
<b>Total Common Stocks (Cost \$8,377,799)</b>				<b>5,607,900</b>
<b>Investments in Underlying Funds 1.6%</b>				
SPDR S&P Oil & Gas Exploration & Production ETF			61,300	2,190,862 (h)
VanEck Vectors Oil Services ETF			89,875	2,699,845 (h)
<b>Total Investments in Underlying Funds (Cost \$4,180,957)</b>				<b>4,890,707</b>
<b>Total Investments before Short-Term Investments (Cost \$508,280,231)</b>				<b>467,021,989</b>

See Notes to Financial Statements.

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**Schedule of investments (unaudited) (cont d)**

April 30, 2016

**Legg Mason BW Global Income Opportunities Fund Inc.**

	Rate	Shares	Value
Security			
<b>Short-Term Investments</b> 7.8%			
State Street Institutional Liquid Reserves Fund, Premier Class (Cost \$24,429,334)	0.468%	24,429,334	\$ 24,429,334
<b>Total Investments</b> 157.1% (Cost \$532,709,565#)			<b>491,451,323</b>
Mandatory Redeemable Preferred Stock, at Liquidation Value (16.0)%			(50,000,000)
Liabilities in Excess of Other Assets (41.1)%			(128,670,880)
<b>Total Net Assets Applicable to Common Shareholders</b> 100.0%			<b>\$ 312,780,443</b>

Face amount denominated in U.S. dollars, unless otherwise noted.

- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
- (b) Security is exempt from registration under Regulation S of the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
- (c) All or a portion of this security is pledged as collateral pursuant to the loan agreement (See Note 5).
- (d) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (e) Payment-in-kind security for which the issuer has the option at each interest payment date of making interest payments in cash or additional debt securities.
- (f) Interest rates disclosed represent the effective rates on senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.
- (g) Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan.
- (h) All or a portion of this security is pledged as collateral for written options.

# Aggregate cost for federal income tax purposes is substantially the same.

## Edgar Filing: Legg Mason BW Global Income Opportunities Fund Inc. - Form N-CSRS

### Abbreviations used in this schedule:

AUD	Australian Dollar
BRL	Brazilian Real
ETF	Exchange-Traded Fund
EUR	Euro
GBP	British Pound
IDR	Indonesian Rupiah
MXN	Mexican Peso
PLN	Polish Zloty

### Schedule of Written Options

Security	Expiration Date	Strike Price	Contracts	Value
SPDR S&P Oil & Gas Exploration & Production ETF, Call	5/20/16	\$ 36.00	613	\$ 74,173
VanEck Vectors Oil Services ETF, Call	5/20/16	30.00	301	27,993
<b>Total Written Options (Premiums received \$35,240)</b>				<b>\$ 102,166</b>

See Notes to Financial Statements.

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**Legg Mason BW Global Income Opportunities Fund Inc.**

**Summary of Investments by Country\***

United States	37.5%
Mexico	15.6
Indonesia	11.6
Brazil	10.7
Colombia	5.4
Portugal	3.7
Poland	2.7
United Kingdom	2.2
Ireland	1.6
Spain	1.3
Italy	0.7
Jamaica	0.5
Luxembourg	0.4
Netherlands	0.3
Argentina	0.2
Australia	0.2
Croatia	0.2
France	0.1
Germany	0.1
Short-Term Investments	5.0
	<b>100.0%</b>

\* As a percentage of total investments. Please note that the Fund holdings are as of April 30, 2016 and are subject to change.

[See Notes to Financial Statements.](#)

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**Statement of assets and liabilities (unaudited)**

