

Prospectus

Legg Mason Western Asset Asian Bond Trust

Dated 30 September 2011
Valid till 29 September 2012

LEGG MASON WESTERN ASSET ASIAN BOND TRUST Table of Contents

Contents	Page
Directory.....	i
Important Information	ii
1. Basic Information	1
2. The Managers.....	3
3. The Trustee and the Registrar	3
4. The Auditors	4
5. The Principal Distributor	4
6. Structure of the Trust	4
7. Investment Objective, Focus and Approach	4
8. Fees and Charges.....	6
9. Risks	7
10. Subscription of Units.....	9
11. Regular Savings Plan	11
12. Realisation of Units	12
13. Obtaining Prices of Units.....	14
14. Suspension of Dealing.....	14
15. Performance of the Trust.....	16
16. Soft Dollar Commissions/Arrangements	17
17. Conflicts of Interest.....	17
18. Reports.....	18
19. Other Material Information	19
20. Queries and Complaints.....	24

LEGG MASON WESTERN ASSET ASIAN BOND TRUST Directory

Managers

Western Asset Management Company Pte. Ltd.
(an ultimately wholly-owned subsidiary of Legg Mason, Inc.)
(Company Registration Number: 200007692R)
1 George Street, #23-01, Singapore 049145

Directors of the Managers

Alvin Lee Lip Sin (Executive)
Ronald Richard Dewhurst
Michael Barukh Zelouf

Trustee/Custodian

HSBC Institutional Trust Services (Singapore) Limited
(Company Registration Number: 194900022R)
21, Collyer Quay, #14-01 HSBC Building, Singapore 049320

Principal Distributor

Legg Mason Asset Management Singapore Pte. Limited
(Company Registration Number: 200007942R)
1 George Street, #23-02, Singapore 049145

Auditors

PricewaterhouseCoopers LLP
8, Cross Street, #17-00, PWC Building, Singapore 048424

Solicitors to the Managers

Allen & Gledhill LLP
One Marina Boulevard, #28-00, Singapore 018989

Solicitors to the Trustee

Shook Lin & Bok LLP
1, Robinson Road, #18-00, AIA Tower, Singapore 048542

LEGG MASON WESTERN ASSET ASIAN BOND TRUST

Important Information

The managers of the Legg Mason Western Asset Asian Bond Trust (the "**Trust**"), Western Asset Management Company Pte. Ltd. (the "**Managers**"), an ultimately wholly-owned subsidiary of Legg Mason, Inc., accept full responsibility for the accuracy of information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Prospectus misleading. Unless otherwise stated, all terms not defined in this Prospectus have the same meanings as used in the deed of trust (as amended) relating to the Trust (the "**Deed**").

Potential investors should consult the relevant provisions of the Deed and obtain independent professional advice in any event of any doubt or ambiguity relating thereto.

Potential investors should seek independent professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile, which may be relevant to the subscription, holding or disposal of units in the Trust ("**Units**") and should inform themselves of and observe all such laws and regulations in any relevant jurisdiction that may be applicable to them.

No application has been made for the Units to be listed on any stock exchange.

The Units have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") or the securities laws of any of the states of the United States ("**US**"), nor is such registration contemplated. The Units may not be offered, sold or delivered directly or indirectly in the US or to or for the account or benefit of any "US Person" (as defined in the Securities Act) or any person who is not a "non-United States Person" within the meaning of Rule 4.7 issued under the US Commodity Exchange Act.

The Units are being offered outside the United States pursuant to the exemption from registration under Regulation S under the Securities Act. The Units offered hereby are subject to restrictions on transferability and resale and may not be directly or indirectly transferred or resold to US Persons or within the US.

A US Person for the above purpose currently includes: (i) any natural person resident in the US; (ii) any partnership or corporation organised or incorporated under the laws of the US; (iii) any estate of which any executor or administrator is a US Person; (iv) any trust of which any trustee is a US Person; (v) any agency or branch of a foreign entity located in the US; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the US; and (viii) any partnership or corporation if: (a) organised or incorporated under the laws of any foreign jurisdiction and (b) formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or

Prospectus

incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts. The following are not US Persons: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the US; (ii) any estate of which any professional fiduciary acting as executor or administrator is a US Person if: (a) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate and (b) the estate is governed by foreign law; (iii) any trust of which any professional fiduciary acting as trustee is a US Person, if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a US Person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the US and customary practices and documentation of such country (v) any agency or branch of a US Person located outside the US if: (a) the agency or branch operates for valid business reasons and (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans.

The term "US Person" also includes any entity organised principally for passive investment (such as a commodity pool, investment company or other similar entity) that was formed for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-US Persons.

"United States" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

Any holder of Units may request the Managers to realise all or part of his holding of Units in accordance with and subject to the provisions of the Deed and as summarised in paragraph 12 of this Prospectus. The Managers' unit trusts and investment products, except for guaranteed funds, are not obligations of, deposits in, or guaranteed by the Managers or any of their affiliates. An investment in unit trusts and/or other investment products is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that the value of Units and the income from them may fall as well as rise. Past performance figures are not necessarily indicative of future performance of any unit trust.

Some of the information in this Prospectus is a summary of corresponding provisions in the Deed. Potential investors should read the Deed for further details and for further information that is not contained in this Prospectus.

Potential investors should also consider the risks of investing in the Trust which are summarised in paragraph 9 of this Prospectus.

All enquiries in relation to the Trust should be directed to the Managers, through the Principal Distributor, or any agent or distributor appointed by the Principal Distributor.

LEGG MASON WESTERN ASSET ASIAN BOND TRUST

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (“SFA”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “Authority”). The Authority assumes no responsibility for the contents of this Prospectus. The registration of this Prospectus by the Authority does not imply that the SFA or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Legg Mason Western Asset Asian Bond Trust (the “Trust”). The meanings of terms not defined in this Prospectus can be found in the deed of trust (as amended) constituting the Trust.

1. Basic Information

1.1 Legg Mason Western Asset Asian Bond Trust

The Trust is a Singapore-constituted open-ended unit trust.

1.2 Date of Registration and Expiry Date of Prospectus

The date of registration of this Prospectus with the Authority is 30 September 2011. This Prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 29 September 2012) and shall expire on 30 September 2012.

1.3 Trust Deed and Supplemental Deeds

1.3.1 The deed of trust relating to the interests being offered for subscription or purchase (the “**Principal Deed**”) is dated 26 November 1996 and the parties to the Principal Deed are Rothschild Asset Management (Singapore) Limited, as the retired managers (the “**Retired Managers**”), and HSBC Institutional Trust Services (Singapore) Limited, as the trustee (the “**Trustee**”).

1.3.2 The Principal Deed has been amended by a First Supplemental Deed dated 25 November 1998, an Amending and Restating Deed dated 25 November 2002, a Second Amending and Restating Deed dated 1 July 2003, a Third Amending and Restating Deed dated 18 August 2003 entered into between the Retired Managers and the Trustee, a Supplemental Deed dated 5 January 2004 made amongst the Retired Managers, the Trustee and Western Asset Management Company Pte. Ltd. (then known as Legg Mason Asset Management (Asia) Pte Ltd) (“**LMAMA**”), a Fourth Amending and Restating Deed dated 7 February 2005 and a Fifth Amending and Restating Deed dated 6 February 2006 entered into between LMAMA and the Trustee, and a Supplemental Deed dated 28 September 2006 entered into between LMAMA, the Trustee and Legg Mason Asset Management

Prospectus

Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) (the "**2nd Retired Managers**"), a Sixth Amending and Restating Deed dated 2 July 2007, a Seventh Amending and Restating Deed dated 1 July 2008 and an Eighth Amending and Restating Deed dated 30 June 2009 entered into between the 2nd Retired Managers and the Trustee and a Supplemental Deed of Appointment and Retirement of Managers dated 23 March 2011 entered into amongst the 2nd Retired Managers, Western Asset Management Company Pte. Ltd. (the "**Managers**"), an ultimately wholly-owned subsidiary of Legg Mason, Inc., and the Trustee (the "**Supplemental Deed of Appointment and Retirement of Managers**") and a Ninth Amending and Restating Deed dated 30 September 2011 entered into between the Managers and the Trustee. The Principal Deed as amended by the First Supplemental Deed, the Amending and Restating Deed, the Second Amending and Restating Deed, the Third Amending and Restating Deed, the Supplemental Deed dated 5 January 2004, the Fourth Amending and Restating Deed, the Fifth Amending and Restating Deed, the Supplemental Deed dated 28 September 2006, the Sixth Amending and Restating Deed dated 2 July 2007, the Seventh Amending and Restating Deed dated 1 July 2008, the Eighth Amending and Restating Deed, the Supplemental Deed of Appointment and Retirement of Managers and the Ninth Amending and Restating Deed is referred to in this Prospectus as the "**Deed**".

