

WESTERN ASSET TOTAL RETURN UNCONSTRAINED FUND

Investment overview

Seeks to maximize total return via a flexible fixed income strategy that is not managed to a benchmark and has broad latitude to manage duration exposure

Uses the global breadth of Western Asset's investment platform, fundamental value-oriented investment philosophy and a process that combines top down macro economic views with bottom up fundamental research

Total return investors seeking to supplement or replace traditional fixed income strategies may find this fund appropriate

Morningstar Rating™

Overall Rating as of December 31, 2018



Class I



Class A

As of 12/31/18, Class I and A shares rated 4 and 3 stars, respectively, among 274 Nontraditional Bond funds, based upon risk-adjusted returns derived from a weighted average of the performance figures associated with 3-, 5- and 10-year (if applicable) Morningstar Ratings metrics.†

Average annual total returns & fund expenses[^] (%) as of Dec. 31, 2018

	Without sales charges					With maximum sales charges					Expenses		30-day SEC yield	Inception date
	1-Yr	3-Yr	5-Yr	10-Yr	Inception	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net		
Class A	-3.07	3.06	2.29	—	2.47	-7.20	1.58	1.41	—	1.80	1.18	1.10	3.86	04/30/12
Class A2	-3.21	2.89	—	—	1.77	-7.34	1.42	—	—	0.82	1.15	1.15	3.87	05/01/14
Class C	-3.65	2.44	1.59	—	1.73	-4.58	2.44	1.59	—	1.73	1.75	1.75	3.33	04/30/12
Class FI	-3.06	3.14	2.33	5.87	3.85	-3.06	3.14	2.33	5.87	3.85	1.01	1.01	4.02	09/06/06
Class I	-2.64	3.43	2.62	6.14	4.26	-2.64	3.43	2.62	6.14	4.26	0.75	0.75	4.37	07/06/06
Class IS	-2.55	3.57	2.72	6.20	4.69	-2.55	3.57	2.72	6.20	4.69	0.66	0.65	4.47	08/04/08
BofA ML Constant Maturity 3-Month LIBOR Index	2.08	1.28	0.86	0.67	—	2.08	1.28	0.86	0.67	—				
Bloomberg Barclays U.S. Aggregate Index	0.01	2.06	2.52	3.48	—	0.01	2.06	2.52	3.48	—				

Cumulative total returns (%) as of Dec. 31, 2018 (without sales charges)

	3 Mo	YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010
Class A	0.86	-3.07	-3.07	7.41	5.14	0.02	2.31	0.87	—	—	—
Class A2	0.74	-3.21	-3.21	7.27	4.92	-0.24	—	—	—	—	—
Class C	0.69	-3.65	-3.65	6.63	4.62	-0.71	1.38	0.05	—	—	—
Class FI	0.87	-3.06	-3.06	7.50	5.28	-0.01	2.29	0.91	7.29	1.69	7.99
Class I	0.95	-2.64	-2.64	7.69	5.53	0.25	2.60	1.18	7.53	2.04	8.14
Class IS	1.08	-2.55	-2.55	7.90	5.66	0.36	2.56	1.22	7.55	2.03	8.15
BofA ML Constant Maturity 3-Month LIBOR Index	0.57	2.08	2.08	1.11	0.66	0.24	0.24	0.28	0.51	0.27	0.33
Bloomberg Barclays U.S. Aggregate Index	1.64	0.01	0.01	3.54	2.65	0.55	5.97	-2.02	4.21	7.84	6.54