April 30, 2016

<b>Assets:</b>	
Investments, at value (Cost \$532,709,565)	\$ 491,451,323
Foreign currency, at value (Cost \$53,810)	54,189
Interest receivable	7,608,320
Deposits with brokers for open futures contracts	5,300,598
Receivable for securities sold	3,553,125
Unrealized appreciation on forward foreign currency contracts	1,934,400
Deposits with brokers for centrally cleared swap contracts	1,405,815
Receivable from broker variation margin on centrally cleared swaps	522,322
Prepaid expenses	42,934
<b>Total Assets</b>	<b>511,873,026</b>
<b>Liabilities:</b>	
Loan payable (Note 5)	132,300,000
Mandatory Redeemable Preferred Stock (\$100,000 liquidation value per share; 500 shares issued and outstanding) (net of deferred offering costs of \$643,112) (Note 6)	49,356,888
Payable for securities purchased	7,526,420
Unrealized depreciation on forward foreign currency contracts	5,905,617
Due to custodian	1,520,521
Payable to broker variation margin on open futures contracts	1,271,943
Distributions payable to Mandatory Redeemable Preferred Stockholders	348,749
Investment management fee payable	341,503
Accrued foreign capital gains tax	165,711
Written options, at value (premiums received \$35,240)	102,166
Interest payable	41,862
Directors fees payable	8,293
Accrued expenses	202,910
<b>Total Liabilities</b>	<b>199,092,583</b>
<b>Total Net Assets Applicable to Common Shareholders</b>	<b>\$ 312,780,443</b>
<b>Net Assets Applicable to Common Shareholders:</b>	
Common stock par value (\$0.001 par value; 21,076,754 shares issued and outstanding; 100,000,000 shares authorized)	\$ 21,077
Paid-in capital in excess of par value	399,090,256
Undistributed net investment income	9,720,182
Accumulated net realized loss on investments, futures contracts, written options, swap contracts and foreign currency transactions	(49,400,909)
Net unrealized depreciation on investments, futures contracts, written options, swap contracts and foreign currencies	(46,650,163)
<b>Total Net Assets Applicable to Common Shareholders</b>	<b>\$ 312,780,443</b>
<b>Common Shares Outstanding</b>	<b>21,076,754</b>
<b>Net Asset Value Per Common Share</b>	<b>\$14.84</b>

Net of accrued foreign capital gains tax of \$165,711.

See Notes to Financial Statements.

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**Statement of operations** (unaudited)

For the Six Months Ended April 30, 2016

<b>Investment Income:</b>	
Interest	\$ 13,456,866
Dividends	297,681
Less: Foreign taxes withheld	(153,157)
<b>Total Investment Income</b>	<b>13,601,390</b>
<b>Expenses:</b>	
Investment management fee (Note 2)	2,018,727
Distributions to Mandatory Redeemable Preferred Stockholders (Notes 1 and 6)	834,707
Interest expense (Note 5)	689,774
Excise tax (Note 1)	640,647
Custody fees	104,517
Amortization of preferred stock offering costs (Note 6)	79,013
Transfer agent fees	59,999
Directors' fees	44,112
Audit and tax fees	31,686
Fund accounting fees	20,194
Legal fees	17,188
Shareholder reports	15,301
Rating agency fees	11,075
Stock exchange listing fees	10,576
Insurance	3,123
Miscellaneous expenses	15,794
<b>Total Expenses</b>	<b>4,596,433</b>
<b>Net Investment Income</b>	<b>9,004,957</b>
<b>Realized and Unrealized Gain (Loss) on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):</b>	
Net Realized Gain (Loss) From:	
Investment transactions	(41,933,092)
Futures contracts	556,705
Written options	(149,909)
Swap contracts	1,559,277
Foreign currency transactions	(2,976,025)
<b>Net Realized Loss</b>	<b>(42,943,044)</b>
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	52,544,106
Futures contracts	(3,327,096)
Written options	(66,926)
Swap contracts	5,473
Foreign currencies	(4,703,443)
<b>Change in Net Unrealized Appreciation (Depreciation)</b>	<b>44,452,114</b>
<b>Net Gain on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions</b>	<b>1,509,070</b>
<b>Increase in Net Assets Applicable to Common Shareholders From Operations</b>	<b>\$ 10,514,027</b>

Net of change in accrued foreign capital gains tax of \$165,711.

See Notes to Financial Statements.

