

Annual Report

Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Funds

- Legg Mason Western Asset Singapore Dollar Fund

Legg Mason Western Asset Global Bond Trust

Legg Mason Western Asset Asian Bond Trust

Legg Mason Western Asset Singapore Bond Fund

For the financial year ended 31 March 2019

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Important Information

The minimum CPF interest rate for the Ordinary Account (OA) is 2.5% per annum. As announced in September 2018, the Government will maintain a 4% per annum minimum rate for interest earned on all Special Account and Medisave Account (SMA) and Retirement Account (RA) monies until 31 December 2019. Thereafter, interest rates on all CPF account monies will be subject to a minimum rate of 2.5% per annum unless otherwise announced by the Government. The first S\$60,000 of your combined CPF accounts earns an extra 1% interest. To enable members to earn extra interest, only monies in excess of S\$20,000 in your OA and S\$40,000 in your Special Account can be invested. Please visit the CPF Board website for information on how the CPF interest rate is calculated. Investors should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time. Subscriptions using CPF monies shall at all times be subject to inter alia the regulations and such directions or requirements imposed by the CPF Board from time to time.

The Legg Mason Western Asset Asian Bond Trust, Legg Mason Western Asset Global Bond Trust and Legg Mason Western Asset Singapore Bond Fund may invest in derivatives for hedging and/or efficient portfolio management purposes. The Legg Mason Martin Currie Southeast Asia Trust may invest in derivatives for hedging and/or efficient portfolio management purposes, and transferable securities embedding a financial derivative may be used for the purposes of hedging, efficient portfolio management and/or optimizing returns. The Legg Mason Martin Currie Southeast Asia Trust may have net asset values with higher volatility characteristics as a result of their portfolio management style. Please refer to the prospectus for more information.

This Report is prepared by Legg Mason Asset Management Singapore Pte. Limited for information purposes only. It does not constitute an offer or solicitation to buy or sell units of these funds. It must be appreciated that the price of units can fall as well as rise and past performance is not necessarily a guide for future performance. Any forecasts made are not necessarily indicative of the likely or future performance of the fund. All applications for units in the fund must be made on the application forms accompanying the prospectus. Investors should read the prospectus available from Legg Mason or its authorized distributors prior to any subscription.

Investment Manager's Report

As at 31 March 2019

Global Fixed Income

Market Review

Developed market (DM) government bonds rallied sharply following dovish announcements from many global central banks, notably the Federal Reserve (Fed) and European Central Bank (ECB). The ECB extended forward guidance for rates to remain at current levels by a further quarter, "through the end of 2019." A new series of quarterly targeted longer-term refinancing operations starting in September 2019 until March 2021 was also announced. While these decisions were largely anticipated, the surprise came in terms of timing as they were expected later in the year. Updated ECB staff economic forecasts for growth and inflation showed greater-than-expected downward revisions as a result of the degree and persistence of weakness, and continued uncertainty from a number of factors such as Brexit, global trade tensions and weaker external demand. The dovishness from the Fed came in the form of revisions to its median rate outlook forecasts, projecting no rate hikes during 2019 and only one in 2020, and an end to its balance sheet tapering by the end of September. As well as the lowering of forward rate expectations, such high levels of caution from global central banks have increased investor anxiety over the global growth outlook. These worries peaked following disappointing manufacturing data in Europe, particularly in Germany where contraction in the sector continues.

Outlook and Strategy

Global growth concerns have intensified since year-end. Ongoing trade disputes and a slowdown in China have conspired to markedly slow down global trade activity and materially impact global manufacturing activity, most notably in the eurozone. Despite these headwinds, we expect global growth to remain on a positive trajectory with US growth remaining resilient and Europe and China regaining their footing as risks over a "hard Brexit" and trade uncertainties recede.

In the US, we expect growth in the 2.0%-2.25% range in 2019 and inflation similar to that of 2018. The factors propelling faster growth in 2017-18—business investment and exports—have moderated a bit, and homebuilding is declining mildly, rather than growing as it did in 2017-2018. These factors will reduce growth to our forecast range. However, at this time, we see nothing in the way of more serious declines in these aggregates or others that would threaten the continuation of the expansion. The Fed's pronouncements last year of four rate hikes in 2019 were predicated on continued strong economic growth. As reality has instead come into line with our slower-growth outlook, the Fed has understandably pulled back on the aggressiveness of its hiking regime. We expect the Fed to hold back from any additional rate hikes and maintain its "wait-and-see" strategy at least through the rest of this year. At present, we retain a long US duration bias which we also believe remains an effective hedge against risk exposures in global portfolios.

With respect to Europe, a confluence of domestic and global factors has led us to materially revise lower our growth forecasts and we now estimate 2019 eurozone growth to come in around 1%.

Our forecast factors in a weaker outlook for Germany and Italy and to a lesser degree for France and Spain. It also reflects the continued drag on the region's external sector from weaker global manufacturing and trade, ongoing Brexit uncertainty and renewed global growth concerns. Consequently, we have also revised lower our expectations for eurozone core inflation, although we still believe this will gradually rise during the course of the year. Responding to the softer economic outlook, the ECB has extended its forward guidance and signaled that policy will remain accommodative for as long as necessary. Under this scenario we expect higher German bund yields toward the end of 2019. We think firmer ECB forward guidance is supportive for short-dated carry trades, which supports our decision to retain a modest overweight to Italian bonds.

Although we remain mindful of the downside risks from an escalation in global trade tensions and slower global growth, our base case view for credit spreads is a modestly tighter destination in the near- to mid-term. Credit fundamentals continue to remain sound broadly speaking, albeit there are pockets of weakness to be vetted once again showing the importance of active management/issue selection/avoiding impairment. Favorable technicals given inflows into credit markets and limited primary supply may breed further spread compression given the low default rate environment and wide open access to capital.

Turning to EM, a dovish Fed and stable to strengthening EM currencies have taken pressure off EM central banks to tighten policy, which should result in a compression of the EM versus DM real yield differential. The diminishing impact of US fiscal stimulus, and the re-introduction of stimulus in China also augur well for the resynchronization of global growth. In our view, these combined factors are supportive for all segments of the EM asset class.

Investment Manager's Report

As at 31 March 2019

Asian Fixed Income Review

Market Review

Continuing with the recovery in the Asian credit markets, we saw a surge in performance in March on the back of a significant US Treasury (UST) tailwind as, for example, 10-year USTs finished March at 2.41%, having begun the month at 2.75%. The JACI FINS CORP Index saw March returns of 1.2%, which brought the 1Q19 total returns to 2.8%, while the JACI NONFINS CORP Index returned 2.1% during the month, which resulted in a 1Q19 total return of 4.7%.

The Markit Asia Local Bond Index (ALBI) saw a 1.04% gain in March, bringing year-to-date (YTD) returns to 3.10%. We saw a continuation of the positive returns streak ongoing since 4Q18 as emerging market (EM) bonds recovered on the back of positive risk sentiment. Asian EM local bonds strengthened, helped by a rally in USTs. The largest gains were seen in Indonesia and the Philippines. Asian currencies saw moderate weakness across the board with only the Indian rupee seeing gains for the month.

Outlook and Strategy

The message from the March Federal Open Market Committee (FOMC) meeting was dovish, with median dots now anticipating no rate hikes this year. Seven Federal Reserve (Fed) officials see the Fed on hold at least through the end of 2020. This reassessment was driven primarily by a downgrade to the Fed's baseline economic forecast. The FOMC was taken aback by the combination of global growth fears and domestic market turmoil in 4Q18. Continued escalation of these factors could have precipitated an economic downturn. While pressures across markets have abated, the FOMC has clearly shown that it is more worried about the downside than upside risks to the global economy. The Fed also revised its balance sheet normalization principles and plans to announce the end of aggregate reduction in its holdings by the end of September.

In Asia, specifically North Asia, risks of continued malaise in the global electronics cycle continue to weigh down on sentiment. Asian exports, excluding Japan and China, declined by about 4% YoY in January-February, compared with a 7.3% YoY growth in 2018. The manufacturing investment outlook was generally weak given elevated inventory and low utilization rates, while trade policy uncertainty weighed down on CAPEX, especially in North Asian economies. South Asia was standing in better cyclical shape given its relatively low exposure to the tech/semiconductor downcycle and the broader headwinds from China. Asia was expected to continue to lead EM growth at 4.4% for 2019 (down from 4.8% in 2018) led by China (6.1%) and India (7.2%), bringing regional growth to 5.6%. This would be even as developed markets saw growth decline from 2.3% to 2.1%.

The slowdown in China is driven by weak consumption demand on the back of tightening financial conditions and a weaker employment outlook. While household leverage remains low at 48.4% of GDP (versus the global average of 62%), it has risen very quickly in the past 10 years. The heavy-industry downturn of 2014-2015 produced a lot of job losses, but these were quickly absorbed by fast-growing service sectors. This time around, the service sector is not proving as resilient. In spite of still rosy official job data, ground sentiment appears weak, with surveys of small and medium enterprises indicating potential layoffs in the coming quarter at the highest level in a decade. Total social financing (TSF) growth of 11% (at RMB 4,640 billion) in January beat market expectations. This was the first time that it has shown a sequential recovery after 14 consecutive months of decline since November 2017, though there are some seasonal effects at work due to the timing of the Chinese New Year holidays. The rebound in the TSF growth rate, even if sustained, only means a moderate acceleration of credit expansion. It remains to be seen whether such moderate easing is sufficient to arrest the downward momentum in growth.

Asian assets have shown strength in the first quarter of the year, backed up by a dovish Fed, progress in trade talks between the US and China as well as stability in the renminbi. Despite US dollar strength, Asian currencies have been well supported this year. The Asian currency index, ADXY, has appreciated by 1% from January 1. The CNY (41.8% weight in ADXY) has appreciated by 2.2% since January 1 as markets have moved to price in both a US-China trade agreement and, as part of the agreement, the fact that China will commit to a "stable CNY" policy. Confidence and stabilization in China's growth remains a key anchor in Asia's growth momentum. Around 75% of China's imports are for local consumption today versus 40% in the mid-2000s. The Fed's dovish turn makes for a cloudy outlook for global trade, and falling inflation creates significant policy space for central banks in Asia to ease monetary policy.

Investment Manager's Report

As at 31 March 2019

Singapore Fixed Income

Market Review

In March, the Singapore government bond market saw gains of 1.08%, bringing year-to-date returns to 0.28%. The 3-month SIBOR rate was largely unchanged at 1.94%. The Singapore curve bull-flattened with yields lower by up to 17 basis points (bps) in the long end of the curve while yields in the front end were up to 9 bps higher. Singapore government securities (SGS) underperformed US Treasuries (USTs) on the whole during the month. USTs saw yields lower by up to 15 bps in the front end while long end yields were lower by up to 31 bps.

