



London Borough of Enfield Pension Fund

19th February 2018

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About Western Asset

About Western Asset

Western Asset is a globally integrated fixed-income manager, sourcing ideas and investment solutions worldwide

Western Asset At a Glance

- Founded in 1971. Independent affiliate of Legg Mason since 1986
- Fixed-income value investors
- £328.5 billion (GBP) AUM
 - £278.2 billion (GBP) long-term assets
 - £48.6 billion (GBP) cash and cash equivalent assets
- 862 employees

Organizational Pillars

- Clients first
- Globally integrated
- Team-based
- Active fixed-income
- Integrated risk management

AUM by Sector – Total £328.5 billion (GBP)



Western Asset's Deep Global Integration Allows Us to Source Investment Ideas and Investment Solutions Across Regions

Investment Management

- 129 investment professionals on five continents and in seven offices
- 22 years of average experience
- 34 portfolio and quantitative analysts in portfolio operations

Client Service & Marketing

- 171 staff dedicated to client service
- Specialized teams to meet individual client needs

Risk Management & Operations

- Independent risk management function with 33 professionals including 12 PhDs
- 399 staff dedicated to globally integrated operations

Global Footprint (AUM in GBP billions)



Source: Western Asset. As of 31 Dec 17

*Splits time between Hong Kong and Singapore offices

Investment Solutions

Western Asset offers a full range of fixed-income products that can be tailored to meet the needs of our clients

Identifying Investment Solutions to Align With Client Objectives and Risk Tolerances

- Protect from rising rates
- Protect from inflation
- Preserve capital
- Diversify globally
- Hedge liabilities
- Enhance income
- Generate tax-free income
- Generate total return

Selected Investment Strategies

Broad Market

- Global Core/Core Full Discretion
- Regional Core/Core Full Discretion
- Regional Intermediate
- Global Sovereign

Long Duration / LDI

- Long Duration
- Long Credit
- Liability-Driven Investing

Inflation-Linked

- US TIPS
- Global Inflation-Linked

Credit

- Global Credit
- Investment-Grade Credit
- Global High-Yield
- US Bank Loans
- US High-Yield
- Short-Duration High Income

Mortgage / Asset-Backed

- Agency Mortgage-Backed Securities
- Structured Products
- Diversified Loan Opportunities
- MBS Opportunities

US Municipals

- Short Duration Muni
- Intermediate Muni
- Managed Muni

Unconstrained / Alternatives

- Macro Opportunities
- Total Return Unconstrained
- Global Total Return
- Multi-Asset Credit
- Global Multi-Sector
- Tail Risk Protection

Emerging Markets Debt

- EMD Diversified
- EMD Local Currency Sovereign Debt
- EMD USD Corporate Credit
- EMD USD Sovereign
- EMD Total Return

Liquidity / Short Duration

- Money Market
- Enhanced Cash
- Limited Duration

Environmental, Social and Corporate Governance

Our Commitment to Responsible Investing

- Signatory to the UN supported Principles for Responsible Investment (PRI) since January 2016
- Implementing Socially Responsible Investment (SRI) restrictions in customized SRI portfolios since 1986
- Portfolios can now be screened utilizing the MSCI ESG quality ratings, scores and other sustainability metrics.
- As of December 2017, Western Asset managed \$93.7 billion in 221 accounts with SRI restrictions

Western Asset's approach to sustainability: ESG

- ESG factors can affect issuer's creditworthiness and therefore impact the performance
- ESG considerations are integrated into investment analysis and issue selection
- Our ESG investment policy is consistent with our long-term fundamental value philosophy

ESG Investment Solutions

- SRI Strategies based on client specified negative screening criteria
 - Example: Exclude issuers with greater than 10% of revenues from the following industry groups*: alcohol, tobacco, gambling, adult industries and armaments manufacture
- Sustainable corporate bond strategies
 - Portfolios constructed from sustainable corporate bond universe of issuers rated “best in class” for ESG factors (e.g., MSCI Global Corporate Sustainability Index)
- Green bond strategies
 - Portfolios constructed from issues selected from a sustainable corporate bond universe **with a minimum of 50% in “labelled” green bonds****

*Based on the MSCI/S&P GICS industry classification

**Labelled green bonds are bonds that earmark proceeds for climate or environmental projects and have been labelled as 'green' by the issuer

About Western Asset – Clients

Committed to excellence in client service

Representative Client List

Corporate	Public / Gov. / Sovereign Wealth	Multi-Employer / Unions	Eleemosynary
American Cast Iron Pipe Company ArcelorMittal USA Inc. Arconic Inc. AT&T Services, In. Atmos Energy Corporation Bayer Corporation Campbell Soup Company Caterpillar Inc. Chrysler LLC Clark Enterprises, Inc. CNH Global N.V. Consolidated Communications Holdings, LLC Consolidated Edison Company Of New York, Inc. Consolidated Rail Corporation Deutsche Bank Americas Holding Corp. First Data Corporation Graphic Packaging International Incorporated Hawaiian Telcom Highbury Pacific Capital Corp. International Paper Company John Lewis Partnership Pensions Trust JP Morgan Chase Corporation Kennametal Lennox International, Inc. Meijer, Inc. Nestle USA, Inc. Nisource, Inc. NXP Semiconductor, Inc. PCS Administration (USA), Inc Southern California Edison Stichting Pensioenfondsm DSM-Nederland The Dun & Bradstreet Corporation Thomson Reuters Unisys Corporation Verizon Westlake Chemical Corporation Whirlpool Corporation XPO Logistics	Anne Arundel (MD) Retirement Systems Arkansas Local Police and Fire Retirement System Baltimore County (MD) Employees Retirement System California State Teachers' Retirement System City of Grand Rapids City of Orlando compenswiss East Bay Municipal Utility District ERS of the City of Baton Rouge & Parish of E. BR ERS of the State of Rhode Island Firemen's Annuity and Benefit Fund of Chicago Fresno County Employees' Retirement Association Georgia Municipal Association Gloucestershire County Council Government of Bermuda Public Funds Hampshire County Council Indiana State Treasurer's Office Iowa Public Employees' Retirement System Kansas Public Employees Retirement System LA County Employees Retirement Association Louisiana Sheriff's Pension & Relief Fund Marin County Employees' Retirement Association Minnesota State Board of Investment Ohio Police & Fire Pension Fund Oklahoma City Employee Retirement System Orange County Transportation Authority Oregon Investment Council Phoenix City Employees' Retirement System Public Employee Retirement System of Idaho Public School Teachers' Pension and Retirement Fund of Chicago Salt River Project Agricultural Improvement and Power District School Employees Retirement System of Ohio State of Ohio Bureau of Workers Compensation Tennessee Valley Authority Ventura County Employees' Retirement Association Washington Metro Area Transit Authority Wichita (KS) Retirement Systems Wyoming Retirement System	1199SEIU Health Care Employees Pension Fund Alaska Electrical Trust Funds Austin Firefighters Relief & Retirement Fund Automotive Machinists Pension Trust Boilermaker Blacksmith National Pension Trust Carpenters District Council of Kansas City Construction Industry Laborers Directors Guild of America-PPHP Heavy & General Laborers' Locals 472/172 IBEW Local 25 IBEW Local No. 9 Iron Workers Local #11 Benefit Funds IUOEE Construction Ind Ret Plan, Locals 302 and 612 Line Construction Benefit Fund National Asbestos Workers National Education Association of the United States New England Healthcare Emp Union, 1199, AFL-CIO New Jersey Transit Operating Engineers Local #428 Trust Funds Pacific Coast Roofers Retail Wholesale & Department Store Union S. Nevada Culinary & Bartenders Pension Trust Fund UA Union Local No. 290 Plumber, Steamfitter & Shipfitter Industry Pension Trust UFCW Union Local 919 W. Washington Laborers Employers Pension Trust	Abilene Christian University American Academy in Rome Commonfund Communities Foundation of Texas Domestic & Foreign Missionary Society ECUSA Glass—Glen Burnie Foundation Hebrew SeniorLife Saint Louis University Strada Education Network, Inc. Texas Presbyterian Foundation The Diocese of Allentown The Donald B. and Dorothy L. Stabler Foundation The University of Iowa Center for Advancement United Negro College Fund University of Southern California University of Wisconsin Foundation Wallace H. Coulter Foundation Washington State University
			Insurance
			American Contractors Insurance Group Anthem, Inc. Blue Cross Blue Shield of Massachusetts Capital BlueCross Catalina Holdings (Bermuda) Ltd Great-West Life & Annuity Insurance Company Health Care Service Corporation Jewelers Mutual Insurance Company Oil Investment Corporation Ltd.
			Healthcare
		Abington Memorial Hospital Ascension Investment Management Baptist Healthcare System, Inc. Baylor Scott & White Holdings Catholic Health Initiatives CHRISTUS Health Gundersen Health System Kaiser Permanente LCMC Health NorthShore University HealthSystem Sisters of Charity of St. Augustine Health System, Inc. St. George Corporation	
			Sub-Advisory
			Asset Management One Co., Ltd. (AMOne) Contassur GuideStone Capital Management, LLC Legg Mason, Inc. Morgan Stanley Russell Investment Group SEI Investments Management Corporation Sumitomo Mitsui Asset Management Company, Limited (Institutional) Tokio Marine Asset Management Co., Ltd. (Retail)

As of 31 Dec 17. Please see the Representative Client List Disclosure in the Appendix for more information. All have authorized the use of their names by Western Asset for marketing purposes. Such authorization does not imply approval, recommendation or otherwise of Western Asset or the advisory services provided.

About Western Asset

Update

31st December 2017

Organizational Update and Client Seminars

Milestones and strategies in focus

- MiFID II: Western Asset completes preparation for the landmark regulation which becomes effective in January, 2018
- Blockchain: Western Asset continues to work alongside key industry service providers to develop a proof-of-concept project as a buy-side participant
- Western Asset is customizing portfolios to optimize capital efficiency under Solvency II and LAGIC insurance regulations
- Multi-Asset Credit strategy hit its 7-year anniversary in September 2017, and committed assets are at \$5.2 billion as of December 31, 2017

ESG and Responsible Investing strategies in focus

- \$93.7 billion in 221 accounts with SRI restrictions (as of December 31, 2017)
- Western Asset can screen portfolios and report on a range of ESG metrics provided by MSCI ESG ratings and increasingly Western's internal ESG ratings

Client seminars

- Investment Insights Seminar, New York, November 8-10, 2017
- Global Fixed-Income Investing, London, June 19-22, 2018

Follow us on social media

 @westernasset  Western Asset Management

Publications and Recognition

Noteworthy publications (available at www.westernasset.com)

- Market and Strategy Update webcast with CIO, Ken Leech
- The Western Asset Approach to Unconstrained Investing: A Reprise by CIO Ken Leech
- Emerging Markets Local Debt: A Paradigm Lost? by Chia-Liang Lian, CFA
- Multi-Asset Credit (MAC): 7th Anniversary Edition by Deputy CIO Michael C. Buchanan, CFA
- Tax Reform: Then and Now, by John L. Bellows, PhD, CFA
- September FOMC Meeting: Reducing Bond Purchases, by John L. Bellows, PhD, CFA
- US Debt Limit, by Dennis J. McNamara, CFA
- China: What to Expect in the Next Six Months, by Desmond Soon, CFA
- President Trump's Pick for Fed Chair, by John L. Bellows, PhD, CFA
- Stronger, Safer, Simpler: The Investment Case for Banks a Decade After the Crisis, by Sebastian Angerer and Ivor Schucking

Morningstar Awards 2017

- Nominated US Fixed-Income Fund Manager of the Year, Core Plus (2017)¹



¹Morningstar Awards 2017©. Morningstar, Inc. All Rights Reserved. Ken Leech and team; Western Asset Core Plus Bond (WACPX), nominated for 2017 Fixed-Income Fund Manager of the Year, US

Western Asset Client Seminar

2018
L O N D O N

What Global Fixed-Income Markets and Investment Solutions

When 19–22 June 2018

Where London, United Kingdom

RSVP Contact Your Client Service Executive

Course Highlights Current Market Themes

Global and Political Outlook

Inflation and Central Bank Policies

Evolution and Impact of Regulations

Global Investing

Government and Credit Market Valuations

Unconstrained Investing

Risk Management

Technology Implications

The seminar will conclude on Friday 22nd June with a social function at the world-famous horse race meeting, Royal Ascot.

