

Western Asset Global Multi Sector Fund

MANAGED BY WESTERN ASSET

DATA AS OF 31 OCTOBER 2010

FUND PROFILE

FUND AIM

To maximise total return (including income and capital appreciation), strategically, by investing primarily across all sectors of the global fixed income markets by constructing a portfolio of higher yielding debt securities denominated in US dollars, Japanese yen, pound sterling, euro and a variety of other currencies of developed and Emerging Markets countries.

INCEPTION DATE

17.02.2005

FUND INDEX¹

Custom Index
50% Barclays Capital Global Aggregate Index
25% JPMorgan EMBI+ Index
25% Barclays Capital U.S. Corporate High Yield - 2% Issuer Capped Index

TOTAL NET ASSETS OF ALL SHARE CLASSES

865.03m USD

MONTH END NAV - INSTITUTIONAL EUR HEDGED

ACCUMULATING SHARE CLASS

1,399.74 EUR

SEDOL - INSTITUTIONAL EUR HEDGED ACCUMULATING

SHARE CLASS

B06BWW1

ISIN - INSTITUTIONAL EUR HEDGED ACCUMULATING

SHARE CLASS

IE00B06BWW15

TICKER SYMBOL - INSTITUTIONAL EUR HEDGED

ACCUMULATING SHARE CLASS

WAGMSEH

RISK STATISTICS (WEIGHTED AVERAGE)

Life	7.30 Years
Effective Duration	4.34 Years
Current Yield (gross of expenses) ³	4.04%
Cashflow Yield (gross of expenses) ³	4.24%
S&P Credit Quality	A-

MINIMUM SUBSCRIPTION

INSTITUTIONAL SHARE CLASS

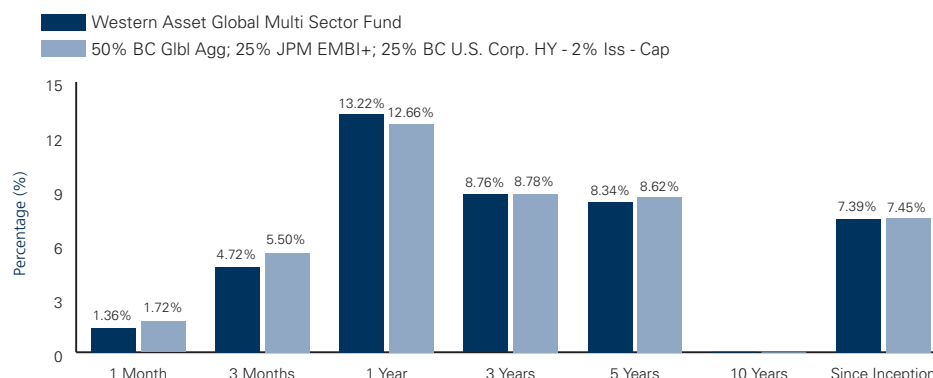
Initial Investment
- US\$5,000,000
Subsequent Investment
- US\$100,000

FINANCIAL INTERMEDIARY SHARE CLASS

Initial Investment
- US\$1,000,000
Subsequent Investment
- US\$100,000

NOT ALL SHARE CLASSES ARE AVAILABLE TO ALL INVESTORS OR DISTRIBUTION CHANNELS. PERFORMANCE OF OTHER SHARE CLASSES CAN VARY AS A RESULT OF DIFFERENCES IN FUND FEES.

FUND PERFORMANCE – (USD)



Calendar Year Returns	2005*	2006	2007	2008	2009	YTD
Fund - NAV	2.36%	6.80%	6.23%	-13.58%	32.27%	11.81%
Fund Index ¹	1.08%	8.66%	6.94%	-7.00%	23.29%	11.82%

* From 17.02.05

The Fund performance reflects the combined performance of all the active share classes that are available for this Fund. Investors in individual share classes may experience different performance due to various factors including currency, fees and inception dates.

