

Performance and Risk Disclosures

August 31, 2018

Rolling 1-Year Performance Returns Period Ending:	31 Aug 18	31 Aug 17	31 Aug 16	31 Aug 15	31 Aug 14
Western Asset Core Australian Bond Strategy Representative Account (gross of fees)	4.34%	0.22%	6.79%	6.51%	7.95%
Western Asset Core Australian Bond Strategy Representative Account (net of fees)	3.95%	-0.16%	6.37%	6.09%	7.55%
Bloomberg AusBond Composite 0+ Yr Index	3.84%	-0.66%	6.19%	6.29%	6.90%

Base Currency: AUD

Past investment results are not indicative of future investment results. Source for performance figures is Western Asset. Please refer to the Performance Disclosure for more information. Currency exchange rate fluctuations will impact the value of your investment.

The value of investments and the income from them may go down as well as up and you may not get back the amount you originally invested.

Investment Risks:

The strategy does not offer any capital guarantee or protection and you may not get back the amount invested. The strategy is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Bonds: There is a risk that issuers of bonds held by the strategy may not be able to repay the investment or pay the interest due on it, leading to losses for the strategy. Bond values are affected by the market's view of the above risk, and by changes in interest rates and inflation.

Credit: The risk that an issuer will be unable to pay principal and interest when due.

Interest Rates: Changes in interest rates may negatively affect the value of the strategy. Typically as interest rates rise, bond values fall.

This strategy is managed by Western Asset. This information is only for use by professional clients, eligible counterparties or qualified investors. It is not aimed at, or for use by, retail clients.

Performance Disclosure

December 31, 2017

Australia Core Composite

Composite Inception Date: 12/01/1994 | Composite Creation Date: 12/01/1994

	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 AUD Mil	Percentage of Firm Assets	Firm Assets AUD Mil
2008	6	12.31%	12.09%	14.95%	2.69%	2.82%	0.80%	2,545	0.35%	725,273
2009	6	4.50%	4.29%	1.73%	3.03%	3.16%	0.78%	3,276	0.61%	536,185
2010	6	7.34%	7.13%	6.04%	3.18%	3.42%	0.37%	4,321	0.98%	442,817
2011	6	10.62%	10.40%	11.37%	2.61%	2.91%	0.12%	6,559	1.52%	432,247
2012	7	9.02%	8.81%	7.70%	2.42%	2.90%	0.40%	7,219	1.62%	444,896
2013	8	2.97%	2.76%	1.99%	2.39%	2.80%	0.15%	6,365	1.26%	504,814
2014	8	10.02%	9.81%	9.81%	2.39%	2.65%	0.10%	7,692	1.35%	569,482
2015	9	2.78%	2.58%	2.59%	2.41%	2.55%	0.07%	7,509	1.26%	596,175
2016	10	3.49%	3.29%	2.92%	2.70%	2.83%	0.07%	6,833	1.18%	578,935
2017	13	4.54%	4.33%	3.66%	2.63%	2.73%	0.08%	8,227	1.47%	557,833

Description: The Western Asset Australia Core strategy is a broad-market strategy that aims to maximize total return and add value through duration and curve positioning, sector allocation and security selection, while approximating benchmark risk. The strategy invests in a diversified portfolio using all major Australian investment-grade fixed-income sectors with a bias toward non-Treasuries.

Benchmark Description: The current benchmark is the Bloomberg AusBond Composite 0+ Yr Index. The index is engineered to measure the Australian debt market and is a composite of Treasury, Semi-Government, Supra/Sovereign, and Credit indices. This index is a subset of the Bloomberg AusBond Master Index.

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

Current Fee Schedule: .20 of 1% on the first AU\$100 million, .125 of 1% on amounts over AU\$100 million.

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, 2017.

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 Australia Core Composite has been examined for the period from January 1, 2006 to December 31, 2017. 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, LLC, 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.

Composite returns are measured against a benchmark, when applicable. 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 verifiers.

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 verifiers.

Past investment results are not indicative of future investment results.

Western Asset's list of composite descriptions is available upon request. Please contact Derek Fan at 626-844-9465 or derek.fan@westernasset.com. All returns for strategies with inception prior to January 1, 2008 are available upon request.