

Semi-Annual Report (Unaudited)

Legg Mason
Qualified Investor Funds (II) plc
(an umbrella fund with segregated
liability between sub-funds)
For the six months ended February 28, 2018

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General Information

Board of Directors

Joseph Carrier (U.S. Resident)
Brian Collins (Irish Resident)*
Fionnuala Doris (Irish Resident)*
Joseph Keane (Irish Resident)*
Joseph LaRocque (U.S. Resident)
Jane Trust (U.S. Resident)

Investment Manager

Western Asset Management Company Limited
10 Exchange Square
Primrose Street
London EC2A 2EN
United Kingdom

Sub-Investment Managers

Legg Mason Western Asset Non-Agency Mortgage-Backed Securities Fund, Legg Mason Western Asset Senior Loans Fund (ceased trading on August 31, 2016) and Legg Mason Western Asset High Yield Credit Energy Fund (ceased trading on July 19, 2017)

Western Asset Management Company
385 East Colorado Boulevard
Pasadena
California 91101, USA

Legg Mason Western Asset India Bond Fund

Western Asset Management Company
385 East Colorado Boulevard
Pasadena
California 91101, USA

Western Asset Management Company Pte. Ltd
1 George Street, #23-01
Singapore 049145
Singapore

Legg Mason Western Asset Global Total Return Investment Grade Bond Fund and Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund

Western Asset Management Company
385 East Colorado Boulevard
Pasadena
California 91101, USA

Western Asset Management Company Pte. Ltd
1 George Street, #23-01
Singapore 049145
Singapore

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São Paulo – SP – Brazil

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1-Chome, Chiyoda-ku
Tokyo 100-6536
Japan

Western Asset Management Company Pty Ltd
Level 48
120 Collins Street
Melbourne
Victoria 3000
Australia

Alternative Investment Fund Manager (AIFM)

Legg Mason Investments (Ireland) Limited
Ten Earlsfort Terrace
Dublin 2, Ireland

Depository

BNY Mellon Trust Company (Ireland) Limited
One Dockland Central
Guild Street
IFSC
Dublin 1, Ireland

* Independent Director

Legal Advisers

Arthur Cox
Ten Earlsfort Terrace
Dublin 2, Ireland

Distributors

Legg Mason Investments (Europe) Limited
201 Bishopsgate
London EC2M 3AB
United Kingdom

Western Asset Management Company Limited
10 Exchange Square
Primrose Street
London EC2A 2EN
United Kingdom

Legg Mason Asset Management Hong Kong Limited
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15 Queen’s Road Central
Hong Kong

Legg Mason Asset Management Singapore Pte. Limited
1 George Street #23-02
Singapore 049145

Sub-Distributors

All Funds

Western Asset Management Company
385 East Colorado Boulevard
Pasadena
California 91101, USA

Legg Mason Western Asset Global Total Return Investment Grade Bond Fund

Western Asset Management Company Pte. Ltd
1 George Street, #23-01
Singapore 049145
Singapore

Western Asset Management Company Pty Ltd
Level 48
120 Collins Street
Melbourne
Victoria 3000
Australia

Registered Office

Riverside Two
Sir John Rogerson’s Quay
Grand Canal Dock
Dublin 2, Ireland

Company Secretary

Bradwell Limited
Ten Earlsfort Terrace
Dublin 2, Ireland

Administrator

BNY Mellon Fund Services (Ireland) Designated Activity Company
One Dockland Central
Guild Street
IFSC
Dublin 1, Ireland

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1, Ireland

General Information – *(continued)*

Loan Servicer

Bank of New York Mellon
600 E. Las Colinas Blvd. Suite 1300
Irving, Texas 75039
United States

Swiss Representative

First Independent Fund Services Ltd
Klausstrasse 33
CH-8008 Zurich
Switzerland

Swiss Paying Agent

NPB Neue Privat Bank AG
Limmatquai 1
CH-8024 Zurich
Switzerland

The sales prospectus, the constitutional documents as well as the annual and semi-annual reports of the Fund may be obtained free of charge from the Swiss Representative.

In respect of the units distributed in and from Switzerland to Qualified Investors, the place of performance and the place of jurisdiction is at the registered office of the Swiss Representative.

Investment Manager’s Report

Global Economic Review

Global economic growth accelerated during the six months ended February 28, 2018. In its January 2018 *World Economic Outlook Update*, the International Monetary Fund (“IMF”) said, “Global economic activity continues to firm up. Global output is estimated to have grown by 3.7 percent in 2017, which is 0.1 percentage point faster than projected in the fall and ½ percentage point higher than in 2016. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes.” From a regional perspective, the IMF estimates 2017 growth in the Eurozone was 2.4 percent, versus 1.8 percent in 2016. Japan’s economy was projected to expand 1.8 percent in 2017, compared to 0.9 percent in 2016. Elsewhere, the IMF estimates that overall growth in emerging market¹ countries accelerated to 4.7 percent in 2017, versus 4.4 percent in 2016.

Market Review – Fixed Income²

Global fixed income markets were positive, albeit mixed results, during the reporting period. In the US, short-term Treasury yields³ moved sharply higher as the US Federal Reserve⁴ Board (“Fed”) continued to raise interest rates⁵ and reduce its balance sheet. The Fed also announced that it anticipates making three additional rate hikes in 2018. Longer-term Treasury yields also moved higher, especially late in the reporting period, as inflation⁶ ticked up and amid fears that the Fed may become more aggressive in terms of normalizing monetary policy⁷. Longer-term sovereign yields in Europe generally trended higher over the reporting period. Meanwhile, investment-grade⁸ and lower rated corporate bond⁹ prices experienced periods of volatility¹⁰, but were positive overall. Emerging market debt also performed relatively well given synchronized global growth, rising commodity¹¹ prices and the weakening US dollar. The US dollar’s weakness was attributed to a number of factors, including uncertainties surrounding future US trade policy, questions regarding new leadership at the Fed and concerns over the expanding US deficit.

Yours sincerely,

Western Asset Management Company Limited

The value of investments and the income from them may go down as well as up and you may not get back the amount you originally invested. Past performance is not a reliable indicator of future results.

All data as at February 28, 2018 unless otherwise stated.

Legg Mason Qualified Investor Funds (II) plc (“the Company”), is an umbrella fund with segregated liability between sub-funds, established as an open-ended investment company with variable capital incorporated with limited liability in Ireland. The Company has been authorised by the Central Bank of Ireland as a qualifying investor AIF. The marketing of and sale of its sub-funds is restricted to professional investors as defined in the Alternative Fund Managers Directive (Directive 2011/61/EU). Investment in its sub-funds is restricted to Qualifying Investors as defined under the Central Bank of Ireland’s non-UCITS notices. The Central Bank of Ireland has not set any limits or other restrictions on the investment objectives, the investment policies or on the degree of leverage, which may be employed by the Company.

This information has been prepared from sources believed reliable but is not guaranteed by Legg Mason and is not a complete summary or statement of all available data.

Individual securities mentioned are intended as examples of portfolio holdings and are not intended as buy or sell recommendations.

Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors.

Before investing investors should read in their entirety the Company’s application form, Prospectus (which describe the objective and risk factors in full) and the fund factsheet (which describes the fees, charges and expenses which can be directly or indirectly borne by investors, the latest net asset value of the fund and historical performance of the fund). These and other relevant documents may be obtained free of charge in English from the Company’s registered office at Riverside Two, Sir John Rogerson’s Quay, Grand Canal Dock, Dublin 2, Ireland and from your Legg Mason Sales representative.

Issued and approved by Legg Mason Investments (Europe) Limited, registered office 201 Bishopsgate, London, EC2M 3AB. Registered in England and Wales, Company No. 1732037. Authorised and regulated by the Financial Conduct Authority.

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1

Emerging Market – in investment terms, countries whose financial markets are less developed and where investor protection and market infrastructure is often weaker than in developed markets such as the UK.

2

Fixed Income – bonds.

3

Treasury yield – interest rates on borrowing that is paid by the government.

4

US Federal Reserve – the central bank of the United States and the most powerful financial institution in the world.

5

Interest rates – rates charged or paid for the use of money.

6

Inflation – a sustained increase in the general price level of goods and services in an economy over a period of time.

7

Monetary policy – a country’s central bank usually sets the monetary policy that attempts to regulate the supply of money into the country.

8

Investment grade – a credit rating that means a government or corporate bond has a relatively low risk of default.

9

Corporate bond – a bond issued by a corporation to raise money effectively in order to expand its business.

10

Volatility – the up and down movement so financial markets.

11

Commodity – a basic good used in commerce that is interchangeable with other commodities of the same type. Traditional examples of commodities include grains, gold, beef, oil and natural gas.

Legg Mason Western Asset Senior Loans Fund#

Portfolio of Investments as at February 28, 2018

Face Value (000's)	Value (000's) \$		
Corporate Bonds and Notes		–	Amounts designated as “–” are either \$0, less than \$1,000 or less than 1,000 shares.
United States		†	Illiquid.
130 Blue Ridge Escrow, 9.750%, due 5/15/2020	–	∞	Security is valued in good faith at fair value by or at the discretion of the Investment Manager.
Total Corporate Bonds and Notes (Cost \$–)		#	Effective August 31, 2016, Legg Mason Western Asset Senior Loans Fund ceased trading.
Total Investments (Cost \$–)			
Liabilities in Excess of Other Assets			
Total Net Assets			

The accompanying notes are an integral part of the financial statements.

Legg Mason Western Asset High Yield Credit Energy Fund^

Portfolio of Investments as at February 28, 2018

Face Value (000's)	Value (000's) \$		
Corporate Bonds and Notes		–	Amounts designated as “–” are either \$0, less than \$1,000 or less than 1,000 shares.
United States		†	Illiquid.
		∞	Security is valued in good faith at fair value by or at the discretion of the Investment Manager.
		^	Effective July 19, 2017, Legg Mason Western Asset High Yield Credit Energy Fund ceased trading.
3,670 Berry Petroleum Co LLC, 6.375%, due 9/15/2022 †∞	–		
6,490 Blue Ridge Escrow, 9.750%, due 5/15/2020 †∞	–		
Total Corporate Bonds and Notes (Cost \$–)	–		
Total Investments (Cost \$–)	–		
Liabilities in Excess of Other Assets	–		
Total Net Assets	\$–		

The accompanying notes are an integral part of the financial statements.

