

1 September 2017

**Notice to Unitholders of the Legg Mason Western Asset Australian Bond Trust
ARSN 088 670 286 ("Trust")**

Simplification of fee structure

Legg Mason Asset Management Australia Limited, in its capacity as Responsible Entity, wishes to notify you of certain changes to the fees and costs applicable to this Fund. The amended fees, which come into effect from 2 October 2017, are as follows:

Management costs

The current fee of 0.38%p.a. consists of a fixed investment cost, a floating estimated administration cost and other trust costs as described in the Trust's Product Disclosure Statement. This structure will be replaced by a single management fee of 0.42%p.a. of the Trust's referable net asset value. Transaction costs will continue to be charged to the Trust.

What this means for you?

The changes are being introduced to simplify the Trust's fee structure and provide certainty around the level of fees charged from year to year while remaining competitive versus peers.

This letter is to advise you of the changes and no action is required. If you have any questions, please contact our Client Services team on 1800 679 541.

Yours faithfully



Andy Sowerby

Managing Director

Legg Mason Australia