- 1.3.3** The terms and conditions of the Deed shall be binding on each unitholder (each a "**Holder**" and collectively, the "**Holders**") and persons claiming through such Holder as if such Holder had been a party to the Deed and as if the Deed contained covenants on such Holder to observe and be bound by the provisions of the Deed and an authorisation by each Holder to do all such acts and things as the Deed may require the Managers and/or the Trustee to do.
- 1.3.4** A copy of the Deed is available for inspection at the business office of the Principal Distributor at 1 George Street, #23-02, Singapore 049145 during normal business hours and will be supplied to any person upon request at a charge of S\$50 per copy of each document.
- 1.3.5** A copy of the latest annual and semi-annual accounts, the auditor's report on the annual accounts and the annual and semi-annual reports relating to the Trust may be obtained from the Principal Distributor upon request.

2. The Managers

2.1 The Managers

The Managers of the Trust are Western Asset Management Company Pte. Ltd., whose registered and business address is at 1 George Street, #23-01, Singapore 049145.

The Managers are an ultimately wholly-owned subsidiary of Legg Mason, Inc. ("**Legg Mason**"), a U.S. financial services holding company that provides asset management services through its subsidiaries including the Managers. Legg Mason was founded in 1899 and is listed on the New York Stock Exchange, Inc. under the symbol "LM". As of 30 June 2011, Legg Mason was responsible for US\$662.5 billion of assets under management invested in a broad range of financial instruments including global equities, fixed interest securities, and currencies.

The Managers' strategic goal is to provide above average returns over the long term by managing diversified, risk controlled, value oriented portfolios across a range of investment products in major and emerging markets. Portfolios employ a long-term value orientation that utilises multiple investment strategies to achieve above market returns while approximating market risk.

The Managers advise and manage an extensive range of investments on behalf of institutions and individuals. Through unit trusts and separate account management, the Managers provide investors with access to fixed interest and currency investment opportunities that seek to add value and control risk.

The Managers have been managing collective investment schemes in Singapore since 2003. As at 30 June 2011, the Managers managed approximately US\$3.4 billion of assets on behalf of institutional and retail clients.

Past performance of the Managers is not necessarily indicative of their future performance.

3. The Trustee and the Registrar

The Trustee of the Trust is HSBC Institutional Trust Services (Singapore) Limited whose registered address is at 21, Collyer Quay, #14-01 HSBC Building, Singapore 049320.

The registrar of the Trust is the Trustee and the register of Holders (the "**Register**") is kept at 20 Pasir Panjang Road (East Lobby), #12-21 Mapletree Business City, Singapore 117439, and is accessible to the public during normal business hours. The Register is conclusive evidence of the number of Units held by each Holder and the entries in the Register shall prevail in the event of any discrepancy between the entries in the Register and the details appearing on any statement of holding, unless the Holder proves to the satisfaction of the Managers and the Trustee that the Register is incorrect.

Prospectus

4. The Auditors

The auditors of the accounts relating to the Trust are PricewaterhouseCoopers LLP whose registered office is at 8 Cross Street, #17-00 PWC Building, Singapore 048424 (the "Auditors").

5. The Principal Distributor

The Managers have appointed Legg Mason Asset Management Singapore Pte. Limited as the principal distributor for the Trust (the "Principal Distributor"). The Principal Distributor's business address is at 1 George Street, #23-02, Singapore 049145, and is an ultimately wholly-owned subsidiary of Legg Mason.

The Principal Distributor houses the Legg Mason Global Distribution division and is focused on the distribution of Legg Mason's Singapore domiciled unit trusts and Legg Mason's Luxembourg and Ireland domiciled mutual fund ranges. The Principal Distributor is authorised to market, promote, offer and arrange for sale and redemption of shares/units in these funds.

6. Structure of the Trust

The Trust is a stand-alone open-ended unit trust and has no fixed duration.

7. Investment Objective, Focus and Approach

7.1 Investment Objective

The investment objective of the Trust is to maximise returns over the long term by investing mainly in the bond markets of Asia's developing economies. There is no target industry or sector.

7.2 Scope of Investment and Risk Controls

7.2.1 The Managers' investment policy will be to pursue an active but prudent approach which employs fundamental economic and market analysis to take maximum advantage of short and medium to long term investment opportunities in interest rate and currency trends of the bond markets.

7.2.2 The Trust invests primarily in the following types of investments:

Fixed and floating rate government and corporate bonds and Brady bonds plus convertible bonds, promissory notes, certificates of deposits, commercial papers, bills of exchange, bank bills and treasury bills issued by government, government linked companies and corporations in Asia, meaning the territories of Singapore, Malaysia, Indonesia, Thailand, the Philippines, China, Korea, Taiwan, India, Vietnam, Hong Kong S.A.R., Japan and any other countries in Asia, including Australia and New Zealand.

Otherwise, the Trust will place its monies on short term fixed deposits with banks in Asia, including those territories stated above.

7.2.3 To help limit foreign exchange risks, non-S\$ currency exposure will be substantially hedged with a minimum of 70% of the Trust to be in S\$ after hedging.

7.2.4 The Trust also seeks to observe the following:

- (i) At least 50% of investments made in non-S\$ denominated bonds must satisfy at least one of the following investment criteria:
 - (a) such bonds being rated BBB or higher (or equivalent by Moody's or Standard & Poor's);
 - (b) such bonds being issued by sovereign states, governments or sovereign-related issuers;
 - (c) such instruments being issued by bank issuers; or
 - (d) such bonds being 100% collateralised bonds.
- (ii) In order to ensure a greater degree of liquidity or marketability of the investments the Trust will not invest in more than 5% of the aggregate issued and outstanding securities of any single issue.
- (iii) Forward currency contracts, options and futures contracts and any other derivatives may be used for hedging or efficient portfolio management purposes only.
- (iv) The Trust may not invest in metals, commodities or infrastructure projects.

7.2.5 The Trust currently does not intend to carry out securities lending or repurchase transactions but may in the future do so, in accordance with the applicable provisions of the Code.

7.3 Why Invest in Asian Bonds?

- Another method of investing in the dynamics of Asian economies.
- Asian bonds are relatively under researched and therefore often not as well known to investors internationally.
- Currently many Asian corporate papers are unrated by the international rating agencies such as Moody's and Standard & Poor's. It is expected by the professional investment community that many such papers will be rated over time. Of those corporate papers that are already rated by the international rating agencies such as Moody's and Standard & Poor's, a number have the potential to have their credit rating upgraded eventually.

Prospectus

- Growing importance of Asian fixed income markets as a source of financing for Asia’s growing infrastructure needs is leading to discovery and increasing recognition of Asian bond markets.
- Asia’s favourable demographics are expected by the Managers to drive growth in the region’s domestic pension fund industry which in turn should create increasing demand for domestic bonds.
- Asian bonds usually produce relatively higher income yields than S\$ deposits when compared to income yields of bonds in many industrialised countries such as the U.S.A. and Germany.