Legg Mason Western Asset Global Total Return Investment Grade Bond Fund

Portfolio of Investments as at February 28, 2018

Face Value (000's)		Value (000's) \$	% of Net Asset Value
Corporate Bonds and Notes — 20.08% (August 31, 2017: 21.65%)			
Colombia — 3.22% (August 31, 2017: 3.26%)			
1,230	Ecopetrol SA, 5.375%, due 6/26/2026	1,299	3.22
France — 0.63% (August 31, 2017: 0.64%)			
EUR 200	Casino Guichard Perrachon SA, 4.048%, due 8/5/2026	255	0.63
Germany — 0.59% (August 31, 2017: 0.58%)			
GBP 146	innogy Finance BV, 5.625%, due 12/6/2023	238	0.59
Netherlands — 1.36% (August 31, 2017: 1.34%)			
EUR 100	ABN AMRO Bank NV, 7.125%, due 7/6/2022	154	0.38
EUR 100	ABN AMRO Bank NV, 2.875%, due 6/30/2025 *	129	0.32
EUR 200	ING Groep NV, 3.000%, due 4/11/2028 *	265	0.66
		548	1.36
Switzerland — 1.86% (August 31, 2017: 1.98%)			
520	Credit Suisse Group Funding Guernsey Ltd, 4.875%, due 5/15/2045	550	1.36
200	UBS Group Funding Switzerland AG, 4.125%, due 9/24/2025	203	0.50
		753	1.86
United Kingdom — 5.98% (August 31, 2017: 5.89%)			
GBP 160	AA Bond Co Ltd, 6.269%, due 7/31/2025	241	0.59
GBP 100	Aviva Plc, 5.125%, due 6/4/2050 *	148	0.37
EUR 70	Barclays Bank Plc, 6.000%, due 1/14/2021	98	0.24
EUR 100	Barclays Plc, 2.625%, due 11/11/2025 *	127	0.31
GBP 130	BUPA Finance Plc, 5.000%, due 4/25/2023	198	0.49
GBP 100	Close Brothers Finance Plc, 3.875%, due 6/27/2021	146	0.36
GBP 100	Eversholt Funding Plc, 6.359%, due 12/2/2025	172	0.42
EUR 250	Leeds Building Society, 1.375%, due 5/5/2022	314	0.78
GBP 100	Legal & General Group Plc, 5.375%, due 10/27/2045 *	152	0.38
GBP 80	Porterbrook Rail Finance Ltd, 7.125%, due 10/20/2026	145	0.36
GBP 130	Prudential Plc, 5.000%, due 7/20/2055 *	193	0.48
GBP 110	Scottish Widows Ltd, 5.500%, due 6/16/2023	169	0.42
EUR 250	Yorkshire Building Society, 1.250%, due 3/17/2022	314	0.78
		2,417	5.98
United States — 6.44% (August 31, 2017: 7.96%)			
250	AbbVie Inc, 3.600%, due 5/14/2025	247	0.61
30	Allergan Funding SCS, 3.800%, due 3/15/2025	30	0.07
340	Bank of America Corp, 4.000%, due 1/22/2025	342	0.85
240	Citigroup Inc, 4.450%, due 9/29/2027	245	0.61
173	Citigroup Inc, 8.125%, due 7/15/2039	262	0.65
40	Gilead Sciences Inc, 4.800%, due 4/1/2044	42	0.11
20	Gilead Sciences Inc, 4.750%, due 3/1/2046	21	0.05
490	Goldman Sachs Group Inc/The, 5.150%, due 5/22/2045	529	1.31
120	Harris Corp, 5.054%, due 4/27/2045	131	0.32
110	HCA Inc, 5.000%, due 3/15/2024	112	0.28
80	HCA Inc, 5.250%, due 6/15/2026	82	0.20
230	JPMorgan Chase & Co, 4.950%, due 6/1/2045	248	0.61

Face Value (000's)		Value (000's) \$	% of Net Asset Value
GBP 100	Kraft Heinz Foods Co, 4.125%, due 7/1/2027	148	0.37
160	Wells Fargo & Co, 4.100%, due 6/3/2026	160	0.40
		2,599	6.44
Total Corporate Bonds and Notes (Cost \$7,654)			
		8,109	20.08
Government Bonds and Notes — 69.21% (August 31, 2017: 64.34%)			
Germany — 2.98% (August 31, 2017: 3.00%)			
EUR 980	Bundesrepublik Deutschland Bundesanleihe, 0.500%, due 2/15/2026	1,203	2.98
Italy — 15.32% (August 31, 2017: 19.68%)			
EUR 1,950	Italy Buoni Poliennali Del Tesoro, 1.450%, due 9/15/2022	2,453	6.07
EUR 2,990	Italy Buoni Poliennali Del Tesoro, 2.000%, due 12/1/2025	3,733	9.25
		6,186	15.32
Japan — 2.33% (August 31, 2017: 2.22%)			
JPY 94,400	Japanese Government CPI Linked Bond, Series 21, 0.100%, due 3/10/2026 β	940	2.33
Kuwait — 0.48% (August 31, 2017: 0.52%)			
200	Kuwait International Government Bond, 3.500%, due 3/20/2027	196	0.48
Mexico — 4.79% (August 31, 2017: 4.16%)			
MXN 27,414	Mexican Bonos, Series M, 7.750%, due 11/13/2042	1,433	3.55
470	Mexico Government International Bond, 5.550%, due 1/21/2045	502	1.24
		1,935	4.79
Poland — 3.39% (August 31, 2017: 0.00%)			
PLN 4,940	Republic of Poland Government Bond, Series 0726, 2.500%, due 7/25/2026	1,371	3.39
South Africa — 3.79% (August 31, 2017: 3.52%)			
ZAR 13,000	Republic of South Africa Government Bond, Series R214, 6.500%, due 2/28/2041	833	2.06
650	Republic of South Africa Government International Bond, 5.875%, due 9/16/2025	697	1.73
		1,530	3.79
South Korea — 2.59% (August 31, 2017: 2.58%)			
KRW 1,206,810	Korea Treasury Bond, Series 2606, 1.875%, due 6/10/2026	1,045	2.59
Turkey — 1.83% (August 31, 2017: 0.00%)			
TRY 3,000	Turkey Government Bond, 10.500%, due 8/11/2027	740	1.83
United Arab Emirates — 0.56% (August 31, 2017: 0.00%)			
240	Abu Dhabi Government International Bond, 4.125%, due 10/11/2047	227	0.56
United Kingdom — 1.27% (August 31, 2017: 1.25%)			
GBP 260	United Kingdom Gilt, 4.250%, due 12/7/2040	512	1.27
United States — 29.88% (August 31, 2017: 27.41%)			
1,450	United States Treasury Note/Bond, 1.375%, due 1/15/2020	1,427	3.53
1,250	United States Treasury Note/Bond, 1.625%, due 6/30/2020	1,230	3.04
5,300	United States Treasury Note/Bond, 1.875%, due 1/31/2022	5,163	12.78

Face Value (000's)		Value (000's) \$	% of Net Asset Value
1,260	United States Treasury Note/ Bond, 1.750%, due 6/30/2022	1,216	3.01
480	United States Treasury Note/ Bond, 2.000%, due 10/31/2022	466	1.16
10	United States Treasury Note/ Bond, 2.750%, due 11/15/2023	10	0.03
2,060	United States Treasury Note/ Bond, 2.250%, due 12/31/2024	1,990	4.93
40	United States Treasury Note/ Bond, 2.000%, due 11/15/2026	37	0.09
360	United States Treasury Note/ Bond, 2.500%, due 5/15/2046	317	0.79
90	United States Treasury Note/ Bond, 2.875%, due 11/15/2046	86	0.21
100	United States Treasury Note/ Bond, 3.000%, due 2/15/2047	97	0.24
30	United States Treasury Note/ Bond, 2.750%, due 8/15/2047	28	0.07
		12,067	29.88
Total Government Bonds and Notes (Cost \$27,430)		27,952	69.21
Time Deposits — 6.07% (August 31, 2017: 2.70%)			
801	Barclays Capital London, 1.450%, due 3/1/2018	801	1.98
826	Commerzbank London, 1.300%, due 3/1/2018	825	2.04
826	Rabobank, 1.330%, due 3/1/2018	826	2.05
		2,452	6.07
Total Time Deposits (Cost \$2,452)			
Collective Investment Schemes — 2.03% (August 31, 2017: 2.13%)			
7	Legg Mason Qualified Investor Funds (II) plc – Legg Mason Western Asset India Bond – LM Class US\$ Accumulating	821	2.03
Total Collective Investment Schemes (Cost \$690)		821	2.03
Total Investments Excluding Options (Cost \$38,226)		39,334	97.39
Contracts (000's)		Value (000's) \$	% of Net Asset Value
Options — 0.00% (August 31, 2017: 0.05%)			
Purchased Options — 0.04% (August 31, 2017: 0.08%)			
600	USD Put/MXN Call 19.00, due 4/6/2018	10	0.02
830	USD Put/TRY Call 3.80, due 4/17/2018	7	0.02
		17	0.04
Written Options — (0.04%) (August 31, 2017: (0.03%))			
(840)	USD Call/EUR Put 1.23, due 3/28/2018	(10)	(0.02)
(400)	USD Call/MXN Put 21.70, due 7/6/2018	(2)	(0.01)
(830)	USD Call/TRY Put 4.02, due 4/17/2018	(4)	(0.01)
(840)	USD Put/EUR Call 1.27, due 3/28/2018	–	–
(620)	USD Put/MXN Call 18.40, due 3/28/2018	(2)	–
		(18)	(0.04)
Total Options (Cost \$(21))		(1)	–
Total Investments (Cost \$38,205)		39,333	97.39
Other Assets in Excess of Liabilities (August 31, 2017: 8.38%)			
		1,056	2.61
Total Net Assets		\$40,389	100.00

The accompanying notes are an integral part of the financial statements.

Legg Mason Western Asset Global Total Return Investment Grade Bond Fund

Portfolio of Investments as at February 28, 2018 – (continued)

–	Amounts designated as “–” are either \$0, less than \$1,000, less than 1,000 shares or less than 0.01%.	CPI	– Consumer Price Index
*	Variable rate security. The interest rate shown reflects the rate in effect at February 28, 2018.	EUR	– Euro
β	The rate of interest on this type of security is tied to the Consumer Price Index (CPI)/Retail Price Index (RPI). The coupon rate is the rate as of February 28, 2018. The counterparty for OTC options is JP Morgan.	GBP	– British Pound
		JPY	– Japanese Yen
		KRW	– South Korean Won
		MXN	– Mexican Peso
		PLN	– Polish Zloty
		TRY	– Turkish Lira
		ZAR	– South Africa Rand