**Table of Contents****Statements of changes in net assets**For the Six Months Ended April 30, 2016 (unaudited)  
and the Year Ended October 31, 2015

	2016	2015
<b>Operations:</b>		
Net investment income	\$ 9,004,957	\$ 22,989,043
Net realized loss	(42,943,044)	(1,698,150)
Change in net unrealized appreciation (depreciation)	44,452,114	(83,482,199)
<i>Increase (Decrease) in Net Assets Applicable to Common Shareholders From Operations</i>	<i>10,514,027</i>	<i>(62,191,306)</i>
<b>Distributions to Common Shareholders From (Note 1):</b>		
Net investment income	(15,596,798)	(21,707,298)
Net realized gains		(18,338,534)
<i>Decrease in Net Assets From Distributions to Common Shareholders</i>	<i>(15,596,798)</i>	<i>(40,045,832)</i>
<i>Decrease in Net Assets Applicable to Common Shareholders</i>	<i>(5,082,771)</i>	<i>(102,237,138)</i>
<b>Net Assets Applicable to Common Shareholders:</b>		
Beginning of period	317,863,214	420,100,352
<b>End of period*</b>	<b>\$ 312,780,443</b>	<b>\$ 317,863,214</b>
*Includes undistributed net investment income of:	\$9,720,182	\$16,312,023

See Notes to Financial Statements.

**Table of Contents****Statement of cash flows (unaudited)**

For the Six Months Ended April 30, 2016

**Increase (Decrease) in Cash:****Cash Provided (Used) by Operating Activities:**

Net increase in net assets applicable to common shareholders resulting from operations	\$ 10,514,027
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided (used) by operating activities:	
Purchases of portfolio securities	(154,528,446)
Sales of portfolio securities	170,573,992
Net purchases, sales and maturities of short-term investments	(22,491,958)
Payment-in-kind	(53,738)
Net amortization of premium (accretion of discount)	75,297
Increase in receivable for securities sold	(3,176,550)
Decrease in interest receivable	618,171
Decrease in distributions payable for Mandatory Redeemable Preferred Stockholders	(2,294)
Increase in receivable to broker variation margin on open centrally cleared swaps	(522,322)
Increase in prepaid expenses	(20,013)
Increase in deposits with brokers for open futures contracts	(1,944,295)
Increase in deposits with brokers for centrally cleared swap contracts	(1,405,847)
Decrease in net premiums paid for OTC swap contracts	104,657
Decrease in payable for open OTC swap contracts	(11,864)
Increase in payable for securities purchased	7,525,792
Decrease in foreign currency collateral overdraft	(90)
Decrease in investment management fee payable	(21,080)
Increase in Directors fees payable	1,488
Increase in interest payable	5,547
Decrease in accrued expenses	(7,346)
Increase in premiums received from written options	35,240
Increase in payable to broker variation margin on open futures contracts	3,326,505
Increase in deferred preferred stock offering costs	79,013
Net realized loss on investments	41,933,092
Change in net unrealized appreciation (depreciation) of investments, written options, OTC swap contracts and forward foreign currency transactions	(47,501,433)
<b>Net Cash Provided by Operating Activities*</b>	<b>3,105,545</b>
<b>Cash Flows From Financing Activities:</b>	
Distributions paid on common stock	(15,596,798)
Increase in due to custodian	1,520,521
<b>Net Cash Used in Financing Activities</b>	<b>(14,076,277)</b>
<b>Net Decrease in Cash</b>	<b>(10,970,732)</b>
Cash at Beginning of Period	11,024,921
Cash at End of Period	\$ 54,189

\* Included in operating expenses is cash of \$684,227 paid for interest on borrowings.

See Notes to Financial Statements.

**Table of Contents****Financial highlights**

For a common share of capital stock outstanding throughout each year ended October 31, unless otherwise noted:

	2016 <sup>1,2</sup>	2015 <sup>2</sup>	2014 <sup>2</sup>	2013 <sup>2</sup>	2012 <sup>2,3</sup>
Net asset value, beginning of period	\$15.08	\$19.93	\$19.76	\$20.99	\$19.06 <sup>4</sup>
<b>Income (loss) from operations:</b>					
Net investment income	0.43	1.09	1.43	1.43	0.82
Net realized and unrealized gain (loss)	0.07	(4.04)	0.52	(1.23)	1.82
<i>Total income (loss) from operations</i>	<i>0.50</i>	<i>(2.95)</i>	<i>1.95</i>	<i>0.20</i>	<i>2.64</i>
<b>Less distributions to common shareholders from:</b>					
Net investment income	(0.74) <sup>5</sup>	(1.03)	(1.04)	(0.97)	(0.52)
Net realized gains		(0.87)	(0.74)	(0.46)	(0.19)
<i>Total distributions to common shareholders</i>	<i>(0.74)</i>	<i>(1.90)</i>	<i>(1.78)</i>	<i>(1.43)</i>	<i>(0.71)</i>
Net asset value, end of period	\$14.84	\$15.08	\$19.93	\$19.76	\$20.99
Market price, end of period	\$12.54	\$12.56	\$17.32	\$17.40	\$19.43
<i>Total return, based on NAV<sup>6,7</sup></i>	<i>3.83%</i>	<i>(15.64)%</i>	<i>10.39%</i>	<i>0.82%</i>	<i>14.07%</i>
<i>Total return, based on Market Price<sup>8</sup></i>	<i>6.35%</i>	<i>(17.68)%</i>	<i>10.24%</i>	<i>(3.41)%</i>	<i>0.80%</i>
Net assets applicable to common shareholders, end of period (000s)	\$312,780	\$317,863	\$420,100	\$416,426	\$442,416
<b>Ratios to average net assets:</b>					
Gross expenses	3.13% <sup>9</sup>	2.45%	1.74%	1.71%	1.50% <sup>9</sup>
Net expenses	3.13 <sup>9</sup>	2.45	1.74	1.71	1.48 <sup>9,10</sup>
Net investment income	6.13 <sup>9</sup>	6.16	7.15	6.81	7.00 <sup>9</sup>
<b>Portfolio turnover rate</b>	<b>35%</b>	<b>25%</b>	<b>62%</b>	<b>108%</b>	<b>49%</b>
<b>Supplemental data:</b>					
Loan Outstanding, End of Period (000s)	\$132,300	\$132,300	\$132,300	\$156,000	\$135,000
Asset Coverage Ratio for Loan Outstanding <sup>11</sup>	374%	378%	418%	367%	428%
Asset Coverage, per \$1,000 Principal Amount of Loan Outstanding <sup>11</sup>	\$3,742	\$3,781	\$4,175 <sup>12</sup>	\$3,669 <sup>12</sup>	\$4,277 <sup>12</sup>
Weighted Average Loan (000s)	\$132,300	\$132,300	\$145,365	\$148,547	\$107,842
Weighted Average Interest Rate on Loan	1.05%	0.84%	0.81%	0.85%	0.88%
Mandatory Redeemable Preferred Stock at Liquidation Value, End of Period (000s)	\$50,000	\$50,000			
Asset Coverage Ratio for Mandatory Redeemable Preferred Stock <sup>13</sup>	272%	274%			
Asset Coverage, per \$100,000 Liquidation Value per Share of Mandatory Redeemable Preferred Stock <sup>13</sup>	\$271,574	\$274,363			

See Notes to Financial Statements.

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- <sup>1</sup> For the six months ended April 30, 2016 (unaudited).
- <sup>2</sup> Per share amounts have been calculated using the average shares method.
- <sup>3</sup> For the period March 28, 2012 (commencement of operations) to October 31, 2012.
- <sup>4</sup> Initial public offering price of \$20.00 per share less offering costs and sales load totaling \$0.94 per share.
- <sup>5</sup> The actual source of the Fund's current fiscal year distributions may be from net investment income, return of capital or a combination of both. Shareholders will be informed of the tax characteristics of the distributions after the close of the fiscal year.
- <sup>6</sup> Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.
- <sup>7</sup> The total return calculation assumes that distributions are reinvested at NAV. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.
- <sup>8</sup> The total return calculation assumes that distributions are reinvested in accordance with the Fund's dividend reinvestment plan. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.
- <sup>9</sup> Annualized.
- <sup>10</sup> The investment manager has agreed to reimburse all organizational expenses (Note 2).
- <sup>11</sup> Represents value of net assets plus the loan outstanding and mandatory redeemable preferred stock at the end of the period divided by the loan outstanding at the end of the period.
- <sup>12</sup> Added to conform to current period presentation.
- <sup>13</sup> Represents value of net assets plus the loan outstanding and mandatory redeemable preferred stock at the end of the period divided by the loan and mandatory redeemable preferred stock outstanding at the end of the period.