February Non-oil domestic exports (NODX) surprised on the upside, printing at 4.9% year-over-year (YoY) against expectations of -1.6% YoY. Industrial production growth rose to 0.7% YoY in February from -0.4% in January. The positive print was largely due to a favourable base effect; on a sequential basis, factory output fell by 4.1% month-over-month, seasonally adjusted, more than erasing the 3.1% expansion in January. Real GDP growth has decelerated to 1.9% YoY in 4Q18. According to the Monetary Authority of Singapore's (MAS) Survey of Professional Forecasters in March, growth was set to slow for a second consecutive year to 2.5% (down marginally from the 2.6% projected in December) in 2019 from 3.3% last year, at the mid-point of this year's official growth forecast of 1.5%-3.5%. After two consecutive meetings in which MAS steepened the SGD NEER band slope slightly, MAS is likely to keep its monetary policy stance unchanged in April due to downside risks to core inflation and a slowdown in both global and domestic growth. MAS core inflation unexpectedly eased from 1.7% YoY in January to 1.5% YoY in February. This was the lowest since May 2018 and marked the second month of moderating inflation.

Outlook and Strategy

The message from the March Federal Open Market Committee (FOMC) meeting was dovish with the median projection of the dot plot now anticipating no rate hikes this year, and seven officials see the Federal Reserve (Fed) on hold at least through the end of 2020. This reassessment was driven primarily by a downgrade to the Fed's baseline economic forecast. The FOMC was taken aback by the combination of global growth fears and domestic market turmoil in 4Q18. Continued escalation of these factors could have precipitated an economic downturn. While pressures across markets have abated, the FOMC has clearly shown that it is more worried about the downside than upside risks to the global economy. The Fed also revised its balance sheet normalization principles and plans to announce the end of aggregate reduction in its holdings by the end of September.

In Asia, specifically North Asia, risks of continued malaise in the global electronics cycle continue to weigh down on sentiment. Asian exports, excluding Japan and China, declined by about 4% YoY in January-February, compared with a 7.3% YoY growth in 2018. The manufacturing investment outlook was generally weak given elevated inventory and low utilization rates while trade policy uncertainty weighed down on capex, especially in North Asian economies. South Asia was standing in better cyclical shape given its relatively low exposure to the tech/semiconductor downcycle and the broader headwinds from China. Asia was expected to continue to lead EM growth at 4.4% for 2019 (down from 4.8% in 2018) led by China (6.1%) and India (7.2%), bringing regional growth to 5.6%. This would be even as developed markets saw growth decline from 2.3% to 2.1%. Tightening in financial conditions, however, affects individual economies unevenly; growth in Indonesia, India and the Philippines is arguably the least sensitive to changes in financial conditions. Debt service ratios for the non-financial private sector in Indonesia (4.8%), India (7.0%) and Thailand (9.8%) are far lower than those elsewhere, reflecting lower overall debt. A given rise in funding costs, therefore, exerts less of a drag on overall demand. Lower oil prices could help counteract the recent tightening in financial conditions across the region. Inflation pressures, already remarkably subdued in most of Asia, were likely to ease further. There were early signs of the Association of Southeast Asian Nations (ASEAN) benefiting from trade tensions between China and the US. Last year was the first time since 1991 that foreign direct investment (FDI) inflows (US\$150 billion) into ASEAN exceeded those into China (which itself likely had a record year in 2018).

The CNY (41.8% weight in ADXY) has appreciated by 2.2% since January 1 as markets have moved to price in both a US-China trade agreement and, as part of the agreement, that China will commit to a "stable CNY" policy. Confidence and stabilization in China's growth remains a key anchor in Asia's growth momentum. Around 75% of China's imports are for local consumption today versus 40% in the mid-2000s. The Fed's dovish turn makes the outlook cloudy for global trade and falling inflation creates significant policy space for central banks in Asia to ease monetary policy.

Singapore's growth outlook is clouded by slowing global growth and persistent structural shifts in trade patterns. Singapore is in a favorable position to mitigate against the risks and capitalize on opportunities from the corresponding trade diversion, as well as from the reshuffling of supply chains by global companies in the medium-term. The longer-term growth outlook remains moderate as demographic headwinds and a continued low tolerance

Investment Manager's Report

As at 31 March 2019

Singapore Fixed Income (continued)

for an increase in immigration point to a structural slowdown of traditional human-capital employment-driven growth. The service sector remains a key pillar supporting employment (at 80% of total employment), picking up the decline in the manufacturing sector.

Besides offering the highest nominal yield (along with Australia) among AAA rated countries, 10-year SGS compare favourably in terms of real-yield expectations among higher-rated Asian local currency bonds. Singapore's insurance industry assets have been growing at approximately 10% YoY, with more than 50% held in debt securities (versus approximately 35% in equities). This is likely to support SGS duration demand in an environment of external growth headwinds. In terms of strategy, we continue to adopt a tactical approach to positioning across the SGS curve in view of global growth headwinds. We will seek to bolster carry-through exposure in high quality corporate and bank credits.

Investment Manager's Report

As at 31 March 2019

Asean Equities

Market Review

The MSCI AC ASEAN index traded in a relatively narrow band during March, ending the month down 0.1% in Singapore dollar terms and lagging the slightly stronger performance from North Asia. There were somewhat greater differences in individual markets, the Philippines delivering the strongest returns, while Malaysia was much weaker. Although earnings expectations continued to decline during March, the pace of that decline reduced. Forward valuations for the region didn't change significantly, while relative to their five-year histories on price-to-earnings multiples, Malaysia, Indonesia and Thailand are all trading broadly in line and Singapore and the Philippines are both some way below.

Thailand voted in its first general election in eight years on 24 March. The pro-military Palang Pracharath Party did better than expected, and should have a majority together with its allies. However, Pheu Thai, the party linked to former Prime Minister Thaksin Shinawatra, looks to have won the popular vote and both sides are claiming the right form a government. The political situation is likely to continue to be a source of risk for Thai companies—although it is worth noting that this has been the case for most of the past 20 years.

Outlook and Strategy

In Indonesia, inflation has dropped to its lowest level since 2009 (February 2019 data released in the month showed it had dipped to 2.6%). At the same time, the rupiah continues to be relatively stable. Meanwhile, although the policy focus is primarily on external stability, there may be some easing to boost domestic demand—particularly given the general election taking place later in April. The market is not expecting Bank Indonesia to act on rates in the immediate future, given the more stable economic context. However, combined with the more doveish stance adopted by the US Federal Reserve, there is potential for cuts later in the year. Incumbent President Joko Widodo has a reasonably solid lead in most polls (which is probably a more market-friendly outcome). However, thus far, the promises of his 2014 election campaign have proven much more difficult and time consuming to implement than many had expected—which may present a challenge in his re-election campaign.

In Singapore, the February data showed CPI growth of 0.5% and core inflation of 1.5%, both of which were lower than expectations—thanks primarily to the sharp decline in global oil prices in late 2018. Although an announcement of a change of course in the April policy statement is possible, this most recent data—particularly when seen in the context of a weaker growth outlook—may suggest that maintaining the current position of modest currency appreciation is the most likely outcome.

Malaysia's economic situation has been of increasing concern for the market, as both January and February saw CPI deflation. However, speaking at a press conference in late March, the central bank's governor Datuk Nor Shamsiah Mohd Yunus reiterated the bank's view that these two short-term data points do not reflect the widespread, demand-driven pricing declines that represent deflation. Core inflation remains stable and consistent with a steadily expanding economy. Given the wider slowdown in global growth, it is unlikely Malaysia will deliver any significant positive growth surprises.

Although the official data has not yet been released, the market is expecting March inflation figures in the Philippines to maintain the declining trend seen in recent months, following the highs experienced in 2018. President Rodrigo Duterte made a surprise appointment for the replacement of Bangko Sentral Governor Nestor Espenilla Jr (who died in February). Benjamin Diokno, who until his appointment as governor was Secretary of Budget and Management in the Duterte administration. Diokno has previously been vocal in his preferences for monetary and fiscal stimuli, stronger growth, lower inflation—but perhaps most notably a weaker peso. Given wider concerns around the pace of credit growth and the current account deficit, the market will be watching closely for any changes in direction.

Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Funds

- Legg Mason Western Asset Singapore Dollar Fund

Legg Mason Western Asset Global Bond Trust

Legg Mason Western Asset Asian Bond Trust

Legg Mason Western Asset Singapore Bond Fund

Legg Mason Martin Currie Southeast Asia Trust

(Constituted under a Trust Deed registered in the Republic of Singapore)

Report of the Trustee

For the financial year ended 31 March 2019

The Trustee is under a duty to take into custody and hold the assets of Legg Mason Martin Currie Southeast Asia Trust (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 29, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

21 June 2019

Legg Mason Martin Currie Southeast Asia Trust

(Constituted under a Trust Deed registered in the Republic of Singapore)

Statement by the Manager

For the financial year ended 31 March 2019

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 12 to 29, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders’ Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Legg Mason Martin Currie Southeast Asia Trust (the “Fund”) as at 31 March 2019, and the financial performance and movements of unitholders’ funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet their financial obligations as and when they materialise.

For and on behalf of

LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director

21 June 2019

Independent Auditor's Report to the Unitholders of Legg Mason Martin Currie Southeast Asia Trust

(Constituted under a Trust Deed in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of the Legg Mason Martin Currie Southeast Asia Trust (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 March 2019, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 March 2019;
- the Statement of Financial Position as at 31 March 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2019;
- the Statement of Portfolio as at 31 March 2019; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Independent Auditor's Report to the Unitholders of Legg Mason Martin Currie Southeast Asia Trust

(Constituted under a Trust Deed in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 21 June 2019

Statement of Total Return

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Income			
Dividend income		4,703,527	3,489,272
Interest income		18	1,287
		4,703,545	3,490,559
Less: Expenses			
Audit fee		23,499	24,605
Custody fee	9	64,322	79,317
Management fee	9	1,894,576	2,379,620
Trustee fee	9	84,598	105,617
Registration fee	9	23,073	26,909
Printing fee		1,000	4,000
Professional fee		37,044	40,157
Valuation fee	9	37,826	45,910
Goods & services tax		2,909	5,813
Transaction cost		119,988	801,571
Other expenses		18,431	22,660
		2,307,266	3,536,179
Net gains/(losses)		2,396,279	(45,620)
Net gains or losses on value of investments			
Net (losses)/gains on investments		(12,922,253)	7,476,030
Net foreign exchange losses		(119,991)	(447,232)
		(13,042,244)	7,028,798
Total (deficit)/return for the financial year before income tax		(10,645,965)	6,983,178
Less: Income tax	3	(246,554)	(273,524)
Total (deficit)/return for the financial year		(10,892,519)	6,709,654

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2019

	Notes	2019 \$	2018 \$
ASSETS			
Portfolio of investments		94,037,540	158,979,970
Cash and bank balances	5	368,655	2,372,074
Receivables	6	448,896	524,374
Sales awaiting settlement		840,448	3,374,278
Total assets		95,695,539	165,250,696
LIABILITIES			
Payables	7	544,801	960,673
Purchases awaiting settlement		-	3,265,477
Total liabilities		544,801	4,226,150
EQUITY			
Net assets attributable to unitholders	8	95,150,738	161,024,546

The accompanying notes form an integral part of these financial statements.

Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Net assets attributable to unitholders at the beginning of the financial year		161,024,546	163,274,434
Operations			
Change in net assets attributable to unitholders resulting from operations		(10,892,519)	6,709,654
Unitholders' contributions/(withdrawals)			
Creation of units		4,747,727	24,482,535
Cancellation of units		(59,729,016)	(33,442,077)
Change in net assets attributable to unitholders resulting from net cancellation of units		(54,981,289)	(8,959,542)
Total decrease in net assets attributable to unitholders		(65,873,808)	(2,249,888)
Net assets attributable to unitholders at the end of the financial year	8	95,150,738	161,024,546

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/3/2019	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %
<u>By Geography (Primary)</u>			
Quoted Equities			
Hong Kong			
Dairy Farm International Holdings Limited	192,400	2,186,483	2.30
Indonesia			
PT Adaro Energy Tbk	5,830,900	745,980	0.78
PT Astra International Inc Tbk	1,977,400	1,377,752	1.45
PT Bank Central Asia Tbk	2,381,800	6,286,910	6.61
PT Bank Mandiri Tbk	3,454,500	2,447,995	2.57
PT Hanjaya Mandala Sampoerna Tbk	3,042,100	1,085,110	1.14
PT Matahari Department Store Tbk	1,848,600	719,176	0.76
PT Semen Indonesia (Persero) Tbk	2,396,500	3,179,952	3.34
PT Telekomunikasi Indonesia Tbk	2,722,000	1,022,714	1.08
PT United Tractors Tbk	662,100	1,703,569	1.79
		18,569,158	19.52
Malaysia			
British American Tobacco Malaysia Berhad	114,200	1,369,327	1.44
Genting Berhad	1,260,400	2,776,702	2.92
Genting Malaysia Berhad	1,287,700	1,367,154	1.43
Lotte Chemical Titan Holding Berhad	769,100	1,046,211	1.10
Malayan Banking Berhad	1,652,900	5,083,690	5.34
Tenaga Nasional Berhad	260,000	1,092,093	1.15
		12,735,177	13.38
Philippines			
Ayala Corporation	78,090	1,893,478	1.99
BDO Unibank Inc	1,058,020	3,651,631	3.84
GT Capital Holdings Inc	91,649	2,202,153	2.31
LT Group Inc	2,331,900	968,440	1.02
Puregold Price Club Inc	1,624,360	2,015,414	2.12
Robinsons Retail Holdings Inc	514,750	1,048,964	1.10
		11,780,080	12.38

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/3/2019	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %
By Geography (Primary) (continued)			
Quoted Equities (continued)			
Singapore			
Ascendas Real Estate Investment Trust	1,135,100	3,303,141	3.47
City Developments Limited	371,200	3,359,360	3.53
DBS Group Holdings Limited	371,100	9,362,853	9.84
Jumbo Group Limited	2,114,300	877,434	0.92
Keppel Corporation Limited	393,700	2,448,814	2.57
MM2 Asia Limited	3,710,000	1,131,550	1.19
Singapore Technologies Engineering Limited	706,400	2,641,936	2.78
Singapore Telecommunications Limited	574,600	1,735,292	1.83
United Overseas Bank Limited	308,400	7,768,596	8.16
		32,628,976	34.29
Thailand			
C.P. All Public Company Limited	938,000	2,992,640	3.14
Intouch Holdings Public Company Limited	1,437,800	3,528,636	3.71
Kasikornbank Public Limited Company	475,400	3,804,529	4.00
PTT Exploration & Production Public Company Limited	306,600	1,642,315	1.73
PTT Public Company Limited	2,035,200	4,169,546	4.38
		16,137,666	16.96
Total quoted equities		94,037,540	98.83
Unquoted Equity			
Singapore			
Ezion Holdings Limited Call Warrant 14/04/2023 [^]	6,564,049	-	-
		-	-
Portfolio of investments		94,037,540	98.83
Other net assets		1,113,198	1.17
Net assets attributable to unitholders		95,150,738	100.00

[^] The number of call warrants held by the fund has been adjusted to reflect the further changes to Ezion Holdings Limited's corporate exercises during the year. There is no readily available market quotation as the security is unlisted on the relevant exchange. The Manager made certain estimates and assumptions to arrive at the fair value, after taking into account all relevant information. The actual proceeds that could be realised from the sale of these shares could be different from the estimated fair value.

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Percentage of total net assets attributable to unitholders at 31/3/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Geography (Summary)		
Quoted Equities		
Hong Kong	2.30	-
Indonesia	19.52	17.88
Malaysia	13.38	19.07
Philippines	12.38	12.83
Singapore	34.29	32.66
Thailand	16.96	16.29
	98.83	98.73
Unquoted Equity		
Singapore	-	-
	98.83	98.73
Portfolio of investments	98.83	98.73
Other net assets	1.17	1.27
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Industry (Secondary)			
Bank	38,406,204	40.36	35.83
Building and construction	3,179,952	3.34	2.05
Building construction materials	-	-	0.29
Chemical	1,046,211	1.10	1.38
Consumer	1,369,327	1.44	0.99
Diversified resource	2,448,814	2.57	2.66
Energy	745,980	0.78	2.24
Engineering and machinery	1,703,569	1.79	1.75
Foods and beverage	4,032,357	4.24	1.98
Healthcare	-	-	1.29
Hotel	4,143,856	4.36	5.10
Infrastructure	-	-	2.03
Investment	2,202,153	2.31	2.26
Media	1,131,550	1.19	1.65
Oil and gas	5,811,861	6.11	5.37
Real estate and development	5,252,838	5.52	5.80
Real estate investment trust	3,303,141	3.47	2.59
Retail	8,153,946	8.57	8.96
Services	-	-	0.37
Telecommunication	6,286,642	6.61	7.73
Tobacco	1,085,110	1.14	1.00
Transport - Air	-	-	1.58
Transport	2,641,936	2.78	0.71
Utilities	1,092,093	1.15	3.12
Portfolio of investments	94,037,540	98.83	98.73
Other net assets	1,113,198	1.17	1.27
Net assets attributable to unitholders	95,150,738	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Legg Mason Martin Currie Southeast Asia Trust (the "Fund") is an open-ended unit trust constituted pursuant to the Trust Deed dated 14 January 1998, as amended by various Supplemental Deeds. The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The manager and sub-manager of the Fund are Legg Mason Asset Management Singapore Pte. Limited (the "Manager") and Martin Currie Investment Management Limited (the "Sub-Manager") respectively.

The principal objective of the Fund relates to holding of certain authorised investments for long-term capital appreciation.

The Fund is included under the Central Provident Fund Investment Scheme.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The Fund has adopted the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(b) Income recognition

Dividend income is recognised when the right to receive payment is established.

Interest income on deposits is recognised on a time proportion basis using the effective interest rate method.

(c) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore Dollar.

The performance of the Fund is measured and reported to the investors in Singapore Dollar. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore Dollar at the rates of exchange prevailing at the date of Statement of Financial Position. Foreign currency transactions during the financial year are converted into Singapore Dollar at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at reporting date are taken to the Statement of Total Return.

(d) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(d) Investments (continued)

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(f) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

Financial derivative outstanding as at the end of the financial year are measured at their fair values using the marked-to-market method, and the resultant gains and losses are taken up in the Statement of Total Return.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(h) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(i) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(j) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(k) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(k) Distributions (continued)

date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the point in time when the necessary approvals have been obtained and a legal or constructive obligation has been created.

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

3. Income tax

	2019	2018
	\$	\$
Singapore income tax	38,713	23,749
Overseas income tax	207,841	249,775
	246,554	273,524

- (a) The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund ensures that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

- (b) The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore and received in Singapore.

The Fund invests in securities issued by entities which are domiciled in foreign countries. Many of these foreign countries have tax laws which indicate that taxes on gains on disposal of investments may be applicable to non-residents, such as the Fund. Typically, these capital gains taxes are required to be determined on a self assessment basis and, therefore, such taxes may not be deducted by the Fund's brokers on a "withholding" basis.

The Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's gains on investments sourced from such foreign countries, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax

Notes to the Financial Statements

For the financial year ended 31 March 2019

3. Income tax (continued)

laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore when measuring any uncertain tax liabilities management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

As at 31 March 2019 and 2018, the Fund has uncertain tax exposure with respect to gains on investments of which the tax liability is estimated to be nil. While this represents the Manager's best estimate, the estimated value could differ significantly from the amount ultimately payable.

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2019 (2018: \$Nil).

5. Cash and bank balances

	2019 \$	2018 \$
Held with a related company of the Trustee:		
- Cash and bank balances	368,655	2,372,074

6. Receivables

	2019 \$	2018 \$
Amount due from unitholders on subscriptions	10,690	240,450
Dividends receivable	328,851	283,924
Other receivables	109,355	-
	448,896	524,374

7. Payables

	2019 \$	2018 \$
Amount due to unitholders on redemptions	361,482	679,005
Accrued management fee	122,106	209,997
Accrued trustee fee	5,504	9,312
Amount due to the Manager	273	7,238
Other payables and accruals	55,436	55,121
	544,801	960,673

Notes to the Financial Statements

For the financial year ended 31 March 2019

8. Units in issue

During the financial year ended 31 March 2019 and 2018, the number of units issued, redeemed and outstanding were as follows:

	2019	2018
Units at beginning of the financial year	88,130,354	93,587,457
Units created	2,710,284	13,029,143
Units cancelled	(35,269,304)	(18,486,246)
Units at end of the financial year	55,571,334	88,130,354
Net assets attributable to unitholders (\$)	95,150,738	161,024,546
Net asset value per unit (\$)	1.712	1.827

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset as determined for the purpose of processing unit subscription and redemption is provided below:

	2019 \$	2018 \$
Net assets attributable to unitholders per financial statements per unit	1.712	1.827
Effect of movement in net asset value between the last dealing date and the end of the reporting date per unit	*	(0.002)
Net assets attributable to unitholders for issuing/redeeming per unit	1.712	1.825

* Denotes less than \$0.001

9. Related party transactions

The Manager of the Fund is Legg Mason Asset Management Singapore Pte. Limited, the Trustee is HSBC Institutional Trust Services (Singapore) Limited and the Custodian is The Hongkong and Shanghai Banking Corporation Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

Except for the related party information disclosed elsewhere in the financial statements, no other significant transactions took place during the financial year between the Fund and related parties.

10. Financial risk management

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Fund's financial performance. The Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as equity investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(a) Market risk (continued)

may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Fund may be hedged using derivative strategies.

The Fund's market risk is affected primarily by changes in three components; changes in actual market prices, interest rate volatility and foreign exchange movements.

(i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Fund achieves medium to long-term capital appreciation by investing at least 70% of the Fund in securities issued by companies that are incorporated, domiciled or listed, or have a significant economic interest, in South and South-East Asia countries. The Manager is of the view that the price risk the Fund is subject to is best reflected by movements in its benchmark of MSCI AC ASEAN Index.