Schedule of Forward Foreign Currency Contracts

Expiration Date	Counterparty		Buy Currency (000's)			Sell Currency (000's)		Unrealised Appreciation/ (Depreciation) of Contracts (000's)
03/15/18	Deutsche Bank	Buy	ZAR	4,814	Sell	USD	383	\$ 24
03/15/18	Deutsche Bank	Buy	USD	428	Sell	ZAR	5,120	(5)
03/15/18	HSBC	Buy	USD	2,858	Sell	JPY	318,112	(127)
03/15/18	HSBC	Buy	JPY	122,878	Sell	USD	1,123	30
03/15/18	JP Morgan	Buy	USD	549	Sell	AUD	700	6
03/15/18	JP Morgan	Buy	USD	8,253	Sell	EUR	6,840	(102)
03/15/18	JP Morgan	Buy	USD	574	Sell	EUR	460	12
03/15/18	JP Morgan	Buy	AUD	52,845	Sell	USD	41,621	(576)
03/15/18	JP Morgan	Buy	EUR	635	Sell	USD	785	(9)
03/15/18	JP Morgan	Buy	CAD	1,019	Sell	USD	820	(26)
03/15/18	UBS	Buy	USD	2,611	Sell	GBP	1,931	(50)
03/15/18	UBS	Buy	USD	312	Sell	PLN	1,040	8
03/15/18	UBS	Buy	USD	46	Sell	PLN	162	(1)
03/16/18	Deutsche Bank	Buy	USD	1,560	Sell	KRW	1,668,972	20
03/16/18	JP Morgan	Buy	USD	348	Sell	INR	22,298	7
03/16/18	JP Morgan	Buy	INR	22,298	Sell	USD	346	(5)
05/09/18	Goldman Sachs	Buy	EUR	740	Sell	USD	921	(13)
05/09/18	JP Morgan	Buy	USD	310	Sell	EUR	250	4
05/17/18	JP Morgan	Buy	COP	1,212,770	Sell	USD	425	(3)
Unrealised Appreciation of Forward Foreign Currency Contracts (August 31, 2017 (000's): \$580)								111
Unrealised Depreciation of Forward Foreign Currency Contracts (August 31, 2017 (000's): \$(156))								(917)
Net Depreciation of Forward Foreign Currency Contracts (August 31, 2017 (000's): \$424)								\$ (806)

Schedule of Futures Contracts

	Nominal Value	Notional Value (000's)	Unrealised Appreciation/ (Depreciation) of Contracts (000's)
Euro-Bobl March 2018	(9)	\$ (1,439)	\$ 14
Euro-BTP March 2018	(27)	(4,508)	60
Euro-Bund June 2018	(26)	(4,973)	(4)
Euro-Bund March 2018	(70)	(13,616)	280
Euro-Buxl 30 Year Bond March 2018	(4)	(788)	25
Euro-Schatz June 2018	(29)	(3,954)	(1)
Japan 10 Year Bond (OSE) March 2018	(1)	(1,415)	–
Long Gilt June 2018	(15)	(2,500)	(5)
U.S. 10 Year Note (CBT) June 2018	87	10,444	(29)
U.S. 10 Year Ultra Note June 2018	(7)	(897)	(1)
U.S. 5 Year Note (CBT) June 2018	246	28,027	(52)
U.S. Long Bond (CBT) June 2018	(6)	(861)	(1)
			\$ 286
Unrealised Appreciation of Futures Contracts (August 31, 2017 (000's): \$–)			379
Unrealised Depreciation of Futures Contracts (August 31, 2017 (000's): \$(352))			(93)
Net Appreciation of Futures Contracts (August 31, 2017 (000's): \$(352))			\$ 286

The accompanying notes are an integral part of the financial statements.

Legg Mason Western Asset India Bond Fund

Portfolio of Investments as at February 28, 2018

Face Value (000's)			Value (000's) \$	% of Net Asset Value	Face Value (000's)			Value (000's) \$	% of Net Asset Value
Corporate Bonds and Notes — 23.50% (August 31, 2017: 24.92%)					Time Deposits — 8.59% (August 31, 2017: 0.00%)				
Banks — 8.05% (August 31, 2017: 10.31%)					5,000 Standard Chartered Bank, 1.330%, due 3/6/2018				
INR	100,000	Axis Bank Ltd, Series 1, 8.850%, due 12/5/2024	1,588	2.73	Total Time Deposits (Cost \$5,000)				
INR	100,000	ICICI Bank Ltd, 8.450%, due 3/31/2025	1,554	2.67	Collective Investment Schemes — 2.00% (August 31, 2017: 4.37%)				
INR	100,000	National Bank for Agriculture and Rural Development, Series 15G, 8.200%, due 3/13/2020	1,545	2.65	1,166 Western Asset Liquidity Funds Plc – Western Asset US Dollar Liquidity Fund – Class WA (Distributing)				
			4,687	8.05	Total Collective Investment Schemes (Cost \$1,166)				
Diversified Financial Services — 6.94% (August 31, 2017: 7.15%)					Total Investments (Cost \$58,225)				
INR	50,000	Housing Development Finance Corp Ltd, Series L-15, 9.650%, due 1/17/2019	779	1.34	Other Assets in Excess of Liabilities (August 31, 2017: 0.98%)				
INR	100,000	Housing Development Finance Corp Ltd, 6.875%, due 4/30/2020	1,513	2.60	Total Net Assets				
INR	50,000	Power Finance Corp Ltd, Series 130C, 8.390%, due 4/19/2025	776	1.33					
INR	50,000	Rural Electrification Corp Ltd, Series 125, 9.040%, due 10/12/2019	783	1.34	ABBREVIATIONS:				
	200	Rural Electrification Corp Ltd, 3.875%, due 7/7/2027	191	0.33	INR – Indian Rupee				
			4,042	6.94					
Electric — 2.66% (August 31, 2017: 3.34%)									
INR	50,000	NTPC Ltd, Series 30, 7.890%, due 5/6/2019	768	1.32					
INR	50,000	Power Grid Corp of India Ltd, Series XLIX, 8.150%, due 3/9/2020	777	1.34					
			1,545	2.66					
Oil & Gas — 3.12% (August 31, 2017: 0.63%)									
INR	100,000	Bharat Petroleum Corp Ltd, Series 1, 7.690%, due 1/16/2023	1,527	2.62					
	300	ONGC Videsh Vankorneft Pte Ltd, 2.875%, due 1/27/2022	291	0.50					
			1,818	3.12					
Sovereign — 2.73% (August 31, 2017: 3.49%)									
INR	100,000	Indian Railway Finance Corp Ltd, Series 88, 8.830%, due 3/25/2023	1,589	2.73					
Total Corporate Bonds and Notes (Cost \$13,798)			13,681	23.50					
Government Bonds and Notes — 64.67% (August 31, 2017: 69.73%)									
Municipal — 2.61% (August 31, 2017: 0.00%)									
INR	100,000	State of Maharashtra India, 7.420%, due 5/11/2022	1,517	2.61					
Sovereign — 62.06% (August 31, 2017: 69.73%)									
INR	100,000	Export-Import Bank of India, Series P-24, 8.880%, due 10/18/2022	1,580	2.71					
INR	260,000	India Government Bond, Series SPB, 8.080%, due 8/2/2022	4,078	7.01					
INR	300,000	India Government Bond, 6.840%, due 12/19/2022	4,491	7.71					
INR	450,000	India Government Bond, 8.150%, due 11/24/2026	6,991	12.01					
INR	350,000	India Government Bond, 8.600%, due 6/2/2028	5,598	9.62					
INR	280,000	India Government Bond, 7.400%, due 9/9/2035	4,058	6.97					
INR	500,000	India Government Bond, 8.130%, due 6/22/2045	7,801	13.40					
INR	100,000	National Highways Authority of India, 7.300%, due 5/18/2022	1,532	2.63					
			36,129	62.06					
Total Government Bonds and Notes (Cost \$38,261)			37,646	64.67					

The accompanying notes are an integral part of the financial statements.

Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund

Portfolio of Investments as at February 28, 2018

Face Value (000's)		Value (000's) \$	% of Net Asset Value	Face Value (000's)		Value (000's) \$	% of Net Asset Value	Face Value (000's)		Value (000's) \$	% of Net Asset Value
Mortgage-Backed Securities — 7.85%				Mexico — 0.70%							
1,207	Fannie Mae Pool 'BE2981', 3.000%, due 2/1/2032	1,203	0.50	130	Petroleos Mexicanos, 4.875%, due 1/24/2022	133	0.06	140	AT&T Inc, 4.500%, due 3/9/2048	128	0.05
200	Fannie Mae Pool, 15 year, TBA, 3.000% ±	199	0.08	80	Petroleos Mexicanos, 5.500%, due 6/27/2044	72	0.03	720	Bank of America Corp, 4.000%, due 1/22/2025	723	0.30
900	Fannie Mae Pool, 15 year, TBA, 2.500% ±	878	0.37	1,500	Petroleos Mexicanos, 6.375%, due 1/23/2045	1,455	0.61	100	Bank of America Corp, 7.750%, due 5/14/2038	143	0.06
2,600	Fannie Mae Pool, 30 year, TBA, 4.000% ±	2,663	1.12			1,660	0.70	510	Citigroup Inc, 4.500%, due 1/14/2022	532	0.22
1,900	Fannie Mae Pool, 30 year, TBA, 3.500% ±	1,896	0.79	Netherlands — 1.97%				1,040	Citigroup Inc, 4.300%, due 11/20/2026	1,051	0.44
1,900	Fannie Mae Pool, 30 year, TBA, 3.000% ±	1,840	0.77	EUR 1,090	ABN AMRO Bank NV, 7.125%, due 7/6/2022	1,682	0.70	300	Citigroup Inc, 4.450%, due 9/29/2027	306	0.13
600	Freddie Mac Gold Pool, 15 year, TBA, 2.500% ±	585	0.25	720	Cooperatieve Rabobank UA, 4.625%, due 12/1/2023	752	0.32	410	Citigroup Inc, 8.125%, due 7/15/2039	622	0.26
400	Freddie Mac Gold Pool, 15 year, TBA, 3.000% ±	398	0.17	EUR 1,280	ING Bank NV, 3.625%, due 2/25/2026 *	1,700	0.71	30	Citigroup Inc, 5.300%, due 5/6/2044	33	0.02
1,200	Freddie Mac Gold Pool, 30 year, TBA, 3.500% ±	1,198	0.50	230	Shell International Finance BV, 4.000%, due 5/10/2046	227	0.10	180	ConocoPhillips Holding Co, 6.950%, due 4/15/2029	231	0.10
1,700	Freddie Mac Gold Pool, 30 year, TBA, 3.000% ±	1,646	0.69	360	Shell International Finance BV, 3.750%, due 9/12/2046	342	0.14	200	Devon Energy Corp, 5.850%, due 12/15/2025	227	0.10
1,200	Freddie Mac Gold Pool, 30 year, TBA, 4.000% ±	1,229	0.51			4,703	1.97	40	Devon Energy Corp, 7.950%, due 4/15/2032	54	0.02
500	Ginnie Mae II Pool, 30 year, TBA, 4.500% ±	520	0.22	Peru — 0.21%				380	Enterprise Products Operating LLC, 5.100%, due 2/15/2045	410	0.17
2,500	Ginnie Mae II Pool, 30 year, TBA, 3.500% ±	2,514	1.05	470	Southern Copper Corp, 5.250%, due 11/8/2042	501	0.21	510	FirstEnergy Corp, Series C, 7.375%, due 11/15/2031	672	0.28
800	Ginnie Mae II Pool, 30 year, TBA, 3.000% ±	782	0.33	Spain — 1.12%				150	General Motors Co, 6.600%, due 4/1/2036	173	0.07
700	Ginnie Mae II Pool, 30 year, TBA, 3.000% ±	684	0.29	650	Telefonica Emisiones SAU, 5.462%, due 2/16/2021	692	0.29	270	Gilead Sciences Inc, 4.800%, due 4/1/2044	286	0.12
500	Ginnie Mae II Pool, 30 year, TBA, 4.000% ±	513	0.21	910	Telefonica Emisiones SAU, 5.375%, due 2/2/2026	1,476	0.62	30	Gilead Sciences Inc, 4.750%, due 3/1/2046	31	0.01
Total Mortgage-Backed Securities (Cost \$18,726)				EUR 400	Telefonica Europe BV, 3.750%, Perpetual *	514	0.21	400	Goldman Sachs Group Inc/The, 4.750%, due 10/12/2021	558	0.23
Corporate Bonds and Notes — 18.45%						2,682	1.12	420	Goldman Sachs Group Inc/The, 3.625%, due 1/22/2023	423	0.18
Belgium — 0.65%				Sweden — 1.02%				270	Goldman Sachs Group Inc/The, 3.500%, due 11/16/2026	260	0.11
260	Anheuser-Busch InBev Finance Inc, 4.900%, due 2/1/2046	277	0.12	EUR 930	Skandinaviska Enskilda Banken AB, 2.500%, due 5/28/2026 *	1,202	0.50	650	Goldman Sachs Group Inc/The, 6.750%, due 10/1/2037	821	0.35
EUR 1,000	KBC Group NV, 1.875%, due 3/11/2027 *	1,264	0.53	EUR 1,010	Swedbank AB, 1.000%, due 11/22/2027 *	1,225	0.52	340	Goldman Sachs Group Inc/The, 6.250%, due 2/1/2041	431	0.18
		1,541	0.65			2,427	1.02	470	Goldman Sachs Group Inc/The, 5.150%, due 5/22/2045	507	0.21
Brazil — 0.85%				Switzerland — 0.31%				360	HCA Inc, 5.000%, due 3/15/2024	367	0.15
1,440	Petrobras Global Finance BV, 6.250%, due 3/17/2024	1,501	0.63	530	Credit Suisse Group Funding Guernsey Ltd, 4.875%, due 5/15/2045	560	0.24	350	HCA Inc, 5.250%, due 6/15/2026	359	0.15
480	Vale SA, 5.625%, due 9/11/2042	517	0.22	EUR 140	Glencore Finance Europe Ltd, 1.875%, due 9/13/2023	177	0.07	130	JPMorgan Chase & Co, 4.500%, due 1/24/2022	136	0.06
		2,018	0.85			737	0.31	120	JPMorgan Chase & Co, 4.950%, due 6/1/2045	130	0.06
Canada — 0.11%				United Kingdom — 2.16%				550	Kraft Heinz Foods Co, 4.375%, due 6/1/2046	504	0.21
230	Barrick North America Finance LLC, 5.750%, due 5/1/2043	273	0.11	GBP 370	Aviva Plc, 5.125%, due 6/4/2050 *	549	0.23	290	MetLife Inc, 3.600%, due 11/13/2025	291	0.12
Colombia — 1.07%				490	BP Capital Markets Plc, 3.245%, due 5/6/2022	492	0.21	340	Microsoft Corp, 3.700%, due 8/8/2046	330	0.14
650	Ecopetrol SA, 4.125%, due 1/16/2025	636	0.26	500	HSBC Holdings Plc, 7.000%, due 4/7/2038	996	0.42	290	MPT Operating Partnership LP / MPT Finance Corp, 5.000%, due 10/15/2027	283	0.12
1,020	Ecopetrol SA, 5.375%, due 6/26/2026	1,077	0.45	150	Legal & General Group Plc, 5.375%, due 10/27/2045 *	228	0.09	250	NGPL PipeCo LLC, 144A, 4.875%, due 8/15/2027	252	0.11
850	Ecopetrol SA, 5.875%, due 5/28/2045	853	0.36	GBP 1,060	Prudential Plc, 5.000%, due 7/20/2055 *	1,570	0.66	150	Pacific Gas & Electric Co, 6.050%, due 3/1/2034	176	0.07
		2,566	1.07	GBP 100	Scottish Widows Ltd, 7.000%, due 6/16/2043	177	0.07	220	PepsiCo Inc, 4.450%, due 4/14/2046	235	0.10
France — 0.81%				GBP 320	Standard Chartered Plc, 5.125%, due 6/6/2034	489	0.20	700	Time Warner Cable LLC, 4.125%, due 2/15/2021	712	0.30
EUR 1,230	BNP Paribas SA, 2.875%, due 3/20/2026 *	1,599	0.67	EUR 540	Wellcome Trust Ltd/The, 1.125%, due 1/21/2027	665	0.28	150	Time Warner Cable LLC, 5.500%, due 9/1/2041	152	0.07
350	SFR Group SA, 144A, 7.375%, due 5/1/2026	338	0.14			5,166	2.16	80	Time Warner Entertainment Co LP, 8.375%, due 7/15/2033	106	0.05
		1,937	0.81	United States — 7.07%				310	United Rentals North America Inc, 5.500%, due 5/15/2027	317	0.13
Germany — 0.20%				80	AbbVie Inc, 3.600%, due 5/14/2025	79	0.03				
GBP 300	Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen, 6.625%, due 5/26/2042 *	484	0.20	560	American International Group Inc, 3.900%, due 4/1/2026	557	0.23				
Italy — 0.20%				140	Anadarko Petroleum Corp, 6.600%, due 3/15/2046	175	0.07				
EUR 380	Intesa Sanpaolo SpA, 1.125%, due 3/4/2022	473	0.20	580	AT&T Inc, 3.875%, due 8/15/2021	592	0.25				

The accompanying notes are an integral part of the financial statements.

Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund

Portfolio of Investments as at February 28, 2018 – (continued)

Face Value (000's)		Value (000's) \$	% of Net Asset Value
Corporate Bonds and Notes — (continued)			
United States — (continued)			
320	Verizon Communications Inc,		
	3.376%, due 2/15/2025	313	0.13
30	Verizon Communications Inc,		
	5.500%, due 3/16/2047	33	0.01
30	Verizon Communications Inc,		
	4.522%, due 9/15/2048	28	0.01
70	Wells Fargo & Co,		
	4.100%, due 6/3/2026	70	0.03
120	Wells Fargo & Co,		
	4.300%, due 7/22/2027	122	0.05
1,080	Wells Fargo & Co,		
	4.650%, due 11/4/2044	1,100	0.46
370	Wells Fargo & Co,		
	4.400%, due 6/14/2046	364	0.15
470	Wells Fargo & Co,		
	4.750%, due 12/7/2046	486	0.20
		16,891	7.07
Total Corporate Bonds and Notes (Cost \$44,273)		44,059	18.45
Government Bonds and Notes — 68.53%			
Australia — 0.87%			
AUD	2,820 Australia Government Bond, Series 149,		
	2.250%, due 5/21/2028	2,080	0.87
Canada — 2.38%			
CAD	7,250 Canadian Government Bond,		
	2.250%, due 6/1/2025	5,682	2.38
France — 4.00%			
EUR	8,140 French Republic Government Bond OAT,		
	0.250%, due 11/25/2026	9,541	4.00
Germany — 0.86%			
EUR	1,180 Bundesrepublik Deutschland Bundesanleihe,		
	3.250%, due 7/4/2042	2,058	0.86
Indonesia — 2.52%			
IDR	81,787,000 Indonesia Treasury Bond, Series FR59,		
	7.000%, due 5/15/2027	6,023	2.52
Italy — 1.97%			
EUR	2,880 Italy Buoni Poliennali Del Tesoro,		
	2.200%, due 6/1/2027	3,592	1.51
EUR	860 Italy Buoni Poliennali Del Tesoro, 144A,		
	3.250%, due 9/1/2046	1,105	0.46
		4,697	1.97
Japan — 6.29%			
JPY	735,650 Japan Government Twenty Year Bond, Series 112,		
	2.100%, due 6/20/2029	8,424	3.53
JPY	60,200 Japanese Government CPI Linked Bond, Series 21,		
	0.100%, due 3/10/2026	6,601	2.76
		15,025	6.29
Kuwait — 0.41%			
	1,010 Kuwait International Government Bond,		
	3.500%, due 3/20/2027	989	0.41
Mexico — 3.52%			
MXN	154,700 Mexican Bonos, Series M,		
	7.750%, due 11/13/2042	8,084	3.38
	310 Mexico Government International Bond,		
	5.550%, due 1/21/2045	331	0.14
		8,415	3.52

Face Value (000's)		Value (000's) \$	% of Net Asset Value
Poland — 3.40%			
PLN	29,250 Republic of Poland Government Bond, Series 0726,		
	2.500%, due 7/25/2026	8,119	3.40
South Africa — 0.40%			
ZAR	14,900 Republic of South Africa Government Bond, Series R214,		
	6.500%, due 2/28/2041	955	0.40
South Korea — 2.62%			
KRW	7,234,290 Korea Treasury Bond, Series 2606,		
	1.875%, due 6/10/2026	6,264	2.62
Spain — 1.73%			
EUR	3,390 Spain Government Bond, 144A,		
	1.450%, due 10/31/2027	4,131	1.73
Turkey — 1.88%			
TRY	18,190 Turkey Government Bond,		
	10.500%, due 8/11/2027	4,486	1.88
United Arab Emirates — 0.12%			
	300 Abu Dhabi Government International Bond,		
	4.125%, due 10/11/2047	284	0.12
United Kingdom — 1.49%			
GBP	1,800 United Kingdom Gilt,		
	4.250%, due 12/7/2040	3,546	1.49
United States — 34.07%			
	5,700 United States Treasury Note/Bond,		
	1.500%, due 12/31/2018	5,674	2.37
	2,620 United States Treasury Note/Bond,		
	1.375%, due 1/15/2020	2,578	1.08
	28,760 United States Treasury Note/Bond,		
	1.125%, due 9/30/2021	27,384	11.47
	15,750 United States Treasury Note/Bond,		
	1.750%, due 3/31/2022	15,246	6.38
	16,510 United States Treasury Note/Bond,		
	2.250%, due 12/31/2024	15,946	6.68
	14,900 United States Treasury Note/Bond,		
	3.000%, due 11/15/2045	14,547	6.09
		81,375	34.07
Total Government Bonds and Notes (Cost \$164,007)		163,670	68.53
Collective Investment Schemes — 3.39%			
	40 Legg Mason Qualified Investor Funds (II) plc – Legg Mason Western Asset India Bond – LM Class US\$ Accumulating	4,787	2.00
	3,315 Western Asset Liquidity Funds Plc – Western Asset US Dollar Liquidity Fund – Class WA (Distributing)	3,315	1.39
Total Collective Investment Schemes (Cost \$8,115)		8,102	3.39
Total Investments Excluding Options (Cost \$235,121)		234,579	98.22
Contracts (000's)		Value (000's) \$	% of Net Asset Value
Options — 0.00%			
Purchased Options — 0.00%			
– U.S. 5 Year June 2018 Put 105.50, due 5/25/2018		1	–
Total Options (Cost \$1)		1	–
Total Investments (Cost \$235,122)		234,580	98.22
Other Assets in Excess of Liabilities		4,248	1.78
Total Net Assets		\$238,828	100.00

- Amounts designated as “–” are either \$0, less than \$1,000, less than 1,000 shares or less than 0.01%.
- 144A Securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold, in transactions exempt from registration, to qualified institutional buyers. As at February 28, 2018, these securities amounted to \$5,826,000 or 2.44% of net assets.
- * Variable rate security. The interest rate shown reflects the rate in effect at February 28, 2018.
- ± Securities purchased on a to-be-announced basis.
- β The rate of interest on this type of security is tied to the Consumer Price Index (CPI)/Retail Price Index (RPI). The coupon rate is the rate as of February 28, 2018.