Any prediction, projection or forecast made is not necessarily indicative of the future or likely performance of the Trust.

7.4 Who Should Invest in the Trust?

When it comes to savings and investments every investor has differing needs, objectives and time horizons and should consider the Trust accordingly.

Over 3-5 years the potential expected returns from bonds are usually lower than those from equities, but superior to bank deposit rates. Investment in a bond fund may offer investors suitable portfolio diversification and steadier returns.

The Trust is potentially suitable for investors who require less volatile returns than those usually associated with equity investment.

The Trust may also appeal to those who want to invest in Asian markets, but may want an interesting alternative to the more usual equity investment route.

8. Fees and Charges

Legg Mason Western Asset Asian Bond Trust

Charges and Fees Payable by Holder	
Preliminary Charge	Currently 3%. Maximum 5%.
Realisation Charge	Currently nil. Maximum 2%.
Fees Payable by Trust to Managers and Trustee	
Annual Management Fee	Currently 1% p.a. Maximum 1.5% p.a.
Annual Trustee Fee	Currently 0.1% p.a. on 1 st S\$10 million. 0.05% p.a. on balance of S\$10 million and above. Maximum 0.125% p.a. subject always to a minimum of S\$15,000 p.a.

Any Preliminary Charge is currently paid to the Principal Distributor's approved agents and distributors. The Principal Distributor's approved agents or distributors may differentiate between investors as to the amount of the preliminary charge or realisation charge payable (subject to the maximum permitted), or allow discounts on the basis or scale that the approved agents or distributors think fit. Investors should also note that approved agents or distributors through whom investors subscribe for Units may (depending on the specific nature of services provided) impose other fees and charges that are not disclosed in this Prospectus. Investors should therefore check with such agents and distributors as to whether any additional fees and charges are imposed.

As required by the Code on Collective Investment Schemes issued by the Authority in April 2011 (as may be amended from time to time) (the "**Code**"), all marketing, promotional and advertising expenses in relation to the Trust will be borne by the Managers and not charged to the Deposited Property (as defined in the Deed) of the Trust.

9. Risks

9.1 General risks

An investment in the Trust is meant to produce returns over the long-term. Investors should not expect to obtain short-term gains from such investment.

Investors should be aware that the price of Units, and the income from them, may fall or rise. Investors may not get their original investment amount back.

9.2 Specific risks

Investors in the Trust should consider and satisfy themselves as to the risks of investing in fixed or floating rate debt instruments such as fixed rate bonds, floating rate bonds, convertible bonds, promissory notes, certificates of deposit, commercial paper, bills of exchange, bank bills and treasury bills. The following are some of the risk factors that should be considered by the investors in the Trust:

9.2.1 The price of Units, and income from them, can go down as well as up, and past performance is not indicative of future performance. The investments in the Trust are subject to the usual market risks in Asian markets that the Trust invests in and there can be no assurance that the Trust's investment objective will be realised.

9.2.2 The income earned by the Trust may be affected by fluctuations in foreign exchange rates. The Managers will actively monitor and manage the Trust's exposure to adverse foreign exchange risks by hedging through the forwards or futures markets up to 100% of the Trust's exposure.

Prospectus

- 9.2.3** Issuers of the instruments held in the Trust may default upon their obligation.
- 9.2.4** Any investments by the Trust in bonds, debentures, loan stocks, convertibles and other debt securities may decline in value if interest rates change. In general, the price of debt securities rises when interest rates fall, and fall when interest rates rise.
- 9.2.5** The investments in the Trust may be adversely affected by international as well as Asia Pacific regional economic factors such as fluctuations in interest and inflation rates.
- 9.2.6** The investments in the Trust may be adversely affected by political instability as well as exchange controls, changes in taxation, foreign investment policies and other restrictions and controls which may be imposed by the relevant authorities.
- 9.2.7** The Trust may, subject to applicable investment guidelines in the Code and the Deed, invest in derivative instruments from time to time for purposes of hedging and/or efficient portfolio management. Derivative instruments are financial contracts whose value depends on, or is derived from the value of an underlying asset, reference rate or index, which may include bonds, shares, interest rates, currency exchange rates, bond indices and stock indices. Where such instruments are financial derivatives on commodities, such transactions shall be settled in cash at all times or as may otherwise be required under the Code. While the judicious use of derivatives by professional investment managers can be beneficial, derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with derivatives are market risks, management risks, credit risks, liquidity risks and leverage risks. The value of derivative instruments is subject to market risks and may fall in value as rapidly as it may rise and it may not always be possible to dispose of such instruments during such fall in value. In such a situation, the cost incurred in obtaining the derivatives may not be recoverable. Investments in derivatives may require the deposit of initial margin and additional margins on short notice, if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Trust's investment positions may be liquidated at a loss.

Please refer to paragraph 19.8 for further information on the use of financial derivatives.

- 9.2.8** The Trust's investments, particularly in less-developed / emerging markets, may also be subject to liquidity, regulatory and repatriation risks. Investments in emerging markets may also involve political, regulatory

and repatriation risks and risks associated with liquidity, relatively small market capitalisation, relatively higher price volatility, lower disclosure standards, susceptibility to financial shocks, and economic and social uncertainty.

9.2.9 The marketability of quoted securities in some Asian markets may be limited due to foreign investment restrictions, wide dealing spreads, the restricted opening hours of stock exchanges and a narrow range of investors. Trading volume and market capitalisation may be lower than the more developed markets. This may result in a lower degree of liquidity.

The above should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in the Trust.

10. Subscription of Units

10.1 Subscription procedure

Applications for Units may be made through any agent or distributor appointed by the Principal Distributor (the **“approved agents or distributors”**) or through their ATMs, if applicable.

Investors may pay for Units either with cash or Supplementary Retirement Scheme (**“SRS”**) monies. Investors paying with SRS monies will instruct the relevant SRS operator bank to withdraw from his SRS account monies in respect of the Units applied for.

No transfer is permitted in respect of Units purchased with SRS monies.

10.2 Minimum initial subscription amount and minimum subsequent subscription amount

The minimum initial subscription amount is S\$1,000 and the minimum subsequent subscription amount is S\$100.

10.3 Dealing cut-off time and pricing basis

10.3.1 As Units are issued on a forward pricing basis, the issue price of Units shall not be ascertainable at the time of application. In buying Units, applicants pay a fixed amount of money e.g., S\$1,000, which will buy the applicant the number of Units (including fractions of Units) obtained from dividing S\$1,000 (less any preliminary charge) by the issue price when it has been ascertained later. The Principal Distributor’s dealing cut-off time is 5 p.m. Singapore time on a Dealing Day¹. Units in respect of applications received and accepted by the Principal Distributor before the dealing cut-off

¹ A **“Dealing Day”** in connection with the issuance and realisation of Units, means every Business Day or such Business Day or Business Days at such intervals as the Managers may from time to time determine provided that reasonable notice of any such determination shall be given by the Managers to all Holders at such time and in such manner as the Trustee may approve. A **“Business Day”** means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore.

Prospectus

time will be issued at that Dealing Day's issue price calculated in accordance with the provisions of the Deed (as summarised in paragraph 10.3.2 below). Applications received after the dealing cut-off time or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day. The Principal Distributor's approved agents or distributors may have their own dealing cut-off times that are earlier than the Principal Distributor's dealing cut-off time for the receipt of applications and subscription monies. Investors should confirm the applicable dealing cut-off time with the relevant approved agent or distributor.