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to unitholders at 31 March 2019 and 2018. The analysis is based on the assumption that the index components within the benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the historical correlation with the index. The Manager has used their view of what would be a "reasonable possible shift" to estimate the change in market sensitivity analysis below. However, this does not represent a prediction of the future movement in the corresponding key markets.

Benchmark Component	Benchmark increase / decrease by 10% Impact on net assets attributable to unitholders*	
	2019 \$'000	2018 \$'000
MSCI AC Asean Index	± 9,347	± 15,580

* NAV change which is calculated by multiplying the correlation ratio (1-year beta) of the Fund to the benchmark's "reasonable possible shift".

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates (fair value risk).

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate change may affect different industries and securities and then seeks to adjust the Fund's portfolio investment accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Hence, no sensitive analysis has been presented separately.

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk

The Fund holds monetary financial assets/liabilities denominated in currencies other than Singapore Dollar and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

The tables below summarise the exposure to currency risks for the Fund:

As at 31 March 2019

	THB \$	PHP \$	SGD \$	MYR \$	USD \$	IDR \$	Total \$
Assets							
Portfolio of investments	16,137,666	11,780,080	32,628,976	12,735,177	2,186,483	18,569,158	94,037,540
Cash and bank balances	-	-	368,654	-	-	1	368,655
Receivables	200,965	-	120,044	90,099	37,788	-	448,896
Sales awaiting settlement	-	468,917	-	371,531	-	-	840,448
Total assets	16,338,631	12,248,997	33,117,674	13,196,807	2,224,271	18,569,159	95,695,539
Liabilities							
Payables	-	-	542,031	-	2,770	-	544,801
Total liabilities	-	-	542,031	-	2,770	-	544,801
Net currency exposure	16,338,631	12,248,997	32,575,643	13,196,807	2,221,501	18,569,159	

As at 31 March 2018

	THB \$	PHP \$	SGD \$	MYR \$	USD \$	Others \$	Total \$
Assets							
Portfolio of investments	26,236,126	20,658,685	52,597,171	30,699,685	-	28,788,303	158,979,970
Cash and bank balances	-	9,528	2,313,670	48,837	39	-	2,372,074
Receivables	192,653	18,016	240,450	-	-	73,255	524,374
Sales awaiting settlement	3,374,278	-	-	-	-	-	3,374,278
Total assets	29,803,057	20,686,229	55,151,291	30,748,522	39	28,861,558	165,250,696
Liabilities							
Payables	-	-	959,831	-	842	-	960,673
Purchases awaiting settlement	1,302,180	-	-	1,963,297	-	-	3,265,477
Total liabilities	1,302,180	-	959,831	1,963,297	842	-	4,226,150
Net currency exposure	28,500,877	20,686,229	54,191,460	28,785,225	(803)	28,861,558	

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

Portfolio of investments, which is a significant item in the Statement of Financial Position is exposed to currency risk and price risk. The Manager has considered the impact of currency risk sensitivity on non-monetary assets as part of the price risk sensitivity analysis.

As of 31 March 2019 and 2018, the Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in settling a liability, including redemption requests.

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Fund manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro-rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day. In addition, the fund has an unsecured credit facility as disclosed in Note 11.

The Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2019	Less than 3 months \$
Liabilities	
Payables	544,801
As at 31 March 2018	
Liabilities	
Payables	960,673
Purchases awaiting settlement	3,265,477

(c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(c) Credit risk (continued)

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk also arises from cash and cash equivalents held with financial institutions. The Fund may also enter into derivatives to manage its exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimise the Fund's credit risk by undertaking transactions with banks that are part of a banking group with good credit ratings assigned by international credit rating agencies.

The tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 31 March 2019 and 2018.

As at 31 March 2019	Credit Rating ##	Source of Credit Rating
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
As at 31 March 2018		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit ratings are based on the Long-term Issuer Ratings published by the rating agency.

Group credit rating will be presented for unrated subsidiaries.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of unitholders in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions. In addition, the Manager also has the option to limit redemptions with the approval of the Trustee, as disclosed in Note 10(b).

(e) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1).

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(e) Fair value estimation (continued)

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 March 2019 and 2018:

As at 31 March 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of investments				
- Quoted equities	94,037,540	-	-	94,037,540
- Unquoted equity	-	-	#	-
	94,037,540	-	-	94,037,540
<hr/>				
As at 31 March 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted equities	156,430,255	2,549,715	-	158,979,970
- Unquoted equities	-	-	#	-
	156,430,255	2,549,715	-	158,979,970

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise listed equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within Level 3 have significant unobservable inputs as there are no readily available quoted market prices. The investments classified as Level 3 consists of 1 (2018: 2) equity security which is unlisted on the relevant exchange. The fair value of the security has been valued at nil. Given the lack of information and prolonged suspension, the Manager has written down the fair value of this security to nil value since 31 March 2018.

The table below presents the movement in Level 3 investments for the financial year ended 31 March 2018.

	Level 3 \$
Opening balance	-
Transfers in to Level 3	2,155,196
Net losses on investments	(2,155,196)
Closing balance	-

Except for cash and cash balances which are classified as Level 1, the Fund's financial assets and liabilities not measured at fair value at 31 March 2019 and 2018 have been classified as Level 2. The carrying amounts of these financial assets and financial liabilities approximate their fair values as at the reporting date.

There were no transfers between levels for the year ended 31 March 2019.

Notes to the Financial Statements

For the financial year ended 31 March 2019

11. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2019 and 2018.

	2019 \$	2018 \$
<u>Facility</u>		
Overdraft	10 million	10 million

The above credit facility is unsecured and is not utilised at year end.

12. Financial ratios

	2019 %	2018 %
Expense ratio ¹	1.73	1.72
Portfolio turnover ratio ²	5.56	92.57

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 March 2019 was based on total operating expenses of \$2,187,278 (31 March 2018: \$2,734,608) divided by the average net asset value of \$126,430,632 (31 March 2018: \$158,618,598) for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$7,029,271 (31 March 2018: purchases of \$146,827,503) divided by the average daily net asset value of \$126,430,632 (31 March 2018: \$158,618,598).

Report to Unitholders

For the financial year ended 31 March 2019

Investment Allocation as at 31 March 2019

By Country	Market Value in SGD	% of NAV
Hong Kong	2,186,483	2.30
Indonesia	18,569,158	19.52
Malaysia	12,735,177	13.38
Philippines	11,780,080	12.38
Singapore	32,628,976	34.29
Thailand	16,137,666	16.96
Portfolio of investments	94,037,540	98.83
Other net assets	1,113,198	1.17
Total	95,150,738	100.00

By Industry	Market Value in SGD	% of NAV
Bank	38,406,204	40.36
Building and construction	3,179,952	3.34
Chemical	1,046,211	1.10
Consumer	1,369,327	1.44
Diversified resource	2,448,814	2.57
Energy	745,980	0.78
Engineering and machinery	1,703,569	1.79
Foods and beverage	4,032,357	4.24
Hotel	4,143,856	4.36
Investment	2,202,153	2.31
Media	1,131,550	1.19
Oil and gas	5,811,861	6.11
Real estate and development	5,252,838	5.52
Real estate investment trust	3,303,141	3.47
Retail	8,153,946	8.57
Telecommunication	6,286,642	6.61
Tobacco	1,085,110	1.14
Transport	2,641,936	2.78
Utilities	1,092,093	1.15
Portfolio of investments	94,037,540	98.83
Other net assets	1,113,198	1.17
Total	95,150,738	100.00

Report to Unitholders

For the financial year ended 31 March 2019

By Asset Class	Market Value in SGD	% of NAV
Equity securities	94,037,540	98.83
Portfolio of investments	94,037,540	98.83
Other net assets	1,113,198	1.17
Total	95,150,738	100.00

Top 10 Holdings

Holdings as at 31 March 2019	Market Value in SGD	% of NAV
DBS Group Holdings Limited	9,362,853	9.84
United Overseas Bank Limited	7,768,596	8.16
PT Bank Central Asia Tbk	6,286,910	6.61
Malayan Banking Berhad	5,083,690	5.34
PTT Public Company Limited	4,169,546	4.38
Kasikornbank Public Limited Company	3,804,529	4.00
BDO Unibank Inc	3,651,631	3.84
Intouch Holdings Public Company Limited	3,528,636	3.71
City Developments Limited	3,359,360	3.53
Ascendas Real Estate Investment Trust	3,303,141	3.47

Holdings as at 31 March 2018	Market Value in SGD	% of NAV
DBS Group Holdings Limited	14,388,000	8.94
United Overseas Bank Limited	11,858,000	7.36
Malayan Banking Berhad	8,306,088	5.16
PT Bank Central Asia Tbk	7,391,599	4.59
City Developments Limited	6,740,500	4.19
PTT Public Company Limited	6,587,917	4.09
BDO Unibank Inc	6,306,456	3.92
Singapore Telecommunications Limited	6,256,068	3.89
Kasikornbank Public Limited Company	5,910,184	3.67
Genting Berhad	5,215,960	3.24

Exposure to Derivatives

Nil as at 31 March 2019.

Global Exposure

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Fund.

Report to Unitholders

For the financial year ended 31 March 2019

Collateral

Nil as at 31 March 2019.

Securities Lending or Repurchase Transactions

Nil as at 31 March 2019.

Investment in Other Unit Trust, Mutual Funds and Collective Investment Schemes

	Market Value in SGD	% of NAV
Ascendas Real Estate Investment Trust	3,303,141	3.47

Borrowings

Nil as at 31 March 2019.

Amount of Redemptions and Subscriptions

For the period 1 April 2018 to 31 March 2019

	SGD
Redemptions	59,729,016
Subscriptions	4,747,727

Related Party Transactions

For the period 1 April 2018 to 31 March 2019

Refer to Note 9 of the "Notes to the Financial Statements".

Performance

	Legg Mason Martin Currie Southeast Asia Trust - Class A (SGD) Accumulating*	Benchmark
3-months	+4.39%	+4.42%
6-months	-2.06%	+0.58%
1-year	-6.19%	-2.37%
3-years	+0.71%	+6.72%
5-years	-5.43%	+3.55%
10-years	+7.74%	+10.69%
Since inception	+6.27%	+4.74%

* NAV-NAV basis, with net income and dividends reinvested, if any (SGD terms). Annualised for periods over one year.
Benchmark : MSCI AC Asean Index. With effect from January 2017, the benchmark was rebranded from MSCI Southeast Asia to MSCI AC Asean Index . Prior to 1 October 2013, the benchmark was MSCI AC Far East ex Japan, ex China, ex Hong Kong, exTaiwan, ex Korea (S\$).

The inception date was 2 March 1998

Source : Legg Mason Asset Management Singapore Pte. Limited

Report to Unitholders

For the financial year ended 31 March 2019

Expense Ratio

For the period 1 April 2018 to 31 March 2019	1.73%
For the period 1 April 2017 to 31 March 2018	1.72%

The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 March 2019 was based on total operating expenses of \$2,187,278 (31 March 2018: \$2,734,608) divided by the average net asset value of \$126,430,632 (31 March 2018: \$158,618,598) for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

Turnover Ratio

For the period 1 April 2018 to 31 March 2019	5.56%
For the period 1 April 2017 to 31 March 2018	92.57%

The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$7,029,271 (31 March 2018: purchases of \$146,827,503) divided by the average daily net asset value of \$126,430,632 (31 March 2018: \$158,618,598).