ABBREVIATIONS:

- CPI – Consumer Price Index
- Perpetual – A bond with no maturity date. Perpetual bonds are not redeemable but pay a steady stream of interest
- TBA – To Be Announced
- AUD – Australian Dollar
- CAD – Canadian Dollar
- EUR – Euro
- GBP – British Pound
- IDR – Indonesian Rupiah
- JPY – Japanese Yen
- KRW – South Korean Won
- MXN – Mexican Peso
- PLN – Polish Zloty
- TRY – Turkish Lira
- ZAR – South Africa Rand

The accompanying notes are an integral part of the financial statements.

Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund

Portfolio of Investments as at February 28, 2018 – (continued)

Schedule of Forward Foreign Currency Contracts

Expiration Date	Counterparty	Buy Currency (000's)			Sell Currency (000's)			Unrealised Appreciation/ (Depreciation) of Contracts (000's)
05/09/18	BNP Paribas	Buy	USD	930	Sell	EUR	750	\$ 11
05/09/18	Goldman Sachs	Buy	USD	2,111	Sell	AUD	2,700	14
05/09/18	Goldman Sachs	Buy	USD	5,909	Sell	CAD	7,500	56
05/09/18	Goldman Sachs	Buy	USD	32,691	Sell	EUR	26,421	283
05/09/18	Goldman Sachs	Buy	USD	10,091	Sell	GBP	7,200	147
05/09/18	Goldman Sachs	Buy	USD	15,119	Sell	JPY	1,608,077	(27)
05/09/18	Goldman Sachs	Buy	USD	8,286	Sell	MXN	155,852	112
05/09/18	Goldman Sachs	Buy	USD	8,298	Sell	PLN	28,071	84
05/09/18	Goldman Sachs	Buy	USD	4,422	Sell	TRY	17,098	17
05/09/18	Goldman Sachs	Buy	SEK	7,770	Sell	USD	962	(20)
05/09/18	Goldman Sachs	Buy	ZAR	11,170	Sell	USD	947	(10)
05/09/18	Goldman Sachs	Buy	TRY	18,170	Sell	USD	4,701	(20)
05/09/18	Goldman Sachs	Buy	SGD	640	Sell	USD	486	(2)
05/09/18	Goldman Sachs	Buy	EUR	55,330	Sell	USD	68,561	(693)
05/09/18	Goldman Sachs	Buy	CHF	1,350	Sell	USD	1,456	(18)
05/09/18	Goldman Sachs	Buy	AUD	4,290	Sell	USD	3,366	(33)
05/09/18	Goldman Sachs	Buy	JPY	3,874,140	Sell	USD	36,492	(1)
05/09/18	Goldman Sachs	Buy	CAD	7,600	Sell	USD	5,986	(55)
05/09/18	Goldman Sachs	Buy	GBP	9,100	Sell	USD	12,736	(168)
05/09/18	Goldman Sachs	Buy	MXN	156,570	Sell	USD	8,309	(98)
05/09/18	Goldman Sachs	Buy	PLN	18,260	Sell	USD	5,389	(47)
05/09/18	Goldman Sachs	Buy	DKK	4,350	Sell	USD	724	(7)
05/09/18	Goldman Sachs	Buy	NZD	330	Sell	USD	242	(4)
05/09/18	Goldman Sachs	Buy	NOK	1,890	Sell	USD	242	(1)
05/09/18	Goldman Sachs	Buy	USD	977	Sell	ZAR	11,408	20
05/17/18	Goldman Sachs	Buy	USD	2,629	Sell	IDR	36,089,260	28
05/17/18	Goldman Sachs	Buy	USD	5,658	Sell	KRW	6,059,580	63
05/17/18	Goldman Sachs	Buy	RUB	149,370	Sell	USD	2,620	11
05/17/18	Goldman Sachs	Buy	THB	22,670	Sell	USD	722	1
05/17/18	Goldman Sachs	Buy	MYR	2,810	Sell	USD	716	(1)
05/17/18	Goldman Sachs	Buy	COP	6,896,400	Sell	USD	2,403	(5)
Unrealised Appreciation of Forward Foreign Currency Contracts								847
Unrealised Depreciation of Forward Foreign Currency Contracts								(1,210)
Net Depreciation of Forward Foreign Currency Contracts								\$ (363)

Schedule of Futures Contracts

	Nominal Value	Notional Value (000's)	Unrealised Appreciation/ (Depreciation) of Contracts (000's)
Euro-Bund June 2018	(80)	\$(15,301)	\$ (11)
Euro-Bund March 2018	(222)	(43,183)	(178)
Long Gilt June 2018	(5)	(833)	(2)
U.S. 10 Year Note (CBT) June 2018	(94)	(11,284)	(5)
U.S. 5 Year Note (CBT) June 2018	922	105,043	(1)
			\$ (197)
Unrealised Appreciation of Futures Contracts			–
Unrealised Depreciation of Futures Contracts			(197)
Net Depreciation of Futures Contracts			\$ (197)

The accompanying notes are an integral part of the financial statements.

Statement of Financial Position

	Legg Mason Western Asset Senior Loans Fund#		Legg Mason Western Asset High Yield Credit Energy Fund^		Legg Mason Western Asset Global Total Return Investment Grade Bond Fund		Legg Mason Western Asset India Bond Fund		Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund*		Total	
	As at February 28, 2018	As at August 31, 2017	As at February 28, 2018	As at August 31, 2017	As at February 28, 2018	As at August 31, 2017	As at February 28, 2018	As at August 31, 2017	As at February 28, 2018	As at August 31, 2017	As at February 28, 2018	As at August 31, 2017
(in 000's)												
CURRENT ASSETS:												
Cash (Note 8)	\$ 35	\$ 79	\$ 75	\$ 82	\$ 1,026	\$ 2,174	\$ 105	\$ 190	\$ 20,451	\$ –	\$ 21,692	\$ 2,525
Cash collateral (Note 8)	–	–	–	–	546	940	–	–	1,341	–	1,887	940
Amounts due from broker	–	–	–	–	5	5	–	–	70	–	75	5
Financial assets at fair value through profit or loss:												
Investments	–	–	–	–	39,334	36,799	57,493	47,344	234,579	–	325,799	83,288
Options at fair value	–	–	–	–	17	31	–	–	1	–	18	31
Unrealised appreciation on forward foreign currency contracts	–	–	–	–	111	580	–	–	847	–	958	580
Unrealised appreciation on futures contracts	–	–	–	–	379	–	–	–	–	–	379	–
Receivable for investments sold	–	–	–	–	–	–	–	–	1,879	–	1,879	–
Receivable for redeemable participating shares sold	–	–	–	–	–	–	1,100	–	–	–	1,100	–
Interest receivable	–	–	–	–	253	223	1,394	1,171	1,655	–	3,302	1,394
Dividend receivable	–	–	–	–	31	27	3	2	21	–	55	29
Receivable from investment manager	–	–	–	23	–	–	–	–	–	–	–	23
Other assets	–	–	–	–	–	2	–	1	–	–	–	3
Total Current Assets	35	79	75	105	41,702	40,781	60,095	48,708	260,844	–	357,144	88,818
CURRENT LIABILITIES:												
Cash overdraft (Note 8)	–	–	–	–	210	–	1,797	819	–	–	2,007	819
Payable for investments purchased	–	–	–	–	–	–	–	–	20,605	–	20,605	–
Financial liabilities at fair value through profit or loss:												
Options at fair value	–	–	–	–	18	9	–	–	–	–	18	9
Unrealised depreciation on forward foreign currency contracts	–	–	–	–	917	156	–	–	1,210	–	2,127	156
Unrealised depreciation on futures contracts	–	–	–	–	93	352	–	–	197	–	290	352
Investment Management fees payable (Note 4)	–	–	–	–	13	14	–	–	–	–	13	14
Administrator and Depositary fees payable (Note 4)	–	–	–	–	2	3	2	3	2	–	6	6
Accrued expenses and other liabilities	35	79	75	105	60	62	78	73	2	–	250	319
Liabilities (excluding Net Assets attributable to Holders of Redeemable Participating Shares)	35	79	75	105	1,313	596	1,877	895	22,016	–	25,316	1,675
Total Net Assets attributable to Holders of Redeemable Participating Shares at fair value	\$ –	\$ –	\$ –	\$ –	\$ 40,389	\$ 40,185	\$ 58,218	\$ 47,813	\$238,828	\$ –	\$331,828	\$ 87,143

Amounts designated as “–” are either \$0 or less than \$1,000.

Effective August 31, 2016, Legg Mason Western Asset Senior Loans Fund ceased trading.

^ Effective July 19, 2017, Legg Mason Western Asset High Yield Credit Energy Fund ceased trading.

* Effective February 22, 2018, Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund commenced trading.

	February 28, 2018			August 31, 2017			August 31, 2016		
	Total NAV (000's)	No. Shares (000's)	NAV/Share:	Total NAV (000's)	No. Shares (000's)	NAV/Share:	Total NAV (000's)	No. Shares (000's)	NAV/Share:
Legg Mason Western Asset High Yield Credit Energy Fund^									
Institutional Class US\$ Accumulating	–	–	–	–	–	–	\$98,843	1,072	92.16
Institutional (Hedged) Class Euro Distributing (Quarterly)	–	–	–	–	–	–	9,514	89	96.30
Institutional (Hedged) Class GBP Accumulating	–	–	–	–	–	–	40,311	230	133.43
Institutional (Hedged) Class GBP Distributing (Quarterly)	–	–	–	–	–	–	8,883	66	101.90
Class N US\$ Accumulating	–	–	–	–	–	–	1	–	143.92
Legg Mason Western Asset Global Total Return Investment Grade Bond Fund									
Institutional Class US\$ Accumulating	\$ 1	–	103.50	\$ 1	–	103.08	–	–	–
Institutional (Hedged) Class AUD Distributing (monthly)	40,388	520	100.04	40,184	501	100.93	35,817	476	100.04
Legg Mason Western Asset India Bond Fund									
LM Class US\$ Accumulating	\$ 58,218	491	118.65	\$47,813	387	123.59	\$37,006	341	108.50
Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund*									
LM Class US\$ Accumulating	\$238,828	2,400	99.51	\$ –	–	–	\$ –	–	–

NAV per share information represents Redeemable Participating Shares denominated in the respective currency of each relevant share class.

The accompanying notes are an integral part of the financial statements.

