

# Western Asset Core Plus Bond Instl WACPX

## Benchmark

BarCap US Govt/Credit 5-10 Yr TR USD

## Overall Morningstar Rating™

★★★★

Out of 954 Intermediate-Term Bond Funds. An investment's overall Morningstar Rating, based on its risk-adjusted return, is a weighted average of its applicable 3-, 5-, and 10-year Ratings. See disclosure for details.

## Morningstar Return

Above Average

## Morningstar Risk

High

## Investment Strategy

from investment's prospectus

The investment seeks to maximize total return, consistent with prudent investment management and liquidity needs.

The fund invests in a portfolio of fixed income securities of various maturities and, under normal market conditions, invests at least 80% of net assets in debt and fixed income securities. It may also invest up to 25% of their respective total assets in the securities of non-U.S. issuers. The duration targets between 2.5 and 7 years.

## Fees and Expenses

| as of 07-01-09                 |       |
|--------------------------------|-------|
| Prospectus Net Expense Ratio   | 0.47% |
| Prospectus Gross Expense Ratio | 0.47% |
| Maximum Sales Charge           | —     |
| 12b-1 Fee                      | —     |
| Redemption Fee/Term            | —     |

| Waiver Data | Type | Exp. Date | % |
|-------------|------|-----------|---|
| —           | —    | —         | — |

## Operations and Management

|                      |  |
|----------------------|--|
| Fund Inception Date  | 07-08-98                                 |
| Portfolio Manager(s) | Stephen A. Walsh<br>Carl Eichstaedt, CFA |
| Management Company   | Legg Mason Fund Adviser Inc              |
| Telephone            | 888-425-6432                             |
| Web Site             | www.westernasset.com                     |

## Benchmark Description: BarCap US Govt/Credit 5-10 Yr TR USD

BarCap US Govt/Credit 5-10 Yr TR USD: Represents a combination of the Government and Corporate Bond indices for bonds with maturities between five and 10 years. The returns we publish for the index are total returns, which include reinvestment of dividends.

## Category Description: Intermediate-Term Bond

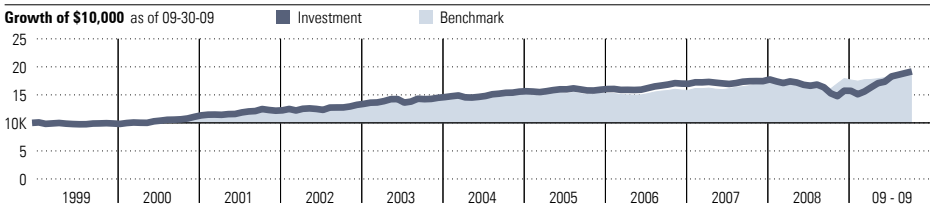
Intermediate-term bond funds have average durations that are greater than 3.5 years and less than six years. Most of the funds rotate among a variety of sectors in the bond market, based upon which appear to offer better values. Whatever types of bonds they hold, these funds are less sensitive to interest rates, and therefore less volatile, than funds that have longer durations.

## Performance

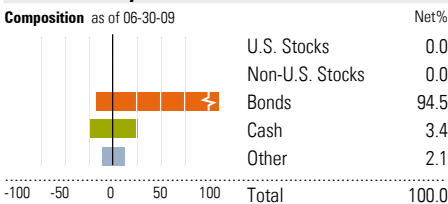


| Quarter End Returns   | as of 09-30-09 | YTD   | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |
|-----------------------|----------------|-------|--------|--------|--------|---------|-----------------|
| Fund Return %         | 21.79          | 17.24 | 4.77   | 4.73   | 6.85   | 6.30    |                 |
| Standardized Return % | 21.79          | 17.24 | 4.77   | 4.73   | 6.85   | 6.30    |                 |