10.3.2 The issue price of a Unit on any Dealing Day is ascertained as follows:

- (i) by calculating the Value (calculated in accordance with the valuation principles set out in Clause 1(A) of the Deed including valuation of Authorised Investments as reproduced in paragraph 19.7 in this Prospectus) of the proportion of the Deposited Property representing one Unit as at the Valuation Point² either in respect of the first Dealing Day preceding the date of issue of such Unit or in respect of the Dealing Day on which such issue occurs, as the Managers may determine after consultation with the Trustee;
- (ii) by adding the appropriate Fiscal and purchase charges³; and
- (iii) by determining the resultant total up to four decimal places and rounding such figure to the nearest three decimal places (or such other number of decimal places as the Managers may from time to time decide).

10.3.3 The preliminary charge will be retained by the Principal Distributor's approved agents or distributors and the amount of the aforesaid adjustment shall be credited to the Trust.

² The "**Valuation Point**" means the close of business of the last relevant market in relation to a Dealing Day on which the Value of the Deposited Property is to be determined or such other time on a Dealing Day or such other day as the Managers with the approval of the Trustee may from time to time determine and the Managers shall notify the Holders of such change if required by the Trustee.

³ "**Fiscal and purchase charges**" means, inter alia, all stamp and other duties, taxes (including GST), governmental charges, brokerage, commissions, bank charges, transfer fees, registration fees and other duties and charges in connection with the issue and purchase of Units but does not include commissions payable to agents on sales and repurchases of Units.

10.4 Numerical example of how Units are allotted

The number of Units allotted based on an investment amount of S\$1,000 and a notional issue price of S\$1.000 and assuming a 3% preliminary charge is calculated as follows:

e.g.

$$\begin{array}{rcccl} \text{S\$1,000.00} & - & \text{S\$30} & = & \text{S\$970.00} & / & \text{S\$1.000} & = & \text{970.00 Units} \\ \text{Gross} & & \text{3\%} & & \text{Net} & & \text{Notional} & & \text{Number of} \\ \text{investment} & & \text{Preliminary} & & \text{investment} & & \text{issue price} & & \text{Units allotted} \\ \text{amount} & & \text{Charge} & & \text{amount} & & & & \end{array}$$

Investors should note that the actual issue price per Unit will vary daily in line with the net asset value of the Trust. The above example is purely hypothetical and is not a forecast or indication of any expectation of performance of the Trust.

10.5 Confirmation of purchase

A confirmation note detailing the investment amount and the number of Units allocated to investors in the Trust will be sent within fourteen (14) Business Days from the date of issue of Units.

10.6 Cancellation of Units by Investors

First-time investors shall, subject to Clause 15A of the Deed and to the cancellation terms and conditions contained in the notice to cancel form, have the right to cancel their subscription of Units, without incurring the preliminary charge set out in paragraph 8 above, within seven (7) calendar days from the date of subscription of Units (or such longer period as may be agreed between the Managers and the Trustee or such other period as may be prescribed by the Authority) by providing notice in writing to the relevant approved agent or distributor through whom the Units were purchased. The cancellation proceeds payable in relation to the cancellation of a subscription of Units will be determined as the lower of the market value of the Units (the subscription of which is being cancelled) or the original subscription amount paid by the investor at the time of his subscription or purchase. Full details relating to the cancellation of Units may be found in the cancellation terms and conditions contained in the notice to cancel form.

11. Regular Savings Plan

A regular savings plan is not made available to investors in Singapore by the Managers. However, the approved agents or distributors of the Trust may, at their own discretion, offer regular savings arrangements for the benefit of investors in Singapore. Information on such regular savings arrangements, such as the minimum periodic contributions, timing of the investment deduction and Unit allocation, may be obtained from such approved agents or distributors. The terms of such regular savings arrangements will provide that Holders may cease participation in such arrangements without suffering any penalty by providing not less than 30 days' notice in writing to the relevant approved agent or distributor.

Prospectus

12. Realisation of Units

12.1 Realisation procedure

Holders may realise their Units on any Dealing Day by submitting the relevant realisation request form to the relevant approved agent or distributor through whom the Units were purchased.

Units in respect of realisation forms received and accepted by the Principal Distributor by the dealing cut-off time on a Dealing Day shall be realised at that Dealing Day's realisation price calculated in accordance with the provisions of the Deed (as summarised in paragraph 12.3.3 below). Realisation requests received after the dealing cut-off time or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day.

Holders should note that the Managers may, with the approval of the Trustee, limit the total number of Units which Holders may realise on any Dealing Day to 10% of the total number of Units then in issue. If so, requests for realisation of Units on that Dealing Day will be reduced rateably and be treated as if made in respect of each subsequent Dealing Day until all Units to which the original request related have been realised.

12.2 Minimum holding and minimum realisation amount

The minimum holding is 1,000 Units or the number of Units which were or would have been purchased for S\$1,000 by the relevant Holder at the prevailing issue price at the time of his initial subscription or purchase of Units or such other number or amount as may from time to time be determined by the Managers upon giving prior notice to the Trustee and as permitted by the relevant authorities. The minimum realisation amount is 100 Units.

12.3 Dealing cut-off time and pricing basis

12.3.1 The Principal Distributor's dealing cut-off time in relation to each Dealing Day is 5 p.m. Singapore time on such Dealing Day. The Principal Distributor's approved agents or distributors may have their own dealing cut-off times that are earlier than the Principal Distributor's dealing cut-off time for the receipt of realisation requests from investors. Investors should confirm the applicable dealing cut-off time with the relevant approved agent or distributor.

12.3.2 As Units are realised on a forward pricing basis, the realisation price of Units is not ascertainable at the time of realisation.

12.3.3 The realisation price of a Unit on any Dealing Day is ascertained as follows:

- (i) by calculating the Value (calculated in accordance with the valuation principles set out in Clause 1(A) of the Deed including valuation of Authorised Investments as reproduced in paragraph 19.7 in this Prospectus) of the proportion of the Deposited Property representing one Unit as at the Valuation Point either in respect of the first Dealing Day preceding the date of the receipt of the realisation request or in respect of the Dealing Day on which the realisation request is received, as the Managers may determine after consultation with the Trustee;
- (ii) by deducting therefrom the appropriate Fiscal and sale charges⁴; and
- (iii) by determining the resultant total up to four decimal places and rounding such figure to the nearest three decimal places (or such other number of decimal places as the Managers may from time to time decide).

Realisation proceeds shall be net of the prevailing realisation charge. The realisation charge, if any, shall be retained by the Managers and the amount of the aforesaid adjustment shall be credited to the Trust. Currently, no realisation charge is imposed on the realisation of Units.

12.4 Numerical example of realisation

The amount payable to Holders on a realisation, based on the realisation of 1,000 Units and a notional realisation price of S\$0.970 and assuming a 0% realisation charge, is calculated as follows:

e.g.

1,000 Units	X	S\$0.970	=	S\$970.00	-	S\$0.00	=	S\$970.00
Realisation request		Notional realisation price		Gross realisation proceeds		Realisation charge		Net realisation proceeds

Investors should note that the actual realisation price per Unit will vary daily in line with the net asset value of the Trust. The above example is purely hypothetical and is not a forecast or indication of any expectation of performance of the Trust.

12.5 Payment of realisation proceeds

For Units purchased with cash, realisation proceeds shall normally be paid by cheque usually within four (4) Business Days (or within such other period as may be permitted by the Authority) of receipt

⁴ "Fiscal and sale charges" means, inter alia, all stamp and other duties, taxes (including GST), governmental charges, brokerage, commissions, bank charges, transfer fees, registration fees and other duties and charges in connection with the sale of Units but does not include commissions payable to agents on sales and repurchases of Units.

Prospectus

and acceptance of the realisation form by the Principal Distributor unless the realisation of Units has been suspended in accordance with paragraph 14.

For Units purchased with SRS monies, realisation proceeds shall be paid to the Holder's SRS operator bank usually within four (4) Business Days (or within such other period as may be permitted by the Authority) of receipt and acceptance of the realisation form by the Principal Distributor unless realisation of Units has been suspended in accordance with paragraph 14.

