

**LEGG MASON PARTNERS INCOME TRUST  
LEGG MASON PARTNERS INSTITUTIONAL TRUST  
LEGG MASON PARTNERS MONEY MARKET TRUST  
LEGG MASON PARTNERS PREMIUM MONEY MARKET TRUST  
LEGG MASON PARTNERS VARIABLE INCOME TRUST  
MASTER PORTFOLIO TRUST  
WESTERN ASSET FUNDS, INC.  
WESTERN ASSET INVESTMENT GRADE INCOME FUND, INC.  
WESTERN ASSET PREMIER BOND FUND  
WESTERN ASSET INFLATION-LINKED INCOME FUND  
WESTERN ASSET INFLATION-LINKED OPPORTUNITIES & INCOME FUND**

(each a “Fund” and collectively the “Funds”)

**AUDIT COMMITTEE CHARTER**

**April 24, 2020**

The respective Boards of Directors/Trustees (each a “Board”) of the Funds have adopted this Charter to govern the activities of the Audit Committee (the “Committee”) of the Boards with respect to their oversight of the Funds. This Charter applies separately to each Fund and its Board and Committee, and shall be interpreted accordingly.

**Composition**

The Committee shall be comprised entirely of “independent” Directors/Trustees, as such term is interpreted for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and, in the case of any Fund listed on the New York Stock Exchange (the “Exchange”), the listing standards of the Exchange. Funds subject to the listing standards of the Exchange shall have a Committee comprised of at least three members, who shall collectively satisfy the independence and expertise requirements of the Exchange.

The Board may designate a Chairperson of the Committee, and such Chairperson may serve until either the Board or the Committee determines that a new Chairperson should be appointed.

**Purpose**

The purposes of the Committee shall be:

- (a) to assist with the Board’s oversight of the integrity of the Fund’s financial statements, the Fund’s compliance with legal and regulatory requirements, the qualifications and independence of the Fund’s independent auditors, and the performance of the Fund’s internal control systems and independent auditors;

- (b) to oversee generally the Fund's accounting and financial reporting policies and practices, the Fund's internal controls and, as appropriate, the internal controls of certain service providers;
- (c) to oversee generally the quality and objectivity of the Fund's financial statements and the independent audit thereof;
- (d) to act as a liaison between the Fund's independent auditors and the full Board; and
- (e) to oversee the preparation of the report required by Item 407(d)(3)(i) of Regulation S-K to be included in the proxy statement of each of Western Asset Investment Grade Income Fund Inc., Western Asset Premier Bond Fund, Western Asset Inflation-Linked Income Fund and Western Asset Inflation-Linked Opportunities & Income Fund (together, the "Closed-End Funds") if the proxy statement relates to the election of Directors/Trustees of the Fund.

### **Duties and Responsibilities**

To carry out its purposes and responsibilities, the Committee shall have the duty and power to:

- (a) be directly responsible for the appointment, termination, compensation, and oversight of the work of the independent auditors engaged by the Fund for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund, including resolution of disagreements between management and the independent auditors regarding financial reporting. The independent auditors shall report directly to the Committee, and the Committee shall have ultimate authority for all audit engagement fees and terms. The Board and the Fund's shareholders shall have such rights to approve, ratify and replace the Fund's independent auditors as are provided by applicable law.
- (b) consider the independence of the Fund's independent auditors, and in connection therewith to obtain at least annually formal written reports from the auditors regarding the auditors' independence, including a delineation of all relationships between the auditors and the Fund, discuss with the auditors any disclosed relationships or services that may impact the objectivity and independence of the auditors, and if so determined by the Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditors.
- (c) meet with the Fund's independent auditors, including private meetings, as necessary (i) to review the arrangements for and scope of the annual audit and any special audits; (ii) to discuss any matters of concern relating to the Fund's financial statements, including any adjustments to such statements recommended by the independent auditors, or other results of said audit; (iii) to

consider the independent auditors' comments with respect to the Fund's financial policies, procedures and internal accounting controls and the responses of Legg Mason Partners Fund Advisor, LLC ("LMPFA"), Western Asset Management Company LLC ("Western Asset"), Western Asset Management Company Limited ("WAML"), Western Asset Management Company Ltd. ("Western Japan") and Western Asset Management Company Pte. Ltd. ("Western Singapore") and together with LMPFA, Western Asset, WAML and Western Japan, the "Managers"), as applicable, thereto; and (iv) to review the form of opinion the auditors propose to render to the Board and the Fund's shareholders.