**Performance Disclosure: The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein.**



## Portfolio Analysis



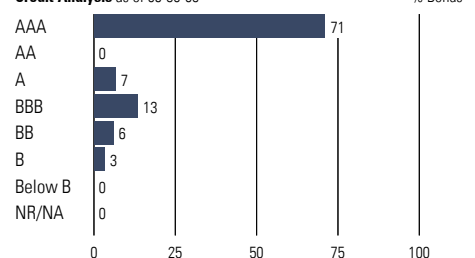
## Morningstar Style Box™



| Top 10 Holdings                  | as of 06-30-09 | % Assets |
|----------------------------------|----------------|----------|
| US Treasury Bond (Fut)           | 09-30-09       | 16.37    |
| FNMA 5% 10-01-35                 |                | 12.76    |
| US Treasury Bond (Fut)           | 09-21-09       | 3.99     |
| US Treasury Bond (Fut)           | 09-21-09       | 2.92     |
| Owp131352 Irs Usd P F 4.29456    | 02-15-25       | 2.59     |
| Owp131352 Irs Usd R V 03mlibor   | 02-15-25       | 2.52     |
| FNMA 5.5% 03-01-37               |                | 2.06     |
| Owp079130 Cds Usd R F 3.50000    | 06-20-13       | 1.91     |
| US TREASURY NOTE                 | 06-30-14       | 1.91     |
| US Treasury Bond 2.375% 01-15-27 |                | 1.35     |
| Total Number of Stock Holdings   |                | 2        |
| Total Number of Bond Holdings    |                | 1358     |
| Annual Turnover Ratio %          |                | 124      |
| Total Fund Assets (\$mil)        |                | 8,197.61 |

| Morningstar Sectors | as of 06-30-09 | Fund% | Category% |
|---------------------|----------------|-------|-----------|
| U.S. Credit         |                | 18.83 | 31.33     |
| Non-U.S. Credit     |                | 5.13  | 6.42      |
| Mortgage            |                | 30.00 | 29.03     |
| U.S. Government     |                | 25.72 | 15.75     |
| Cash                |                | 20.31 | 11.93     |

## Credit Analysis



# Important Disclosures

**The performance data quoted represents past performance and is no guarantee of future results. Your returns and the principal value of your investment will fluctuate so that your mutual fund shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance current to the most recent month-end, call 800 TIAA-CREF (800 842-2273).** Fund portfolio statistics change over time. The fund is not FDIC insured, may lose value and is not guaranteed by a bank or other financial institution.

When used as supplemental sales literature, the Investment Profile must be preceded or accompanied by the fund's current prospectus as well as this disclosure statement.

## Performance

Total return reflects performance without adjusting for the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains.

The fund's performance is compared with that of an index. The index is an unmanaged portfolio of specified securities and the index does not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index selected by Morningstar may not necessarily be the fund's actual benchmark, as specified in the fund prospectus.

## Best and Worst Three-Month Performance

Morningstar calculates best and worst three-month period (in percentage) in-house on a monthly basis.

*Best Three-Month Period:* The highest total return the stock has posted in a consecutive three-month period over the trailing 15 years, or if a fund does not have 15 years of history, it will go back as far as the inception date.

*Worst Three-Month Period:* The lowest total return the stock has posted in a consecutive three-month period over the trailing 15 years or, if a fund does not have 15 years of history, it will go back as far as the inception date.

## Growth of \$10,000 Graph

The Growth of \$10,000 graph shows a fund's performance based on how \$10,000 invested in the fund would have grown over time. The returns used in the graph are not load-adjusted. The growth of \$10,000 begins at the date of the fund's inception, or the first year listed on the graph, whichever is appropriate. Located alongside the fund's graph line is a line that represents the growth of \$10,000 in an index. The inclusion of the index allows investors to compare the performance of the fund with the performance of a benchmark index.

## Morningstar Rating™

Often simply called the Star Rating, the Morningstar Rating brings load-adjustments, performance (returns) and risk together into one evaluation. To determine a fund's star rating for a given time period (three, five, or 10 years), the fund's risk-adjusted return is plotted on a bell curve: If the fund scores in the top 10% of its category, it receives 5 stars

(Highest); if it falls in the next 22.5%, it receives 4 stars (Above Average); a place in the middle 35% earns 3 stars (Average); those lower still, in the next 22.5%, receive 2 stars (Below Average); and the bottom 10% get only 1 star (Lowest). The Overall Morningstar Rating is a weighted average of the available three-, five-, and 10-year ratings.