COMPOSITE PERFORMANCE (PRELIMINARY NET OF FEES IN USD)

Annualised Total Returns	1 Mo	3 Mos	1 Yrs	3 Yrs	5 Yrs	10Yrs	Inception 31.10.96
Composite	1.43%	4.74%	13.19%	8.46%	8.39%	9.70%	9.18%
Composite Index ²	1.72%	5.50%	12.66%	8.78%	8.62%	8.85%	7.63%

Calendar Year Returns	2005	2006	2007	2008	2009	YTD
Composite	3.32%	7.32%	7.33%	-14.02%	31.81%	11.89%
Composite Index ²	1.28%	8.66%	6.94%	-7.00%	23.29%	11.82%

The returns of the above composite, managed similarly to the fund, are not indicative of the returns that could be gained from the fund.

COUNTRY OF ISSUE BREAKDOWN

Holding	Fund	Index
United States	32.77%	40.29%
United Kingdom	7.39%	3.26%
Ireland	5.02%	0.32%
Germany	3.43%	3.46%
France	3.11%	2.95%
Netherlands	1.68%	1.26%
Australia	0.55%	0.72%
Italy	0.52%	2.27%
Others	29.66%	45.48%
Cash & Cash Equivalents	15.87%	0.00%

CURRENCY OF ISSUE BREAKDOWN

Holding	Fund	Index
United States Dollar	54.89%	70.47%
Euro	18.97%	13.14%
Others	10.27%	16.38%
Cash & Cash Equivalents	15.87%	0.00%

CURRENCY EXPOSURE

Holding	Fund	Index
United States Dollar	73.73%	70.47%
Japanese Yen	8.76%	9.59%
Euro	8.69%	13.14%
Others	8.82%	6.79%

SECTOR BREAKDOWN

Holding	Fund	Index
Corporate - High Yield	26.76%	25.00%
Corporate - Investment Grade	16.61%	7.93%
Governments	13.37%	26.17%
EMD - External Corporate	9.34%	0.00%
EMD - External Sovereign	7.75%	0.00%
EMD - Local Sovereign	5.25%	25.00%
EMD - External Quasi-Sovereign	3.32%	0.00%
Inflation Protected Securities	0.87%	0.00%
Asset-Backed Securities	0.85%	0.48%
Mortgage-Backed Securities	0.02%	8.19%
Supranationals & Agencies	0.00%	7.23%
Cash & Cash Equivalents	15.87%	0.00%

S&P CREDIT RATING BREAKDOWN

Holding	Fund	Index
AAA	13.38%	27.44%
AA	0.85%	14.75%
A	12.14%	5.88%
BBB	19.34%	7.67%
BB	20.71%	20.15%
B	13.33%	21.06%
CCC & Below	4.39%	2.96%
Not Rated	0.00%	0.09%
Cash & Cash Equivalents	15.87%	0.00%

¹ As of 1/6/05 the Custom Index is comprised of 50% Barclays Capital Global Aggregate; 25% JPMorgan EMBI Plus; 25% Barclays Capital U.S. Corporate High Yield - 2% Issuer Cap. Prior to that, the Custom Index was comprised of 50% Lehman Brothers Global Aggregate Bond; 25% JPMorgan EMBI+; 25% Lehman Brothers U.S. High Yield Index.

² As of 1/1/02 the Custom Index is comprised of 50% Barclays Capital Global Aggregate Index; 25% JPMorgan EMBI + Index; 25% Barclays Capital U.S. Corporate High Yield - 2% Issuer Capped Index. Prior to that, the Custom Index was comprised of 50% Citigroup World Government Bond Index Unhedged; 25% Lehman Brothers U.S. High Yield Index; 25% JPMorgan EMBI+ Index.

³ Yields (gross of expenses) are not representative for an individual share class as the yield does not deduct the Total Expense Ratio or any applicable taxes that an investor may be subject to.

PAST PERFORMANCE IS NO GUIDE TO FUTURE RETURNS AND MAY NOT BE REPEATED.

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Western Asset Global Multi Sector Fund

MANAGED BY WESTERN ASSET

INVESTMENT PHILOSOPHY

Western's active fixed income investment philosophy emphasises two guiding principles: adding value to portfolios while controlling risk. Western seeks to successfully fulfil this objective through the application of an investment discipline employing multiple strategies and positions with a style best characterised as successful sector rotation.