Other Material Information

There are no other material information that will adversely impact the valuation of the Fund.

Soft Dollar Commissions/Arrangements

The Manager currently do not but shall be entitled to receive and enter into soft-dollar commissions/arrangements in respect of the Trust.

The Sub-Manager currently receives and enters into soft-dollar commissions/arrangements in respect of the Trust. The Manager and Sub-Manager will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Sub-Manager receives and which the Manager may receive include specific advice as to the advisability of dealing in, or the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodial service in relation to the investments managed for clients.

Soft-dollar commissions received shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.

The Manager and the Sub-Manager will not accept or enter into soft dollar commissions/arrangements unless such soft-dollar commissions/arrangements would, in the opinion of the Manager or the Sub-Manager (as the case may be), assist it in its management of the Trust, provided that it shall ensure at all times that best execution is carried out for the transactions, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

Detail of Underlying Funds

The Fund does not invest more than 30% of its NAV in another scheme.

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Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Funds

- Legg Mason Western Asset Singapore Dollar Fund

Legg Mason Western Asset Global Bond Trust

Legg Mason Western Asset Asian Bond Trust

Legg Mason Western Asset Singapore Bond Fund

Legg Mason Funds - Legg Mason Western Asset Singapore Dollar Fund

(Constituted under a Trust Deed registered in the Republic of Singapore)

Report of the Trustee

For the financial year ended 31 March 2019

The Trustee is under a duty to take into custody and to hold the assets of the sub-fund of Legg Mason Funds, namely Legg Mason Western Asset Singapore Dollar Fund (the "Sub-Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Sub-Fund during the financial year covered by these financial statements, set out on pages 40 to 55, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

HSBC Institutional Trust Services (Singapore) Limited

Authorised signatory

21 June 2019

Legg Mason Funds - Legg Mason Western Asset Singapore Dollar Fund

(Constituted under a Trust Deed registered in the Republic of Singapore)

Statement by the Manager

For the financial year ended 31 March 2019

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 40 to 55, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders’ Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the sub-fund of Legg Mason Funds, namely Legg Mason Western Asset Singapore Dollar Fund (the “Sub-Fund”) as at 31 March 2019 and of the financial performance and movements in unitholders’ funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Sub-Fund will be able to meet their financial obligations as and when they materialise.

For and on behalf of

Legg Mason Asset Management Singapore Pte. Limited

Authorised signatory

21 June 2019

Independent Auditor's Report to the Unitholders of Legg Mason Funds - Legg Mason Western Asset Singapore Dollar Fund

(Constituted under a Trust Deed registered in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of the sub-fund of Legg Mason Funds, namely Legg Mason Western Asset Singapore Dollar Fund (the "Sub-Fund") is properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Sub-Fund as at 31 March 2019, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Sub-Fund comprise:

- the Statement of Total Return for the financial year ended 31 March 2019;
- the Statement of Financial Position as at 31 March 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2019;
- the Statement of Portfolio as at 31 March 2019; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Sub-Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Sub-Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Unitholders of Legg Mason Funds - Legg Mason Western Asset Singapore Dollar Fund

(Constituted under a Trust Deed in the Republic of Singapore)

Responsibilities of the Manager for the Financial Statements (continued)

In preparing the financial statements, the Manager is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Sub-Fund or to cease the Sub-Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Sub-Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 21 June 2019

Statement of Total Return

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Income			
Interest income		7,017	53
Less: Expenses			
Audit fee		12,100	13,029
Custody fee	10	7,392	8,411
Management fee	10	64,942	71,844
Registration fee	10	5,950	6,246
Printing fee		1,000	2,000
Professional fee		16,676	13,372
Valuation fee	10	7,503	7,500
Goods & services tax		1,274	40
Other expense		8,060	8,209
		124,897	130,651
Net losses		(117,880)	(130,598)
Net gains or losses on value of investments			
Net gains on investments		415,023	317,763
Net foreign exchange (losses)/gains		(12)	30
		415,011	317,793
Total return for the financial year before income tax		297,131	187,195
Less: Income tax	4	-	-
Total return for the financial year		297,131	187,195

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2019

	Notes	2019 \$	2018 \$
ASSETS			
Portfolio of investments		24,364,944	25,709,152
Cash and bank balances	6	787,017	357,173
Receivables	7	66,908	-
Total assets		25,218,869	26,066,325
LIABILITIES			
Payables	8	154,182	39,316
Total liabilities		154,182	39,316
EQUITY			
Net assets attributable to unitholders	9	25,064,687	26,027,009

The accompanying notes form an integral part of these financial statements.

Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Net assets attributable to unitholders at the beginning of the financial year		26,027,009	29,927,405
Operations			
Change in net assets attributable to unitholders resulting from operations		297,131	187,195
Unitholders' contributions/(withdrawals)			
Creation of units		14,846,189	7,443,188
Cancellation of units		(16,105,642)	(11,530,779)
Change in net assets attributable to unitholders resulting from net cancellation and creation of units		(1,259,453)	(4,087,591)
Total decrease in net assets attributable to unitholders		(962,322)	(3,900,396)
Net assets attributable to unitholders at the end of the financial year	9	25,064,687	26,027,009

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/3/2019	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %
<u>By Geography - (Primary)</u>			
Fixed Deposits			
Bank			
Overseas-Chinese Banking Corporation, Singapore Branch		2,806,205	11.20
Accrued interest on fixed deposit		813	*
Total Fixed deposit		2,807,018	11.20
Quoted Bonds			
Singapore			
Mas Bill T-Bills Series 84 05/04/2019	2,038,000	2,037,246	8.13
Mas Bill T-Bills Series 84 03/05/2019	1,240,000	1,237,619	4.94
Mas Bill T-Bills Series 84 17/05/2019	1,350,000	1,346,355	5.37
Mas Bill T-Bills Series 84 31/05/2019	4,000,000	3,986,040	15.90
Mas Bill T-Bills Series 84 07/06/2019	5,100,000	5,080,059	20.27
Mas Bill T-Bills Series 84 14/06/2019	4,955,000	4,933,595	19.68
Mas Bill T-Bills Series 84 21/06/2019	2,951,000	2,937,012	11.72
		21,557,926	86.01
Total quoted bonds		21,557,926	86.01
Portfolio of investments		24,364,944	97.21
Other net assets		699,743	2.79
Net assets attributable to unitholders		25,064,687	100.00

* Denotes less than 0.01%

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

		Percentage of total net assets attributable to unitholders at 31/3/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Geography (Summary)			
Singapore		97.21	98.76
		97.21	98.76
Accrued interest on fixed deposit		*	-
Portfolio of investments		97.21	98.78
Other net assets		2.79	1.22
Net assets attributable to unitholders		100.00	100.00
	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Industry (Secondary)			
Banks	2,806,205	11.20	-
Government	21,557,926	86.01	98.76
	24,364,131	97.21	98.76
Accrued interest on fixed deposit	813	*	-
Portfolio of investments	24,364,944	97.21	98.78
Other net assets	699,743	2.79	1.22
Net assets attributable to unitholders	25,064,687	100.00	100.00

* Denotes less than 0.01%

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Legg Mason Funds (the "Fund") is an umbrella unit trust constituted pursuant to the Trust Deed dated 6 March 2000, as amended by various Supplemental Deeds. The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The manager and sub-manager of the Fund are Legg Mason Asset Management Singapore Pte. Limited (the "Manager") and Western Asset Management Company Pte. Ltd (the "Sub-Manager") respectively.

The Fund comprises of a Sub-Fund, namely Legg Mason Western Asset Singapore Dollar Fund (the "Sub-Fund"). The Sub-Fund invests in Singapore Dollar denominated money market instruments and debt securities such as term deposits, commercial papers, short-term bonds, and certificate of deposits. The Sub-Fund has 2 classes of units in issue at the reporting date. Class A and Class B unitholders currently pay management fees of 0.5% per annum and 0.25% per annum respectively.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The Sub-Fund has adopted the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(b) Income recognition

Interest income on deposits is recognised on a time proportion basis using the effective interest method.

(c) Foreign currencies

(i) Functional and presentation currency

The Sub-Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore Dollar.

The performances of the Sub-Fund is measured and reported to the investors in Singapore Dollar. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's functional and presentation currency is the Singapore Dollar.

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore Dollar at the rates of exchange prevailing at the date of Statements of Financial Position. Foreign currency transactions during the financial year are converted into Singapore Dollar at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at reporting date are taken to the Statements of Total Return.

(d) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(d) Investments (continued)

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for fixed income securities held by the Sub-Fund is the mid-market price for both financial assets and financial liabilities. Accrued interest or discount or premium on fixed income securities at the reporting date are included in the fair value of fixed income securities. Interest income on fixed income securities is presented within net gains or losses on investments on the Statement of Total Return.

Fixed deposits are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(g) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(h) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(i) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(j) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Sub-Fund. Distributions are accrued for at the point in time when the necessary approvals have been obtained and a legal or constructive obligation has been created.

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Sub-Fund or the counterparty.

3. Fees borne by the Manager

There is no trustee fee in the financial year ended 31 March 2019 and 2018 for the Sub-Fund as the fee is borne by the Manager.

4. Income tax

(a) The Sub-Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Trustee of the Sub-Fund ensures that the Sub-Fund fulfills their reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

(b) There was no income tax for the financial year ended 31 March 2019 (2018: \$Nil).

5. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2019 (2018: \$Nil).

6. Cash and bank balances

	2019 \$	2018 \$
Held with a related company of the Trustee:		
- Cash and bank balances	787,017	357,173

Notes to the Financial Statements

For the financial year ended 31 March 2019

7. Receivables

	2019 \$	2018 \$
Amount due from unitholders on subscriptions	62,037	-
Other receivable	4,871	-
	66,908	-

8. Payables

	2019 \$	2018 \$
Amount due to unitholders on redemptions	113,922	1,087
Accrued management fee	5,767	5,579
Other payables and accruals	34,493	32,650
	154,182	39,316

9. Units in issue

During the financial year ended 31 March 2019 and 2018, the number of units issued, redeemed and outstanding were as follows:

	2019	2018
Class A		
Units at beginning of the financial year	267,982	386,084
Units created	4,456,884	31,320
Units cancelled	(2,678,729)	(149,422)
Units at end of the financial year	2,046,137	267,982
Net assets attributable to unitholders (\$)	2,314,732	300,238
Net asset value per unit (\$)	1.1313	1.1203
Class B		
Units at beginning of the financial year	21,163,350	24,426,601
Units created	8,014,326	6,112,532
Units cancelled	(10,689,379)	(9,375,783)
Units at end of the financial year	18,488,297	21,163,350
Net assets attributable to unitholders (\$)	22,749,955	25,726,771
Net asset value per unit (\$)	1.2305	1.2156

Notes to the Financial Statements

For the financial year ended 31 March 2019

9. Units in issue (continued)

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset as determined for the purpose of processing unit subscription and redemption is provided below:

	2019 \$	2018 \$
Class A		
Net assets attributable to unitholders per financial statements per unit	1.1313	1.1203
Effect of movement in net asset value between the last dealing date and the end of the reporting date per unit	0.0001	0.0003
Net assets attributable to unitholders for issuing/redeeming per unit	1.1314	1.1206
Class B		
Net assets attributable to unitholders per financial statements per unit	1.2305	1.2156
Effect of movement in net asset value between the last dealing date and the end of the reporting date per unit	0.0002	0.0003
Net assets attributable to unitholders for issuing/redeeming per unit	1.2307	1.2159

10. Related party transactions

The Manager of the Sub-Fund is Legg Mason Asset Management Singapore Pte. Limited, the Trustee is HSBC Institutional Trust Services (Singapore) Limited and the Custodian is The Hongkong and Shanghai Banking Corporation Limited. The management fee, custody fee, registration fee and valuation fee paid or payable by the Sub-Fund are related party transactions and are shown in the Statement of Total Return.

