

Performance Disclosure

December 31, 2016

Multi-Asset Credit Composite

Composite Inception Date: 10/01/2010 | Composite Creation Date: 07/17/2013

	No. of Accts	Gross Total Return	Net Total Return	Benchmark Total Return	Gross Total 3-Yr St Dev	Benchmark Total 3-Yr St Dev	Internal Dispersion	Mkt. Value (US\$mil)	Percentage of Firm Assets	Firm Assets (US\$mil)
2007	-na-	-na-	-na-	-na-	-na-	-na-	-na-	-na-	-na-	\$621,493
2008	-na-	-na-	-na-	-na-	-na-	-na-	-na-	-na-	-na-	\$505,660
2009	-na-	-na-	-na-	-na-	-na-	-na-	-na-	-na-	-na-	\$482,218
2010 ¹	1	0.23%	0.13%	-na-	-na-	-na-	-na-	\$472	0.10%	\$453,909
2011	1	8.29%	7.86%	-na-	-na-	-na-	-na-	\$464	0.10%	\$443,140
2012	1	13.93%	13.48%	-na-	-na-	-na-	-na-	\$478	0.10%	\$461,891
2013	1	2.36%	1.95%	-na-	4.27%	-na-	-na-	\$393	0.09%	\$451,632
2014	3	5.21%	4.69%	-na-	3.99%	-na-	-na-	\$515	0.11%	\$466,036
2015	4	-2.35%	-2.93%	-na-	4.23%	-na-	-na-	\$615	0.14%	\$433,747
2016	6	9.56%	8.91%	-na-	4.18%	-na-	-na-	\$879	0.21%	\$425,909

Description: Western Asset's Multi-Asset Credit Composite includes portfolios that employ an active, team-managed investment approach around a long-term, value-oriented investment philosophy. These portfolios seek to generate income from diversified investments in high yielding securities from all sectors of the global fixed-income market. The approach is to construct a diversified portfolio of global high income securities, including investment-grade credit, non-dollar, high yield, bank loan, emerging markets, and structured securities. We seek to add value through sector rotation, yield curve positioning, issue selection, duration management, country selection, and currency positioning.

Objective: Maximize return consistent with the current market environment and outperform the broad market over the course of a market cycle.

Benchmark Description: The Composite is not measured against a benchmark as accounts that may comprise the Composite are measured on an absolute return basis. There is no benchmark available that appropriately reflects the guidelines of all accounts within the Composite.

Base Currency: USD | **Composite Minimum:** No minimum asset size requirement.

Current Fee Schedule: .60 of 1% on the first \$100 million, .40 of 1% on amounts over \$100 million.

Examination Period: The Composite has been examined for the period from January 1, 2013 to December 31, 2015.

¹ Partial period return (October 1, 2010 to December 31, 2010).

Western Asset claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Western Asset has been independently verified for the periods from January 1, 1993 to December 31, 2015.

Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The verification and performance examination reports are available upon request.

For GIPS® purposes, the Firm is defined as Western Asset, a primarily fixed-income investment manager comprised of Western Asset Management Company, Western Asset Management Company Limited, Western Asset Management Company Pte. Ltd., Western Asset Management Company Ltd, Western Asset Management Company Pty Ltd, and Western Asset Management Company Distribuidora de Títulos e Valores Mobiliários (DTVM) Limitada, with offices in Pasadena, New York, London, Singapore, Tokyo, Melbourne, São Paulo, Hong Kong, and Dubai. Each Western Asset company is a wholly owned subsidiary of Legg Mason, Inc. ("Legg Mason") but operates autonomously, and Western Asset, as a Firm, is held out to the public as a separate entity. Western Asset Management Company was founded in 1971.

The Firm is comprised of several entities as a result of various historical acquisitions made by Western Asset, and their respective performance has been integrated into the Firm in line with the portability requirements set forth by GIPS.

The Composite is valued monthly. The Composite returns are the asset-weighted average of the performance results of all the accounts in the Composite. Gross-of-fees returns are presented before management fees, but after all trading expenses. Net of fees results are calculated using a model approach whereby the current highest tier of the appropriate strategy's fee schedule is used. This model fee does not reflect the deduction of performance-based fees. The portfolios in the Composite are all actual, fee-paying and performance fee-paying, fully discretionary accounts managed by the Firm for at least one full month. Investment results shown are for taxable and tax-exempt accounts and include the reinvestment of all earnings. Any possible tax liabilities incurred by the taxable accounts have not been reflected in the net performance. Composite performance results are time-weighted net of trading commissions and other transaction costs including non-recoverable withholding taxes. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The returns for the accounts in the Composite are calculated using a time-weighted rate of return adjusted for weighted cash flows. The returns for the commingled funds in the Composite are calculated daily using net asset values (NAV), adding back the funds' total expense ratio or equivalent. Trade date accounting is used since inception and market values include interest income accrued on securities held within the accounts. Performance is calculated using asset values denominated in a base currency. Composite market value at year-end presented in the schedule are translated to U.S. dollars using end of year exchange rates.

Composite returns are measured against a benchmark. The benchmark is unmanaged and provided to represent the investment environment in existence during the time periods shown. For comparison purposes, its performance has been linked in the same manner as the Composite. The benchmark presented was obtained from third party sources deemed reliable but not guaranteed for accuracy or completeness. Benchmark returns and benchmark three-year annualized ex-post standard deviation are not covered by the report of independent accountants.

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the Composite for the entire year. For each annual period, accounts with less than 12 months of returns are not represented in the dispersion calculation. Periods with five or fewer accounts are not statistically representative and are not presented. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The three-year annualized ex-post standard deviation is not presented for periods where 36 monthly returns are not available for the composite or the benchmark. Any gross total three-year annualized ex-post standard deviation measures prior to 2011, included within the "Examination Period" identified above, are not covered by the report of independent accountants.

Past investment results are not indicative of future investment results.

Western Asset's list of composite descriptions is available upon request. Please contact Jan Pieterse at 626-844-9977 or jan.pieterse@westernasset.com. All returns for strategies with inception prior to January 1, 2007 are available upon request.