13. Obtaining Prices of Units

The indicative net asset value of the Units is published on each day on the Principal Distributor's website at <http://www.leggmason.com.sg>, The Business Times, Teletext and Bloomberg, and once a week in The Straits Times (only CPFIS included funds are listed). Investors should note that the frequency of the availability of the indicative net asset value of the Units on selected publications may change from time to time and is determined by the relevant publisher. The actual net asset value of the Units is normally published two (2) Business Days after the relevant Dealing Day. The issue and realisation prices of the Units will be calculated as described in paragraphs 10.3.2 and 12.3.3.

Investors should note that the Managers do not accept any responsibility for any errors on the part of the publisher in the prices published in the abovementioned publications or for any non-publication of prices by such publisher and shall incur no liability in respect of any action taken or loss suffered by investors in reliance upon such publications.

14. Suspension of Dealing

14.1 Subject to the provisions of the Code, the Managers may, after consultation with the Trustee, suspend the issue and/or realisation of Units during:

14.1.1 any period when the Recognised Exchange⁵ or OTC Market⁶ on which any Authorised Investments⁷ forming part of Deposited Property for the time being are listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended;

⁵ "Recognised Exchange" means any stock exchange, futures exchange or options exchange of repute in any country in the Asian Territory and in relation to any particular Authorised Investment shall be deemed to include any responsible firm, corporation or association in any country in the Asian Territory dealing in the Authorised Investment which the Managers may from time to time elect; "Asian Territory" means the territory covering Singapore, Malaysia, Indonesia, Thailand, the Philippines, China, Taiwan, Korea, India, Vietnam, Hong Kong S.A.R., Japan and any other countries in Asia, including Australia and New Zealand.

⁶ "OTC Market" means any over-the-counter market or over-the telephone market in any country in the Asian Territory and in relation to any particular Authorised Investment shall be deemed to include any reputable institution in any country in the Asian Territory dealing in the Authorised Investment which the Managers may from time to time elect.

⁷ "Authorised Investments" means subject to the provisions of the Code, any of the following Investments: (i) any Investment issued by governmental or government-related bodies and corporations in the Asian Territory; (ii) for hedging or efficient portfolio management purposes only, forward currency contracts, options and futures contracts and any other derivatives which may be selected by the Managers for the purpose of the investment of the Deposited Property or which may for the time being form part thereof; and (iii) any other Investment not covered by (i) or (ii) of this definition but subject to the approval of the Trustee (such approval not to be unreasonably withheld).

- 14.1.2** the existence of any state of affairs which, in the opinion of the Managers might seriously prejudice the interests of the Holders as a whole or of the Deposited Property;
 - 14.1.3** any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments or the current price on that Recognised Exchange or OTC Market or when for any reason the prices of any of such Authorised Investments cannot be promptly and accurately ascertained (including any period when the fair value of a material portion of the Authorised Investments cannot be determined);
 - 14.1.4** any period when remittance of money which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments cannot, in the opinion of the Managers, be carried out at normal rates of exchange;
 - 14.1.5** any 48-hour period (or such longer period as the Managers and the Trustee may agree) prior to the date of any meeting of Holders (or any adjourned meeting thereof);
 - 14.1.6** any period where dealing in Units is suspended pursuant to any order or direction of the Authority;
 - 14.1.7** any period when the business operations of the Managers or the Trustee in relation to the operations of the Trust are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
 - 14.1.8** such circumstances as may be required under the provisions of the Code.
- 14.2** Subject to the provisions of the Code, the Trustee may also instruct the Managers to temporarily suspend the issue and realisation of Units during any period of consultation or adjustment of the issue and realisation price arising from the provisions of Clause 13(B)(v) and Clause 16(F)(ii) of the Deed respectively.
- 14.3** Such suspension shall take effect forthwith upon the declaration in writing thereof to the Trustee by the Managers or to the Managers by the Trustee (as the case may be) and, subject to the provisions of the Code, shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised under Clauses 13(G) and 16(F)(ii) of the Deed (as reproduced in this paragraph 14.1) shall exist upon the declaration in writing thereof by the Managers or by the Trustee (as the case may be).

Prospectus**15. Performance of the Trust****15.1 Past performance of the Trust and benchmark as of 29 July 2011**

	One year	Three years	Five years	Ten years	Since inception
	(average annual compounded return)				
Trust ¹	1.68%	6.85%	4.44%	4.61%	2.06%
US\$3-month LIBOR hedged to S\$ ²	1.49%	8.92%	7.13%	7.67%	NA

Notes:

1. Source (performance calculation of the Trust): Lipper. Performance calculation of the Trust is based on NAV to NAV (single pricing basis taking into account Preliminary Charge and Realisation Charge) with net dividends reinvested, in Singapore Dollars. Return presented for a period exceeding one year is on an average annual compounded basis.

Inception date of the Trust is 23 December 1996.

2. Source (performance calculation of the benchmark): Legg Mason. Performance calculation of the benchmark is based on NAV to NAV with net dividends re-invested, in Singapore Dollars. With effect from 1 April 2011, the benchmark of the Trust was changed from the customised JP Morgan Asian Credit Index – Sovereign and Quasi Sovereign (hedged in S\$) to the US\$ 3-month LIBOR hedged to SGD. The reason for the change is because the former benchmark became less reflective of the investment focus of the Trust due to the growth of the local and hard currency Asian corporate bond markets. The US\$ 3-month LIBOR hedged to SGD was selected to allow additional flexibility in carrying out the investment focus of the Trust.

The past performance of the Trust is not necessarily indicative of its future performance.

15.2 Expense ratio

The expense ratio of the Trust (calculated in accordance with the guidelines issued by the Investment Management Association of Singapore ("IMAS") on the disclosure of expense ratios and based on figures in the Trust's latest audited accounts) for the financial period for the one year period ended 31 March 2011 is 1.29%. The following expenses (where applicable) are excluded from the calculation of the expense ratio:

- (a) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (b) interest expense;

- (c) foreign exchange gains and losses of the Trust, whether realised or unrealised;
- (d) front end loads, back end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund;
- (e) tax deducted at source or arising on income received, including withholding tax; and
- (f) dividends and other distributions paid to Holders.

15.3 Turnover ratio

The turnover ratio is calculated based on the lesser of purchases or sales expressed as a percentage over the average net asset value of the assets of the Trust, i.e. average daily net asset value over the same period used for calculating the expense ratio. The turnover ratio for the one year period ended 31 March 2011 is 77.51%.

16. Soft Dollar Commissions/Arrangements

The Managers currently do not but shall be entitled to receive and enter into soft-dollar commissions/arrangements in respect of the Trust. The Managers will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Managers receive include specific advice as to the advisability of dealing in, or the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodial service in relation to the investments managed for clients.

Soft-dollar commissions received shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.

The Managers will not accept or enter into soft dollar commissions/arrangements unless such soft-dollar commissions/arrangements would, in the opinion of the Managers, assist the Managers in their management of the Trust, provided that the Managers shall ensure at all times that best execution is carried out for the transactions, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

17. Conflicts of Interest

17.1 The Managers may from time to time have to deal with competing or conflicting interests of the Trust with other funds managed by the Managers. For example, the Managers may make a purchase or sale decision on behalf of some or all of the

Prospectus

other funds managed by them without making the same decision on behalf of the Trust, as a decision whether or not to make the same investment or sale for the Trust depends on factors such as the cash availability and portfolio balance of the Trust. However, the Managers will use reasonable endeavours at all times to act fairly and in the interests of the Trust. In particular, after taking into account the availability of cash and relevant investment guidelines of the other funds managed by the Managers, the Managers will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the Trust and the other funds managed by the Managers.