[See Notes to Financial Statements.](#)

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**Notes to financial statements (unaudited)**

**1. Organization and significant accounting policies**

Legg Mason BW Global Income Opportunities Fund Inc. (the Fund) was incorporated in Maryland on October 27, 2010 and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's primary investment objective is to provide current income. As a secondary investment objective, the Fund will seek capital appreciation. There can be no assurance the Fund will achieve its investment objectives.

The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its assets in global fixed income securities.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

**(a) Investment valuation.** The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

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The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

**Table of Contents****Notes to financial statements (unaudited) (cont d)**

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets and liabilities carried at fair value:

<b>ASSETS</b>				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Long-term investments :				
Sovereign bonds		\$ 232,094,085		\$ 232,094,085
Collateralized mortgage obligations		56,730,691		56,730,691
Corporate bonds & notes		161,850,987		161,850,987
Municipal bonds		2,705,066		2,705,066
Senior loans		3,142,553		3,142,553
Common stocks	\$ 5,607,900			5,607,900
Investments in underlying funds	4,890,707			4,890,707
<b>Total long-term investments</b>	<b>\$ 10,498,607</b>	<b>\$ 456,523,382</b>		<b>\$ 467,021,989</b>
Short-term investments	24,429,334			24,429,334
<b>Total investments</b>	<b>\$ 34,927,941</b>	<b>\$ 456,523,382</b>		<b>\$ 491,451,323</b>
Other financial instruments:				
Futures contracts	\$ 27,388			\$ 27,388
Forward foreign currency contracts		\$ 1,934,400		1,934,400
<b>Total other financial instruments</b>	<b>\$ 27,388</b>	<b>\$ 1,934,400</b>		<b>\$ 1,961,788</b>
<b>Total</b>	<b>\$ 34,955,329</b>	<b>\$ 458,457,782</b>		<b>\$ 493,413,111</b>
<b>LIABILITIES</b>				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other financial instruments:				
Written options	\$ 102,166			\$ 102,166
Futures contracts	1,300,340			1,300,340
Forward foreign currency contracts		\$ 5,905,617		5,905,617
Centrally cleared credit default swaps on credit indices sell protection		101,401		101,401
<b>Total</b>	<b>\$ 1,402,506</b>	<b>\$ 6,007,018</b>		<b>\$ 7,409,524</b>

See Schedule of Investments for additional detailed categorizations.

**(b) Repurchase agreements.** The Fund may enter into repurchase agreements with institutions that its subadviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, the Fund acquires a debt security subject to an obligation of the seller to repurchase, and of the Fund to resell, the security at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian, acting on the Fund's behalf, take

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possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction maturity exceeds one business day, the value of the collateral is marked-to-market and measured against the value of the agreement in an effort to ensure the adequacy of the collateral. If the counterparty defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

**(c) Futures contracts.** The Fund uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against, changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the initial margin and subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. The daily changes in contract value are recorded as unrealized gains or losses in the Statement of Operations and the Fund recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

**(d) Forward foreign currency contracts.** The Fund enters into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked-to-market daily and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery or offset by entering into another forward foreign currency contract, the Fund recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it is closed.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected on the Statement of Assets and Liabilities. The Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

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**Notes to financial statements (unaudited) (cont d)**

**(e) Written options.** When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market daily to reflect the current market value of the option written. If the option expires, the premium received is recorded as a realized gain. When a written call option is exercised, the difference between the premium received plus the option exercise price and the Fund's basis in the underlying security (in the case of a covered written call option), or the cost to purchase the underlying security (in the case of an uncovered written call option), including brokerage commission, is recognized as a realized gain or loss. When a written put option is exercised, the amount of the premium received is subtracted from the cost of the security purchased by the Fund from the exercise of the written put option to form the Fund's basis in the underlying security purchased. The writer or buyer of an option traded on an exchange can liquidate the position before the exercise of the option by entering into a closing transaction. The cost of a closing transaction is deducted from the original premium received resulting in a realized gain or loss to the Fund.