Philosophy, Process and People

Investment Philosophy

These are the core beliefs that drive our investment decision-making

Long-term fundamental value

- **Markets often misprice securities.** Prices can deviate from fundamental fair value, but over time, they typically adjust to reflect inflation, credit quality fundamentals and liquidity conditions. Consistently investing in undervalued securities may deliver attractive investment returns.
- **We can systematically identify mispricings.** We believe we can identify and capitalize on markets and securities that are priced below fundamental fair value. We do this through disciplined and rigorous analysis, comparing prices to the fundamental fair values estimated by our macroeconomic and credit research teams around the globe.
- **Our portfolios emphasize our highest convictions.** The greater the difference between our view of fair value and markets' pricing, the bigger the potential value opportunity. The greater the degree of confidence in our view of fundamentals, the greater the emphasis of the strategies in our portfolios.

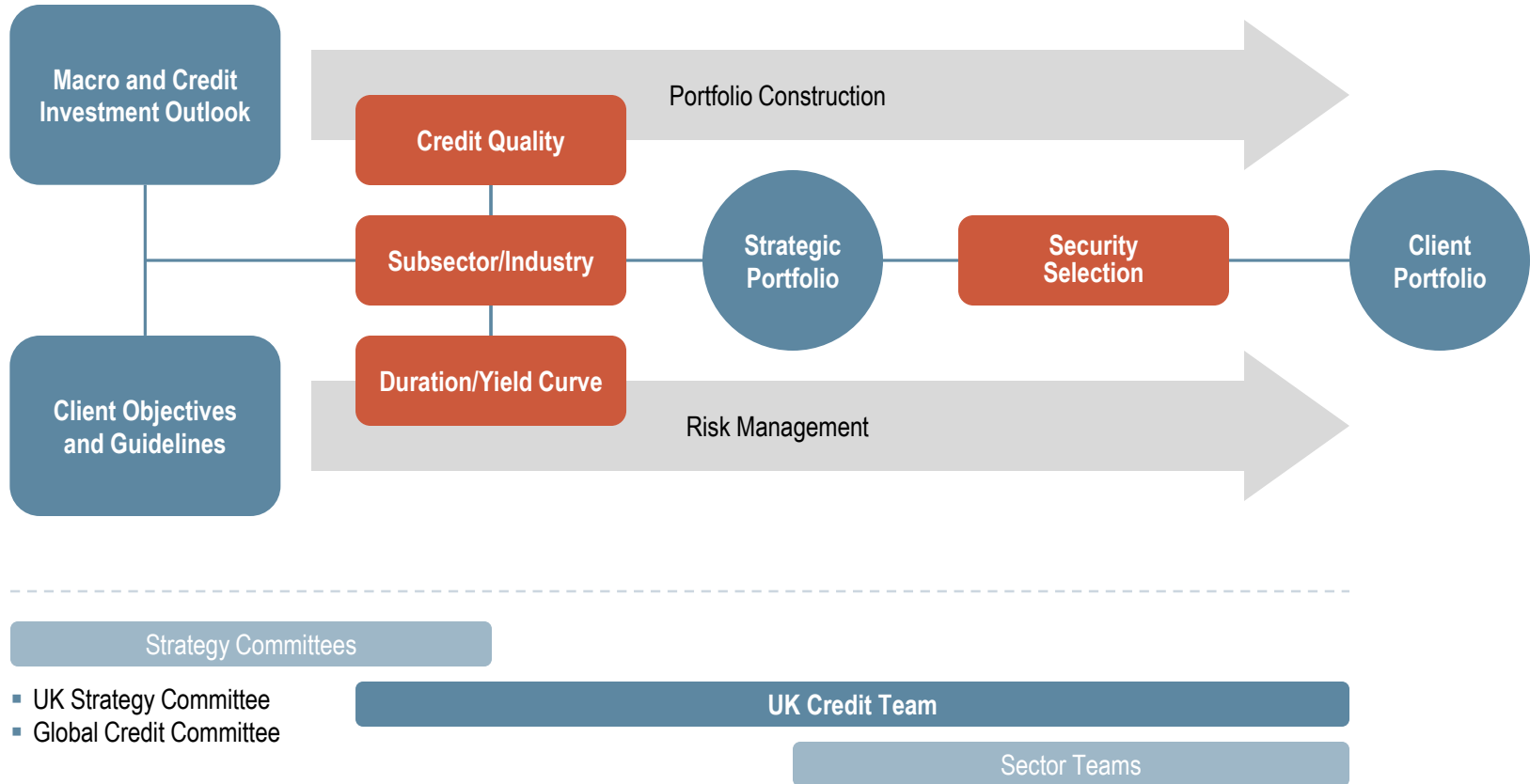
Multiple diversified strategies

- **We seek diversified sources of returns.** Our objective is to meet or exceed our investors' performance objectives within their tolerances for risk. We seek to diversify investments and add value across interest rate duration, yield curve, sector allocation, security selection, country and currency strategies. We deploy multiple diversified strategies that benefit in different environments so no one strategy dominates performance, helping to dampen volatility.

Investment Process

Our time-tested investment process is designed around our value philosophy and our team-based approach.

UK Credit Investment Process and Team Interaction



People

The Global Investment Strategy Committee sets the overall themes for the Firm's investment strategies.

Global Investment Strategy Committee

S. Kenneth Leech
Chief Investment Officer

John L. Bellows, CFA
Fed Policy

Andrew J. Belshaw
UK/Europe

Gordon S. Brown
Co-Head of
Global Portfolios

Michael C. Buchanan, CFA
Deputy CIO /
Global Credit

Andrew Cormack
Global Portfolios

Paulo E. Clini
Brazil

Kazuto Doi
Japan

Anthony Kirkham, CFA
Australia / New
Zealand

Chia-Liang Lian, CFA
Emerging Markets

Annabel Rudebeck
Non-US Credit

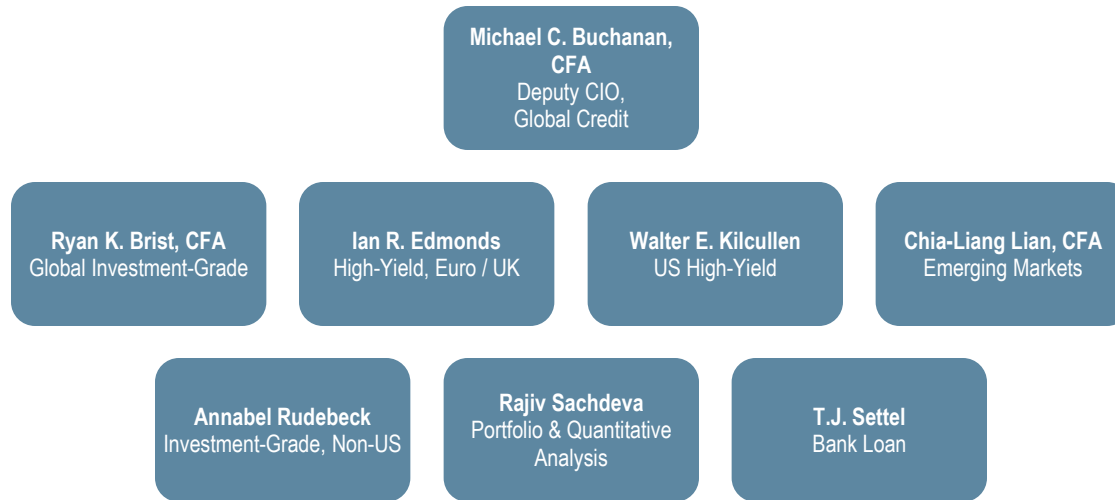
Rajiv Sachdeva
Portfolio &
Quantitative Analysis

- Sets macro, country, currency and sector investment themes
- Meets weekly to evaluate and establish the global investment outlook over a 6-9 month horizon.
 - Based on long-term economic developments and market valuations
 - Leveraging local experts and broad top-down analysis
- Evaluates risk factors and potential scenarios. Sets the risk tone for all investment strategies

Global Credit Committee

The Global Credit Committee sets the overall themes for the Firm's credit exposures.

Global Credit Committee



- Committee meets monthly to discuss, debate and ultimately determine overall firm wide credit themes
- Topics include comprehensive assessment regarding outlook for credit, as well as relative-value analysis across all credit asset classes, industry biases and, at times, specific issuer review
- Evaluates risk factors and potential scenarios. Sets the risk tone for credit investment strategies