- 17.2** The factors which the Managers will take into account when determining if there are any conflicts of interest as described in paragraph 17.1 above include the assets and, where applicable, the debt securities of the Trust. To the extent that another fund managed by the Managers intends to purchase substantially similar assets, the Managers will ensure that the assets are allocated fairly and proportionately and that the interests of all investors are treated equally between the Trust and the other funds.
- 17.3** The Managers may from time to time act as investment manager or investment adviser in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Trust. It is, therefore, possible that it may, in the course of business, have potential conflicts of interests with the Trust. The Managers will, at all times, have regard in such event to their obligations to the Trust and will ensure that such conflicts are resolved fairly. In addition, the Managers and each of their affiliated entities will, at all times, have regard to their obligations to the Trust and shall ensure that in any transaction carried out with the Trust, such transaction will be carried out as if effected on normal commercial terms negotiated at arm's length.
- 17.4** The Managers or the Trustee may own, hold, dispose or otherwise deal with Units as though they were not a party to the Deed. In the event of any conflict of interest arising as a result of that dealing, the Managers and the Trustee, following consultation, will resolve the conflict in a just and equitable manner as they deem fit.
- 17.5** Associates of the Trustee may be engaged to provide financial, banking or brokerage services to the Trust or buy, hold and deal in any investments, enter into any contracts or other arrangements with the Trustee and make profits from those activities. Such services, where provided, and such activities with the Trustee, where entered into, will be on an arm's length basis.

18. Reports

Financial year-end and distribution of reports and accounts

The financial year-end for the Trust is 31 March. The annual report, annual accounts and the auditor's report on the annual accounts will be prepared and sent or made available to the Holders within 3 months of the financial year-end (or such other period as may be permitted by the Authority). The semi-annual report and semi-

annual accounts will be prepared and sent or made available to the Holders within 2 months of the financial half-year end (or such other period as may be permitted by the Authority).

19. Other Material Information

19.1 Information on Investments

At the end of each quarter, Holders will receive a statement showing the value of their investment, including any transactions during the quarter. However, if there is any transaction within a particular month, Holders will receive an additional statement at the end of that month.

19.2 Liabilities and Indemnities

The following is an extract from the Deed. For full information on such liabilities and indemnities, please refer to the Deed:

19.2.1 The Trustee and the Managers shall incur no liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties, provided that it or they have acted in good faith, without negligence and with due care.

19.2.2 The Trustee and the Managers shall incur no liability to the Holders for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of the Deed neither the Trustee nor the Managers shall be under any liability therefor or thereby.

19.2.3 Neither the Trustee nor the Managers shall be responsible for any authenticity of any signature or of any seal affixed to any transfer or form of application, endorsement or other document (whether sent by mail, facsimile, electronic means or otherwise) affecting the title to or transmission of Units or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement, transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Trustee and the Managers respectively shall nevertheless be entitled but not bound to require that the signature of any Holder to

Prospectus

any document required to be signed by him under or in connection with the Deed shall be verified to its or their reasonable satisfaction.

19.2.4 Any indemnity expressly given to the Trustee or the Managers in the Deed is in addition to and without prejudice to any indemnity allowed by law; provided nevertheless that any provision of the Deed shall be void insofar as it would have the effect of exempting the Trustee or the Managers from or indemnifying them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties where they fail to show the degrees of diligence and care required of them having regard to the provisions of the Deed.

19.2.5 The Trustee may act upon any advice of or information obtained from the Managers or any bankers, accountants, brokers, lawyers, agents or other persons acting as agents or advisers of the Trustee or the Managers and the Trustee shall not be liable for anything done or omitted or suffered in reliance upon such advice or information, provided it has acted in good faith, without negligence and with due care. The Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of any such banker, accountant, broker, lawyer, custodian, joint custodian or sub-custodian, agent or other person as aforesaid or of the Managers, provided the Trustee has acted in good faith, without negligence and with due care. Any such advice or information may be obtained or sent by letter, electronic mail or facsimile and the Trustee shall not be liable for acting on any advice or information purported to be conveyed by any such letter, electronic mail or facsimile although the same contains some error or is not authentic.

19.3 Distribution of Income and Capital

The investment objective of the Trust is long-term capital appreciation. Distribution of income and capital will be at the Managers' sole discretion.

19.4 Investment Restrictions and Borrowing Limits

The Managers will ensure compliance with any investment and borrowing restrictions set out in Appendix 1 of the Code, as the same may be amended, restated, supplemented or replaced from time to time.

19.5 Holder's Right to Vote

A meeting of Holders duly convened and held in accordance with the provisions of the Schedule to the Deed shall be competent by Extraordinary Resolution:

- 19.5.1** to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers as provided in Clause 40 of the Deed;
- 19.5.2** to sanction a supplemental deed increasing the maximum permitted percentage of the management participation and/or remuneration of the Trustee as provided in Clause 26(B) of the Deed;
- 19.5.3** to terminate the Trust as provided in Clause 37(E) of the Deed;
- 19.5.4** to remove the Auditors as provided in Clause 33(D) of the Deed;
- 19.5.5** to remove the Trustee as provided in Clause 34(C)(iii) of the Deed;
- 19.5.6** to remove the Managers as provided in Clause 35(A)(iv) of the Deed;
- 19.5.7** to direct the Trustee to take any action (including the termination of the Trust) pursuant to Section 295 of the SFA; and
- 19.5.8** to sanction and approve any matter tabled to them by the Managers and/or the Trustee at any extraordinary general meeting of the Trust,

but shall not have any further or other powers.

19.6 Termination of the Trust

- 19.6.1** The Trust is of indeterminate duration and may be terminated as provided in Clause 37 of the Deed.
- 19.6.2** Either the Trustee or the Managers may in their absolute discretion terminate the Trust by not less than three months' notice in writing to the other given so as to expire at the end of the Accounting Period current at the end of the tenth year after the date of the Principal Deed or any year thereafter. Either the Trustee or the Managers shall be entitled by notice in writing to make the continuation of the Trust beyond any such date conditional on the revision to its or their satisfaction at least three months before the relevant date of its or their remuneration. In the event that the Trust shall fall to be terminated or discontinued the Managers shall give notice thereof to all Holders not less than three months in advance. Subject as aforesaid the Trust shall continue until terminated in the manner hereinafter provided in paragraphs 19.6.3 to 19.6.6.

Prospectus

- 19.6.3** Subject to Section 295 of the SFA, the Trust may be terminated by the Trustee by notice in writing in any of the following events, namely:
- (i) if the Managers shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets or if a judicial manager is appointed in respect of the Managers or if any encumbrancer shall take possession of any of their assets or if they shall cease business;
 - (ii) if any law shall be passed, any authorisation withdrawn or revoked or the Authority issues any direction which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust;
 - (iii) if within the period of three months from the date of the Trustee expressing in writing to the Managers the desire to retire the Managers shall have failed to appoint a new trustee within the terms of Clause 34 of the Deed; or
 - (iv) if within three months from the date of the Trustee removing the Managers, the Trustee shall have failed to appoint new managers within the terms of Clause 35 of the Deed.

The decision of the Trustee in any of the events specified in this paragraph 19.6.3 shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate the Trust pursuant to Clause 37(C) of the Deed (as reproduced in this paragraph 19.6.3) or otherwise. The Managers shall accept the decision of the Trustee and relieve the Trustee of any liability to them therefor and hold it harmless from any claims whatsoever on their part for damages or for any other relief.

- 19.6.4** The Trust may be terminated by the Managers in their absolute discretion by notice in writing as hereinafter provided (i) if the average aggregate value of the Deposited Property shall be less than S\$3,000,000 after the end of the fifth year after the date of the Principal Deed or any time thereafter or (ii) if any law shall be passed, any authorisation withdrawn or revoked or the Authority issues any direction which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue the Trust.