The risk in writing a covered call option is that the Fund may forego the opportunity of profit if the market price of the underlying security increases and the option is exercised. The risk in writing a put option is that the Fund may incur a loss if the market price of the underlying security decreases and the option is exercised. The risk in writing an uncovered call option is that the Fund is exposed to the risk of loss if the market price of the underlying security increases. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

**(f) Swap agreements.** The Fund invests in swaps for the purpose of managing its exposure to interest rate, credit or market risk, or for other purposes. The use of swaps involves risks that are different from those associated with other portfolio transactions. Swap agreements are privately negotiated in the over-the-counter market and may be entered into as a bilateral contract (OTC Swaps) or centrally cleared (Centrally Cleared Swaps). Unlike Centrally Cleared Swaps, the Fund has credit exposure to the counterparties of OTC Swaps.

In a Centrally Cleared Swap, immediately following execution of the swap, the swap agreement is submitted to a clearinghouse or central counterparty (the CCP) and the CCP becomes the ultimate counterparty of the swap agreement. The Fund is required to interface with the CCP through a broker, acting in an agency capacity. All payments are settled with the CCP through the broker. Upon entering into a Centrally Cleared Swap, the Fund is required to deposit initial margin with the broker in the form of cash or securities.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of Centrally Cleared Swaps, if any, is recorded as a receivable or payable for variation margin on the Statement of Assets and Liabilities. Gains or losses are realized upon termination of the swap agreement. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities posted as collateral for swap contracts are identified in the Schedule of

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Investments and restricted cash, if any, is identified on the Statement of Assets and Liabilities. Risks may exceed amounts recorded in the Statement of Assets and Liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms, and the possible lack of liquidity with respect to the swap agreements.

OTC swap payments received or made at the beginning of the measurement period are reflected as a premium or deposit, respectively, on the Statement of Assets and Liabilities. These upfront payments are amortized over the life of the swap and are recognized as realized gain or loss in the Statement of Operations. Net periodic payments received or paid by the Fund are recognized as a realized gain or loss in the Statement of Operations.

The Fund's maximum exposure in the event of a defined credit event on a credit default swap to sell protection is the notional amount. As of April 30, 2016, the total notional value of all credit default swaps to sell protection was \$23,655,000. This amount would be offset by the value of the swap's reference entity, upfront premiums received on the swap and any amounts received from the settlement of a credit default swap where the Fund bought protection for the same referenced security/entity.

For average notional amounts of swaps held during the six months ended April 30, 2016, see Note 4.

### Credit default swaps

The Fund enters into credit default swap (CDS) contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate or sovereign issuers, on a specified obligation, or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising a credit index. The Fund may use a CDS to provide protection against defaults of the issuers (i.e., to reduce risk where the Fund has exposure to an issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund is subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

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**Notes to financial statements (unaudited) (cont'd)**

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the Notes to Financial Statements and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

The Fund's maximum risk of loss from counterparty risk, as the protection buyer, is the fair value of the contract (this risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty). As the protection seller, the Fund's maximum risk is the notional amount of the contract. Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller to the protection buyer upon the occurrence of a defined credit event.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

**(g) Foreign currency translation.** Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from fluctuations in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference

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between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, other than investments in securities, on the date of valuation, resulting from changes in exchange rates.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

**(h) Loan participations.** The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement related to the loan, or any rights of off-set against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any off-set between the lender and the borrower.

**(i) Cash flow information.** The Fund invests in securities and distributes dividends from net investment income and net realized gains, which are paid in cash and may be reinvested at the discretion of shareholders. These activities are reported in the Statement of Changes in Net Assets and additional information on cash receipts and cash payments are presented in the Statement of Cash Flows.

**(j) Credit and market risk.** The Fund invests in high-yield and emerging market instruments that are subject to certain credit and market risks. The yields of high-yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund's investments in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund. The Fund's investments in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

Investments in securities that are collateralized by real estate mortgages are subject to certain credit and liquidity risks. When market conditions result in an increase in default rates of the underlying mortgages and the foreclosure values of underlying real estate

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**Notes to financial statements (unaudited) (cont d)**

properties are materially below the outstanding amount of these underlying mortgages, collection of the full amount of accrued interest and principal on these investments may be doubtful. Such market conditions may significantly impair the value and liquidity of these investments and may result in a lack of correlation between their credit ratings and values.

**(k) Foreign investment risks.** The Fund's investments in foreign securities may involve risks not present in domestic investments. Since securities may be denominated in foreign currencies, may require settlement in foreign currencies or pay interest or dividends in foreign currencies, changes in the relationship of these foreign currencies to the U.S. dollar can significantly affect the value of the investments and earnings of the Fund. Foreign investments may also subject the Fund to foreign government exchange restrictions, expropriation, taxation or other political, social or economic developments, all of which affect the market and/or credit risk of the investments.