Global Credit Team

S. Kenneth Leech (40 yrs) – Chief Investment Officer

Michael C. Buchanan, CFA (27 yrs) – Deputy Chief Investment Officer

	S. Kenneth Leech (40 yrs) – Chief Investment Officer	Michael C. Buchanan, CFA (27 yrs) – Deputy Chief Investment Officer		
Portfolio Managers	Investment-Grade Credit Ryan K. Brist, CFA (24 yrs) – US Matthew D. Jackson (15 yrs) – UK Craig Jendra, CFA (21 yrs) – Australia Blanton Keh, CFA (17 yrs) – US Hiroyuki Kimura (30 yrs) – Japan Anthony Kirkham, CFA (27 yrs) – Australia Annabel Rudebeck (18 yrs) – UK	High-Yield Credit/Bank Loans Michael C. Buchanan, CFA (27 yrs) – US Ian R. Edmonds (27 yrs) – UK Christopher N. Jacobs, CFA (29 yrs) – US Walter E. Kilcullen (20 yrs) – US Christopher Kilpatrick (20 yrs) – US Timothy J. Settel (24 yrs) – US Damon Shinnick, CFA (18 yrs) – Australia	Emerging Markets Credit Chia-Liang Lian, CFA (24 yrs) – US Sergio Evangelista (28 yrs) – Brazil Mark A. Hughes, CFA (19 yrs) – US Swee-Ching Lim (18 yrs) – Singapore Kevin Ritter, CFA (19 yrs) – US	Municipals Robert Amodeo, CFA (30 yrs) – US Charles Bardees (32 yrs) – US David T. Fare, CFA (30 yrs) – US Barbara Ferguson (32 yrs) – US John C. Mooney, CFA (30 yrs) – US
Research	Sebastian Angerer (8 yrs) – UK Financial Institutions Nathalie Cuadrado, CFA (17 yrs) – UK Industrials Ian Justice (19 yrs) – UK Infrastructure/Property/Structured Corporates Rene Ledis (24 yrs) – US Basic Industries/Utilities/Energy Yasuyuki Mochizuki (18 yrs) – Japan Credit Analyst Miguel Molina (8 yrs) – UK European Retail, Consumer Products/Services Paul S. Olsen* (34 yrs) – US Financial Institutions DeAndre L. Parks, CFA (24 yrs) – US Healthcare/Consumer Products/Retail Sean Rogan (28 yrs) – Australia Credit Analyst Ivor Schucking (26 yrs) – US Financial Institutions Davis Smith (28 yrs) – US Communications Constantin T. Wolf (15 yrs) – UK Credit Analyst	Michael T. Borowske (16 yrs) – US High-Yield Autos, Industrials, Gaming/Leisure, Utilities J. Gibson Cooper, CFA (30 yrs) – US Exploration & Production, Oil Field Services, Midstream, Refining, Chemicals William Cullinan (19 yrs) – US Technology, Paper, Packaging Ruchi Gupta (19 yrs) – UK European High-Yield Credit John C. Hwang (16 yrs) – US Structured Credit Michael Kim (16 yrs) – US Healthcare, Pharmaceuticals, Homebuilding, Building Products, Broadcasters Araceli M. Sibley (25 yrs) – US Consumer Products, Entertainment, Restaurants, Consumer Services, Textiles Suzanne M. Trepp, CFA (27 yrs) – US Aerospace/Defense, Transportation, Retail, Food & Beverage, Tobacco Florent Vallespir, CFA (24 yrs) – UK European High-Yield Credit	Daniel Araujo (33 yrs) – Brazil Banking, Insurance, Telecom Adriano Casarotto (21 yrs) – Brazil Capital Goods, Chemicals, Energy, Metals & Mining, Paper & Forest, Infrastructure Kevin Chang, CFA (17 yrs) – US Emerging Markets Credit Marcos Dal Collina (32 yrs) – Brazil Education, Health Care, Specialized Consumer Services, High Yield Patrick Conrad (20 yrs) – Brazil Brazil and Latin American Corporates Matthew Graves, CFA (12 yrs) – US Emerging Markets Credit Wontae Kim (6 yrs) – Singapore Asian (ex-Japan) Credit Caio Magano (16 yrs) – Brazil Auto Components, Transportation, Utilities Willian Murayama (13 yrs) – Brazil Securitization Jie Peng, CFA (12 yrs) – Singapore Asian (ex-Japan) Credit Alex Tanaka (17 yrs) – Brazil Building Products, Homebuilding, Real Estate Broker, Retailing	Judy Ewald (34 yrs) – US Health Care, Higher Education, Housing, Pre-Refunded, Tax Exempt Structured Michael Linko (25 yrs) – US Airports, Bridges and Tunnels, Mass Transit Toll Roads Bud Littman (24 yrs) – US Misc High-Yield, Public Facilities, Power, Special Assessment Districts Kathryn L. Montgomery, CFA (10 yrs) – US Airport Revenue, Financial Institutions Higher Education, Ports Thea Okin (35 yrs) – US Assisted Living, Charter Schools, Nursing Homes, Power, Water & Sewer Frederick Poon (17 yrs) – US Health Care, Industrial Revenue, Solid Waste, Tobacco
Trading	Daniel C. Alexander, CFA (13 yrs) – US Oberto Alvarez (24 yrs) – US Anthony Francis (12 yrs) – Australia Kurt D. Halvorson, CFA (16 yrs) – US Edward T. Ma, CFA (15 yrs) – US Chetna Mistry (20 yrs) – UK Molly Schwartz, CFA (13 yrs) – US	Sophala Chhoeng (11 yrs) – US Brandon C. Jacoby, CFA (15 yrs) – US	Wilfred Wong, CFA (16 yrs) – US Desmond Fu (12 yrs) – Singapore	Joseph Genco (24 yrs) – US
Portfolio Analysts	Lawrence Daly, CFA (18 yrs) – Australia Jean Lee, CFA (12 yrs) – UK	Brendan A. Bowman, CFA (12 yrs) – US Quentin Lafosse (10 yrs) – UK	Andy Song (12 yrs) – US Kevin X. Zhang (4 yrs) – US	David Curry (10 yrs) – US Amish Dalal (11 yrs) – US Maria Pacifico (10 yrs) – US Mindy Tran, CFA (15 yrs) – US
Product Specialists	James J. So, CFA (21 yrs) – US Catherine L. Matthews (30 yrs) – UK Global Products	Thomas V. McMahon (38 yrs) – US	Steven T. Saruwatari, CFA (23 yrs) – US	

As of 31 Dec 17

*Dual responsibilities, shared with investment-grade and municipals team

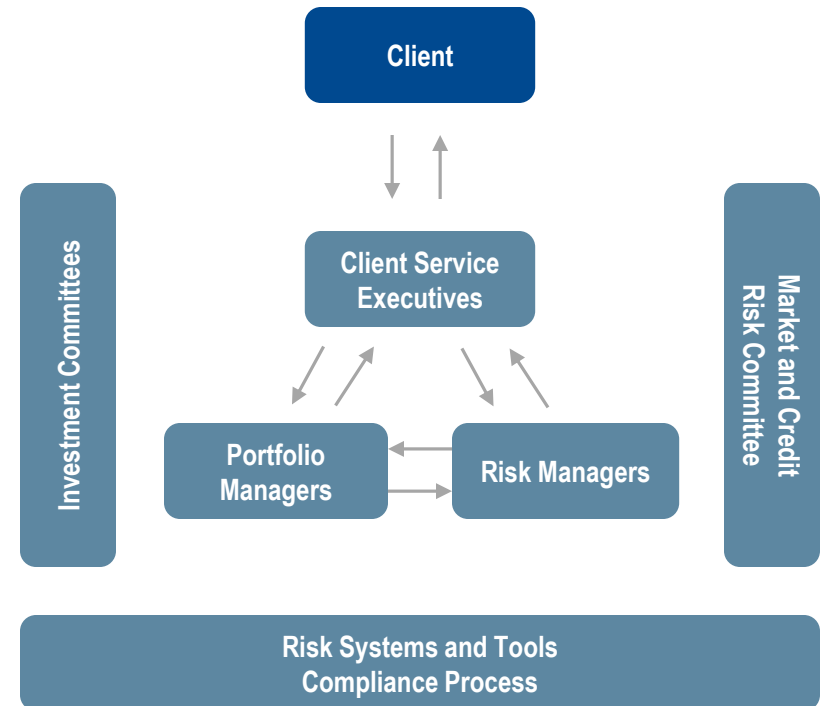
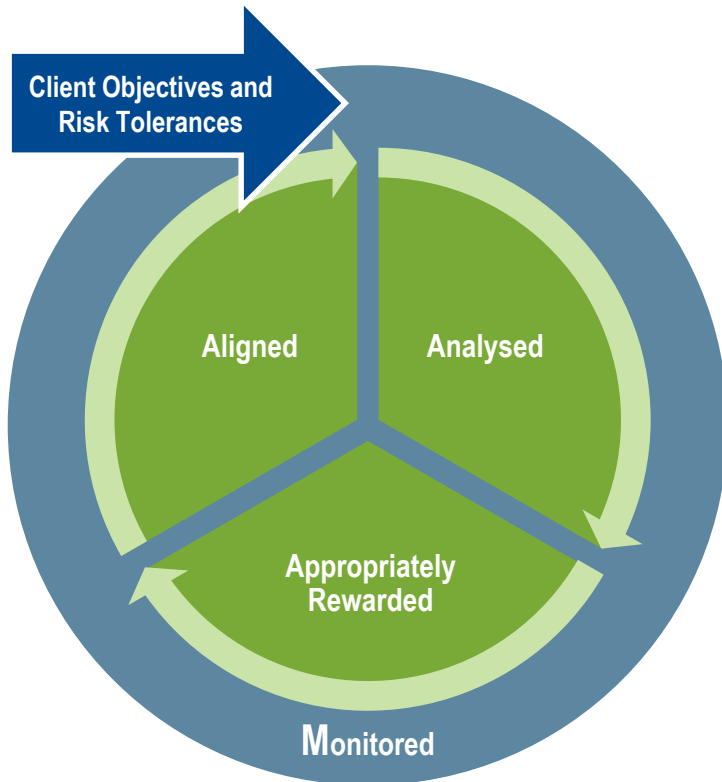
Group heads

Risk Management

In our culture, effective risk management is critical to successful portfolio management

Integrating risk management into portfolio construction and in the independent review of portfolio risks strengthens its effectiveness.

Risk management is a team effort. Robust communication and escalation procedures underpin the independence and transparency of risk management.



Portfolio Review

London Borough of Enfield Pension Fund

Mandate Review

New Benchmark (from 1st Dec 2016)

- 100% ICE Bank of America Merrill Lynch Sterling Non-gilts Over 10 Years Index

Investment Objectives

- Benchmark + 0.75% after fees over rolling 5-year periods

Risk Controls

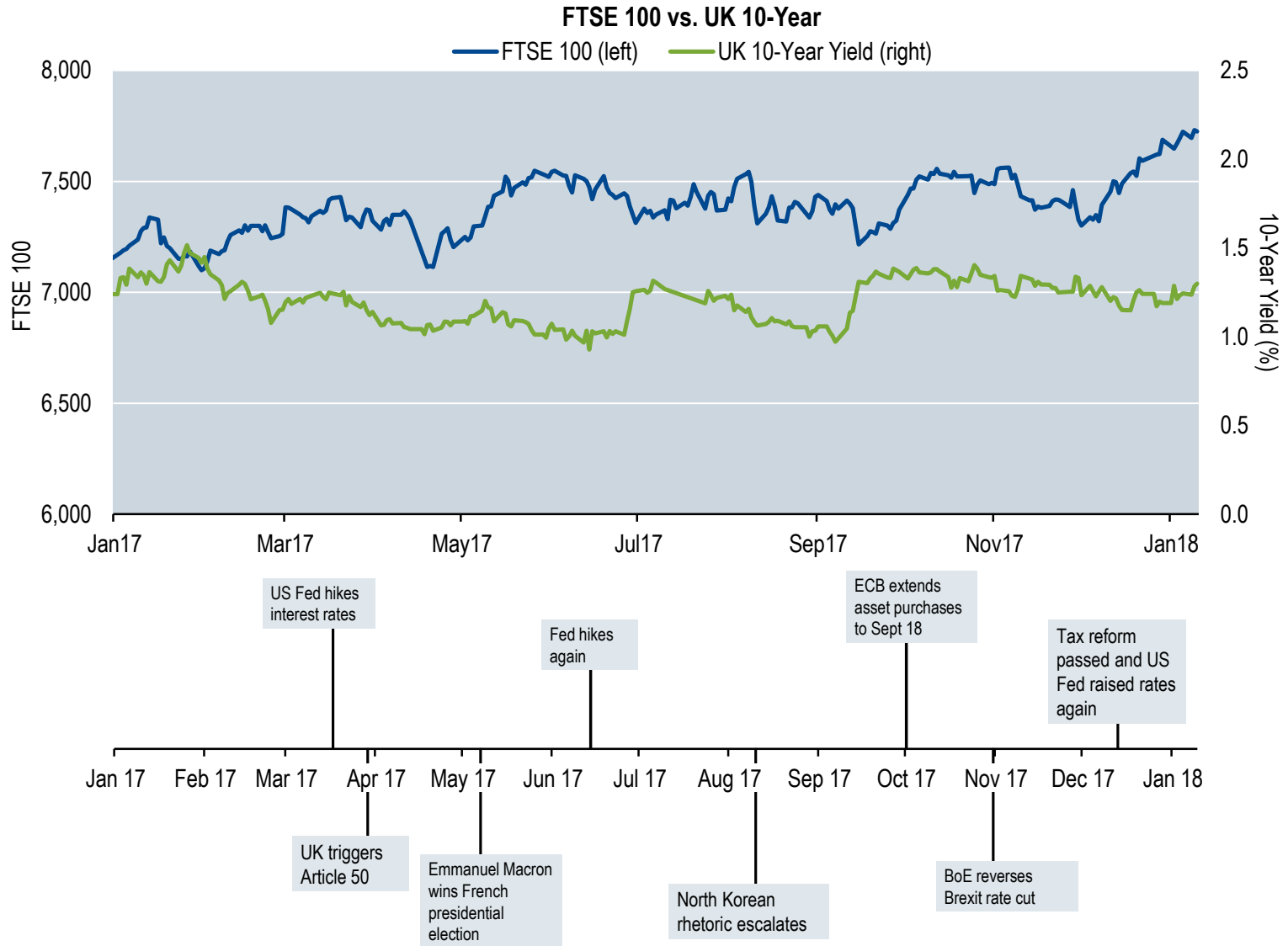
- Seek to limit ex-ante tracking error to 300bp
- Portfolio duration +/- 2 years benchmark duration