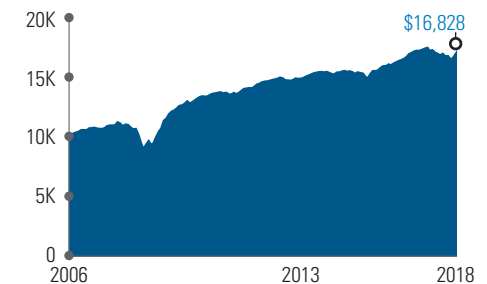
Performance shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so shares, when redeemed, may be worth more or less than the original cost. Class A and A2 shares have a maximum front-end sales charge of 4.25%. Class C shares have a one-year CDSC of 1.0%. If sales charges were included, performance shown would be lower. Performance for other share classes will vary due to differences in sales charge structure and class expenses. Total returns assume the reinvestment of all distributions at net asset value and the deduction of all Fund expenses. Total return figures are based on the NAV per share applied to shareholder subscriptions and redemptions, which may differ from the NAV per share disclosed in Fund shareholder reports. Performance would have been lower if fees had not been waived in various periods. Absent reimbursements and/or fee waivers, the Fund's 30-day SEC yield for Class A, C, FI, I and IS, respectively, would have been 3.47%, 3.33%, 4.02%, 4.36% and 4.46%. YTD is calculated from January 1 of the reporting year. All classes of shares may not be available to all investors or through all distribution channels. To obtain the most recent month-end information, please visit www.leggmasonfunds.com.

Effective June 1, 2017, the Fund changed its security pricing methodology to now use the mean value of the bid and ask prices (of underlying fund holdings) to calculate the NAV. Funds may show a one-time increase of the NAV, which is due to this change in pricing methodology.

[^] Gross expenses are the Fund's total annual operating expenses for the share class(es) shown. Net expenses for Class(es) A, A2, C, FI, I, IS & R reflect contractual fee waivers and/or reimbursements, where these reductions reduce the Fund's gross expenses, which cannot be terminated prior to Dec 31, 2019 without Board consent.

Growth of \$10,000

Class I shares – Inception through Dec. 31, 2018
Excluding the effects of sales charges



Share class codes

	Symbol	CUSIP	Symbol	CUSIP	
A	WAUAX	957663230	I	WAARX	957663719
A2	WRTUX	95768D608	IS	WAASX	957663685
C	WAUCX	957663222	R	WAURX	957663214
FI	WARIX	957663693			

Statistics as of Dec. 31, 2018

Net assets	\$1.2B
30-day SEC yield – Class I	4.37%
Effective duration	3.4 yrs
Weighted avg life	6.6 yrs

Detail of mortgage-backed security allocation (%)

FNMA	1.7	CMBS	6.7
GNMA	0.5	Non-Agency MBS	5.9

Sector allocation (%) as of Dec. 31, 2018

Government	28.0	High Yield Corporate Bonds	4.7
Emerging Market	20.3	Cash & Other Securities	4.6
Mortgage-Backed Securities	14.7	Asset-Backed Securities	4.4
Investment Grade Corporate Bonds	13.3	Bank Loans	2.8
Inflation-Linked	6.8	Municipal	0.4

Percentages are based on total portfolio as of quarter-end and are subject to change at any time. For informational purposes only and not to be considered a recommendation to purchase or sell any security. Negative allocations and allocations in excess of 100% are primarily due to the Fund's unsettled trade activity.

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Credit quality allocation (%) as of Dec. 31, 2018

AAA	33.3	BB	12.1	C	0.2
AA	1.0	B	6.7	Not Rated	10.7
A	12.8	CCC	1.5		
BBB	21.1	CC	0.6		

Emerging Markets Debt (EMD) sectors (%) as of Dec. 31, 2018

Sovereign Debt Local Currency	10.9
Corporates External Currency	5.1
Sovereign Debt External Currency	4.1
Corporates Local Currency	0.2

Fund facts as of Dec. 31, 2018

Dividend frequency, if any	Daily, paid monthly
Morningstar category	Nontraditional Bond
Lipper category	Alternative Credit Focus Funds
Turnover (fiscal yr)	49%

Risk statistics as of Dec. 31, 2018

Measures based on a trailing 10-year period. Class I shares.