**(l) Counterparty risk and credit-risk-related contingent features of derivative instruments.** The Fund may invest in certain securities or engage in other transactions, where the Fund is exposed to counterparty credit risk in addition to broader market risks. The Fund may invest in securities of issuers, which may also be considered counterparties as trading partners in other transactions. This may increase the risk of loss in the event of default or bankruptcy by the counterparty or if the counterparty otherwise fails to meet its contractual obligations. The Fund's subadviser attempts to mitigate counterparty risk by (i) periodically assessing the creditworthiness of its trading partners, (ii) monitoring and/or limiting the amount of its net exposure to each individual counterparty based on its assessment and (iii) requiring collateral from the counterparty for certain transactions. Market events and changes in overall economic conditions may impact the assessment of such counterparty risk by the subadviser. In addition, declines in the values of underlying collateral received may expose the Fund to increased risk of loss.

The Fund has entered into master agreements with certain of its derivative counterparties that provide for general obligations, representations, agreements, collateral, events of default or termination and credit related contingent features. The credit related contingent features include, but are not limited to, a percentage decrease in the Fund's net assets or NAV over a specified period of time. If these credit related contingent features were triggered, the derivatives counterparty could terminate the positions and demand payment or require additional collateral.

Collateral requirements differ by type of derivative. Collateral or margin requirements are set by the broker or exchange clearinghouse for exchange traded derivatives while collateral terms are contract specific for over-the-counter traded derivatives. Cash collateral that has been pledged to cover obligations of the Fund under derivative contracts, if any, will be reported separately in the Statement of Assets and Liabilities. Securities pledged as collateral, if any, for the same purpose are noted in the Schedule of Investments.

Absent an event of default by the counterparty or a termination of the agreement, the terms of the master agreements do not result in an offset of reported amounts of financial assets

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and financial liabilities in the Statement of Assets and Liabilities across transactions between the Fund and the applicable counterparty. The enforceability of the right to offset may vary by jurisdiction.

As of April 30, 2016, the Fund held written options and forward foreign currency contracts with credit related contingent features which had a liability position of \$6,007,783. If a contingent feature in the master agreements would have been triggered, the Fund would have been required to pay this amount to its derivatives counterparties. As of April 30, 2016, the Fund had posted with its counterparties cash and/or securities as collateral to cover the net liability of these derivatives amounting to \$3,095,066, which could be used to reduce the required payment.

**(m) Security transactions and investment income.** Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as practicable after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Fund may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

**(n) Distributions to shareholders.** Distributions to common shareholders from net investment income of the Fund, if any, are declared quarterly and paid on a monthly basis. The actual source of the Fund's monthly distributions may be from net investment income, return of capital or a combination of both. Common shareholders will be informed of the tax characteristics of the distributions after the close of the fiscal year. Distributions to common shareholders of net realized gains, if any, are declared at least annually. Pursuant to its Managed Distribution Policy, adopted by the Fund in August 2012, the Fund intends to make regular monthly distributions to common shareholders at a fixed rate per common share, which rate may be adjusted from time to time by the Fund's Board of Directors. Under the Fund's Managed Distribution Policy, if, for any monthly distribution, the value of the Fund's net investment income and net realized capital gain is less than the amount of the distribution, the difference will be distributed from the Fund's net assets (and may constitute a return of capital). The Board of Directors may modify, terminate or suspend the Managed Distribution Policy at any time, including when certain events would make part of the return of capital taxable to common shareholders. Any such modification, termination or suspension could have an adverse effect on the market price of the Fund's shares. Distributions to common shareholders of the Fund are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

Distributions to holders of Mandatory Redeemable Preferred Stock ( MRPS ) are accrued on a daily basis as described in Note 6 and are treated as an operating expense as required by GAAP. For tax purposes, the payments made to the holders of the Fund's MRPS are treated as dividends or distributions. The character of distributions to MRPS holders made during the year may differ from their ultimate characterization for federal income tax purposes.

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Notes to financial statements (unaudited) (cont d)