Investment Restrictions

- No below investment grade
- Maximum 30% overseas bonds
- Max 10% foreign currency exposure
- No OTC or swaps

Portfolio Size: £88m as of 31st December 2017

Market Moving Headlines



Source: Bloomberg. As of 08 Jan 18

2017 Global Review

Mild economic data tempered expectations for significantly stronger US growth and inflation

US tax reform bill signed into law in December

The Fed raised the rates three times to 1.50% and announced it would begin running off its \$4.5 trillion balance sheet in October

Sentiment shifted to how and when the ECB might start to normalize monetary policy

The UK triggered Article 50, officially starting the exit process from the EU

Eurozone political uncertainty declined post the French presidential election

Credit markets remained resilient despite heavy issuance and M&A activity

Risk premia in emerging market assets declined

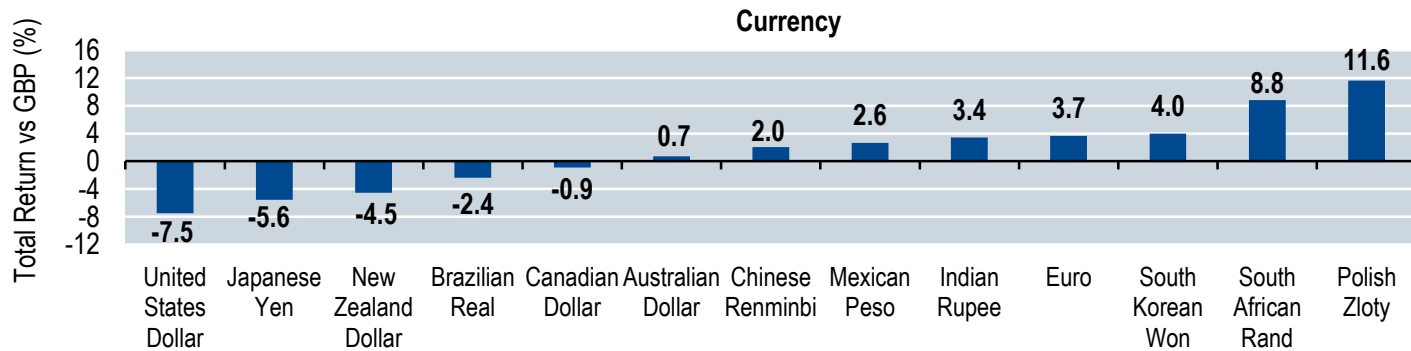
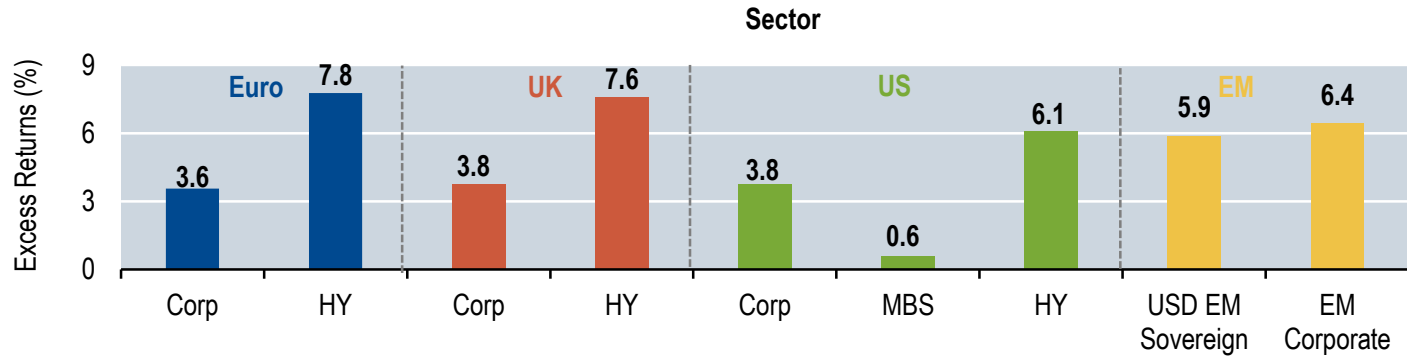
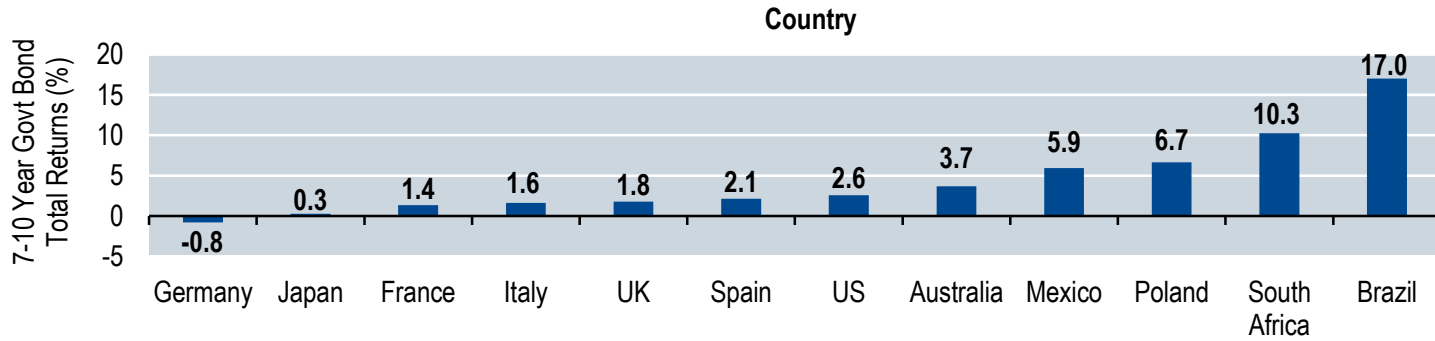
With the exception of German bunds, most Government bonds posted positive returns

Corporate bonds and emerging market bonds outperformed

The US dollar weakened

2017 Global Returns

As of 31st December 2017

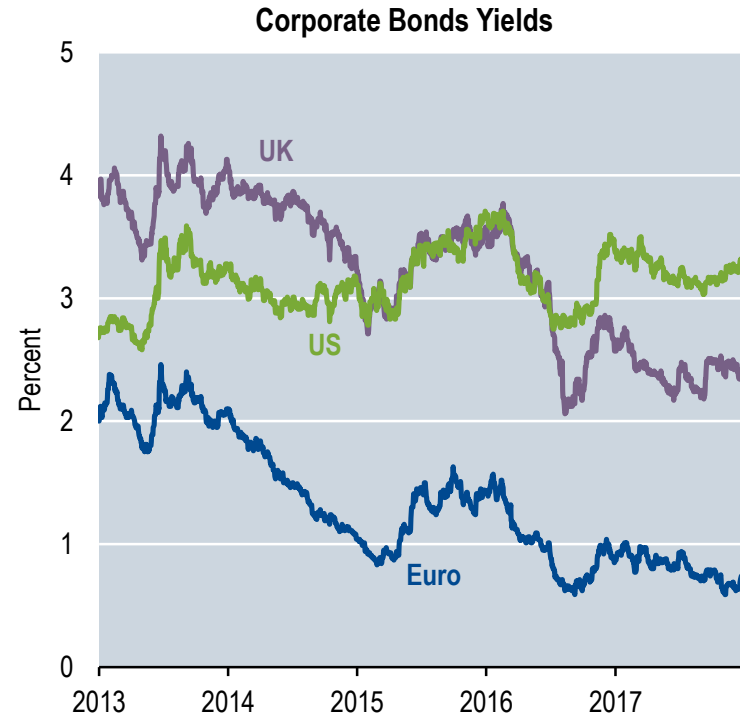


Corporate Bonds

Sector and security selection are key at tighter valuations in 2018. Focus on industries that are deleveraging; avoid the underperformers.



