

For Immediate Release

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LEGG MASON LAUNCHES NEW ACTIVELY-MANAGED SHORT DURATION INCOME ETF, SUBADVISED BY AFFILIATE WESTERN ASSET MANAGEMENT

February 8, 2019, New York, NY – Legg Mason, one of the world’s largest asset management firms, today announced the launch of its newest actively managed exchange traded fund (ETF), the Western Asset Short Duration Income ETF (NASDAQ: WINC).

A short-duration (0-3 years) fixed-income strategy, WINC seeks to generate current income via a diversified portfolio with an emphasis on low interest rate sensitivity, higher credit quality and active credit selection.

“We are pleased to add this exciting new actively managed income-seeking fund, offered in a cost-effective, investor-friendly ETF wrapper,” said Michael C. Buchanan, Deputy Chief Investment Officer of Western Asset. “WINC targets short-duration credit exposure while leveraging Western Asset’s global investment capabilities and strong risk management program, employing an active process that is both top-down and bottom-up to help identify attractive credit and income opportunities while actively managing risk. While always opportunistic, we are dedicated to providing investors with a long-term fundamental value discipline.”

“With WINC we can actively manage duration, sector and security selection – providing greater flexibility to respond to dynamic market conditions,” Mr. Buchanan said. “The fund’s exposures are 100% U.S.-dollar denominated. They can expand beyond investment-grade corporate bonds to include high-yield bonds, structured securities, emerging market debt and other sectors and securities.”

“This flexibility can allow for enhanced performance, added diversification and improved yield potential.”

At just 29 basis points, WINC is a cost-effective solution to gaining access to actively managed, low-duration, higher credit quality fixed-income exposure with a focus on current income.

Among the fund’s key differentiators, the Western Asset Short Duration Income ETF offers:

- **Income Focus:** WINC seeks current income through professional security selection and duration management.
- **Low Duration:** It features a diversified and flexible income strategy with the potential of lowering interest rate risk, while maintaining attractive income.
- **Higher Quality:** At least 80% of the securities are investment grade (IG) credit quality.
- **Active Expertise:** WINC delivers the proven insights of a fixed-income leader in a cost-effective, transparent and liquid structure, with low minimum investment.

As an ETF vehicle, WINC offers intra-day liquidity and can be traded throughout the day. The transparency afforded by the availability of daily holdings may allow investors to make more informed investment decisions. WINC is on a monthly income distribution schedule.

The portfolio managers of the Western Asset Short Duration Income ETF are S. Kenneth Leech, Michael C. Buchanan, Ryan K. Brist, Blanton Y. Keh and Kurt D. Halvorson. Performance is reference benchmarked against the Bloomberg Barclays 1-5 Year Corporate Bond Total Return Index.

The fund takes an “all-weather” approach to income, using both offensive and defensive strategies to proactively target higher-quality income opportunities. Having the ability to look beyond core holdings to expand the opportunity set can allow Western Asset to potentially provide attractive income throughout different market cycles.

Providing core exposure within WINC to short-maturity IG corporate bonds - with additional allocations to below-IG (up to 15%), securitized (up to 15%), structured, emerging market and other non-benchmark sectors and securities - can improve yield and diversification. Enhanced diversification helps to defensively position the portfolio and helps mitigate concentration risks.

Employing an active process that is both top-down and bottom-up helps identify unique value opportunities. The bottom-up focus pursued by Western Asset’s team of seasoned analysts includes in-depth and disciplined issue, issuer and subsector selection. Duration management, yield curve positioning and sector exposure, driven by long-term perceptions of economic behavior and relative valuations, are an integral part of the top-down component.

The types of investments in the WINC fund can include corporate debt securities, including notes, bonds, debentures and commercial paper: fixed-income securities usually issued by businesses to finance their operations. These securities may be secured or unsecured, may be issued by U.S. or foreign entities and may carry variable or floating rates of interest.

The fund may also invest up to 15% of its assets in mortgage-backed securities and asset-backed securities, including collateralized debt obligations. It may invest in Rule 144A securities. The fund may also invest in other short-duration fixed-income securities, such as floating rate loans and structured debt, and in cash or cash equivalents such as money market securities.

Securities in which the fund will invest will be U.S. dollar-denominated, although they may be issued by a foreign corporation or a U.S. affiliate of a foreign corporation, or a foreign government or its agencies and instrumentalities.

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About Western Asset Management

One of the world’s largest and leading fixed-income managers, Western Asset Management has focused exclusively on fixed-income since its founding in 1971. It offers investors a broad range of core and specialized bond portfolios from across the fixed-income universe, all managed using a long-term, value-oriented investment process. Western Asset Management is an affiliate of Legg Mason Inc. (NYSE: LM).

About Legg Mason

Legg Mason is a global asset management firm with \$727.2 billion in assets under management as of December 31, 2018. The Company provides active asset management in many major investment centers throughout the world. Legg Mason is headquartered in Baltimore, Maryland, and its common stock is listed on the New York Stock Exchange (symbol: LM).

Investment Risks

The Fund is newly organized, with a limited history of operations. Fixed-income securities involve interest rate, credit, inflation and reinvestment risks; and possible loss of principal. As interest rates rise, the value of fixed-income securities falls. High-yield securities include greater price volatility, illiquidity and possibility of default. International investments are subject to special risks, including currency fluctuations, social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses, and have a potentially large impact on fund performance. The use of leverage may increase volatility and possibility of loss. Potential active and frequent trading may result in higher transaction costs and increased investor liability. Asset-backed, mortgage-backed or mortgage related securities are subject to prepayment and extension risks. Active management and diversification do not ensure gains or protect against market declines.

If you are neither a resident nor a citizen of the United States or if you are a non-U.S. entity, a fund's ordinary income dividends (which include distributions of net short-term capital gains) will generally be subject to a 30% U.S. federal withholding tax, unless a lower treaty rate applies. For further information, please see the ETF's prospectus which can be found on www.leggmason.com/etfliterature. Redemption payments will be effected within the specified number of calendar days following the date on which a request for redemption in proper form is made. For more information, please see the ETF's statement of additional information (SAI) which can be found on www.leggmason.com/etfliterature.

Before investing, carefully consider a Fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, which is available at www.leggmason.com/etf. Please read it carefully.

All investments involve risk, including loss of principal. Past performance is no guarantee of future results.

Any information, statement or opinion set forth herein is general in nature, is not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.

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