Western's investment philosophy has two key components:

- **Long-term value investing.** Long-term value investing is Western's fundamental approach. As sector rotators, the firm seeks out the greatest long-term value by assiduously analysing all sectors of the fixed income market.
- **Multiple strategies.** Western employs multiple strategies, proportioned so that results do not depend on one or two opportunities, and no single adverse market event would have an overwhelming effect. Western believes this approach can add incremental value over time, and can reduce volatility in normal market conditions. Dependence on a single market anomaly or inefficiency is deliberately avoided.

INVESTMENT APPROACH TO GLOBAL MULTI SECTOR PORTFOLIOS

The global multi sector strategy provides a substantial exposure to global corporate and sovereign non-investment grade fixed-income sectors. The objective is to maximise total return through capital gains and current income, while preserving principal value. The product rotates allocations globally to high-yield and investment-grade corporate securities, mortgage and asset-backed securities, emerging market securities and global government bonds. Allocation to sub-investment grade securities can vary between 40% and 70%. Currency risk is predominantly hedged to the US\$ with opportunistic exposure to foreign currencies. The range of the sub-investment grade allocation is established in consultation with the client, considering both the return objectives and tolerance for risk.

The four key areas seeking to add value to a Global Multi Sector portfolio are:

Sector Allocation (40%). Western seeks to enhance returns by applying its fundamental and sector-specific research to identifying those sectors which are seen to have the best relative value, total return potential and risk diversification characteristics. A key element to the process is the rotation across these sectors as on relative valuations, based on change in relation to prevailing economic and market conditions. Sector allocation to sub-investment grade sectors - both corporate and sovereign - will be a measure of the risk stance of the portfolio. Under normal circumstances, 50% of the portfolio will be allocated to sub-investment grade sectors.

Sub-Sector/Issue Selection (40%). Western identifies geographic and industry sub-sectors, credit quality tiers, issuers and security types that are deemed undervalued and are likely to benefit from the macroeconomic and fundamental outlook. Issue selection is implemented on an opportunistic basis as attractive trading opportunities occur.

Duration/Yield Curve (10%). Western primarily treats duration as a risk control tool especially during periods of high systemic risk in emerging and high yield corporate markets. Consequently, duration and yield curve shifts are kept within tight ranges under normal circumstances.

Currency (10%). Currencies can significantly impact portfolio performance. Exposure is achieved through investments in underlying fixed income securities and the decision to hedge is governed by the impact of hedging costs on expected returns and the underlying volatilities of non-U.S. currencies versus the US dollar.

IMPORTANT INFORMATION

Legg Mason Institutional Funds plc are managed by Western Asset, which consists of the following entities: Western Asset Management Company (Pasadena), Western Asset Management Company Limited (London), Western Asset Management Company Pte. Ltd. (Singapore) and Western Asset Management Company Ltd (Tokyo).

This is a sub-fund (Fund) of Legg Mason Institutional Funds plc, an umbrella fund with segregated liability between sub-funds, established as an open-ended investment company with variable capital and incorporated with limited liability under the laws of Ireland with registered number 352814. It qualifies, and is authorised in Ireland by the Financial Regulator as an undertaking for collective investment in transferable securities and is a section 264 Scheme as recognised by the FSA.

This Fund is offered solely to non-US investors under the terms and conditions of the Fund's current prospectus. This document does not constitute an invitation to invest. The value of investments and the income from them can go down as well as up and investors may not get back the amounts originally invested. The value of investments and the income from them can be affected by changes in interest rates, in exchange rates, general market conditions, political, social and economic developments and other variable factors. This Fund may invest in 'non-investment grade' bonds, which carry a higher degree of default risk than 'investment grade' bonds. This Fund may invest in emerging markets that may be less liquid and may have less reliable custody arrangements than mature markets and may involve a higher degree of risk. Please refer to the Simplified Prospectus and Prospectus documentation, which describe the full objective and risk factors associated with this Fund. This document is for use by professional clients and eligible counterparties only - it is not aimed at or for use by retail clients.