Source: Bloomberg Barclays. As of 31 Dec 17

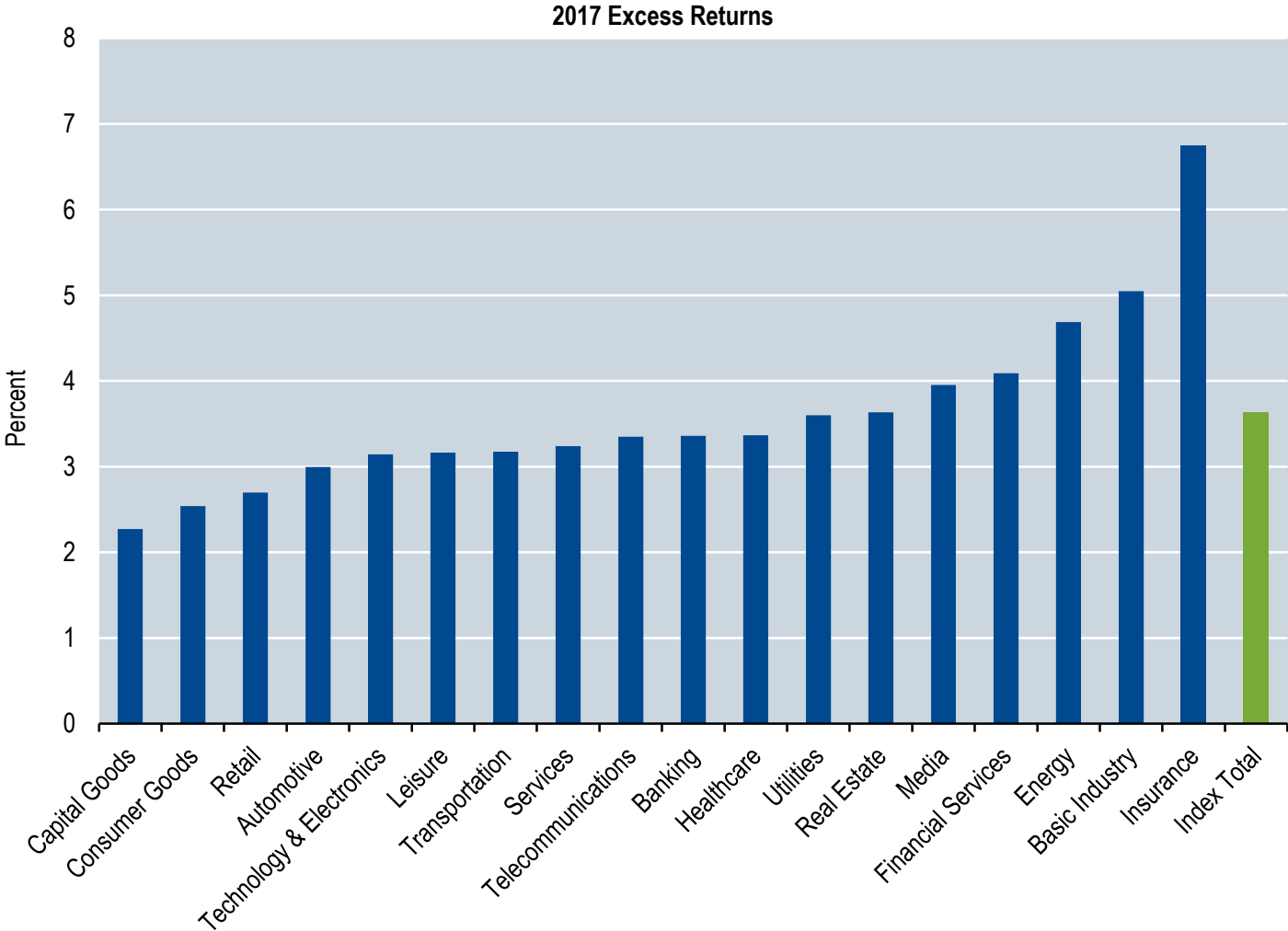


Source: Bloomberg Barclays. As of 31 Dec 17

Excess Returns (%)	2017
UK	3.77
US	3.77
Euro	3.56

Source: Bloomberg Barclays, ICE BofA ML. As of 31 Dec 17

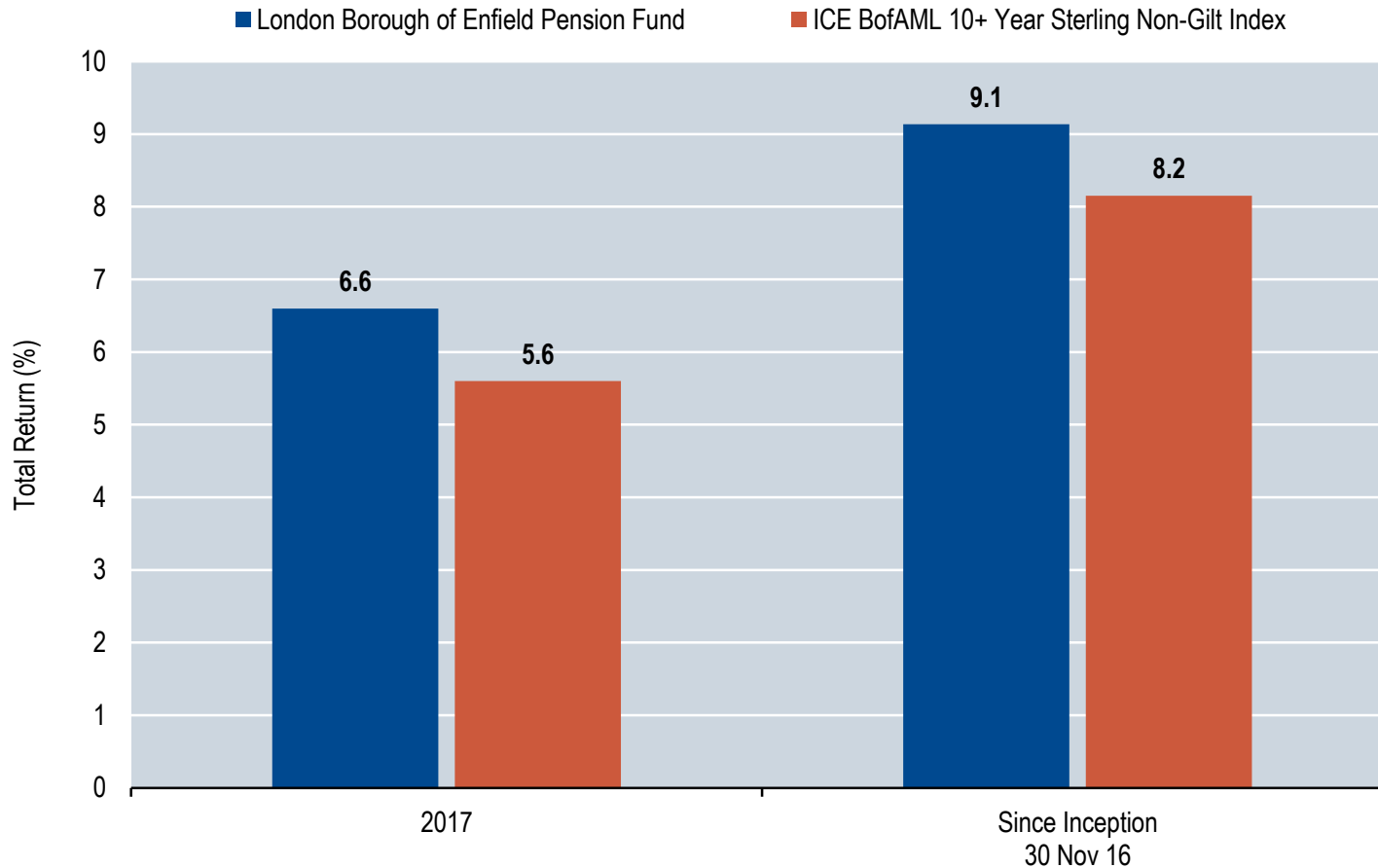
UK Credit Returns by Sector



Source: ICE BofA Merrill Lynch . As of 31 Dec 17

Investment Results

As of 31st December 2017



Source: Western Asset

Past performance is not indicative of future results.

Performance shown is gross of fees. The account's actual return will be reduced by those fees and any other expenses chargeable to the account. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 1% annual fee, if the gross performance were 10%, the compounding effect of the fees would result in a net performance of approximately 8.93%. Returns for periods greater than one year are annualized. Returns since inception are as of the indicated close of business day.

Performance Attribution

As of 31st December 2017

Positive Contributors

- Overweight financials
- Underweight supranationals
- Favoured subordinated issues within banking and insurance
- Stock selection (e.g. Tesco)

Negative Contributors

- Underweight long-dated UK duration as the UK curve flattened

Basis Points	2017
Portfolio	660
Benchmark	560
Duration	-2
Yield Curve	-22
Country	5
Currency	-4
Sector Allocation	-16
Selection	134
Residual	5
Total	100

Note: 1 basis point = 0.01%

Past performance is not indicative of future results.

Performance attribution results depend on the calculation methodology and models used: different calculation methodologies and models will deliver different results. Different calculation methodologies and models may be employed in order to better reflect both the natures of the sectors invested in and the investor's decision-making process, style or approach. Western Asset uses a top-down decomposition approach in which security selection is not separated from sector beta effects, benchmark pricing differences and unaccounted systematic factors. Sector and strategy contributions to performance will vary.

London Borough of Enfield Pension Fund

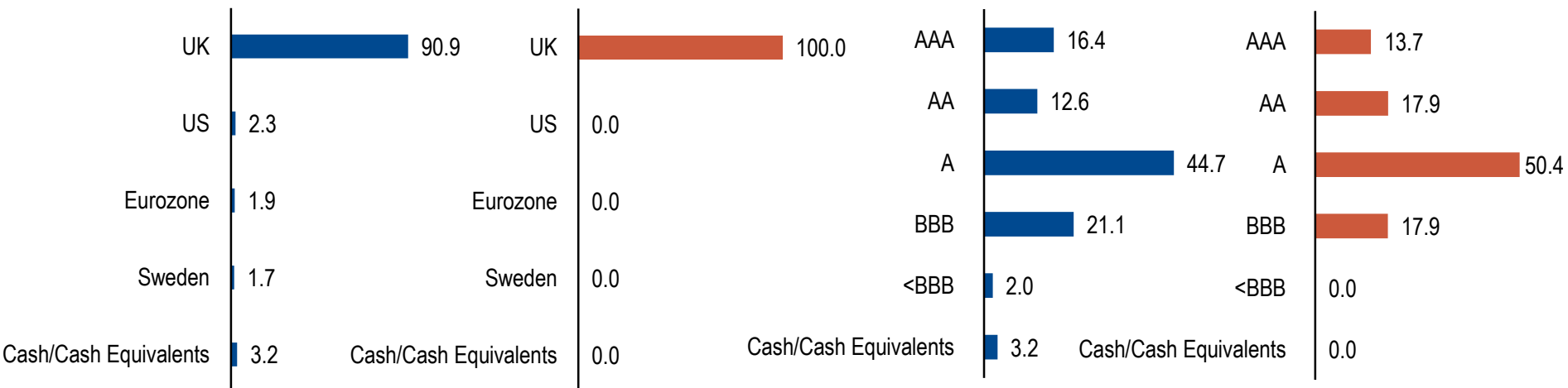
Currency of Issue and Rating Allocation

Portfolio (%)

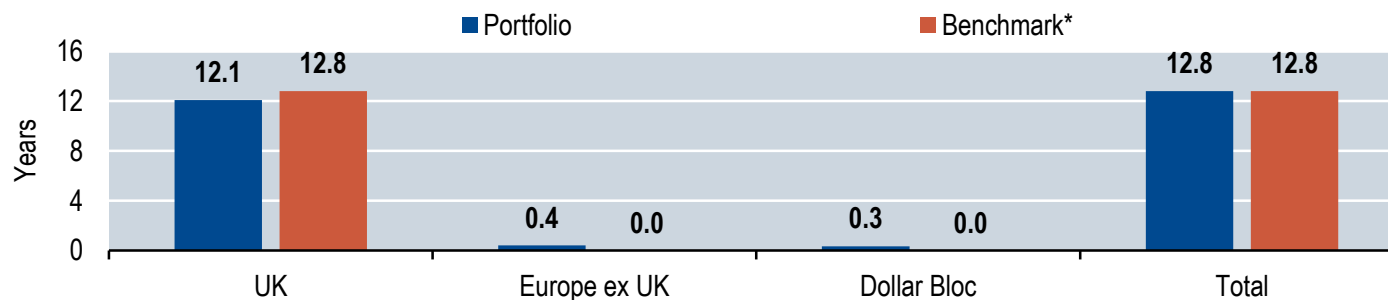
Benchmark* (%)

Portfolio (%)

Benchmark* (%)



Duration Contribution



	Portfolio	Benchmark*
Yield*** (%)	2.9	2.7
Duration (years)	12.8	12.8
Spread Duration (years)	10.5	12.4
Avg. Rating**	A+	A+