Statement of Comprehensive Income

	Legg Mason Western Asset Senior Loans Fund#		Legg Mason Western Asset High Yield Credit Energy Fund^		Legg Mason Western Asset Global Total Return Investment Grade Bond Fund		Legg Mason Western Asset India Bond Fund		Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund*		Total	
(in 000's)	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017
INVESTMENT INCOME:												
Gross dividend income and bond interest	\$ –	\$ –	\$ –	\$ 5,320	\$ 521	\$ 469	\$ 1,672	\$ 1,391	\$ 45	\$ –	\$ 2,238	\$ 7,180
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss:												
Net realised (loss)/gain on financial instruments held for trading	–	(152)	–	4,187	23	1,312	2	(87)	(45)	–	(20)	5,260
Net unrealised gain/(loss) on financial instruments held for trading	–	152	–	2,068	(1,181)	(1,339)	(3,568)	(87)	(1,115)	–	(5,816)	771
Total Investment Income/(Loss)	–	–	–	11,575	(637)	442	(1,894)	1,217	(1,115)	–	(3,598)	13,211
EXPENSES:												
Investment Management fees (Note 4)	–	–	–	395	119	106	–	–	–	–	119	501
Administrator and Depositary fees (Note 4)	–	–	–	51	12	14	14	14	2	–	28	79
Legal fees	–	–	–	11	8	2	9	3	–	–	17	16
Audit fees	–	–	–	7	11	7	12	9	1	–	24	23
Interest expense	–	–	–	–	–	–	2	–	–	–	2	–
Directors' fees and expenses (Note 4)	–	–	–	3	4	1	5	1	–	–	9	5
Other expenses	–	–	–	61	30	17	37	18	2	–	69	96
Total Expenses	–	–	–	528	184	147	79	45	5	–	268	720
Expense waivers and reimbursements/recoupment (Note 4)	–	–	–	(33)	(36)	(15)	–	–	–	–	(36)	(48)
Total Net Expenses	–	–	–	495	148	132	79	45	5	–	232	672
Net Profit/(Loss) before finance costs	–	–	–	11,080	(785)	310	(1,973)	1,172	(1,120)	–	(3,830)	12,539
FINANCE COSTS:												
Distributions to holders of redeemable participating shares (Note 5)	–	–	–	(745)	(522)	(483)	–	–	–	–	(522)	(1,228)
Profit/(Loss) for the financial period	–	–	–	10,335	(1,307)	(173)	(1,973)	1,172	(1,120)	–	(4,352)	11,311
Withholding taxes on dividends and other taxation	–	–	–	–	(2)	(3)	(94)	(67)	(52)	–	(148)	(70)
Increase/(Decrease) in Net Assets attributable to Holders of Redeemable Participating Shares	\$ –	\$ –	\$ –	\$10,335	\$ (1,309)	\$ (176)	\$ (2,067)	\$ 1,105	\$ (1,172)	\$ –	\$ (4,500)	\$11,241

Gains and losses are solely from continuing operations except for Legg Mason Western Asset Senior Loans Fund# and Legg Mason Western Asset High Yield Credit Energy Fund^ which have discontinued operations. There were no other gains or losses other than those dealt with in the Statement of Comprehensive Income.

Amounts designated as “–” are either \$0 or less than \$1,000.

Effective August 31, 2016, Legg Mason Western Asset Senior Loans Fund ceased trading.

^ Effective July 19, 2017, Legg Mason Western Asset High Yield Credit Energy Fund ceased trading.

* Effective February 22, 2018, Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund commenced trading.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

	Legg Mason Western Asset Senior Loans Fund#		Legg Mason Western Asset High Yield Credit Energy Fund^		Legg Mason Western Asset Global Total Return Investment Grade Bond Fund		Legg Mason Western Asset India Bond Fund		Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund*		Total	
(000's)	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017	for the six months ended February 28, 2018	for the six months ended February 28, 2017
Net Increase/(Decrease) in Net Assets attributable to Holders of Redeemable Participating Shares	\$ –	\$ –	\$ –	\$ 10,335	\$ (1,309)	\$ (176)	\$ (2,067)	\$ 1,105	\$ (1,172)	\$ –	\$ (4,500)	\$ 11,241
REDEEMABLE PARTICIPATING SHARE TRANSACTIONS												
Net proceeds from sales of shares	–	–	–	206	1,513	1,290	12,967	353	240,000	–	249,680	1,849
Cost of shares reacquired	–	–	–	(87,007)	–	–	(495)	(4,800)	–	–	(495)	(91,807)
(Decrease)/Increase in Net Assets from Redeemable Participating Share transactions	–	–	–	(86,801)	1,513	1,290	12,472	(4,447)	240,000	–	249,185	(89,958)
(Decrease)/Increase in Net Assets attributable to Holders of Redeemable Participating Shares	–	–	–	(76,466)	204	1,114	10,405	(3,342)	238,828	–	244,685	(78,717)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES												
Beginning of period	–	–	–	157,552	40,185	35,817	47,813	37,006	–	–	87,143	229,624
End of period	\$ –	\$ –	\$ –	\$ 81,086	\$ 40,389	\$ 36,931	\$ 58,218	\$ 33,664	\$238,828	\$ –	\$331,828	\$150,907

Amounts designated as “–” are either \$0 or less than \$1,000.

Effective August 31, 2016, Legg Mason Western Asset Senior Loans Fund ceased trading.

^ Effective July 19, 2017, Legg Mason Western Asset High Yield Credit Energy Fund ceased trading.

* Effective February 22, 2018, Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund commenced trading.

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares – (continued)

	For the period ended	
	February 28, 2018	February 28, 2017
	Shares	Shares
	(000's)	(000's)
Legg Mason Western Asset High Yield Credit Energy Fund^		
Institutional Class US\$ Accumulating		
Redeemed	–	(462)
Net Decrease	–	(462)
Institutional (Hedged) Class GBP Accumulating		
Sold	–	2
Redeemed	–	(231)
Net Decrease	–	(229)
Institutional (Hedged) Class GBP Distributing (Quarterly)		
Sold	–	31
Redeemed	–	(30)
Net Increase	–	1
Legg Mason Western Asset Global Total Return Investment Grade Bond Fund		
Institutional (Hedged) Class AUD Distributing (monthly)		
Sold	19	18
Net Increase	19	18
Legg Mason Western Asset India Bond Fund		
LM Class US\$ Accumulating		
Sold	108	3
Redeemed	(4)	(43)
Net Increase/(decrease)	104	(40)
Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund*		
LM Class US\$ Accumulating		
Sold	2,400	–
Net Increase	2,400	–

Amounts designated as “–” are either \$0 or less than \$1,000.

Only classes with transactions during the period are shown.

^ Effective July 19, 2017, Legg Mason Western Asset High Yield Credit Energy Fund ceased trading.

* Effective February 22, 2018, Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund commenced trading.

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

1. General

Legg Mason Qualified Investor Funds (II) plc (the “Company”) is an open-ended investment company with variable capital incorporated with limited liability in Ireland and established as an umbrella fund with segregated liability between sub-funds. The Company has been authorised by the Central Bank of Ireland (the “Central Bank”) pursuant to the Companies Act 2014 (the “Act”). The constitutional documents of the Company provide for separate sub-funds, each representing interests in a separate and defined portfolio of assets and liabilities which may be issued from time to time with the approval of the Central Bank. Each sub-fund may issue more than one class of shares. The Company was incorporated on April 30, 2013 (date of incorporation) under registration number 526899.

The Company has been authorised by the Central Bank to market solely to Qualifying Investors. Accordingly, the scheme is a qualifying investor AIF under the Central Bank’s current rules.

The Company has obtained the approval of the Central Bank for the establishment of the Legg Mason Western Asset Non-Agency Mortgage-Backed Securities Fund, the Legg Mason Western Asset Senior Loans Fund, the Legg Mason Western Asset India Bond Fund, the Legg Mason Western Asset Global Total Return Investment Grade Bond Fund, the Legg Mason Western Asset High Yield Credit Energy Fund and the Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund (the “Fund” or collectively the “Funds”).

As at February 28, 2018 the Company had the following three active funds:

Fund	Base Currency	Launch Date
Legg Mason Western Asset Global Total Return Investment Grade Bond Fund	US\$	June 3, 2015
Legg Mason Western Asset India Bond Fund	US\$	June 8, 2015
Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund	US\$	February 22, 2018

2. Significant Accounting Policies

The significant accounting policies and estimation techniques applied in the preparation of these financial statements are consistent with those adopted by the Company for the annual financial statements for the year ended August 31, 2017.

Statement of Compliance

The condensed financial statements for the period ended February 28, 2018 have been prepared in accordance with the accounting standards generally accepted in Ireland, including Financial Reporting Standard (“FRS”) 104: “Interim Financial Reporting” and Irish statute comprising the Companies Act 2014, and all regulations to be construed as one with those acts, including the European Union (Alternative Investment Fund Managers) Regulations 2013, Directive 2011/61/EU (the “AIFMD”), and the AIF Rulebook. The condensed financial statements should be read in conjunction with the audited financial statements for the year ended August 31, 2017 which have been prepared in accordance with FRS 102: “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and in accordance with Irish statute.

Basis of Preparation

The financial statements have been prepared on a going concern basis for the Company under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through the profit or loss.

The format and certain wordings of the financial statements has been adapted from those contained in Irish statute so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company’s business as an investment fund.

The Company has availed of the exemption available to open-ended investment funds under Section 7 “Statement of Cash Flows” of FRS 102 not to prepare a cash flow statement on the basis that substantially all of the Company’s investments are highly liquid and carried at fair value, and the Company provides a statement of changes in net assets attributable to redeemable participating shareholders.

3. Investment Objective and Policy

The Company’s objective, as set out in its constitutional documents, is the collective investment of its funds with the aim of spreading investment risk and affording the shareholders the benefit of the results of the management of its funds. A summary of the investment objective and policy of the Funds are listed below. Full details of the investment policies are set out in the prospectus. There can be no assurance that the Funds will achieve its objectives and no guarantee that an investment strategy will succeed or attain any particular results or level of profitability.

Legg Mason Western Asset Global Total Return Investment Grade Bond Fund

The Fund’s investment objective is to seek to maximise total return, consisting of income and capital appreciation. The Fund will invest at least two-thirds of its Net Asset Value in the global fixed income markets. The Fund will invest primarily in debt securities that are listed or traded on regulated markets globally and that are denominated in a variety of currencies.

Legg Mason Western Asset India Bond Fund

The Fund’s investment objective is to seek to maximise total return, consisting of current income and medium- to long-term capital appreciation, consistent with prudent investment management. The Fund intends to invest at least 80% of its assets in sovereign debt securities issued by the Republic of India and in fixed income securities of other issuers (including corporate issuers) domiciled in India and supranational entities that issue fixed income securities denominated in Indian Rupee. The Fund may invest in Investment Grade debt securities, debt securities rated below Investment Grade and unrated debt securities.

Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund

The Fund’s investment objective is to seek to maximise total return, consisting of income and capital appreciation. The Fund will invest at least two-thirds of its Net Asset Value in the global fixed income markets. The Fund will invest primarily in debt securities that are denominated in U.S. Dollars, Euro, Japanese Yen, Pound Sterling and a variety of other currencies that are listed or traded on regulated markets globally.