Except for the related party information disclosed elsewhere in the financial statements, no other significant transactions took place during the financial year between the Sub-Fund and related parties.

11. Financial risk management

The Sub-Fund's activities expose them to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Sub-Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Sub-Fund's financial performance. The Sub-Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place for the Sub-Fund at any time as part of the overall financial risk management to reduce the Sub-Fund's risk exposures.

The Sub-Fund's assets principally consist of financial instruments such as fixed income securities, money market investments and cash. They are held in accordance with the published investment policies. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Sub-Fund's investments are substantially dependent on changes in market prices. The Sub-Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Sub-Fund.

Notes to the Financial Statements

For the financial year ended 31 March 2019

11. Financial risk management (continued)

(a) Market risk (continued)

Guidelines are set to reduce the Sub-Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Sub-Fund may be hedged using derivative strategies.

The Sub-Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatility and foreign exchange movements.

(i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Sub-Fund does not hold equity securities as of 31 March 2019 and 2018, and therefore is not exposed to significant amount of risk arising from changes in equity prices.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

It affects the value of fixed income securities more than equities. As interest rate rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rate increases, the opportunity cost of holding a bond increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

As the Sub-Fund invests in primarily fixed income securities, the values of which are driven by changes in interest rates, the Sub-Fund is mainly subject to interest rate risk. When interest rates rise, the value of previously acquired fixed income securities will normally fall because new fixed income securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired fixed income securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. In a rising interest rate environment, the Sub-Fund will acquire debts with a shorter maturity profile to minimise the negative impact to the portfolio. The Sub-Fund's policy requires the Manager to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Sub-Fund's portfolio is a measure of the sensitivity of the fair value of the Sub-Fund's fixed interest securities to changes in market interest rates.

Notes to the Financial Statements

For the financial year ended 31 March 2019

11. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The tables below summarise the Sub-Fund's exposure to interest rate risks. They include the Sub-Fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

As at 31 March 2019

	Variable rates \$	Up to 3 months \$	Fixed rates 3 - 6 months \$	Over 6 months \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	-	24,364,131	-	-	813	24,364,944
Cash and bank balances	787,017	-	-	-	-	787,017
Receivables	-	-	-	-	66,908	66,908
Total assets	787,017	24,364,131	-	-	67,721	25,218,869
Liabilities						
Payables	-	-	-	-	154,182	154,182
Total liabilities	-	-	-	-	154,182	154,182

As at 31 March 2018

	Variable rates \$	Up to 3 months \$	Fixed rates 3 - 6 months \$	Over 6 months \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	-	25,704,504	-	-	4,648	25,709,152
Cash and bank balances	357,173	-	-	-	-	357,173
Total assets	357,173	25,704,504	-	-	4,648	26,066,325
Liabilities						
Payables	-	-	-	-	39,316	39,316
Total liabilities	-	-	-	-	39,316	39,316

As at 31 March 2019, a reasonable possible change in interest rates by 50 basis points (2018: 50 basis points) with all other variables remaining constant, would result in an insignificant impact to the net assets attributable to unitholders as the Sub-Fund invests primarily in debt securities that have short maturity of less than one year.

(iii) Currency risk

The Sub-Fund hold monetary financial assets/liabilities denominated in currencies other than Singapore Dollar and the Sub-Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Sub-Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

No currency tables have been presented for the Sub-Fund as it is primarily exposed only to Singapore Dollar (the Sub-Fund's functional currency) denominated assets and liabilities, and therefore is not exposed to significant currency risk.

Notes to the Financial Statements

For the financial year ended 31 March 2019

11. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in settling a liability, including redemption requests.

The Sub-Fund is exposed to daily cash redemption of units in the Sub-Fund. The Sub-Fund invest the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances). As at 31 March 2019, there are no investments in unlisted or unquoted securities (2018: \$Nil).

In accordance with the Sub-Fund's policies, the Manager monitors the Sub-Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro-rata so that all unitholders of the relevant class or classes wishing to redeem units in that Sub-Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day. In addition, the Sub-Fund has unsecured credit facility as disclosed in Note 12.

The Sub-Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Sub-Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2019	Less than 3 months \$
Liabilities	
Payables	154,182
As at 31 March 2018	
Liabilities	
Payables	39,316

(c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The Sub-Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's or Fitch. The credit ratings are reviewed regularly.

Notes to the Financial Statements

For the financial year ended 31 March 2019

11. Financial risk management (continued)

(c) Credit risk (continued)

The table below analyses the Sub-Fund's investments by credit ratings expressed as a percentage of net assets attributable to unitholders.

	2019 %	2018 %
Aa1	11.20	-
Unrated (Singapore - incorporated debt securities) #	86.01	98.76
Accrued interest on fixed income securities	-	0.02
Accrued interest on fixed deposit	*	-
Total	97.21	98.78

86.01% (2018:98.76%) relates to Singapore government-issued securities

* Denotes less than 0.01%

All investment transactions are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk arises from cash and cash equivalents held with financial institutions. The Sub-Fund may also enter into derivatives to manage its exposure to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Sub-Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimise the Sub-Fund's credit risk by undertaking transactions with banks that are part of a banking group with good credit-ratings assigned by international credit rating agencies.

The tables below summarise the credit ratings of banks and custodians in which the Sub-Fund's assets are held as at 31 March 2019 and 2018.

	Credit Rating ##	Source of Credit Rating
As at 31 March 2019		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
Overseas-Chinese Banking Corporation	Aa1	Moody's
As at 31 March 2018		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's

Notes to the Financial Statements

For the financial year ended 31 March 2019

11. Financial risk management (continued)

(c) Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit ratings are based on the Long-term Issuer Ratings published by the rating agency.

Group credit rating will be presented for unrated subsidiaries.

(d) Capital management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The Sub-Fund strive to invest the subscriptions of unitholders in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions. In addition, the Manager also has the option to limit redemptions with the approval of the Trustee, as disclosed in Note 11(b).

(e) Fair value estimation

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 31 March 2019 and 2018:

As at 31 March 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of investments				
- Fixed deposits	2,807,018	-	-	2,807,018
- Quoted bonds	-	21,557,926	-	21,557,926
	2,807,018	21,557,926	-	24,364,944

As at 31 March 2018

Assets

Portfolio of investments

- Quoted bonds	-	25,709,152	-	25,709,152
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Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate and government bonds.

Except for cash and cash balances which are classified as Level 1, the Sub-Fund's financial assets and liabilities not measured at fair value at 31 March 2019 and 2018 have been classified as Level 2. The carrying amounts of these financial assets and financial liabilities approximate their fair values as at the reporting date.

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Credit facility

The Sub-Fund has a credit facility with HSBC at 31 March 2019 and 2018.

	2019 \$	2018 \$
<u>Facility</u>		
Overdraft	2.5 million	2.5 million

The above credit facility is unsecured and is not utilised at year end.

13. Financial ratios

	% Class A	2019 % Class B	% Class A	2018 % Class B
Expense ratio ¹	0.73	0.49	0.70	0.45
Portfolio turnover ratio ²	489.64	489.64	497.20	497.20

¹ The expense ratios have been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Sub-Fund's expense ratios at 31 March 2019 was based on total operating expenses divided by the average net asset value respectively for the year. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund do not pay any performance fee. The average net asset value is based on the daily balances.

Total operating expenses and average net asset value are as below:

	Class A \$	2019 Class B \$	Class A \$	2018 Class B \$
Total operating expenses	8,883	114,601	2,342	126,920
Average net asset value	1,214,587	23,561,057	333,201	28,069,243

² The portfolio turnover ratios are calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value respectively as below:

	2019 Class A & Class B \$	2018 Class A & Class B \$
Total value of purchases or sales of the underlying investments	121,310,622	141,216,340
Average daily net asset value	24,775,644	28,402,444

Report to Unitholders

For the financial year ended 31 March 2019

Investment Allocation as at 31 March 2019

By Country	Market Value in SGD	% of NAV
Singapore	24,364,944	97.21
Portfolio of investments	24,364,944	97.21
Other net assets	699,743	2.79
Total	25,064,687	100.00

By Industry	Market Value in SGD	% of NAV
Banks	2,807,018	11.20
Government	21,557,926	86.01
Portfolio of investments	24,364,944	97.21
Other net assets	699,743	2.79
Total	25,064,687	100.00

By Asset Class	Market Value in SGD	% of NAV
Fixed deposits	2,807,018	11.20
Fixed income securities	21,557,926	86.01
Portfolio of investments	24,364,944	97.21
Other net assets	699,743	2.79
Total	25,064,687	100.00

By Credit Rating *	Market Value in SGD	% of NAV
Aa1	2,806,205	11.20
Unrated	21,557,926	86.01
Accrued interest on fixed deposit	813	#
Portfolio of investments	24,364,944	97.21
Other net assets	699,743	2.79
Total	25,064,687	100.00

Denotes less than 0.01%

*By Standard & Poor's /Moody's /Fitch

Distribution of Investments

By type of money market instruments / debt securities	Market Value in SGD	% of NAV
Fixed deposits	2,807,018	11.20
Singapore Government MAS-Bills	21,557,926	86.01
Portfolio of investments	24,364,944	97.21
Other net assets	699,743	2.79
Total	25,064,687	100.00

Report to Unitholders

For the financial year ended 31 March 2019

By Maturity Breakdown

	Market Value in SGD	% of NAV
30 days or less	4,844,264	19.33
31-90 days	19,520,680	77.88
Portfolio of investments	24,364,944	97.21
Other net assets	699,743	2.79
Total	25,064,687	100.00

Top 10 Holdings

Holdings as at 31 March 2019

	Market Value in SGD	% of NAV
Mas Bill T-Bills Series 84 07/06/2019	5,080,059	20.27
Mas Bill T-Bills Series 84 14/06/2019	4,933,595	19.68
Mas Bill T-Bills Series 84 31/05/2019	3,986,040	15.90
Mas Bill T-Bills Series 84 21/06/2019	2,937,012	11.72
Overseas-Chinese Banking Corporation, Singapore Branch	2,806,205	11.20
Mas Bill T-Bills Series 84 05/04/2019	2,037,246	8.13
Mas Bill T-Bills Series 84 17/05/2019	1,346,355	5.37
Mas Bill T-Bills Series 84 03/05/2019	1,237,619	4.94

Holdings as at 31 March 2018

	Market Value in SGD	% of NAV
Mas Bill T-Bills Series 84 27/04/2018	6,921,753	26.60
Mas Bill T-Bills Series 84 04/05/2018	6,700,002	25.74
Mas Bill T-Bills Series 84 13/04/2018	6,296,220	24.19
Mas Bill T-Bills Series 84 20/04/2018	2,697,570	10.37
Mas Bill T-Bills Series 84 18/05/2018	1,062,785	4.08
Mas Bill T-Bills Series 84 18/06/2018	1,026,292	3.94
Housing & Development Board Series MTN 1.368% 29/05/2018	999,882	3.84

Exposure to Derivatives

Nil as at 31 March 2019.