As of 31 Dec 17

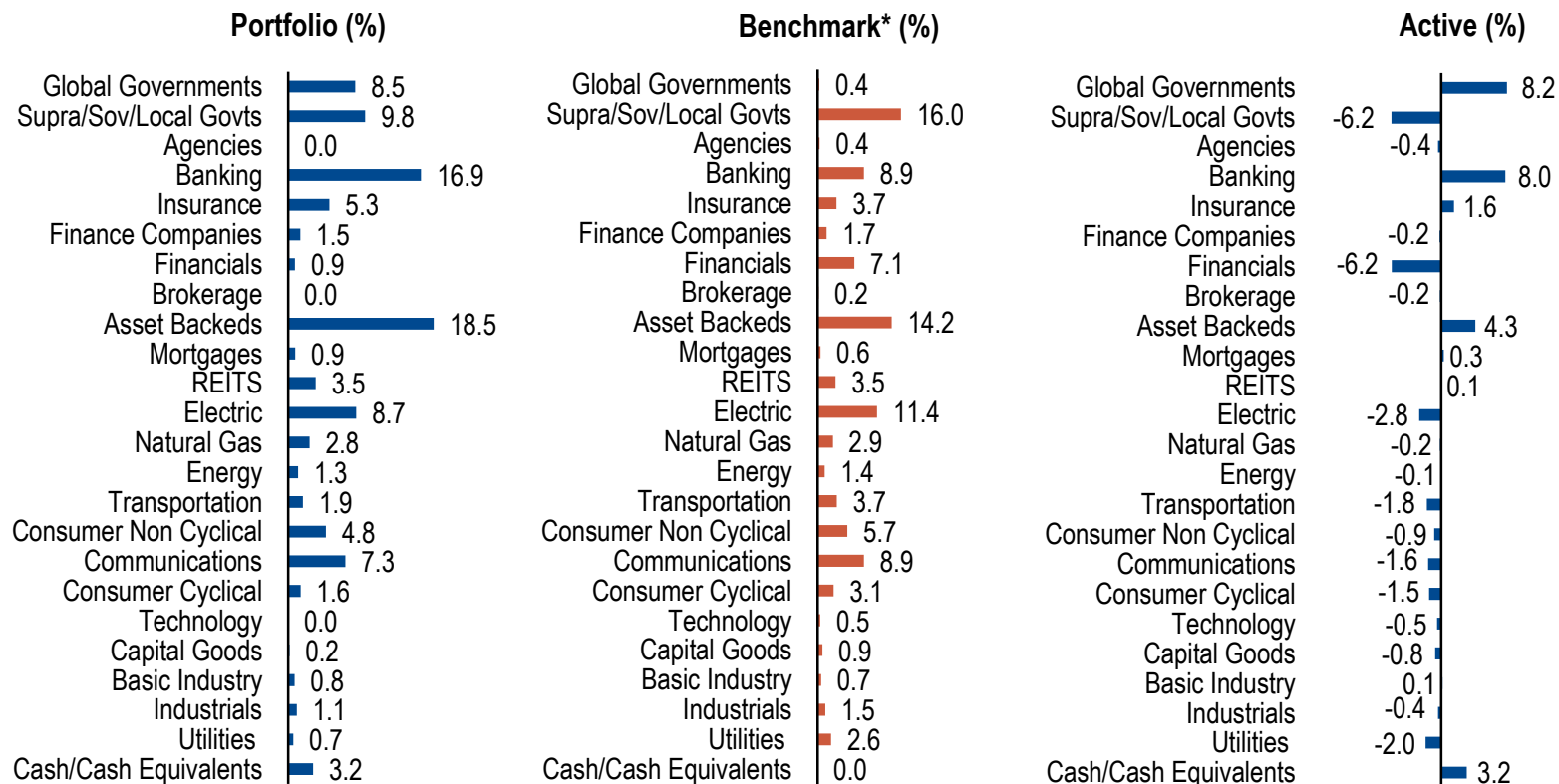
*Benchmark: 100% ICE BofAML 10+ Year Sterling Non-Gilt Index

** Higher of rating

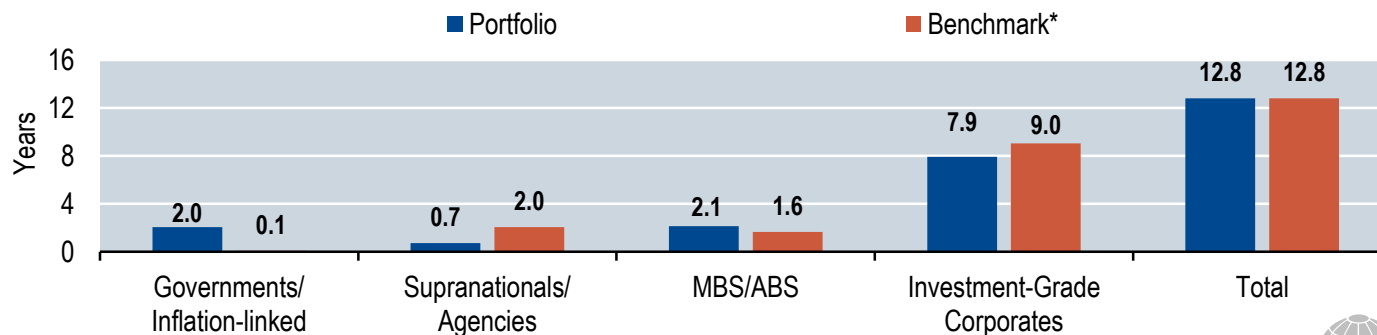
*** Yield to Worst

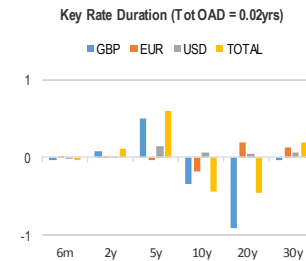
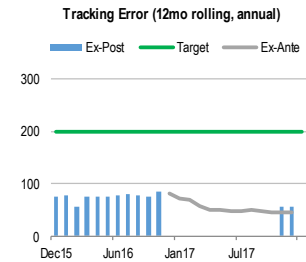
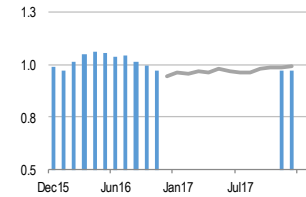
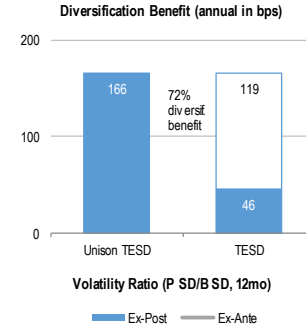
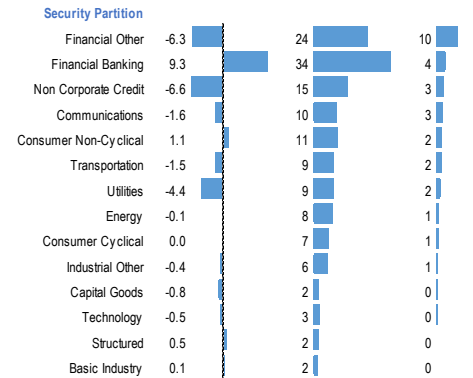
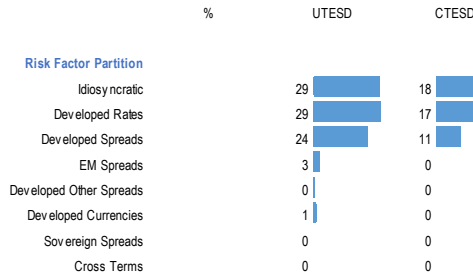
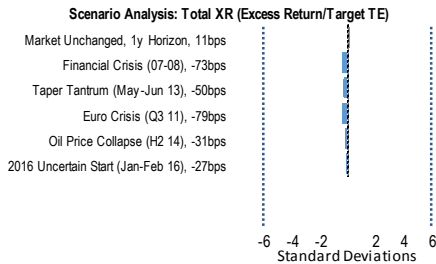
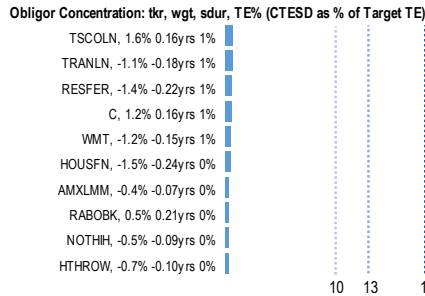
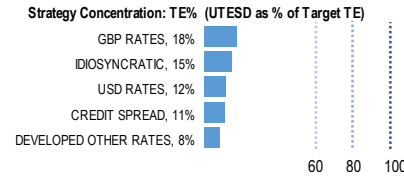
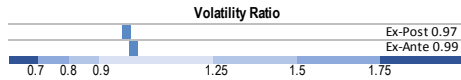
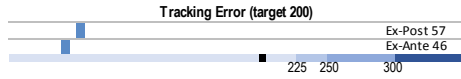
London Borough of Enfield Pension Fund

Sector Allocation



Duration Contribution





*Security Partition buckets exclude Currency and Curve risk and thus the TE Contribution % values may not sum to 100%. Any Currency and/or Curve Contribution to TE can be seen in the "Contribution to Tracking Error"
 Note: This risk dashboard above is for illustrative purposes only and reflects Western Asset's best efforts to identify and measure the major sources of risk in the sample portfolio. Results depicted are dependent on an underlying statistical model and/or varying market conditions and are therefore subject to change without notice. There is no guarantee that ex-ante risk measures will be in line with their ex-post realizations. Quantitative risk measures can change rapidly as market regimes change. Western Asset uses a variety of risk measures, including risk estimates, stress and scenario testing, and judgment to assess possible future risks.

Investment Outlook

2018 Global Investment Outlook

Fundamental Backdrop is Exceptional but Prices are High

Global growth and inflation improving from subdued levels

US growth and inflation aided by fiscal stimulus

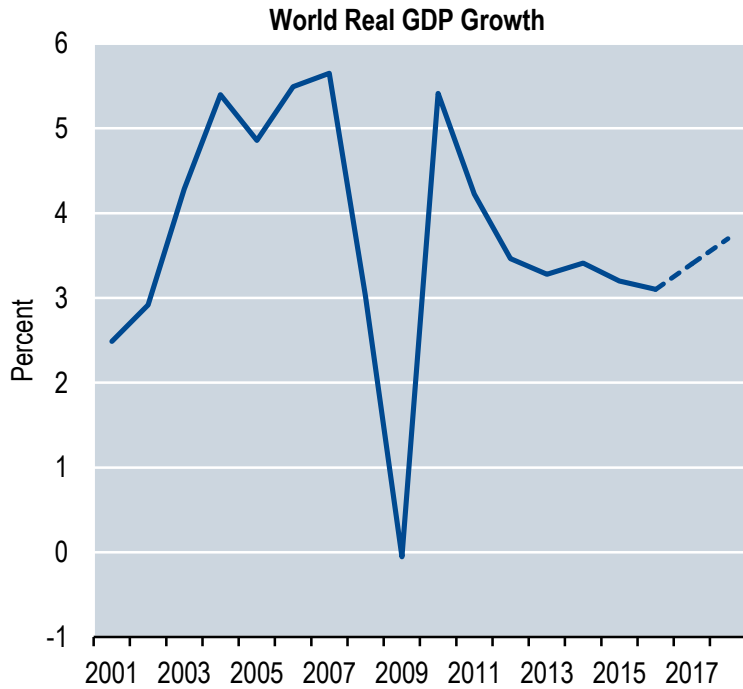
Central banks very cautiously signaling their path to normalisation

Spread sectors should outperform but margins are thin

Emerging markets should provide superior performance

“Reflation Trade” Versus “Secular Stagnation”

Global growth has steadied and there is optimism that growth can finally pick up speed and perhaps be sustainable.



