

# NOW IS THE TIME... take advantage of the full global fixed income spectrum!

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LEGG MASON UPDATE – JUNE 2009

If your client's fixed income portfolio is based on cash or a traditional 'duration-based' fixed interest product, they may be missing out on the full spectrum of opportunities that global fixed income has to offer.

The Legg Mason Global Multi Sector Bond Trust (GMS) is designed to add value mainly through tactical allocations to different global fixed income sectors (sector rotation) as well as selective investments within each sector (credit management).

GMS is designed to complement duration-based fixed income products and provide better coverage of the global fixed income spectrum.



## Fixed Income Outlook

MIKE ZELOUF  
DIRECTOR OF INTERNATIONAL BUSINESS AT WESTERN ASSET

*On government versus credit:* As investors demote the risk of a complete economic failure, assets with credit risk should continue to outperform their risk-free government counterparts, even as underlying economic conditions remain just lukewarm.

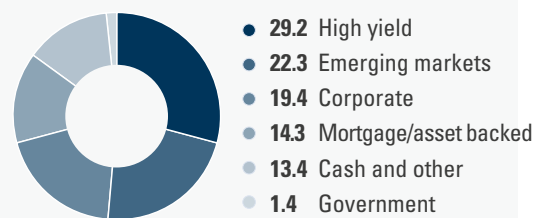
*On GMS asset allocation:* In terms of asset allocation and investment strategy, GMS will continue to focus on spread sectors (non-government) and look to benefit from the anticipated slow and unsteady compression of risk premiums.

*On sector allocations:* An overweight exposure to corporate debt is the primary sector strategy of GMS. We remain focused on defensive industries and away from the retail sector and other cyclical issuers. We also believe that many financial companies have been unduly punished and their issues should either continue to rally or simply stabilise, thus offering compelling 'carry'.

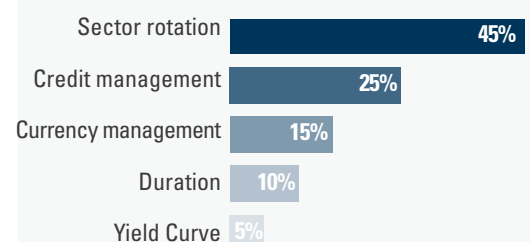
## Legg Mason Global Multi Sector Bond Trust

- > Global opportunistic fixed income
- > Designed to blend with traditional fixed interest products
- > Rated 'A' by van Eyk\*
- > 16% yield as at March 2009
- > Credit risk is actively managed, BBB– minimum average credit rating
- > Fund manager is Western Asset, part of Legg Mason, Inc. and a global leader in fixed income

## Asset allocation % as at 30 April 2009



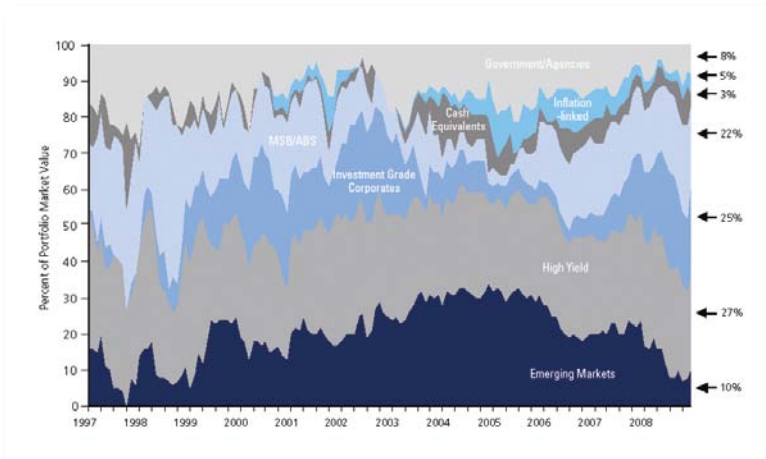
## Where does GMS seek to add value?



# Legg Mason Global Multi Sector Bond Trust



## Sector allocation history



### Government bonds (developed markets)

Bonds issued and backed by governments in developed countries (e.g. U.S. and U.K.). Generally offer lower yields than corporate bonds as the default risk is considered minimal.

### Government bonds (emerging markets)

Bonds issued and backed by governments in developing countries (e.g. Brazil and Russia). Generally offer higher yields (and higher credit risk) than the government bonds of developed countries as their economies are not considered as stable or strong.

### Corporate securities (investment grade)

Bonds issued by companies that have an investment grade rating (BBB or higher). Can offer higher yields than government bonds and they are backed by the financial resources of the company issuing them.

### Corporate securities (high yield)

Bonds issued by companies that have a sub-investment grade rating (below BBB). Can offer higher yields than their investment grade counterparts as their credit quality is not considered as strong.

### Mortgage or asset-backed securities (MSB/ASB)

Debt securities that often pay an income stream based on the performance of an underlying pool of assets. Mortgage-backed securities are a particular type of asset-backed instrument that pays a return backed by a pool of mortgages.

## What is the strategy of the Trust?

To maximise total returns through income and capital appreciation.

## Who are Legg Mason and Western Asset?

Western Asset Management Company (Western Asset) is a global leader in fixed income, with \$A680 billion under management as at March 2009 and offices in eight countries. For 37 years it has concentrated exclusively on the active management of fixed income portfolios.

Western Asset utilises a value-oriented fixed income approach that is supported by a team of 136 highly skilled and experienced fixed income specialists in every major market sector. This includes senior portfolio managers and an extensive and experienced global credit research team analysing companies issuing both investment grade and non-investment grade bonds.

Western Asset is a wholly owned subsidiary of Legg Mason, Inc., one of the largest global asset management firms in the world, with \$A913 billion under management as at 31 March 2009.

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\* van Eyk Limited (ABN 99 010 664 632 AFSL 237917) (van Eyk) rates investment management capabilities rather than individual products. This rating is valid as at 2007 but can change or cease at anytime and should not be relied upon without referring to the meaning of the rating, as well as the full manager report, available to subscribers at [www.irate.vaneyk.com.au](http://www.irate.vaneyk.com.au). van Eyk has not directed the publication of Asset Management Company Limited's rating. Past performance information is given for illustrative purposes only and should not be relied upon as it is not an indication of future performance. The rating is not intended to influence you and your client's investment decision in relation to any products managed by Asset Management Company Limited does not take into account your client's individual financial situation, needs or objectives. We recommend that you and your client do not rely on this rating in making an investment decision and instead you seek advice from an appropriate investment adviser and read the product disclosure statement before making such a decision.