Years of historically low interest rates have not deterred investors from investing in fixed income, and for good reason. Historically, bonds have often provided investors with a reliable source of steady income while helping to reduce volatility in their overall portfolio — an investment strategy that never goes out of style.

But even the best investment strategies are only as good as the managers behind them. With over 45 years of fixed-income experience, Western Asset has managed risk and sought value through multiple business cycles and economic environments. While market volatility is inevitable, the severity of its impact on a portfolio doesn’t have to be.

**When volatility rises, experience and flexibility may be the key**

Rolling one-year standard deviation (%)

---

Source: Morningstar, as of December 31, 2017. Please see back cover for important index definitions. Please note, an investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

**Past performance does not guarantee future performance.** Treasuries are backed by the full faith and credit of the U.S. government. **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. Investments in fixed income securities involve interest rate, credit, inflation and reinvestment risks; and possible loss of principal. An increase in interest rates will reduce the value of fixed income securities. Income and yields will fluctuate and are not guaranteed. Active management and diversification do not ensure gains or protect against market declines.
The Western Asset Core Plus Bond Fund seeks to maximize total return via an actively managed, well-diversified core fixed income strategy that includes limited exposure to opportunistic debt sectors.

The Western Asset Core Plus Bond Fund seeks to achieve diversification among its key investment themes so that no single position overwhelms performance. In essence, the Fund aims to exceed the performance of the Bloomberg Barclays U.S. Aggregate Index while approximating its level of overall risk.

Diversifying across a range of complementary bond sectors can help reduce portfolio volatility and enhance income potential.

**Western Asset Core Plus Bond performance versus its peers and the benchmark for all standardized time periods since inception (%) as of Sept. 30, 2018**

- **Western Asset Core Plus Bond Fund (Class I)**: 3.14, 3.70, 6.40, 5.84, 3.60
- **Bloomberg Barclays U.S. Aggregate Bond Index**: 1.27, 2.43, –, 2.36, 3.15
- **Morningstar Intermediate-Term Average**: 2.75, 3.32, –, 3.06, 1.31

**Greater return does not have to equal higher risk (%)**

Five-year risk/return, as of September 30, 2018

**Average annual total returns (%) as of September 30, 2018**

- **Without sales charges**
  - **Since 1-yr**:
    - Class A: -2.16, 2.75, 3.32
    - Class I: -1.87, 3.14, 3.70, 6.40
    - Benchmark: 1.22, 1.31, 2.16
  - **Since 3-yr**:
    - Class A: -3.06, -6.34, 1.27, 2.43
    - Class I: -5.84, -1.87, 3.14, 3.70, 6.40
    - Benchmark: -5.84, -1.22, 2.16, 3.77

- **With maximum sales charges**
  - **Since 1-yr**:
    - Class A: –, 2.36, 3.15
    - Class I: –, 2.36
    - Benchmark: –, –
  - **Since 3-yr**:
    - Class A: –, 3.15
    - Class I: –
    - Benchmark: –

Source: Legg Mason.

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 shares have a maximum front-end sales charge of 4.25%. Absent reductions to fees and/or fee waivers, the Fund's 30-day SEC yield for Class I would have been 3.66% and 3.15% for Class A. Performance for other share classes will vary due to differences in sales charge structure and class expenses, total returns assume the reinvestment 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. To obtain the most recent month-end information, please visit www.LeggMason.com. Current to the most recent prospectus, the Fund's gross/net expense ratio for the Class A and I shares of the Fund is 0.95%/0.92% and 0.52%/0.45%, respectively. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than indicated. Gross expenses are the Fund's total annual operating expenses for the share class(es) shown. Net expenses for Class(es) A and I reflect contractual fee waivers and/or reimbursements, where these reductions reduce the Fund’s gross expenses, which cannot be terminated prior to December 31, 2019 without Board consent.

Diversification does not ensure a profit or protect against investment loss.

**Benchmark sectors** refers to fixed income sectors represented in the Bloomberg Barclays U.S. Aggregate Bond Index only.
Western Asset’s time-tested approach has fared well through multiple market cycles and provided clients with diversified portfolios managed for the long term. An experienced fixed income manager like Western Asset doesn’t follow the crowd.

**Teamwork at its core**
For over 45 years, Western Asset has employed a team-based approach to navigating fixed income markets around the globe. All investment decisions are thoroughly debated by Western Asset’s deep pool of over 129 investment professionals who average 22 years of industry experience.³

At Western Asset, risk management’s role is to fine-tune return patterns and ensure that the appropriate amount of risk is being taken for a given set of client expectations. With volatility as an ongoing reality in global capital markets, Western Asset’s strong risk management program fuels the firm’s pursuit of positive, risk-adjusted returns.

**Risk metrics**
- Average effective duration is maintained to within 30% of the Bloomberg Barclays U.S. Aggregate Bond Index, generally ranging between 2.5 to 7 years.
- May allocate up to 25% in non-U.S. domiciled issuers.
- Below investment grade allocations cannot exceed 20%.
- Non-U.S. dollar allocations cannot exceed 20%.

**Core Plus has outperformed the benchmark through multiple interest rate environments**
Growth of $10,000, as of December 31, 2017

Source: Morningstar, Bloomberg.

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.

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. 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. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. Fixed income investments in high yield, international and emerging markets sectors involve more risk and volatility than securities issued by the U.S. government. There is no guarantee the investment strategy described herein will be successful. U.S. Treasuries are direct debt obligations issued and backed by the “full faith and credit” of the U.S. government. The U.S. government guarantees the principal and interest payments on U.S. Treasuries when the securities are held to maturity.

2 Rating requirement applies to time of purchase.
3 As of December 31, 2017.
Legg Mason is a leading global investment company committed to helping clients reach their financial goals through long-term, actively managed investment strategies.

- Over $767 billion* in assets invested worldwide in a broad mix of equities, fixed-income, alternatives and cash strategies
- A diverse family of specialized investment managers, each with its own independent approach to research and analysis
- Over a century of experience in identifying opportunities and delivering astute investment solutions to clients

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. High-yield bonds are subject to greater price volatility, illiquidity, and possibility of default. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. 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. Asset-backed, mortgage-backed or mortgage-related securities are subject to prepayment and extension risks. Potential active and frequent trading may result in higher transaction costs and increased investor liability. Active management does not ensure gains or protect against market declines.

* As of December 31, 2017.