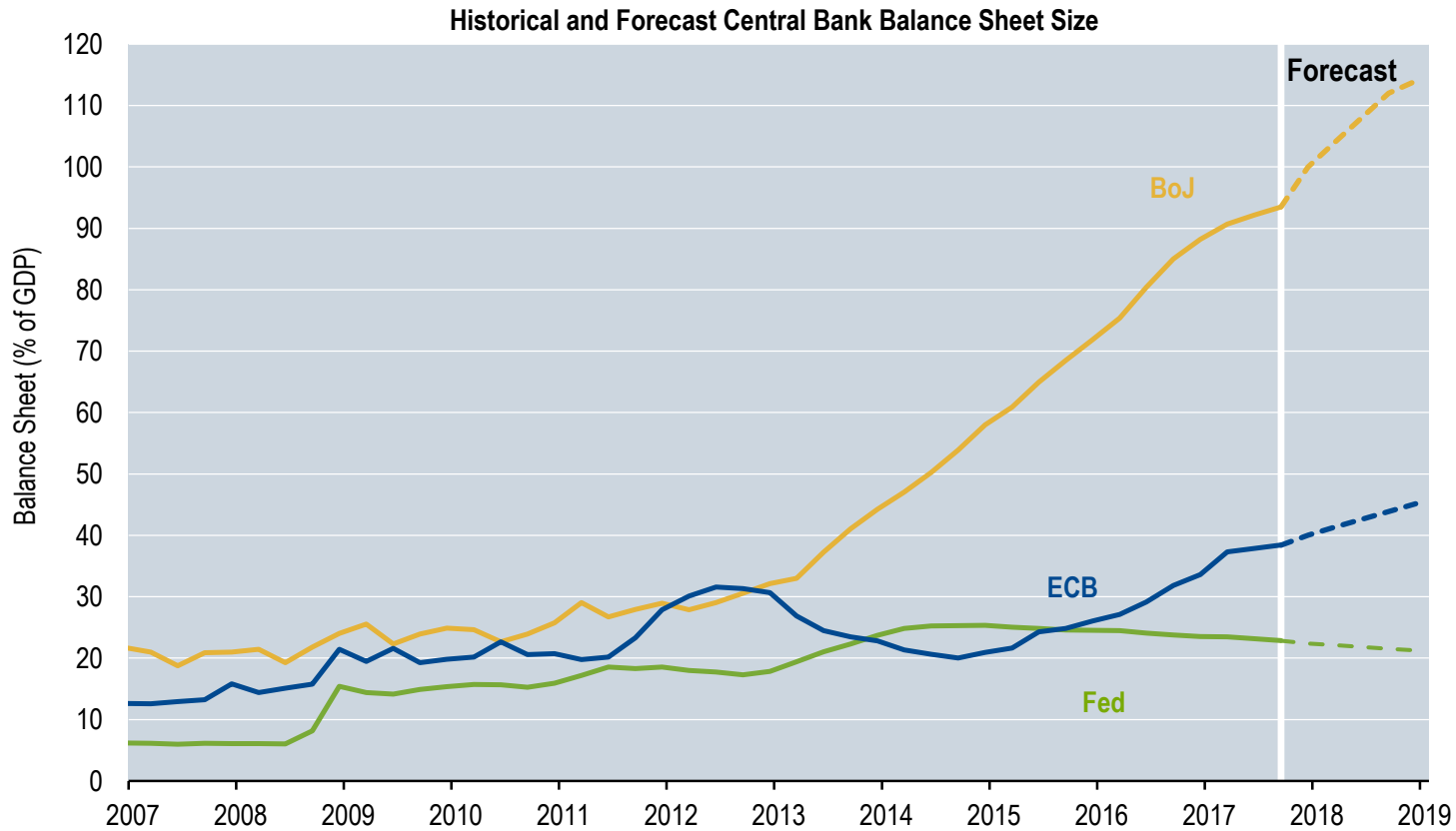
Source: International Monetary Fund. As of 31 Dec 16



Source: Bloomberg. As of 30 Nov 17

Central Banks Response

Global central bank policy remains accommodative despite Fed tightening, underpinning developed markets rates.



Source: Bloomberg, Western Asset, OECD. As of 30 Sep 17

Global Governments

The Prevalence of Negative Yields remains.

Country	1-Year	2-Year	3-Year	4-Year	5-Year	6-Year	7-Year	8-Year	9-Year	10-Year	15-Year	20-Year	30-Year	Lowest Credit Rating
Switzerland	-1.66	-0.96	-0.80	-0.67	-0.56	-0.50	-0.40	-0.32	-0.28	-0.18	0.13	0.23	0.35	AAA
Germany	-0.64	-0.63	-0.54	-0.38	-0.20	-0.09	0.04	0.15	0.28	0.43	0.65	0.94	1.26	AAA
Austria	-0.61	-0.53	-0.47	-0.35	-0.13	0.01	0.16	0.31	0.47	0.56	1.04	1.11	1.44	AA+
Japan	-0.15	-0.13	-0.11	-0.11	-0.10	-0.08	-0.06	-0.03	0.01	0.05	0.27	0.57	0.81	A
Sweden		-0.79	-0.41		-0.11	0.17	0.36		0.54	0.77	1.14	1.46		AAA
Netherlands	-0.75	-0.69	-0.54	-0.41	-0.28	-0.05	0.09	0.24	0.37	0.52	0.87	0.97	1.25	AAA
Finland	-0.70	-0.63	-0.46	-0.35	-0.16	0.02	0.12	0.30		0.59	0.86		1.34	AA+
Denmark		-0.45			-0.01			0.20		0.47		0.98		AAA
Belgium	-0.62	-0.53	-0.45	-0.33	-0.16	0.05	0.21	0.32	0.45	0.63	1.00	1.11	1.69	AA-
France	-0.64	-0.49	-0.31	-0.15	-0.01	0.10	0.28	0.44	0.63	0.78	1.04	1.35	1.76	AA
Ireland	-0.61	-0.53	-0.47	-0.13	0.02	0.06	0.23	0.41		0.66	1.07	1.50	1.76	A-
Spain	-0.53	-0.38	-0.02	0.06	0.37	0.59	0.82	1.13	1.32	1.56	2.23	2.36	2.84	BBB
Italy	-0.46	-0.27	0.06	0.31	0.73	0.92	1.29	1.57	1.79	2.01	2.63	2.80	3.20	BBB-
United Kingdom		0.32	0.43	0.48	0.57	0.72	0.83	0.92	1.00	1.09	1.50	1.65	1.79	AA
United States	1.73	1.88	1.97		2.21		2.33			2.41			2.74	AA+
Norway		0.42		0.88		1.17	1.29	1.39	1.50	1.58				AAA
Poland	1.41	1.68	1.95	2.23	2.66	2.74		3.09	3.21	3.29				BBB+
Mexico	7.62	7.58	7.58	7.58	7.60	7.62	7.60		7.63	7.65	7.72	7.75	7.79	BBB+
Malaysia			3.32		3.53		3.88			3.91	4.41	4.58	4.86	A-
Singapore	1.76	1.64			1.66					2.00	2.35	2.37	2.43	AAA
South Africa		7.27	7.56		7.89				8.59		9.33	9.63	9.72	BBB-

Source: Bloomberg. As of 29 Dec 17

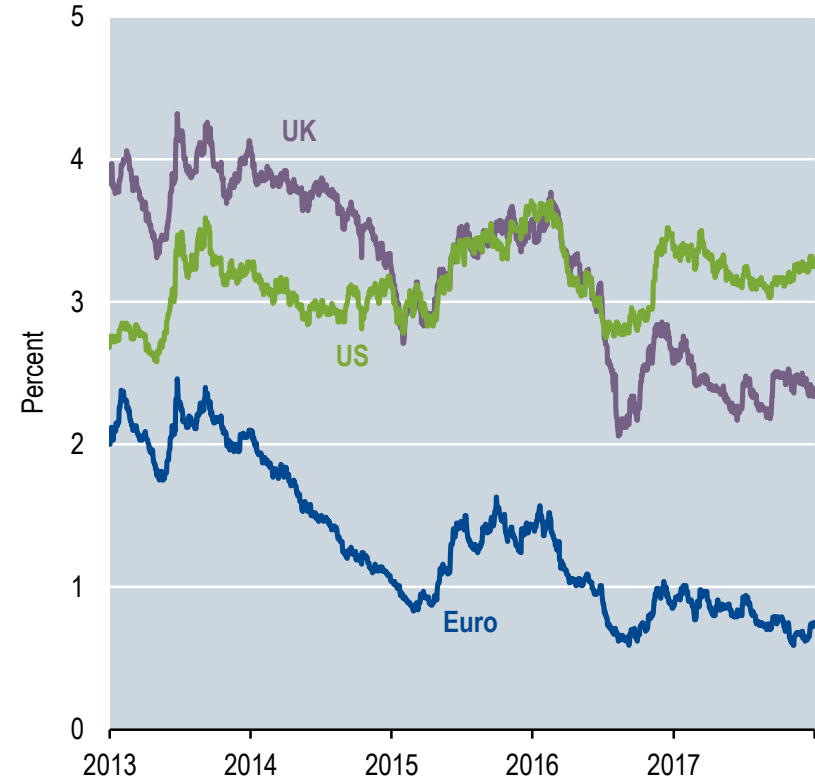
Corporate Bonds

Sector and security selection are key at tighter valuations in 2018. Focus on industries that are deleveraging; avoid the underperformers.

Corporate Bonds Spreads



Corporate Bonds Yields

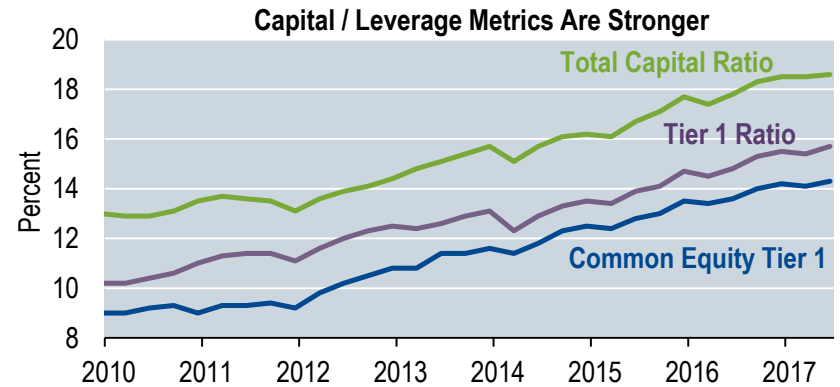
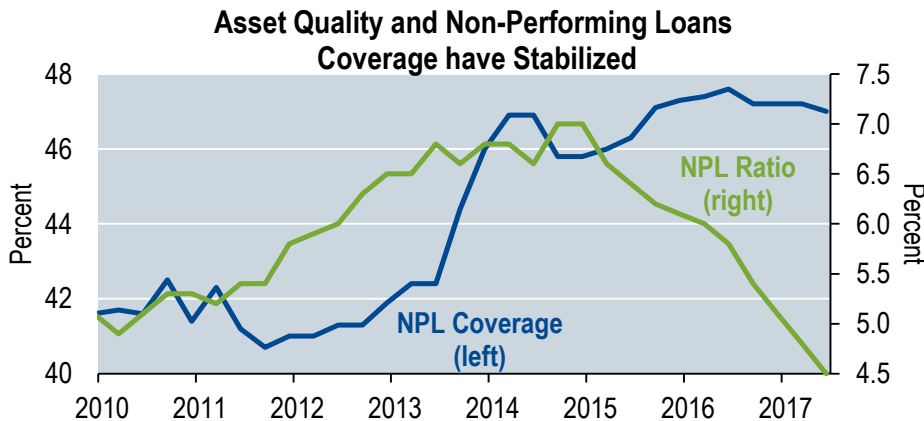
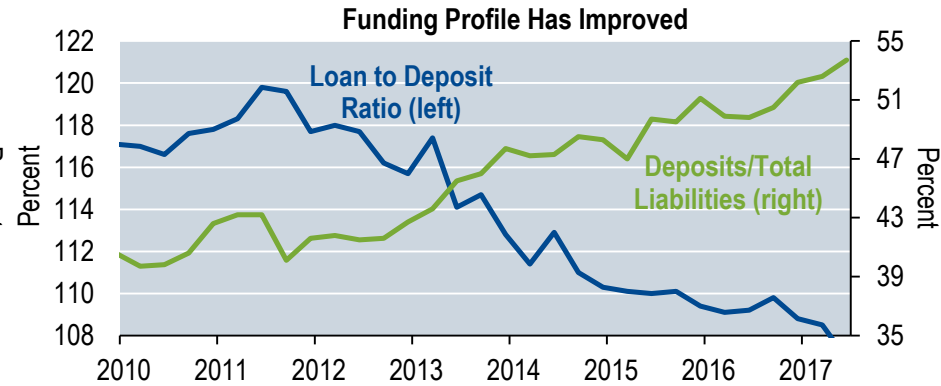
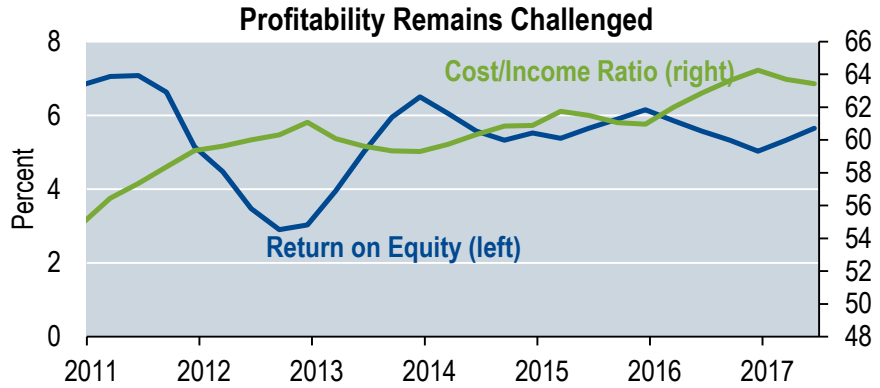