## Morningstar Return

This statistic is a measurement of a fund's excess return over a risk-free rate (the return of the 90-day Treasury bill). In each Morningstar Category, the top 10% of funds earn a High Morningstar Return, the next 22.5% Above Average, the middle 35% Average, the next 22.5% Below Average, and the bottom 10% Low. Morningstar Return is measured for up to three time periods (three-, five-, and 10-years). These separate measures are then weighted and averaged to produce an overall measure for the fund. Funds with less than three years of performance history are not rated.

## Morningstar Risk

This statistic evaluates the variations in a fund's monthly returns, with an emphasis on downside variations. In each Morningstar Category, the 10% of funds with the lowest measured risk are described as Low Risk, the next 22.5% Below Average, the middle 35% Average, the next 22.5% Above Average, and the top 10% High. Morningstar Risk is measured for up to three time periods (three-, five-, and 10-years). These separate measures are then weighted and averaged to produce an overall measure for the fund. Funds with less than three years of performance history are not rated.

## Morningstar Style Box™

The Morningstar Style Box reveals a fund's investment strategy. For equity funds and fixed-income funds respectively, the vertical axis shows the market capitalization of the stocks owned or the average credit quality of the bonds owned. The horizontal axis shows investment style (value, blend, or growth) or interest rate sensitivity as measured by a bond's duration (short, intermediate or long). Duration is a measure of interest-rate sensitivity—the longer a fund's duration, the more sensitive the fund is to shifts in interest rates.

## Investment Risk

*Foreign Securities Funds/Emerging Markets Funds:* The investor should note that funds that invest in foreign securities involve special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

*Money Market Funds:* The 7-day SEC current yield more closely reflects current earnings than does total return.

**Money market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although they seek to preserve the value of your investment at a cost of \$1 per share, it is possible to lose money by investing in the fund.**

*Sector Funds:* The investor should note that funds that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

*Non-Diversified Funds:* The investor should note that funds that invest more of their assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

*Small-Cap Funds:* The investor should note that funds that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

*Mid-Cap Funds:* The investor should note that funds that invest in companies with market capitalizations below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

*Bond Funds:* The investor should note that funds that invest in debt securities involve interest rate risk, which occurs when interest rates rise, the prices of bonds can decrease and the investor can lose principal value. Bond investing in asset/mortgage-backed securities is subject to prepayment risk, where falling interest rates can cause security prices and income to decline due to early prepayment of principal, as well as to extension risk, where rising interest rates can cause securities prices to decline because expected prepayments of principal do not occur.

*High-Yield Bond Funds:* The investor should note that funds that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

*Tax-Free Municipal Bond Funds:* The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

*Real Estate Securities Funds:* The investor should note that funds that concentrate their assets in real estate-related stocks involve additional risks, including fluctuations in property values, higher expenses or lower income than expected, and potential environmental problems and liability.

**Target-date funds: The principal value of Target Retirement funds is not guaranteed at any time, including the target date, which is the approximate date when investors are expected to begin withdrawing funds.**

**As Target Retirement Date Funds are actively managed, their asset allocations are subject to change and may vary from those indicated. They invest in many underlying funds and are exposed to the risks of different areas of the market. The higher a fund's allocation to stocks, the greater the risk. After the target date has been reached, some of these funds may be merged into a fund with a more stable asset allocation. Please consult the prospectus for more complete information.**

**In addition to the fund level expenses, target**

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# Important Disclosures

**retirement date funds are also subject to the expenses of their underlying investments.**

*Socially Screened funds:* Because social screens exclude some investments, the Fund may not be able to take advantage of the same opportunities or market trends as Funds that do not use such criteria.

**TIAA-CREF Individual & Institutional Services, LLC, and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products. You should consider the investment objectives, risks, charges and expenses before investing. Please call 877-518-9161 or log on to [tiaa-cref.org](http://tiaa-cref.org) for a current prospectus that contains this and other information. Please read the prospectus carefully before investing.**

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