

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 Asset Management
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

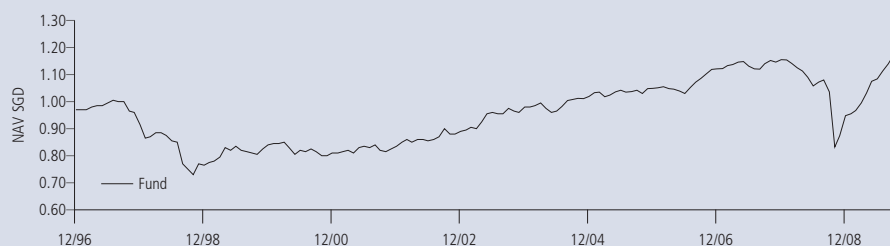
Currency	Singapore Dollar
Inception	23 December 1996
Launch Price	SGD 1.00
Subscription	Cash or SRS
Minimum Investment	SGD 1,000
Subsequent Investment	SGD 100
Preliminary Charge	3%
Realisation Charge	Nil
Management Fee	1% p.a.
Trading Frequency	Daily
ISIN Code	SG9999005185
Bloomberg Ticker	RCASBDT SP

FUND SNAPSHOT

	Unit NAV
NAV	SGD 1.172
High*	SGD 1.172
Low*	SGD 0.730

* Based on since inception month end prices

Fund Size SGD 54 million

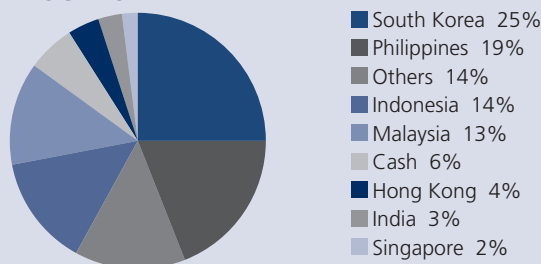


PERFORMANCE

	YTD	3 Months	1 Year	3 Years	5 Years	Since Inception
Fund ⁺	23.63%	5.30%	40.87%	2.04%	2.98%	1.48%
Benchmark	23.28%	5.19%	36.63%	6.40%	6.15%	N/A
Load-adjusted returns**						
Fund ⁺	19.92%	2.14%	36.64%	1.01%	2.35%	1.24%

- ⁺ 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

Holding	Country
Export-Import Bank of Korea 5.875% 01/2015	South Korea
Indonesia Govt Bond 6.625% 02/2037	Indonesia
National Power Corp 6.875% 11/2016	Philippines
Petronas Capital Ltd 5.25% 08/2019	India
Philippine Govt Bond 9.5% 02/2030	Philippines

FOR MORE INFORMATION

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MANAGER'S COMMENTS

- Asian bonds had a mildly positive month in October due mainly to yield and currency appreciation. The Asian local bond market as measured by the HSBC Asian Local Bond Index rose 0.29%, Asian external bonds as measured by the JPMorgan Asian Credit Index rose 0.52% and Asian high-yield bonds as measured by the Merrill Lynch Asian High Yield Corporate Index returned 1.4%.
- The markets have priced a tightening of monetary policy in most Asian countries. However, we believe that regional central banks are unlikely to increase interest rates too rapidly as long as the Federal Reserve, the European Central Bank and the Bank of Japan keep their policies too accommodative. Regional central banks are concerned that higher domestic interest rates will only increase flows into the region as investors seek higher yields, thereby putting further upward pressure on their respective currencies. They are also worried that higher interest rates might slow domestic growth, which is precisely the part of the economy that needs to grow in order to compensate for weaker export markets. Policy-makers may also choose to tighten bank reserve requirements to absorb part of the capital inflows. We expect countries to implement a range of policies but the weight and sequencing of policies will be country specific.
- We will maintain our duration positions in Korea as most of the interest rate increases are already priced. We are still comfortable with Indonesian bonds as policy increases should be delayed. We are modestly overweight Thai bonds as the Bank of Thailand is unlikely to increase rates and the market has already priced the increase in supply.

IMPORTANT INFORMATION

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