- 19.6.5** The party terminating the Trust shall give notice thereof to the Holders fixing the date at which such termination is to take effect which date shall not be less than six

months after the service of such notice and the Managers shall give written notice thereof to the Authority not less than seven days before such termination.

- 19.6.6** The Trust may at any time after ten years from the date of the Principal Deed be terminated by Extraordinary Resolution of a meeting of the Holders duly convened and held in accordance with the provisions contained in the Schedule to the Deed and such termination shall take effect from the date on which the Extraordinary Resolution is passed or such later date (if any) as the Extraordinary Resolution may provide.

19.7 Valuation

"Value", except where otherwise expressly stated and subject always to the requirements of the Code, with reference to any Authorised Investment which are:-

- (i) deposits placed with banks in or outside of Singapore and bank bills, shall be determined by reference to the face value of such Authorised Investments and the accrued interest thereon for the relevant period;
- (ii) Quoted Investments⁸, shall be calculated, as the case may be, by reference to the price appearing to the Managers or other agent on behalf of the Managers to be the official closing price, the last known transacted price, the last transacted price on a Recognised Exchange or the last available price or quoted price quoted by reputable institutions on an OTC Market, at the time of calculation for the Quoted Investment in question or at any time as may be approved by the Trustee; and
- (iii) Unquoted Investments⁹, shall be calculated by reference to the (a) last available price (if any); or (b) prices quoted by such persons, firms or institutions determined by the Managers to be making a market in that investment at the close of trading in the relevant market on which the particular Authorised Investment is traded (and if there shall be more than one such market maker, then such market maker as the Managers may determine).

PROVIDED THAT, if the quotations referred to in (ii) and (iii) above are not available, or if the value of the Authorised Investment determined in the manner described in (i), (ii) or (iii) above, in the opinion of the Managers, is not representative, then the value shall be such value as the Managers may with due care and in good faith consider in the circumstances to be fair value and is approved by the Trustee and the Managers shall notify the Holders of such change if required by the Trustee. For the purposes of this proviso, the "fair

8 "Quoted Investment" means any Authorised Investment which is quoted or listed or in respect of which permission to deal is effective on any Recognised Exchange or any OTC Market.

9 "Unquoted Investment" means any Authorised Investment which is not quoted, listed or dealt in on any Recognised Exchange or any OTC Market.

Prospectus

value" shall be determined by the Managers in consultation with a dealer or an approved valuer and with the approval of the Trustee in accordance with the Code.

In exercising in good faith the discretion given by the proviso above, the Managers shall not, subject to the provisions of the Code, assume any liability towards the Trust, and the Trustee shall not be under any liability, in accepting the opinion of the Managers, notwithstanding that the facts may subsequently be shown to have been different from those assumed by the Managers.

19.8 Use of Financial Derivative Instruments

The global exposure of the Trust to financial derivatives or embedded financial derivatives shall not exceed 100% of the net asset value of the Trust at any time (or such other percentage as may be allowed under the Code). Such exposure will be calculated using the commitment approach as described in, and in accordance with the provisions of, the Code.

In the event the Trust nets its over-the-counter financial derivative positions, the Managers will obtain the legal opinions as stipulated in paragraph 5.15 of Appendix 1 of the Code (or as may otherwise be required under the Code) prior to any such netting.

The Managers have the necessary expertise to manage the risk relating to the use of derivative instruments and will ensure that the risk management and compliance procedures are adequate and has been or will be implemented.

20. Queries and Complaints

If you have questions concerning your investment in the Trust, you may contact the Managers, through the Principal Distributor, at telephone number (65) 6536 8000.

Legg Mason Western Asset Asian Bond Trust Prospectus

Signed:

Alvin Lee Lip Sin
Director (Executive)

Signed:

Ronald Richard Dewhurst
Director

Signed:

Michael Barukh Zelouf
Director

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LEGG MASON
GLOBAL ASSET MANAGEMENT

Issued by Legg Mason Asset Management Singapore Pte. Limited
(Registration no.(UEN): 200007942R)

Prepared on: 30/09/2011

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus¹.
- It is important to read the Prospectus before deciding whether to purchase units in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

LEGG MASON WESTERN ASSET ASIAN BOND TRUST (THE “TRUST”)

Product Type	Unit Trust	Inception Date	23 December 1996
Manager	Western Asset Management Company Pte. Ltd.	Custodian	HSBC Institutional Trust Services (Singapore) Limited
Trustee	HSBC Institutional Trust Services (Singapore) Limited	Dealing Frequency	Every Business Day
Capital Guaranteed	No	Expense Ratio for the financial year ended 31 March 2011	1.29%
Name of Guarantor	N/A		

PRODUCT SUITABILITY

WHO IS THE PRODUCT SUITABLE FOR?

- The Trust is only suitable for investors who:
 - want to invest in Asian markets, but may want an interesting alternative to the more usual equity investment route;
 - require less volatile returns than those usually associated with that of equity investments;
 - are looking for portfolio diversification and steadier returns.

Investors should consult their financial advisers if in doubt whether this product is suitable for them.

Further Information
Refer to Section 7.4 on Pg 6 of the Prospectus for further information on product suitability.

KEY PRODUCT FEATURES

WHAT ARE YOU INVESTING IN?

- You are investing in a unit trust constituted in Singapore that seeks to maximise returns over the long term by investing mainly in the bond markets of Asia’s developing economies. There is no target industry or sector.

Refer to Section 1 on pg 1 and Section 7 on pg 4 of the Prospectus for further information on features of the product.

Investment Strategy

- The Manager will pursue an active but prudent approach which employs fundamental economic and market analysis to take maximum advantage of short and medium to long term investment opportunities in interest rate and currency trends of the bond markets.
- The Trust will invest primarily in debt securities issued by governments, government linked companies and corporations in Asia, including Australia and New Zealand.

Refer to Section 7.2 on Pg 4 and 5 of the Prospectus for the structure of the Fund.

¹ The Prospectus is available for collection at 1 George Street, #23-02, Singapore 049145 during normal business hours or accessible at www.leggmason.com.sg

<ul style="list-style-type: none"> • The Trust seeks to invest in at least 50% of non-S\$ investments with minimum BBB rating by Moody's or S&P, or issued by sovereign states, bank issuers or are 100% collateralized bonds. • To limit foreign exchange risks, non-S\$ currency exposure will be substantially hedged with a minimum of 70% of the Trust to be in S\$ after hedging. • To ensure greater degree of liquidity, no more than 5% of the total value of the Trust will be invested in any single issue. • Derivatives may be used for hedging or efficient portfolio management purposes only. 	
Parties Involved	
<p>WHO ARE YOU INVESTING WITH?</p> <ul style="list-style-type: none"> • The Manager is Western Asset Management Company Pte. Ltd.. • The Trustee/ Custodian is HSBC Institutional Trust Services (Singapore) Limited. • The Principal Distributor is Legg Mason Asset Management Singapore Pte. Limited. 	<p>Refer to Section 2 to 5 on Pg 3 and 4 of the Prospectus for further information on the role and responsibilities of these entities.</p>
KEY RISKS	
<p>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</p> <p>You should consider and satisfy yourself as to the risks of investing in the Trust. Some of the risk factors that should be considered are economic, interest rate, political, liquidity, default, foreign exchange, regulatory, repatriation risks and the risks of investing in warrants.</p> <p>An investment in the Trust is meant to produce returns over the long term. You should not expect to obtain short-term gains from such investments.</p> <p>The value of the product and its dividends or coupons may rise or fall. These risk factors may cause you to lose some or all of your investment:</p>	<p>Refer to Section 9 on Pg 7 to 9 of the Prospectus for further information on risks of the product.</p>
Market and Credit Risks	
<ul style="list-style-type: none"> • You are exposed to market risk in Asian markets. <ul style="list-style-type: none"> ○ Investments in the Trust are subject to the usual market risks in Asian markets that the Trust invests in (such as economic factors like fluctuations in interest and inflation rates). • You are exposed to emerging markets risk. <ul style="list-style-type: none"> ○ The Trust may invest in emerging markets. Such investments may involve political, regulatory and repatriation risks, and risks associated with liquidity, relatively small market capitalisation, relatively higher price volatility, lower disclosure standards, susceptibility to financial shocks, and economic and social uncertainty. • You are exposed to interest rate risk. <ul style="list-style-type: none"> ○ Any investments by the Trust in bonds, debentures, loan stocks, convertibles and other debt securities may decline in value if interest rates change. In general, the price of debt securities rises when interest rates fall, and fall when interest rates rise. • You are exposed to currency risk. <ul style="list-style-type: none"> ○ The income earned by the Trust may be affected by fluctuations in foreign exchange rates. The Manager will actively monitor and manage the Trust's exposure to adverse foreign exchange risks by hedging through the forwards or futures markets up to 100% of the Trust's exposure. • You are exposed to debt securities risk. <ul style="list-style-type: none"> ○ Issuers of bonds and other debt securities held by the Trust may default on their obligations despite careful selection of issuers. 	<p>Refer to Section 9 on Pg 7 to 9 of the Prospectus for further information on risks of the product.</p>