- (d) with respect to the Closed End Funds, review and discuss with management and the independent auditors the annual financial statements of such Funds, including any narrative discussion by management concerning such Funds' financial condition and investment performance.
- (e) with respect to the Closed-End Funds, review and discuss with management such Funds' semi-annual financial statements, including any narrative discussion by management concerning such Funds' financial condition and investment performance.
- (f) review major issues regarding accounting principles and financial statement presentations, including, to the extent applicable: (A) any significant changes in management's selection or application of accounting principles for the Fund, and major issues as to the adequacy of the Fund's internal controls and any special audit steps adopted in light of material control deficiencies; (B) analyses prepared by management and/or the independent auditors setting forth significant reporting issues and judgments made in connection with the preparation of the Fund's financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Fund's financial statements.
- (g) consider the effect upon the Fund of any changes in accounting principles or practices proposed by the Managers or the auditors.
- (h) pre-approve, to the extent contemplated by applicable regulations, audit and non-audit services rendered to the Fund by the auditors and non-audit services rendered to the Managers and certain of their affiliates by the auditors, and review the fees charged by the auditors for such services; provided, however, that the Committee may implement policies and procedures pursuant to which services are pre-approved other than by the full Committee, subject to the requirement that the full Committee be notified at its next meeting of each such service. The Committee's Chairperson has the authority, on behalf of the Committee, to pre-approve audit and non-audit services rendered to the Fund and non-audit services rendered to the Managers and their affiliates by the auditors;

provided that any such pre-approval is reported to the Committee not later than its next meeting.

- (i) establish procedures for (A) the receipt, retention, and treatment of complaints received by the Fund regarding accounting, internal accounting controls, or auditing matters, and (B) the confidential, anonymous submission by employees of the Fund, the Fund's investment adviser(s), administrator, principal underwriter (if any) or any other provider of accounting-related services for the Fund of concerns regarding questionable accounting or auditing matters.
- (j) if and to the extent that the Fund intends to have employees, set clear policies for the hiring by the Fund of employees or former employees of the Fund's independent auditors.
- (k) obtain and review at least annually a report from the independent auditors describing (i) the independent auditors' internal quality-control procedures and (ii) any material issues raised by the independent auditors' most recent internal quality-control review or peer review or by any governmental or other professional inquiry or investigation performed within the preceding five years respecting one or more independent audits carried out by the independent auditors, and any steps taken to address any such issues.
- (l) review with the independent auditors any audit problems or difficulties encountered in the course of their audit work and management's responses thereto.
- (m) discuss with management any press releases discussing the Fund's investment performance and other financial information about the Fund, as well as any financial information and earnings guidance provided by management to analysts or rating agencies. The Committee may discharge this responsibility by discussing the general types of information to be disclosed by the Fund and the form of presentation (*i.e.*, a case-by-case review is not required) and need not discuss in advance each such release of information.
- (n) discuss with management its guidelines and policies with respect to risk assessment and risk management.
- (o) review such other matters or information that it believes may be relevant to the auditors, the audit engagement or the Fund's financial policies and procedures or internal accounting controls.
- (p) report its activities to the full Board on a regular basis.

The Committee shall also have the power to make such recommendations with respect to the above and other matters as it may deem necessary or appropriate. The Committee may

carry out other duties or responsibilities delegated to the Committee by the Board from time to time.

## **Meetings**

The Committee shall meet on a regular basis and be empowered to hold special meetings, as circumstances require. At least annually, the Committee shall meet separately with the independent auditors and separately with the representatives of Fund management responsible for the financial and accounting operations of the Fund. The Committee shall regularly meet with the Treasurer of the Fund and the Assistant Treasurer and may seek to meet with internal auditors, if any, for the Managers as circumstances warrant.

## **Resources and Funding**

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain special counsel and other experts or consultants. The Fund shall provide the necessary funding, as determined by the Committee, to compensate the Fund's independent auditors and any advisers employed by the Committee, as well as for the payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. The Committee may request any officer or employee of the Fund or of any of the Fund's service providers or the Fund's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee.

## **Limits on Role of Committee**

Nothing in this Charter shall be construed to reduce the responsibilities or liabilities of the Managers or the Fund's independent auditors. The function of the Committee shall be oversight; it shall be the responsibility of the Managers to maintain appropriate systems for accounting and internal control; the independent auditors' responsibility to plan and carry out a proper audit and report thereon to the Board and shareholders, as required by law; and management's and the independent auditors' responsibility to determine that the Fund's financial statements are accurate and complete and in accordance with generally accepted accounting principles. Members of the Committee are not employees of a Fund and, in serving on this Committee, are not, and do not hold themselves out to be, acting as auditors. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within management and outside the Fund from which the Committee receives information and (ii) the accuracy of financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary. The designation of a person as an "audit committee financial expert," within the meaning of the rules adopted and implemented under Section 407 of the Sarbanes-Oxley Act of 2002, shall not impose any greater responsibility or liability on that person than the responsibility and liability imposed on such person as a member of the Committee, nor does it decrease the duties and obligations of other Committee members or the Board.

**Annual Review**

The Committee shall assess its own performance at least annually.