

Legg Mason Asian Bond Trust

The Edge-Lipper Singapore Fund Awards 2008 - Best Asia Pacific Bond Fund (3 Years and 5 Years)

MANAGER

Legg Mason International Equities
(Singapore) Pte. Limited

SUB-MANAGER

Western Asset Management
Company Pte Ltd

ABOUT THE FUND

The Fund aims to maximise returns over the long term by investing mainly in the bond markets of Asia's developing economies.

FUND DETAILS

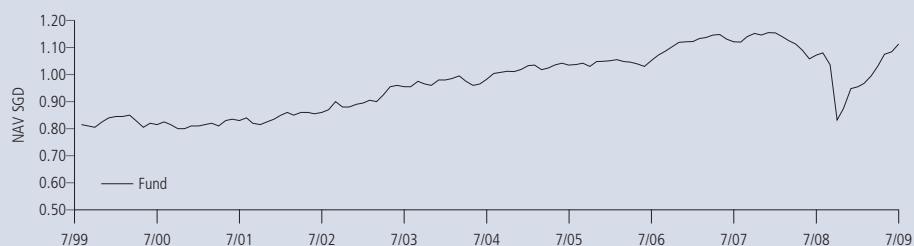
Currency	Singapore Dollar
Inception	23 December 1996
Launch Price	SGD 1.00
Subscription	Cash or SRS
Minimum Investment	SGD 1,000
Subsequent Investment	SGD 100
Preliminary Charge	3%
Realisation Charge	Nil
Management Fee	1% p.a.
Trading Frequency	Daily
ISIN Code	SG9999005185
Bloomberg Ticker	RCASBDT SP

FUND SNAPSHOT

	Unit NAV
NAV	SGD 1.113
High*	SGD 1.155
Low*	SGD 0.730

* Based on since inception month end prices

Fund Size SGD 49 million

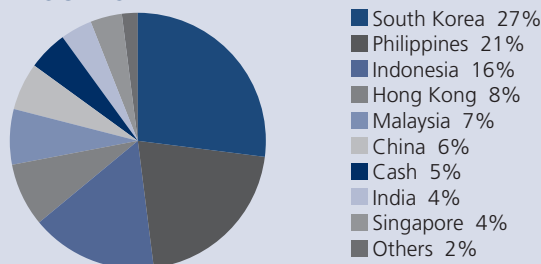


PERFORMANCE

	YTD	3 Months	1 Year	3 Years	5 Years	Since Inception
Fund ⁺	17.41%	7.85%	3.82%	1.89%	2.53%	1.10%
Benchmark	17.20%	7.38%	9.01%	5.99%	5.82%	N/A
Load-adjusted returns*						
	YTD	3 Months	1 Year	3 Years	5 Years	Since Inception
Fund ⁺	13.88%	4.61%	0.71%	0.87%	1.91%	0.85%

- ⁺ Annualised for periods over one year with net income and dividends reinvested, if any. With effect from July 2007, the Fund has changed from Bid-Offer to NAV-NAV pricing. Source: Lipper
- * Inclusive of preliminary charge.
- From Nov 06, benchmark is Customised JP Morgan Asian Credit Index, Sovereign & Quasi Sovereign, fully hedged into SGD. From Oct 02 to Oct 06, benchmark was JP Morgan Asian Credit Index - Sovereign and Quasi Sovereign (Hedged in S\$). Since Jan 99 to Sep 02, benchmark was JP Morgan Asian Credit Index Sovereign (Hedged in S\$).

COUNTRY ALLOCATION



TOP FIVE HOLDINGS

Country	Holding	Country
Philippines	National Power Corp 6.875% 11/2016	Philippines
South Korea	Exp-Imp Bank of Korea 5.875% 01/2015	South Korea
Philippines	Philippine Govt Bond 9.5% 02/2030	Philippines
Indonesia	Indonesia Govt Bond 6.625% 02/2037	Indonesia
Philippines	Philippine Govt Bond 10.625% 03/2025	Philippines

FOR MORE INFORMATION

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MANAGER'S COMMENTS

- Asian local currency bonds resumed their rally in July after pausing in June. Asian currencies were stronger as the U.S. dollar resumed its weakening trend. Asian credit was a star performer despite significant new issuance in the Asian investment-grade sector, and Asian high-yield bonds continued their strong rally. A cyclical recovery in the global economy combined with easy monetary and fiscal policy in most major economies will be beneficial to Asian economies and financial markets. The stronger regional macroeconomic data should encourage investors to increase their investments in Asian assets.
- Central banks' concern about future inflation should grow with increases in yearly inflation data. The highest oil prices occurred in July 2008; going forward, yearly price comparisons will start to look less benign. We have also seen a significant increase in commodity prices since the beginning of the year. We are therefore less positive on the front end of many regional bonds markets. While we believe that central banks should keep policies loose after the very significant shock to their economies, markets are forward-looking and are already moving toward pricing rate increases over the next few quarters. However, it seems very early in the cycle to contemplate a rapid normalization of interest rates and so we will take advantage of inflation concerns to buy back bonds.
- We remain positive on the Indonesian bond market as Indonesia should continue to benefit from foreign inflows and inflation should rise only moderately. Political stability and improved terms of trade thanks to higher commodity prices should continue to attract foreign investment. Over the medium run, progressive reforms should help increase the trend rate of growth in the country.
- We remain constructive on the Asian corporate bond market. Asian investment-grade spreads are wider than U.S. corporate spreads and are thereby attracting a greater proportion of U.S. investors than earlier this year. Economic fundamentals are supportive for corporate bonds and we look for further tightening in the medium term. The Asian high-yield market is looking fully valued but has shrunk due to tenders and a lack of new issuance. We have therefore taken profits in selected issues.

IMPORTANT INFORMATION

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