

## Media Release

25 July 2017

### 34 years of active outperformance - Happy anniversary to Legg Mason Western Asset Australian Bond Fund

1983 was a year when Michael Jackson picked up the two leading Grammys for record, and also, album of the year. *Terms of Endearment* was nominated for 12 Oscars, winning five, and Sally Ride became the first American woman to go into space as crew member on the Challenger space shuttle. It was also in this year – on 12 July – that the Legg Mason Western Asset Australian Bond Fund made its debut.

And since then this fund has consistently delivered for its clients and advisers says Andy Sowerby, Managing Director Legg Mason Australia.

Sowerby adds “We are incredibly proud that this fund has proven itself for multiple decades. Returns have consistently beaten the index after all fees and costs - performance has only gone from strength to strength.”

“Managed by one of world’s leading active bond fund managers, the Legg Mason Western Asset Australian Bond fund has a truly exceptional Information Ratio of 2.4 over five years proving the quality of the team and their ability to maximise returns and control risk.”

“Western Asset Australia, led by Anthony Kirkham, has a deeply resourced investment team and proven track record of outperformance and, as a result, has established themselves as a competitive presence in this critical asset class,” says Sowerby.

Anthony Kirkham, head of investment management at Western Asset Australia and portfolio manager of the fund notes “The Australian bond market is continually evolving and a significant development has been the increase in issuance from International and Australian corporations in the local bond market.

“Recent long dated issues from corporations such as Telstra, Australian Pipeline Trust and MetLife have increased the depth and function of the Australian credit market.

“This has allowed the Australian bond market to compete more effectively with larger markets like the US. It has also broadened the funding options of Australian corporate and banks, as well as foreign issuers seeking to diversify their funding sources. For Australian fixed income fund managers like Western Asset, this is a welcome development as it provides a deeper investment universe and offers greater choice when building portfolios, which plays to Western’s strengths,” says Kirkham.

As a ‘traditional’ fixed income product, the Legg Mason Australian Bond Trust mainly invests in government and semi government bonds, supranationals, corporate bonds and asset backed securities.

Risk management is a key focus: overall interest rate risk is managed by limiting duration to one year away from benchmark and the average credit quality of the Trust is generally maintained at AA– or higher.

Kirkham added; “We believe that bonds must form a key component of an investor’s portfolio owing to the defensive characteristics that they exhibit.”

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### **About Western Asset Management**

Western Asset Management is one of the world's leading fixed income managers. From offices in Pasadena, Hong Kong, London, Melbourne, New York, São Paulo, Singapore, Tokyo and Dubai, the company provides investment services for a wide variety of global clients, across an equally wide variety of mandates. Western Asset's long performance track record and global presence have positioned the company to continue its commitment to excellence in fixed-income investment management and client service. With a focus on long-term fundamental value investing that employs a top-down and bottom-up approach, the firm has nine offices around the globe and deep experience across the range of fixed income sectors.

- *Established 1971*
- *Head office Pasadena, USA*
- *Funds managed US\$432.7 billion as at 31 March 2017*

### **About Legg Mason**

Legg Mason is one of the world's largest funds management groups, with a history that dates back to 1899. The firm is listed on the New York Stock Exchange and employs approximately 3,100 employees in 31 offices worldwide. One of Legg Mason’s most distinguishing characteristics is its global multi-affiliate model. Legg Mason provides a global platform and centralised business and distribution support for its nine affiliated fund managers that include: Brandywine Global, Clarion Partners, ClearBridge, EnTrustPermal, Martin Currie, RARE Infrastructure (in addition to its own domestic distribution), Royce & Associates, QS Investors and Western Asset. Each affiliate operates independently under its own brand and investment process, and is considered an industry expert in its asset class. Legg Mason offers a diverse set of investment solutions across institutional, wealth management and direct investor channels, covering a range of asset classes including Australian equities, global equities, fixed income, real assets, income, alternatives, emerging markets, direct lending and multi-asset products.

- Established 1899
- Head office Baltimore, USA
- Australia operations started in 1954
- Local offices in Melbourne and Sydney
- Funds managed globally A\$977 billion and A\$50.2 billion as at 31 May 2017

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*Past performance is no guarantee of future performance.*

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