Sharpe ratio	1.34
Standard deviation(%)	4.28

Currency exposure (%) as of Dec. 31, 2018

US Dollar	81.5	Norwegian Krone	0.6
Indian Rupee	4.6	Uruguayan Peso	0.4
Canadian Dollar	3.5	Australian Dollar	0.3
Mexican Peso	2.9	Russian Ruble	0.3
Brazilian Real	2.6	Chinese Yuan	
Indonesian Rupiah	1.7	Renminbi	-0.2
Argentine Peso	1.2	Philippine Peso	-0.6
South African Rand	1.0	Euro	-0.7
British Pound	1.0	South Korean Won	-1.4
Japanese Yen	0.8		
Turkish Lira	0.7		

Portfolio management

Western Asset Management is one of the world's leading fixed-income managers. 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. Founded in 1971, Western Asset has been recognized for an approach emphasizing team management and intensive proprietary research, supported by robust risk management. Legg Mason's unique structure provides you with access to this specialized expertise. We offer a powerful portfolio of solutions through our independent investment management firms.

What should I know before investing?

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. Asset-backed, mortgage-backed or mortgage-related securities are subject to prepayment and extension risks. High yield bonds are subject to greater price volatility, illiquidity, and possibility of default. International investments are subject to special risks, including currency fluctuations and 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. Leverage may increase volatility and possibility of loss.

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.

Where can I find more information?

You'll find the most current performance data, commentary, prospectus and more information on each of our managers and products at www.leggmasonfunds.com.

Credit quality is a measure of a bond issuer's ability to repay interest and principal in a timely manner. The credit ratings shown are based on each portfolio security's rating as provided by Standard and Poor's, Moody's Investors Service and/or Fitch Ratings, Ltd. and typically range from AAA (highest) to D (lowest), or an equivalent and/or similar rating. For this purpose, if two or more of the agencies have assigned differing ratings to a security, the highest rating is used. Securities that are unrated by all three agencies are reflected as such. The credit quality of the investments in the Fund's portfolio does not apply to the stability or safety of the Fund. These ratings are updated monthly and may change over time. **Please note, the Fund itself has not been rated by an independent rating agency.**

Sharpe ratio refers to a risk-adjusted measure calculated using standard deviation and excess returns to determine reward per unit of risk. The higher the ratio, the greater the risk-adjusted performance. **Standard deviation** indicates the percentage by which a fund's performance has varied from its average performance in any given month during the period indicated. The higher the standard deviation, the greater the range of performance, indicating greater volatility. **Turnover** is a measure of the Fund's trading activity which represents the portion of the Fund's holdings that has changed over a year. There is no assurance that the Fund will maintain its current level of turnover.

Effective Duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. **Duration** measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. The higher the duration number, the more sensitive a fixed-income investment will be to interest rate changes.

The **30-day SEC yield**, calculated pursuant to the standard SEC formula, is based on a Fund's investments over an annualized trailing 30-day period and not on the distributions paid by the Fund, which may differ.

A general rise in interest rates may lead to increased portfolio volatility.

The **BoFA Merrill Lynch Constant Maturity 3-Month LIBOR Index** is based on the assumed purchase of a synthetic instrument having three months to maturity and with a coupon equal to the closing quote for three-month LIBOR. That issue is sold the following day (priced at a yield equal to the current day closing three-month LIBOR rate) and is rolled into a new three-month instrument. The index, therefore, will always have a constant maturity equal to exactly three months. An investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

The **Bloomberg Barclays U.S. Aggregate Bond Index** is an unmanaged index that measures the performance of the investment-grade universe of bonds issued in the United States. The index includes institutionally traded U.S. Treasury, government sponsored, mortgage and corporate securities. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

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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.leggmasonfunds.com. Please read it carefully.

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[†]The Morningstar Rating[™] for funds, or "star rating", is as of December 31, 2018 and is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history, and subject to change monthly. Current monthly ratings can be found at leggmason.com. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total return, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total return. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads. Class I and A shares of the Fund were rated against 274, 177, and 62 Nontraditional Bond funds over the 3-, 5- and 10-year periods, respectively. With respect to these funds, Class I and A shares of the Fund received Morningstar Ratings of 3, 4, and 4; 3, 3, and n/a stars for the 3-, 5- and 10-year periods, respectively. Ratings shown are for the highest and lowest rated share classes only, when available. Morningstar Rating is for the specified share class(es) only; other classes may have different performance characteristics. A 4- or 5-star rating does not necessarily imply that a fund achieved positive results for the period.

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