This information does not constitute any investment advice or investment recommendations. The analysis of this document is based on historic data, collected by Legg Mason Investments (Europe) Ltd sourced from Western Asset Management Ltd for its own use; the data is communicated for information purposes only.

Source for performance figures: Legg Mason. Performance is calculated on a NAV to NAV basis. Performance calculations include reinvested dividends, without deduction of withholding tax, and the deduction of the Total Expense Ratio over the calculated period. Sales charges, taxes and other locally applied costs to be paid by an investor have not been deducted. Performance greater than one year is annualised. **Composite performance figures:** Please note that the composite performance figures are for illustrative purposes only and have been used to demonstrate the longer term track record of the investment strategy followed by the investment manager. There are differences between the composite and the related Fund, including differences in the number of holdings, strategy, the amount of assets under management, cash flows fees and expenses and applicable regulatory requirements, including investment and borrowing restrictions – this means the past performance of the composite is not indicative of the future performance of the Fund. Please refer to the additional disclaimer relating to the composite performance figures at the back of this document.

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Global Multi-Sector (USD Unhedged)
Composite
Composite Inception Date: 31/10/96
Composite Creation Date: 31/10/96

	No. of Accounts	Mkt. Value (mil.)	Net Total Return	Gross Total Return	Custom Index	% Firm Assets	Dispersion	Firm Assets (mil.)
2000	2	\$77	3.99%	4.41%	3.13%	0.10%	-na-	\$76,504
2001	1	\$23	5.15%	5.57%	0.85%	0.02%	-na-	\$94,186
2002	1	\$29	10.85%	11.29%	11.62%	0.03%	-na-	\$112,087
2003	1	\$95	22.96%	23.44%	20.53%	0.06%	-na-	\$148,333
2004	1	\$174	12.60%	13.05%	10.41%	0.09%	-na-	\$197,837
2005	1	\$316	3.32%	3.74%	1.28%	0.13%	-na-	\$249,233
2006	1	\$374	7.32%	7.75%	8.66%	0.07%	-na-	\$510,172
2007	3	\$1,349	7.36%	7.79%	6.94%	0.22%	-na-	\$621,493
2008	4	\$1,673	-14.06%	-13.71%	-7.00%	0.33%	-na-	\$505,660
2009*	4	\$2,133	32.41%	32.92%	23.29%	0.44%	-na-	\$482,218
Q3 2010	4	\$2,431	10.32%	10.64%	9.92%	0.52%	-na-	\$469,406

Description: Western Asset's Global Multi-Sector composite includes portfolios that employ an active, team-managed investment approach around a long-term, value-oriented investment philosophy. These portfolios use diversified strategies and all sectors of the fixed-income market in seeking to add value while minimizing risk.

Objective: Exceed the benchmark return by 200 basis points annually over a 3- to 5-year period. Provide income and capital appreciation.

Benchmark Description: The current benchmark for the composite is a blend of the Barclays Capital Global Aggregate Index (50%), the J.P. Morgan Emerging Markets Bond Index Plus (EMBI+) (25%), and the Barclays Capital U.S. High Yield 2% Issuer Cap Bond Index (25%). The Barclays Capital Global Aggregate Index provides a broad-based measure of the global investment-grade fixed income markets. The J.P. Morgan Emerging Markets Bond Index Plus (EMBI+) tracks total returns for traded external debt instruments in the emerging markets. The instruments include external-currency-denominated Brady bonds, loans and Eurobonds, as well as US dollar denominated local markets instruments. The Barclays Capital U.S. High Yield 2% Issuer Cap Bond Index is the 2% Issuer Cap component of the Barclays Capital U.S. Corporate High Yield index. The Barclays Capital U.S. High Yield Index covers the universe of fixed rate, non-investment grade debt. From 1/1/2002 to 9/30/2005, the Custom Index was comprised of 50% Lehman Global Aggregate Index; 25% Lehman Brothers US High Yield Index; 25% JP Morgan EMBI+ Index. Prior to 1/1/2002, the Custom Index was comprised of 50% Citigroup WGBI, Unhedged; 25% Lehman Brothers High Yield Index; 25% JP Morgan EMBI+ Index.