Excess Returns (%)	2017	Q4 2017
UK	3.77	0.56
US	3.77	0.98
Euro	3.56	0.87

Source: Bloomberg Barclays, Merrill Lynch. As of 31 Dec 17

European Banking System: Credit Fundamentals

Balance sheet metrics have improved meaningfully but profitability still remains weak.



Source: EBA. As of 30 Jun 17

Global Investment-Grade Credit Outlook

Q1 2018

Opinion: Investment-Grade Spreads at Fair Value – Maintain lower risk profile

- **Fundamentals: Mixed** – Late cycle indications; improvement in global growth momentum; uncertainty surrounding Trump and US economic policy
- **Technical: Mixed** – Low/negative yields persist globally but monetary policy becoming less accommodating
- **Valuations: Fair to slightly rich** – Investment-grade spreads close to historic averages

Global risks:

- Global Central Bank Policy
- China
- Geopolitics
- Italian Elections
- Valuations + low volatility

Strategies in the current environment

- **Banks:** Best value in European subordinated debt; still favour Western's long term overweight
- **Industrials:** Mixed by sectors, continue to focus on upgrade candidates and deleveraging stories
- **Security selection** important in back half of the credit cycle
 - Healthcare/Pharmaceuticals: Maintain underweight
 - Energy: Remain overweight
 - Telecommunications/Media: Spike in M&A, reduce exposure
 - Autos: Reduce exposure
 - Metals/Mining: Continued deleveraging of balance sheets, remain overweight

Appendix

London Borough of Enfield Pension Fund

Benchmark History

Old Benchmark (from 1st May 2013 to 30 Nov 2016)

- 75% Merrill Lynch Sterling Non-gilts Over 10 Years Index
- 10% FTSE-A Index-linked Gilts Over 5 Years Index
- 15% JP Morgan Global Government Bonds (Traded) Index ex-UK (£-hedged)

Investment Objectives

- Benchmark + 0.75% after fees over rolling 3-year periods

Investment Restrictions

- Seek to limit ex-ante tracking error to 250bp
- Portfolio duration +/- 20% benchmark duration
- No below investment grade
- Maximum 25% overseas bonds
- Max 10% foreign currency exposure
- Minimum A-weighted average credit rating
- No OTC or swaps

London Borough of Enfield Pension Fund

Benchmark History

Current Benchmark (from 1st to 30th April 2013)

- 55% Merrill Lynch Sterling Non-gilts Over 10 Years Index
- 35% FTSE-A Index-linked Gilts Over 5 Years Index
- 10% JP Morgan Global Government Bonds (Traded) Index ex-UK (£-hedged)

Investment Objectives

- Benchmark + 0.75% after fees over rolling 3-year periods

Investment Restrictions

- Seek to limit ex-ante tracking error to 250bp
- Portfolio duration +/- 20% benchmark duration
- No below investment grade
- Maximum 30% overseas bonds
- Max 10% foreign currency exposure
- Minimum A-weighted average credit rating
- No OTC or swaps

Previous Benchmark (to 31 August 2011)

- 42% Merrill Lynch Sterling Non-gilts Over 10 Years Index
- 25% FTSE-A Index-linked Gilts Over 5 Years Index
- 20% FTSE-A Gilts Over 15 years Index
- 13% JP Morgan Global Government Bonds (Traded) Index ex-UK (£-hedged)

Investment Objectives

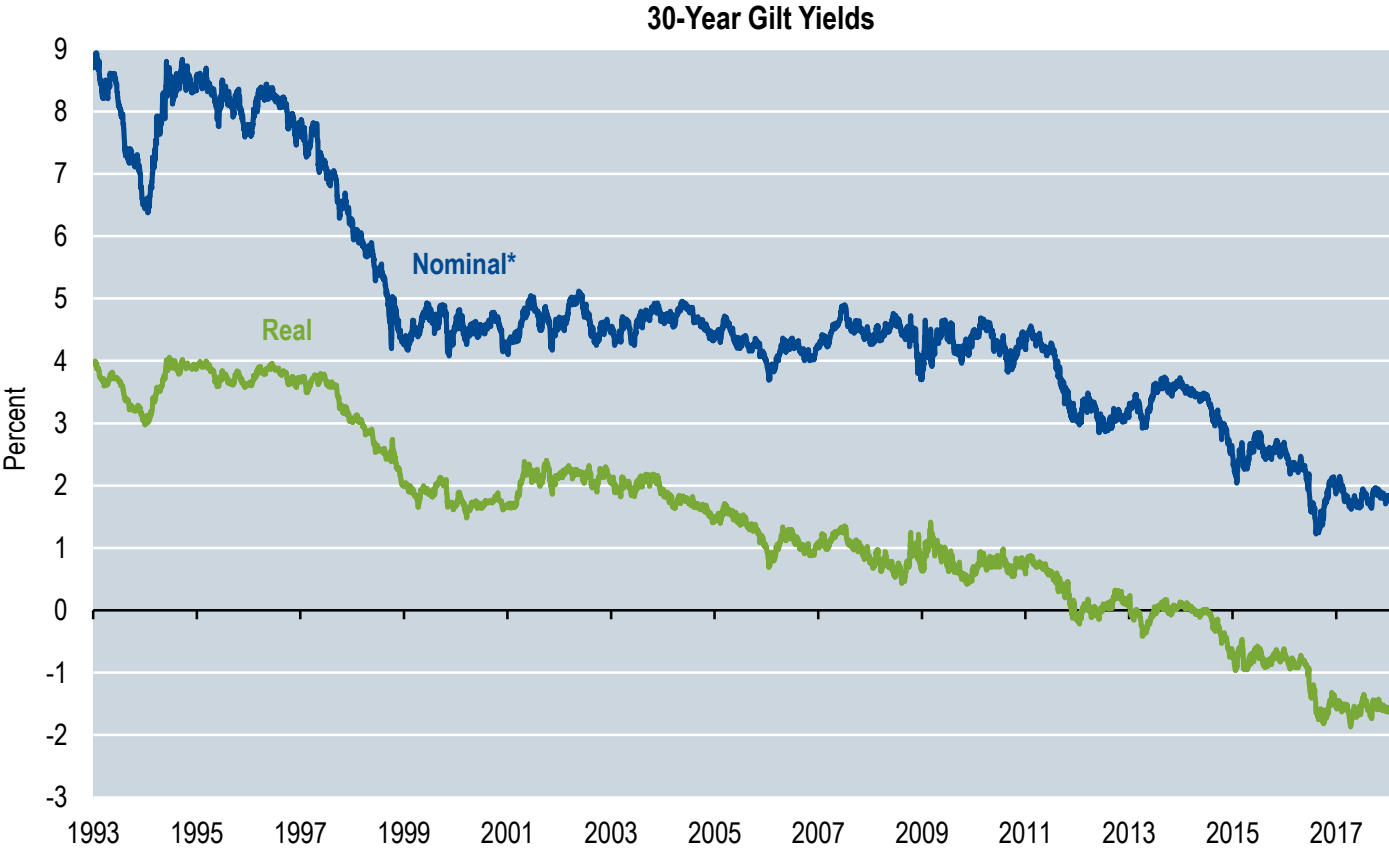
- Benchmark + 0.75% after fees over rolling 3-year periods

Investment Restrictions

- Seek to limit ex-ante tracking error to 200bp
- Portfolio duration +/- 20% benchmark duration
- No below investment grade
- Maximum 25% overseas bonds
- Max 10% foreign currency exposure
- Minimum AA-weighted average credit rating
- No OTC or swaps

Government Bonds

Long-term UK Gilt Yields



Source: Bloomberg. As of 19 Jan 18
* Nominal uses 20-year Gilt yield upto 27 Feb 96

MARIAN GEORGE

29 Years Experience

- Western Asset Management Company Limited – Client Service Executive, 2004–
- Mellon Human Resources Investor Services – Principal & Senior Investment Consultant, 2004
- Hymans Robertson – Senior Investment Consultant, 2000–2004
- Norwich Union – Investment Actuary, 1988–2000
- *University of Leeds, BSc*

ANNABEL RUDEBECK

18 Years Experience

- Western Asset Management Company Limited – Head of Non-US Credit, 2016–
- Rogge Global Partners – Senior Partner, Head of Global Investment Grade Credit, 2004-2016
- JP Morgan Securities – Associate, Credit Research, 1999-2003
- *University of Cambridge, B.A. (Hons), M.A., Economics*

Representative Client List Disclosure

The clients listed are invested in a wide range of mandates, and are located in a variety of countries or regions of the United States.

The clients listed in the Corporate company type have portfolios with an AUM of 38(M) or greater.

The clients listed in the Public company type have portfolios with an AUM of \$63(M) or greater.

The clients listed in the Multi-Employer / Union company type have portfolios with an AUM of \$15(M) or greater.

The clients listed in the Healthcare company type have portfolios with an AUM of \$11(M) or greater.

The clients listed in the Eleemosynary company type have portfolios with an AUM of \$4(M) or greater.

The clients listed in the Insurance company type have portfolios with an AUM of \$13(M) or greater.

The clients listed in the Sub-Advisory company type have portfolios with an AUM of \$15(M) or greater.

Clients that have advised Western Asset of account terminations have been excluded from the lists.

Risk Disclosure

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