Global Exposure

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Sub-Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Sub-Fund at any time.

Collateral

Nil as at 31 March 2019.

Report to Unitholders

For the financial year ended 31 March 2019

Securities Lending or Repurchase Transactions

Nil as at 31 March 2019.

Investment in Other Unit Trust, Mutual Funds and Collective Investment Schemes

Nil as at 31 March 2019.

Borrowings

Nil as at 31 March 2019.

Amount of Redemptions and Subscriptions

For the period 1 April 2018 to 31 March 2019

	SGD
Redemptions	16,105,642
Subscriptions	14,846,189

Related Party Transactions

For the period 1 April 2018 to 31 March 2019

Refer to Note 10 of the "Notes to the Financial Statements".

Trustee fee of the Sub-Fund is absorbed by the Manager.

Performance

	Legg Mason Western Asset Singapore Dollar Fund*		Benchmark
	Class A (SGD) Accumulating	Class B (SGD) Accumulating	
3-months	+0.28%	+0.34%	+0.49%
6-months	+0.57%	+0.70%	+0.99%
1-year	+0.96%	+1.22%	+1.83%
3-years	+0.57%	+0.82%	+1.27%
5-years	+0.42%	+0.67%	+1.04%
10-years	+0.34%	+0.59%	+0.67%
Since inception	+0.74%	+1.11%	+1.02%

* NAV-NAV basis, with net income and dividends reinvested, if any (SGD terms). Annualised for periods over one year.

Benchmark : Monetary Authority of Singapore Benchmark Govt Bill Yield 3 Month**

The benchmark is changed from the 1-month Singapore Inter-Bank Bid Rate Average to the Monetary Authority of Singapore Benchmark Govt Bill Yield 3 Month (Bloomberg ticker: MASB3M) with effect from 3 October 2016 because the benchmark data of the 1-month Singapore Inter-Bank Bid Rate Average is no longer published from 30 September 2015. Benchmark performance shown is based on the Monetary Authority of Singapore Benchmark Govt Bill Yield 3 Month and performance prior to 3 October 2016 is for reference only.

** Benchmark data for the Monetary Authority of Singapore Benchmark Govt Bill Yield 3 Month reproduced with the permission of the Monetary Authority of Singapore ("MAS"). By assessing and using any part of the data, you shall be deemed to have accepted to be legally bound by the Terms of Use of the MAS website, available at <http://www.mas.gov.sg/Terms-of-Use.aspx>

The inception dates were 28 June 2002 and 17 April 2000 respectively for Class A and Class B.

Benchmark since inception performance is for Class A only.

Since inception figures are calculated from the first full month of investment.

Source : Legg Mason Asset Management Singapore Pte. Limited

Report to Unitholders

For the financial year ended 31 March 2019

Expense Ratio

Class A

For the period 1 April 2018 to 31 March 2019	0.73%
For the period 1 April 2017 to 31 March 2018	0.70%

Class B

For the period 1 April 2018 to 31 March 2019	0.49%
For the period 1 April 2017 to 31 March 2018	0.45%

The expense ratios have been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS").

The calculation of the Sub-Fund's expense ratios at 31 March 2019 was based on total operating expenses divided by the average net asset value respectively for the year. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund do not pay any performance fee. The average net asset value is based on the daily balances.

Total operating expenses and average net asset value are as below:

	2019		2018	
	Class A	Class B	Class A	Class B
Total operating expenses	\$ 8,883	\$ 114,601	\$ 2,342	\$ 126,920
Average net asset value	\$1,214,587	\$23,561,057	\$333,201	\$28,069,243

Turnover Ratio

For the period 1 April 2018 to 31 March 2019	489.64%
For the period 1 April 2017 to 31 March 2018	497.20%

The portfolio turnover ratios are calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value respectively as below:

	2019	2018
Total value of purchases or sales of the underlying investments	\$121,310,622	\$141,216,340
Average daily net asset value	\$ 24,775,644	\$ 28,402,444

Other Material Information

There are no other material information that will adversely impact the valuation of the Sub-Fund.

Soft Dollar Commissions/Arrangements

The Manager and the Sub-Manager currently do not but shall be entitled to receive or enter into, soft dollar commissions or arrangements in respect of the Sub-Fund.

Detail of Underlying Funds

The Sub-Fund do not invest more than 30% of its NAV in another scheme.

Intentionally left blank

Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Funds

- Legg Mason Western Asset Singapore Dollar Fund

Legg Mason Western Asset Global Bond Trust

Legg Mason Western Asset Asian Bond Trust

Legg Mason Western Asset Singapore Bond Fund

Legg Mason Western Asset Global Bond Trust

(Constituted under a Trust Deed registered in the Republic of Singapore)

Report of the Trustee

For the financial year ended 31 March 2019

The Trustee is under a duty to take into custody and hold the assets of Legg Mason Western Asset Global Bond Trust (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 66 to 88, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

21 June 2019

Legg Mason Western Asset Global Bond Trust

(Constituted under a Trust Deed registered in the Republic of Singapore)

Statement by the Manager

For the financial year ended 31 March 2019

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 66 to 88, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders’ Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Legg Mason Western Asset Global Bond Trust (the “Fund”) as at 31 March 2019, and the financial performance and movements in unitholders’ funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet their financial obligations as and when they materialise.

For and on behalf of

LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director

21 June 2019

Independent Auditor's Report to the Unitholders of Legg Mason Western Asset Global Bond Trust

(Constituted under a Trust Deed in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of the Legg Mason Western Asset Global Bond Trust (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 March 2019, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 March 2019;
- the Statement of Financial Position as at 31 March 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2019;
- the Statement of Portfolio as at 31 March 2019; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Unitholders of Legg Mason Western Asset Global Bond Trust

(Constituted under a Trust Deed in the Republic of Singapore)

Responsibilities of the Manager for the Financial Statements (continued)

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Manager's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 21 June 2019

Statement of Total Return

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Income			
Interest income		43,186	20,752
Less: Expenses			
Audit fee		24,200	25,645
Commission fee		44,998	62,310
Custody fee	11	57,170	54,934
Management fee	11	2,959,144	2,776,684
Trustee fee	11	199,776	187,612
Registration fee	11	22,220	24,613
Printing fee		3,357	5,000
Professional fee		13,300	17,771
Valuation fee	11	104,888	98,806
Goods & services tax		32,410	10,376
Transaction cost		361	842
Other expenses		21,271	17,663
		3,483,095	3,282,256
Net losses		(3,439,909)	(3,261,504)
Net gains or losses on value of investments and financial derivatives			
Net gains on investments		10,645,262	9,482,953
Net gains on forward foreign exchange contracts		2,330,212	1,771,485
Net losses on future contracts		(4,263,031)	(1,762,946)
Net gains on options		241,473	-
Net foreign exchange gains		23,353	198,443
		8,977,269	9,689,935
Total return for the financial year before income tax		5,537,360	6,428,431
Less: Income tax	3	(41,631)	(33,417)
Total return for the financial year		5,495,729	6,395,014

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2019

	Notes	2019 \$	2018 \$
ASSETS			
Portfolio of investments		386,834,423	368,966,964
Cash and bank balances	5	16,523,102	11,713,663
Margin accounts	6	6,873,926	3,463,998
Receivables	7	514,898	1,041,547
Fair value of financial derivatives	8	3,102,984	4,730,719
Total assets		413,849,333	389,916,891
LIABILITIES			
Payables	9	1,004,515	806,534
Purchases awaiting settlement		3,059,405	-
Fair value of financial derivatives	8	4,056,537	2,228,986
Total liabilities		8,120,457	3,035,520
EQUITY			
Net assets attributable to unitholders	10	405,728,876	386,881,371

The accompanying notes form an integral part of these financial statements.

Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Net assets attributable to unitholders at the beginning of the financial period		386,881,371	355,372,829
Operations			
Change in net assets attributable to unitholders resulting from operations		5,495,729	6,395,014
Unitholders' contributions/(withdrawals)			
Creation of units		108,907,573	90,967,024
Cancellation of units		(95,555,797)	(65,853,496)
Change in net assets attributable to unitholders resulting from net creation or cancellation of units		13,351,776	25,113,528
Total increase in net assets attributable to unitholders		18,847,505	31,508,542
Net assets attributable to unitholders at the end of the financial period	10	405,728,876	386,881,371

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/3/2019	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %
<u>By Geography (Primary)</u>			
Quoted Bonds			
Australia			
Government of Australia 5.75% 15/07/2022	1,380,000	1,513,505	0.37
Belgium			
Kingdom of Belgium Government Bond 0.8% 22/06/2027	1,720,000	2,751,716	0.68
Kingdom of Belgium Government Bond 1.7% 02/06/2050	1,780,000	2,889,438	0.71
Kingdom of Belgium Government Bond 3.75% 22/06/2045	1,820,000	4,287,000	1.06
		9,928,154	2.45
Canada			
Government of Canada 2.25% 01/06/2025	6,820,000	7,203,109	1.78
Government of Canada Series WL43 5.75% 01/06/2029	500,000	700,613	0.17
		7,903,722	1.95
France			
Government of France OAT (BR) 25/07/2027	5,390,000	11,303,273	2.79
Government of France OAT 0.25% 25/11/2026	7,910,000	12,258,897	3.02
		23,562,170	5.81
Germany			
Bundesrepublik Deutschland Series 05 (BR) 4.00% 04/01/2037	2,390,000	5,979,659	1.47
Bundesrepublik Deutschland (BR) 1.75% 15/02/2024	12,730,000	21,504,717	5.30
Bundesrepublik Deutschland (BR) 2.50% 15/08/2046	3,620,000	8,256,865	2.04
		35,741,241	8.81
Great Britain			
UK Treasury 3.25% 22/01/2044	840,000	1,996,596	0.49
UK Treasury 4.25% 07/06/2032	540,000	1,305,018	0.32
UK Treasury 4.25% 07/12/2040	4,800,000	12,762,085	3.15
		16,063,699	3.96
Italy			
Buoni Poliennali Del Tes 2% 01/12/2025	10,490,000	15,968,562	3.94
Buoni Poliennali Del Tes 4.75% 01/09/2044	1,070,000	1,976,208	0.49
Buoni Poliennali Del Tes 5.00% 01/09/2040	1,574,000	2,972,929	0.72
Buoni Poliennali Del Tesoro 0.45% 01/06/2021	5,750,000	8,721,116	2.15
Republic of Italy 3.25% 01/09/2046	1,330,000	1,978,198	0.49
		31,617,013	7.79