4. Operating Expenses and Other Related Party Transactions

AIFM Fee

The AIFM will receive from the Company an annual management fee which shall correspond to the annual investment management fee payable to the Investment Manager by the AIFM as set out below.

Annual Investment Management Fee

The Investment Manager will receive from the AIFM an annual investment management fee (the “Investment Management Fee”) as detailed below:

Fund Name	Annual Investment Management Fee	Fund Name	Annual Investment Management Fee
Legg Mason Western Asset Global Total Return Investment Grade Bond Fund		Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund	
Institutional Class Accumulating Shares	0.60%	LM Class Accumulating Shares	0.00%α
Institutional Class Distributing (monthly) Shares	0.60%	LM Class Distributing (monthly) Shares	0.00%α
Institutional (Hedged) Class Accumulating Shares	0.60%	LM (Hedged) Class Accumulating Shares	0.00%α
Institutional (Hedged) Class Distributing (monthly) Shares	0.60%	LM (Hedged) Class Distributing (monthly) Shares	0.00%α
Class X Accumulating Shares	0.80%		
Class X Distributing (monthly) Shares	0.80%		
Class X (Hedged) Accumulating Shares	0.80%		
Class X (Hedged) Distributing (monthly) Shares	0.80%		
LM Class Accumulating Shares	0.00%α		
LM Class Distributing (monthly) Shares	0.00%α		
LM (Hedged) Class Accumulating Shares	0.00%α		
LM (Hedged) Class Distributing (monthly) Shares	0.00%α		
Legg Mason Western Asset India Bond Fund			
Institutional Class Accumulating Shares	0.60%		
Institutional Class Distributing (monthly) Shares	0.60%		
Class N Accumulating Shares	1.25%		
Class N Distributing (monthly) Shares	1.25%		
Class X Accumulating Shares	0.60%		
Class X Distributing (monthly) Shares	0.60%		
LM Class US\$ Accumulating Shares	0.00%α		
LM Class Distributing (monthly) Shares	0.00%α		

α As agreed with Investment Manager. The LM Class is designed to accommodate an alternative charging structure whereby the investor agrees to pay an investment management fee directly to the Investment Manager pursuant to a separate agreement.

Notes to Financial Statements – (continued)

4. Operating Expenses and Other Related Party Transactions – (continued)

The Investment Management Fee accrues on each Valuation Day and is payable monthly in arrears. The Investment Manager is also entitled to be reimbursed by the Company for all reasonable and vouched out-of-pocket expenses incurred by it for the benefit of the Company in the performance of its duties in managing the Company and distributing the shares pursuant to the investment management agreement.

The Investment Manager has voluntarily agreed to waive a portion of its fees and/or reimburse for certain expenses so that the total expenses would not exceed certain voluntary expense limitations established for the Fund. The Investment Manager, at its discretion, may revise or discontinue the voluntary waivers and/or expense reimbursements at any time. For the period ended February 28, 2018, the Investment Management fees waived and reimbursed were follows:

Fund name	February 28, 2018 in (000's)	
	Investment Management Fee Waived	Investment Management Fee Reimbursed
Legg Mason Western Asset Global Total Return Investment Grade Bond Fund	\$36	\$-

Joseph LaRocque, Jane Trust and Joseph Carrier are Directors of the Company and are also directors and/or executives of certain affiliates of the Investment Manager.

The Board of Directors is not aware of any transactions with related parties during the period ended February 28, 2018 other than those disclosed in these financial statements.

Administrator and Depositary

BNY Mellon Trust Company (Ireland) Limited (the “Depositary”) acts as the depositary and BNY Mellon Fund Services (Ireland) Designated Activity Company (the “Administrator”) acts as administrator of the Company. The Administrator and the Depositary are entitled to receive from the Funds a combined administration and depositary fee of up to annual rate of 0.15% of the Net Asset Value of the Funds. The Administrator and the Depositary are responsible for certain categories of their out-of-pocket expenses, and the Company is responsible for other out-of-pocket expenses. The Company also reimburses the Depositary for Sub-Custodian fees. The combined administration and depositary fee and expenses accrue on each Valuation Day and are payable monthly in arrears.

Loan Servicing Fee

The Bank of New York Mellon acts as a loan servicer (the “Loan Servicer”) to the Company. The Loan Servicer is entitled to receive from the Funds an annual servicing fee per loan commitment and a transaction charge per loan commitment, applicable to each loan commitment purchased for the portfolio and based on a per-loan contract basis (the “Loan Servicing fees”). There were no loan servicing fees paid by the Funds for the period ended February 28, 2018. The Company also reimburses the Loan Servicer for its reasonable out-of-pocket expenses incurred in the performance of its services.

Directors’ Remuneration

Directors’ fees accrued over the period ended February 28, 2018 were \$9,464. Directors’ fees are not payable in respect of Joseph LaRocque, Jane Trust and Joseph Carrier who are employees of the Investment Manager or its affiliates.

Other Related Party Transactions

The directors of the AIFM are also Directors of the Company.

Below is a table that shows the percentage ownership of the significant shareholders that hold more than 20% of the issued share capital of the Fund:

Fund	% Holding, February 28, 2018
Legg Mason Western Asset Global Total Return Investment Grade Bond Fund	100.00
Legg Mason Western Asset India Bond Fund	23.57
Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund	100.00

The Funds may hold investments in collective investment schemes which have appointed the same Investment Manager, or Sub-Investment Manager as the Fund, or have appointed a related party of that Investment Manager or Sub-Investment Manager. Below is a table that shows the percentage ownership of such collective investment schemes held by the Company:

Fund	Underlying Collective Investment Scheme	February 28, 2018 Value (000's)	
		%	
Legg Mason Western Asset India Bond Fund	Western Asset Liquidity Funds Plc – Western Asset US Dollar Liquidity Fund – Class WA (Distributing)	0.05%	\$1,166
Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund	Western Asset Liquidity Funds Plc – Western Asset US Dollar Liquidity Fund – Class WA (Distributing)	0.14%	\$3,315

There were no other material related party transactions with the Investment Manager and Directors to be included in notes to the Financial Statements.

Connected Person Transactions

Conditions have been imposed by the Central Bank of Ireland under section 1.viii of the AIF Rulebook for Directors to confirm compliance with regulatory requirements in relation to transactions between the Company and a connected person.

The Directors are satisfied that (a) there are arrangements and written procedures in place to ensure that all such transactions are carried out on an arm’s length basis, entered into in the ordinary course of business and on normal commercial terms, and are in the best interests of the shareholders and (b) all such transactions during the period complied with these obligations.

5. Distributions to Holders of Redeemable Participating Shares

As at February 28, 2018, the Company issued Institutional Class US\$ Accumulating, Institutional (Hedged) Class AUD Distributing (monthly) and LM Class US\$ Accumulating. The Distributing Class Shares are expected to declare dividends to the shareholders monthly with the exception of the Distributing Share Classes of the Legg Mason Western Asset High Yield Credit Energy Fund which was expected to declare dividends to Shareholders quarterly. Dividends are distributed in the form of additional shares in those classes, or in cash, at the election of the shareholder. The Distributing Class Shares of the Funds may charge fees and expenses to capital.

During the period ended February 28, 2018, the Funds have charged the following fees and expenses to capital on the Distributing Share Classes:

Fund Name – Share Class	Fees and expenses charged to capital for the period ended February 28, 2018 (000's)
Legg Mason Western Asset Global Total Return Investment Grade Bond Fund – Institutional (Hedged) Class AUD Distributing (monthly)	\$151

6. Share Capital and Redeemable Participating Shares

Share Capital

The Company was incorporated with an initial share capital of €2 and represented by 2 subscriber shares of no par value. Shareholders of the subscriber shares are entitled to attend and vote at all meetings of the Company, but do not entitle the holder to participate in the dividends or net assets of any Fund or the Company.

Redeemable Participating Shares

The share capital of the Company shall at all times equal the net asset value. The minimum authorised share capital of the Company is €2 represented by two shares of no par value and the maximum authorised share capital is the currency equivalent of €500 billion divided into an unspecified number of shares of no par value.

Each of the shares, other then the subscriber shares, entitles the shareholder to participate equally on a pro rata basis in the dividends and net assets of the Company save in the case of dividends declared prior to becoming a shareholder.

A shareholder in each Fund and class of shares of the Company is entitled to receive its share of all dividends and distributions if applicable from the Company’s assets, based upon the relative value of such shares to those of other classes of shares of the Company.

The proceeds from the issue of shares are applied in the books of the Company to the relevant Fund and are used in the acquisition on behalf of the relevant Fund of assets in which the Fund may invest. The records and accounts of each Fund are maintained separately.

Notes to Financial Statements – (continued)

6. Share Capital and Redeemable Participating Shares – (continued)

Each of the shares entitles the holder to attend and vote at meetings of the Company. Each share gives the holder thereof one vote in relation to any matters relating to the Company which are submitted to shareholders for a vote by poll. No class of shares confers on the holder thereof any preferential or preemptive rights or any rights to participate in the profits and dividends of any other class of shares or any voting rights in relation to matters relating solely to any other class of shares.

7. Taxation

Under current Irish law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997 (as amended). On that basis, the Company is not generally liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event includes any payments of distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of shares and any deemed disposal of shares as described below for Irish tax purposes arising as a result of holding shares in the company for a period of eight years or more. Where a chargeable event occurs, the Company is required to account for the Irish tax thereon.

A chargeable event does not include:

- (i) any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- (ii) a transfer of shares between spouses and any transfer of shares between spouses / civil partners or former spouses / civil partners on the occasion of judicial separation, decree of dissolution and/or divorce; or
- (iii) an exchange by a shareholder, effected by way of arm’s length bargain where no payment is made to the shareholder, of shares in the Company for other shares in the Company; or
- (iv) an exchange of shares arising on a qualifying amalgamation or reconstruction of the Company with another investment undertaking.

No Irish tax will arise in respect of a chargeable event where:

- (a) the shareholder is neither resident nor ordinarily resident in Ireland and it has made the necessary declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or
- (b) the shareholder is non-Irish resident and has confirmed that to the Company and the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the shareholder and the approval has not been withdrawn; or
- (c) the shareholder is an exempt Irish resident and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect.

In the absence of a signed and completed declaration, or written notice of approval from the Irish Revenue Commissioners, there is a presumption that the shareholder is resident or ordinarily resident in Ireland or is not an exempt Irish resident and, the Company will be liable to Irish tax on the occurrence of a chargeable event. There were no chargeable events during the period under review.

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders. There was no other taxation during the period ended February 28, 2018.

8. Cash

Cash and cash equivalents are valued at their face value with interest accrued, where applicable. The cash and cash equivalents and cash overdraft balances of any Fund are held with the Depositary. Cash collateral is amounts held as collateral for derivative trading with brokers and is disclosed separately on the Statement of Financial Position.

9. Commitments and Contingent Liabilities

There were no significant commitments or contingent liabilities at the Statement of Financial Position date.

10. Soft Commission Arrangements

There were no soft commissions paid during the period ended February 28, 2018.