Base Currency: USD | **Composite Minimum:** US\$25 million as of 4/1/07 (previously \$5 million)

Fee Schedule: .40 of 1% on first US\$100 million, .20 of 1% on amounts over US\$100 million. The minimum separate account size is US\$50 million or EUR 50 million.

*The Composite performance for 2009 has been restated due to revised returns for an account as a result of an enhancement to the calculation methodology.

Western Asset has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The Firm has been verified for the period from January 1, 1993 to December 31, 2009. Past investment results are not indicative of future investment results.

For GIPS® purposes, the Firm is defined as Western Asset, a primarily fixed-income investment manager comprised of Western Asset Management Company, Western Asset Management Company Limited, Western Asset Management Company Pte. Ltd., Western Asset Management Company Ltd, Western Asset Management Company Pty Ltd, and Western Asset Management Company Distribuidora de Títulos e Valores Mobiliários (DTVM) Limitada, with offices in Pasadena, New York, London, Singapore, Tokyo, Melbourne and São Paulo. Each Western Asset company is a wholly owned subsidiary of Legg Mason, Inc. ("Legg Mason") but operates autonomously, and Western Asset, as a firm, is held out to the public as a separate entity. Western Asset Management Company was founded in 1971.

The former Citigroup Brazil's asset management business, located in São Paulo, was integrated into Western Asset Management Company DTVM Limitada (previously known as Western Asset Management Company Limitada), and was subsequently incorporated into the definition of the Firm in March 2009.

The Firm is comprised of several entities as a result of various historical acquisitions made by Western Asset and their respective performance has been integrated into the Firm in line with the portability requirements set forth by GIPS.

The Composite is valued monthly. The Composite returns are the asset-weighted average of the performance results of all the accounts in the Composite. Investment advisory fees are not deducted in computing the gross of fee performance results. Net of fee results are calculated using the highest tier structure of the composite fee schedule. The portfolios in the composites are all actual, fee-paying and performance fee-paying, fully discretionary accounts managed by the Firm for at least one full month. Investment results shown are for taxable and tax-exempt accounts and include the reinvestment of all earnings. Any possible tax liabilities incurred by the taxable accounts have not been reflected in the net performance. Composite performance results are time-weighted net of trading commissions and other transaction costs including non-recoverable withholding taxes. Additional information regarding policies for calculating and reporting returns is available upon request.

The returns for the account in the Composite are calculated using a time-weighted rate of return adjusted for weighted cash flows. Prior to September 1, 2001, the Firm revalued each account when an external cash flow equal to or greater than 10% occurred in an account. Monthly performance returns prior to and after the date of the cash flow were calculated and geometrically linked to derive a monthly performance return. Effective September 1, 2001, the cash flow threshold was changed to 5% of each account's market value. The decrease in the threshold was made to enhance the accuracy of the accounts' returns. Trade date accounting is used since inception and market values include interest income accrued on securities held within the accounts. Performance is calculated using asset values denominated in a base currency. Composite assets at year-end presented in the Schedule are translated to U.S. dollars using end of year exchange rates.

Composite returns are measured against a market index. The market index is unmanaged and provided to represent the investment environment existing during the time periods shown. For comparison purposes, the market index is a fully invested index, which includes reinvestment of income, and its performance has been linked in the same manner as the Composite. The returns for this unmanaged index do not include any transaction costs, management fees or other costs.

The Composite dispersion of annual returns is measured by the standard deviation of asset-weighted account returns represented within the Composite. For each annual period, accounts with less than 12 months of returns are not represented in the dispersion calculation. Periods with five or fewer accounts are not statistically representative and are not presented. Where account guidelines permit, futures and options are used to implement new account strategies with minimum cost to the account. Futures and options may also be used occasionally to hedge market exposure or add incremental value at the margin. At no time would the use of derivatives result in the accounts included in the Composite being leveraged.

A complete list and description of Western Asset's composites is available upon request. Please contact Veronica A. Amici at 626•844•9535 or ramici@westernasset.com. All returns for strategies with inception prior to January 1, 2000 are available upon request.