Liquidity Risks									
<ul style="list-style-type: none"> • The Trust is not listed and you can only redeem on Dealing Days. <ul style="list-style-type: none"> ○ There is no secondary market for the Trust. All redemption requests should be made to the relevant approved agent or distributor through whom Units in the Trust were purchased. 	<p>Refer to Section 9 on Pg 7 to 9, Section 12 on Pg 12 and Section 14 on Pg 14 and 15 of the Prospectus for further information on risks of the product.</p>								
<ul style="list-style-type: none"> • You may not be able to redeem on a Dealing Day if a redemption limit is imposed. <ul style="list-style-type: none"> ○ There may be a 10% limit on the number of Units that can be redeemed on any Dealing Day. • You will not be able to redeem when redemption is suspended. <ul style="list-style-type: none"> ○ Your right to redeem Units may be temporarily suspended under certain circumstances. • You are exposed to liquidity risk of the Trust's investments. <ul style="list-style-type: none"> ○ Marketability of quoted securities in some Asian markets may be limited due to foreign restrictions, wide dealing spreads, the restricted opening hours of stock exchanges and a narrow range of investors. Trading volume and market capitalisation may be lower than the more developed markets. 									
Product-Specific Risks									
<ul style="list-style-type: none"> • You are exposed to derivatives risk. <ul style="list-style-type: none"> ○ The Trust may invest in derivatives for purposes of hedging and/or efficient portfolio management. Derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. The value of derivative instruments is subject to market risks and may fall in value as rapidly as it may rise and it may not always be possible to dispose of such instruments during such fall in value. 	<p>Refer to Section 9 on Pg 7 of the Prospectus for further information on risks of the product.</p>								
FEES AND CHARGES									
<p>WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?</p> <p><u>Payable directly by you</u></p> <ul style="list-style-type: none"> • You will need to pay the following fees and charges as a percentage of your gross investment sum: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%;">Preliminary Charge</td> <td>○ Currently 3% (Maximum 5%)</td> </tr> <tr> <td>Realisation Charge</td> <td>○ Currently NIL (Maximum 2%)</td> </tr> </table> <p><u>Payable by the Trust from invested proceeds</u></p> <ul style="list-style-type: none"> • The Trust will pay the following fees and charges to the Manager and Trustee: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%;">Annual Management Fee</td> <td>○ Currently 1% p.a. (Maximum 1.50% p.a.)</td> </tr> <tr> <td>Annual Trustee Fee</td> <td>○ Currently 0.1% p.a. on 1st S\$10 million. 0.05% p.a. on balance of S\$10 million and above. Maximum 0.125% p.a. subject always to a minimum of S\$15,000 p.a.</td> </tr> </table>	Preliminary Charge	○ Currently 3% (Maximum 5%)	Realisation Charge	○ Currently NIL (Maximum 2%)	Annual Management Fee	○ Currently 1% p.a. (Maximum 1.50% p.a.)	Annual Trustee Fee	○ Currently 0.1% p.a. on 1st S\$10 million. 0.05% p.a. on balance of S\$10 million and above. Maximum 0.125% p.a. subject always to a minimum of S\$15,000 p.a.	<p>Refer to Section 8 on Pg 6 and 7 of the Prospectus for further information on fees and charges.</p>
Preliminary Charge	○ Currently 3% (Maximum 5%)								
Realisation Charge	○ Currently NIL (Maximum 2%)								
Annual Management Fee	○ Currently 1% p.a. (Maximum 1.50% p.a.)								
Annual Trustee Fee	○ Currently 0.1% p.a. on 1st S\$10 million. 0.05% p.a. on balance of S\$10 million and above. Maximum 0.125% p.a. subject always to a minimum of S\$15,000 p.a.								
VALUATIONS AND EXITING FROM THIS INVESTMENT									
<p>HOW OFTEN ARE VALUATIONS AVAILABLE?</p> <p>The indicative net asset value of the Trust is published on each day on the Principal Distributor's website at http://www.leggmason.com.sg, The Business Times, Teletext and Bloomberg, and once a week in The Straits Times (only CPFIS included funds are listed). The actual net asset value is normally published 2 Business Days after the relevant Dealing Day.</p>	<p>Refer to Section 12 and 13 on Pg 12 to 14 of the Prospectus for further information on valuation and exiting from the product.</p>								

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

- You can exit the Trust on any Dealing Day by submitting a realisation request form to the relevant approved agent or distributor through whom you purchased your Units.
- If you are a first-time investor, you can exit the Trust without incurring the preliminary charge stated above, by submitting a cancellation request form to the relevant agent or distributor through whom you purchased your Units, within the cancellation period of 7 calendar days from date of your subscription. The cancellation proceeds payable in relation to the cancellation will be determined as the lower of the market value or the original subscription amount paid by the investor at the time of the subscription or purchase.
- In the case of partial realisation, the minimum holding is 1,000 Units or the number of Units which were or would have been purchased for S\$1,000 at the prevailing issue price at the time of your initial subscription. The minimum realisation amount is 100 Units.
- You will receive the realisation proceeds within 4 Business Days from the time the Principal Distributor receives and accepts your request to exit from the Trust.
- Your exit price is determined as follows (please note approved agents and distributors may impose a different cut-off time):
 - If you submit the realisation order before 5pm on a Dealing Day, you will be paid a price based on the realisation price on that Dealing day.
 - If you submit the realisation order after 5pm, you will be paid a price based on the realisation price on the next relevant Dealing day.
- The realisation proceeds that you will receive will be the exit price multiplied by the number of Units sold, less any charges. An example is as follows:

Exit price	X	Number of Units sold	=	Gross Realisation Proceeds
S\$0.970	X	1,000	=	S\$970
Gross Realisation Proceeds	-	Realisation Charge	=	Net Realisation
S\$970	-	S\$0.00	=	S\$970

CONTACT INFORMATION

HOW DO YOU CONTACT US?

Through the Principal distributor, Legg Mason Asset Management Singapore Pte. Limited.
 Registration Number (UEN): 200007942R
 Website: www.leggmason.com.sg, Tel: +65 6536 8000, Fax: +65 6317 8947

APPENDIX: GLOSSARY OF TERMS

All capitalized terms used in this Product Highlight Sheet and not otherwise defined herein have the meanings set forth in the Prospectus.

Business Day: Any day (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore.

Dealing Day: In connection with the issuance and realisation of Units, means every Business Day or such Business Day or Business Days at such intervals as the Managers may from time to time determine provided that reasonable notice of any such determination shall be given by the Managers to all holders at such time and in such manner as the Trustee may approve.