11. Exchange Rates

The following exchange rates were used in these financial statements to obtain the equivalent US\$ amounts for the funds:

Currency	Exchange rates as at February 28, 2018
Australian Dollar	1.2875
British Pound	0.7264
Canadian Dollar	1.2832
Euro	0.8197
Indian Rupee	65.1463
Indonesian Rupiah	13,748.5000
Japanese Yen	106.6950
Mexican Peso	18.8507
Polish Zloty	3.4229
South African Rand	11.7938
South Korean Won	1,082.9000
Turkish Lira	3.8015

12. Efficient Portfolio Management

The Funds did not enter into any repurchase agreements and stock lending transactions during the period ended February 28, 2018.

13. Fair Value Estimation

The Company adopted the Amendments to FRS 102, “Fair Value Hierarchy Disclosures”, which were effective for accounting periods beginning on or after January 1, 2017. These amendments require the Company to categorise its fair value measurements into the levels consistent with the fair value hierarchy set out in International Financial Reporting Standards as adopted for use in the European Union. These amendments did not have any impact on the Funds’ financial position or performance. The fair value hierarchy has the following levels:

Level 1 inputs are unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs (i.e. for which market data is unavailable) for the asset or liability.

An investment is always categorised as level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in these securities.

Notes to Financial Statements – (continued)

13. Fair Value Estimation – (continued)

The following table analyses under the fair value hierarchy the Funds’ financial assets and financial liabilities measured at fair value at February 28, 2018:

	Legg Mason Western Asset Senior Loans Fund as at February 28, 2018 (in 000's)	Legg Mason Western Asset High Yield Credit Energy Fund as at February 28, 2018 (in 000's)	Legg Mason Western Asset Global Total Return Investment Grade Bond Fund as at February 28, 2018 (in 000's)	Legg Mason Western Asset India Bond Fund as at February 28, 2018 (in 000's)	Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund as at February 28, 2018 (in 000's)
Level 1					
Bonds and Notes	\$ –	\$ –	\$ –	\$ –	\$ –
Money Market Instruments	–	–	–	–	–
Equity Instruments	–	–	–	–	–
Derivative assets held for trading	–	–	379	–	1
Derivative liabilities held for trading	–	–	(93)	–	(197)
	–	–	286	–	(196)
Level 2					
Bonds and Notes	\$ –	\$ –	\$ 36,061	\$ 51,327	\$ 226,477
Money Market Instruments	–	–	2,452	5,000	–
Equity Instruments	–	–	821	1,166	8,102
Derivative assets held for trading	–	–	128	–	847
Derivative liabilities held for trading	–	–	(935)	–	(1,210)
	–	–	38,527	57,493	234,216
Level 3					
Bonds and Notes	\$ –	\$ –	\$ –	\$ –	\$ –
Money Market Instruments	–	–	–	–	–
Equity Instruments	–	–	–	–	–
Derivative assets held for trading	–	–	–	–	–
Derivative liabilities held for trading	–	–	–	–	–
	–	–	–	–	–
Total Investments	\$ –	\$ –	\$ 38,813	\$ 57,493	\$ 234,020

14. Risks of Loan Participations and Assignments

Securitised loan participations typically will result in the Funds having a contractual relationship only with the lender, not with the borrower. The Funds will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing participations, the Funds generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Funds may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, the Funds will assume the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a loan participation, the Funds may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

The Funds may have difficulty disposing of securitised and unsecuritised loan participations or loans. The liquidity of such instruments is limited, and they may be sold only to a limited number of institutional investors. This could have an adverse impact on the value of such securities and on the Funds’ ability to dispose of particular participations when necessary to meet its liquidity needs or in response to a specific economic event, such as a deterioration in the creditworthiness of the borrower, and also may make it more difficult to assign a value to the participations or loans for the purposes of valuing the Funds’ portfolio and calculating its Net Asset Value.

15. Disclosure for Cross Investments by Funds within the Company

Legg Mason Western Asset Global Total Return Investment Grade Bond Fund

Legg Mason Western Asset Global Total Return Investment Grade Bond Fund held 6,918 shares in Legg Mason Western Asset India Bond Fund at the period end. Transactions involving these shares and the related gains, losses and distributions during the period were:

	Legg Mason Western Asset Global Total Return Investment Grade Bond Fund (in 000's)	Total (in 000's)
Issue of shares	–	–
Redemption of shares	–	–
Net realised gain/(loss) on financial assets at fair value through profit or loss	–	–
Distributions received	–	–
Cost	690	690
Fair value	821	821
Net unrealised gain on financial assets at fair value through profit or loss	\$131	\$131

Notes to Financial Statements – (continued)

15. Disclosure for Cross Investments by Funds within the Company – (continued)

Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund

Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund held 40,343 shares in Legg Mason Western Asset India Bond Fund at the period end. Transactions involving these shares and the related gains, losses and distributions during the period were:

	Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund (in 000's)	Total (in 000's)
Issue of shares	4,800	4,800
Redemption of shares	–	–
Net realised gain/(loss) on financial assets at fair value through profit or loss	–	–
Distributions received	–	–
Cost	4,800	4,800
Fair value	4,787	4,787
Net unrealised gain on financial assets at fair value through profit or loss	\$ (13)	\$ (13)

16. Significant Events

On November 22, 2017 an updated prospectus was issued by the Company and noted by the Central Bank. The most significant amendments included:

- Incorporation of a new sub-fund, Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund,
- Ancillary disclosures as a result of:
 - EU Regulation on Packaged Retail and Insurance-Based Investment Products (EU 1286/2014) (“PRIIPS”),
 - Share class eligibility definitions for MiFID II (Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments) purposes, and
 - Brexit risk disclosure.

On February 22, 2018, Legg Mason Western Asset Growth & Income Managed Aggregate Strategy Fund launched.

There have been no other significant events during the period ended February 28, 2018.

17. Subsequent Events

There have been no subsequent events since period end impacting the financial statements of the Company for the period ended February 28, 2018.

18. Segregated Liability

The Company is an umbrella fund with segregated liability between its Funds. As such, as matter of Irish Law the assets of each of the Funds will not be exposed to the liabilities of the Company’s other Funds. Notwithstanding the foregoing there can be no assurance that, should an action be brought against the Company in the court of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

19. Statement of Portfolio Changes

A Statement of Portfolio Changes is available free of charge from the Administrator.

20. Prior Period Comparatives

The prior year comparatives for the Statement of Financial Position are as at August 31, 2017. The prior period comparatives for the Statement of Comprehensive Income and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares are for the period ended February 28, 2017.

21. Securities Financing Transactions Regulation

The Company does not hold any investments that are subject to the disclosure requirements of the Securities Financing Transactions Regulation.

22. Approval of the Report

On April 13, 2018, the Semi-Annual Report and unaudited interim financial statements were presented to and noted by the Board of Directors and were approved for filing with the Central Bank of Ireland and for circulation to the shareholders.

Appendix 1 – General Data Protection Regulation

Effective May 25, 2018, there will be changes to the rules applicable to the processing of personal data (including Shareholder data) by the Company. The purpose of this disclosure is to notify Shareholders of their rights as data subjects and to explain how and why the Company and its service providers hold and process personal data.

By completing the application form for shares in the Company, investors provide personal information, which may constitute “personal data” within the meaning of the Data Protection Legislation¹. The following indicates the purposes for which Shareholders' personal data may be used by the Company and the legal bases for such uses:

- to manage and administer the Shareholder’s holding in the Company and any related accounts on an ongoing basis as required for the performance of the contract between the Company and the Shareholder and to comply with legal and regulatory requirements;
- to carry out statistical analysis (including data profiling) and market research in the Company's legitimate business interest;
- for any other specific purposes where the Shareholder has given specific consent. Such consent may be subsequently withdrawn by the Shareholder at any time, without affecting the lawfulness of processing based on consent before its withdrawal;
- to comply with legal, taxation and regulatory obligations applicable to the Shareholder and/or the Company from time to time, including applicable anti-money laundering and counter terrorist legislation. In particular, in order to comply with the Common Reporting Standard (as implemented in Ireland by Section 891E, Section 891F and Section 891G of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to those sections), Shareholders' personal data (including financial information) may be shared with the Irish tax authorities and the Revenue Commissioners. They in turn may exchange information (including personal data and financial information) with foreign tax authorities (including foreign tax authorities located outside the European Economic Area). Please consult the AEOI (Automatic Exchange of Information) webpage on www.revenue.ie for further information in this regard;
- for disclosure or transfer, whether in Ireland or countries outside Ireland, including without limitation the United States, which may not have the same data protection laws as Ireland, to third parties including financial advisers, regulatory bodies, auditors, technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above as required for the performance of the contract between the Company and the Shareholder or as needed in the Company's legitimate business interests.

Shareholders’ personal data may be disclosed by the Company to its delegates and service providers (including Investment Managers, Sub-Investment Managers, Distributors, Shareholder Servicing Agents, the Administrator and the Depositary), its duly authorised agents and any of its respective related, associated or affiliated companies, professional advisors, regulatory bodies, auditors and technology providers for the same purpose(s).

Shareholders’ personal data may be transferred to countries which may not have the same or equivalent data protection laws as Ireland. If such transfer occurs, the Company will ensure that such processing of such personal data complies with Data Protection Legislation and, in particular, that appropriate measures are in place, such as entering into Model Contractual Clauses (as published by the European Commission) or ensuring that the recipient is Privacy Shield certified, if appropriate. If you require more information on the means of transfer of their data or a copy of the relevant safeguards, please contact the Administrator, by email at Legg.mason@bnymellon.com, or by phone at +353 53 91 49999.

Pursuant to the Data Protection Legislation, Shareholders have several rights which they may exercise in respect of their personal data, namely:

- the right of access to personal data held by the Company;
- the right to amend and rectify any inaccuracies in the personal data held by the Company;
- the right to erase the personal data held by the Company;
- the right to data portability of the personal data held by the Company; and
- the right to request restriction of the processing of the personal data held by the Company.

In addition, shareholders have the right to object to processing of personal data by the Company.

The above rights will be exercisable by shareholders subject to limitations as provided for in the Data Protection Legislation. Shareholders may make a request to the Company to exercise these rights by contacting the Administrator, by email at Legg.mason@bnymellon.com, or by phone at +353 53 91 49999.

Please note that Shareholders’ personal data will be retained by the Company for the duration of their investment and otherwise in accordance with the Company’s legal obligations including, but not limited to, the Company’s record retention policy.

The Company is a data controller within the meaning of the Data Protection Legislation and undertakes to hold any personal information provided by shareholders in confidence and in accordance with the Data Protection Legislation. Note that Shareholders have the right to lodge a complaint with the Office of the Data Protection Commissioner if they believe that the processing of their data has been unlawful.

¹ “Data Protection Legislation” means the Irish Data Protection Act, 1988 and 2003, the EU Data Protection Directive 95/46/EC, the EU ePrivacy Directive 2002/58/EC (as amended) and any relevant transposition of, or successor or replacement to, those laws (including, when they come into force, the General Data Protection Regulation (Regulation (EU) 2016/679) and the successor to the ePrivacy Directive).

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