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/3/2019	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
Japan			
Japanese Government CPI Linked Bond Series 21 0.1% 10/03/2026	714,000,000	9,087,244	2.24
Mexico			
Mex Bonds De Desarrollo Series M 8.00% 11/06/2020	79,737,100	5,585,356	1.38
Mex Bonds Desarr Fix RT Series M 7.75% 13/11/2042	183,241,400	11,879,074	2.92
		17,464,430	4.30
Spain			
Bonos Y Oblig Del Estado 1.15% 30/07/2020	4,400,000	6,826,452	1.68
Bonos Y Oblig Del Estado 1.45% 31/10/2027	3,320,000	5,293,111	1.31
Bonos Y Oblig Del Estado 5.15% 31/10/2044	1,070,000	2,610,443	0.64
Spain Government Bond 1.3% 31/10/2026	5,280,000	8,385,496	2.07
		23,115,502	5.70
Supra-National			
African Development Bank 0.5% 21/03/2029	1,790,000	2,736,813	0.68
European Investment Bank 0.625% 22/01/2029	2,610,000	4,074,028	1.00
Inter-Amer Development Bank 1.375% 15/12/2024	1,720,000	3,075,643	0.76
Inter-Amer Development Bank 3.875% 14/02/2020	2,460,000	3,372,023	0.83
		13,258,507	3.27
United States of America			
US Treasury N/B 1.875% 31/01/2022	4,020,000	5,392,895	1.33
US Treasury N/B 1.375% 15/01/2020	8,280,000	11,124,570	2.74
US Treasury Bond 2.875% 15/05/2043	24,890,000	34,316,218	8.46
US Treasury N/B 1.625% 15/11/2022	19,480,000	25,840,717	6.37
US Treasury N/B 1.625% 30/04/2019	4,180,000	5,657,409	1.39
US Treasury N/B 1.625% 31/12/2019	100,000	134,630	0.03
US Treasury N/B 1.75% 30/06/2022	3,070,000	4,098,372	1.01
US Treasury N/B 1.750% 31/03/2022	22,790,000	30,452,741	7.51
US Treasury N/B 2% 15/02/2025	5,860,000	7,811,943	1.93
US Treasury N/B 2% 31/10/2022	9,020,000	12,127,520	2.99
US Treasury N/B 2.125% 29/02/2024	11,320,000	15,253,253	3.76
US Treasury N/B 2.250% 15/11/2024	90,000	121,750	0.03
US Treasury N/B 2.875% 15/08/2045	4,670,000	6,425,835	1.58
US Treasury N/B 2.875% 30/04/2025	20,050,000	28,061,231	6.92
US Treasury N/B 3% 15/05/2045	3,030,000	4,269,272	1.05

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/3/2019	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
United States of America (continued)			
US Treasury N/B 3% 15/05/2047	353,000	495,629	0.12
US Treasury Strip Princ 0.00% 15/05/2043	4,990,000	3,439,138	0.85
		195,023,123	48.07
Total quoted bonds		384,278,310	94.72
Accrued interest on quoted bonds		2,556,113	0.63
Portfolio of investments		386,834,423	95.35
Other net assets		18,894,453	4.65
Net assets attributable to unitholders		405,728,876	100.00

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Percentage of total net assets attributable to unitholders at 31/3/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Geography (Summary)		
Quoted Bonds		
Australia	0.37	0.41
Belgium	2.45	2.48
Canada	1.95	3.11
France	5.81	6.67
Germany	8.81	2.66
Great Britain	3.96	3.72
Ireland	-	0.91
Italy	7.79	10.87
Japan	2.24	6.25
Mexico	4.30	4.96
Poland	-	3.59
Spain	5.70	4.89
Supra-National	3.27	0.86
United States of America	48.07	43.38
	94.72	94.76
Accrued interest on quoted bonds	0.63	0.61
Portfolio of investments	95.35	95.37
Other net assets	4.65	4.63
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Industry (Secondary)			
Banks	13,258,507	3.27	0.86
Government	371,019,803	91.46	93.90
	384,278,310	94.73	94.76
Accrued interest on quoted bonds	2,556,113	0.63	0.61
Portfolio of investments	386,834,423	95.36	95.37
Other net assets	18,894,453	4.64	4.63
Net assets attributable to unitholders	405,728,876	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Legg Mason Western Asset Global Bond Trust (the "Fund") is an open-ended unit trust constituted pursuant to the Trust Deed dated 14 August 1998, as amended by various Supplemental Deeds. The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the "Trustee").

On 3 September 2018, Western Asset Management Company Pte. Ltd. (the "WAMC") retired as the manager of the Fund. The new manager is Legg Mason Asset Management Singapore Pte. Limited (the "Manager"). WAMC will be appointed as a sub-manager for the Fund, alongside the existing sub-managers, Western Asset Management Company, LLC (formerly known as Western Asset Management Company) and Western Asset Management Company Limited.

The principal objective of the Fund relates to holding of certain authorised investments for long-term capital appreciation.

The Fund is included under the Central Provident Fund Investment Scheme.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP7") issued by the Institute of Singapore Chartered Accountants.

(b) Income recognition

Interest income on deposits is recognised on a time-proportion basis using the effective interest rate method.

(c) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore Dollar.

The performance of the Fund is measured and reported to the investors in Singapore Dollar. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore Dollar at the rates of exchange prevailing at the date of Statement of Financial Position. Foreign currency transactions during the financial year are converted into Singapore Dollar at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at reporting date are taken to the Statement of Total Return.

(d) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(d) Investments (continued)

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for fixed income securities held by the Fund is the mid-market price for both financial assets and financial liabilities. Accrued interest or discount or premium on fixed income securities at the reporting date are included in the fair value of fixed income securities. Interest income on fixed income securities is presented within net gains or losses on investments on the Statement of Total Return.

(f) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

Financial derivative outstanding as at the end of the financial year are measured at their fair values using the marked-to-market method, and the resultant gains and losses are taken up in the Statement of Total Return.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(h) Margin accounts

The margin accounts comprise cash held with the financial derivatives counterparties for the purpose of transferring of cash and fund futures margin maintained with the clearing house.

These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(i) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(j) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(k) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(l) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the point in time when the necessary approvals have been obtained and a legal or constructive obligation has been created.

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

3. Income tax

	2019 \$	2018 \$
Overseas income tax	<u>41,631</u>	33,417

- (a) The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund ensures that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

- (b) The overseas income tax represents tax deducted at source on income derived from outside Singapore and received in Singapore.

The Fund invests in securities issued by entities which are domiciled in foreign countries. Many of these foreign countries have tax laws which indicate that taxes on gains on disposal of investments may be applicable to non-residents, such as the Fund. Typically, these capital gains taxes are required to be determined on a self assessment basis and, therefore, such taxes may not be deducted by the Fund's brokers on a "withholding" basis.

The Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's gains on investments sourced from such foreign countries, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is

Notes to the Financial Statements

For the financial year ended 31 March 2019

3. Income tax (continued)

sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore when measuring any uncertain tax liabilities management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

As at 31 March 2019 and 2018, the Fund has uncertain tax exposure with respect to gains on investments of which the tax liability is estimated to be nil. While this represents the Managers' best estimate, the estimated value could differ significantly from the amount ultimately payable.

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2019 (2018: \$Nil).

5. Cash and bank balances

	2019 \$	2018 \$
Held with a related company of the Trustee:		
- Cash and bank balances	16,523,102	11,713,663

6. Margin accounts

	2019 \$	2018 \$
Margin deposits with brokers	6,873,926	3,463,998

Margin account represents margin deposits held in respect of exchange-traded futures contract with a financial institution which is a non-related company.

7. Receivables

	2019 \$	2018 \$
Amount due from unitholders on subscriptions	412,477	869,463
Interest receivable	1,663	74
Other receivables	100,758	172,010
	514,898	1,041,547

8. Fair value of financial derivatives

The tables below sets out the notional contract amounts and fair value of forward foreign exchange, futures contracts and options entered into with third parties.

Notes to the Financial Statements

For the financial year ended 31 March 2019

8. Fair value of financial derivatives (continued)

As at financial year ended 31 March 2019 and 2018, commitments under forward foreign exchange, futures contracts and options due for settlement within 3 months (2018: 3 months) are as follows:

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
2019			
Forward foreign exchange contracts	411,281,697	2,622,481	(749,987)
Futures contracts	203,447,467	480,503	(3,111,434)
Options	50,792,013	-	(195,116)
		3,102,984	(4,056,537)
2018			
Forward foreign exchange contracts	352,665,659	3,394,745	(882,013)
Futures contracts	305,693,845	1,335,974	(1,346,973)
		4,730,719	(2,228,986)

The forward foreign exchange, futures contracts and options were undertaken for purpose of efficient portfolio management.

All financial derivatives are stated at their fair values on the Statement of Financial Position.

9. Payables

	2019 \$	2018 \$
Amount due to unitholders on redemptions	674,069	489,662
Accrued management fee	257,310	244,565
Accrued trustee fee	17,366	16,517
Other payables and accruals	55,770	55,790
	1,004,515	806,534

10. Units in issue

During the financial year ended 31 March 2019 and 2018, the number of units issued, redeemed and outstanding were as follows:

	2019	2018
Units at beginning of the financial year	272,742,989	254,890,756
Units created	77,657,143	64,439,144
Units cancelled	(68,193,232)	(46,586,911)
Units at end of the financial year	282,206,900	272,742,989
Net assets attributable to unitholders (\$)	405,728,876	386,881,371
Net asset value per unit (\$)	1.438	1.418

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Units in issue (continued)

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset as determined for the purpose of processing unit subscription and redemption is provided below:

	2019 \$	2018 \$
Net assets attributable to unitholders per financial statements per unit	1.438	1.418
Effect of movement in net asset value between the last dealing date and the end of the reporting date per unit	*	-
Net assets attributable to unitholders for issuing/redeeming per unit	1.438	1.418

* Denotes less than \$0.001

11. Related party transactions

The Manager of the Fund is Legg Mason Asset Management Singapore Pte. Limited, the Trustee is HSBC Institutional Trust Services (Singapore) Limited and the Custodian is The Hongkong and Shanghai Banking Corporation Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

Except for the related party information disclosed elsewhere in the financial statements, no other significant transactions took place during the financial year between the Fund and related parties.

12. Financial risk management

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Fund's financial performance. The Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as bonds, money market investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

The following is the summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Fund may be hedged using derivative strategies.

The Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatility and foreign exchange movements.

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Fund does not hold any equities as of 31 March 2019 (2018: Nil), and therefore is not exposed to significant amount of risk arising from changes in equity prices.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

It affects the value of fixed income securities more than equities. As interest rates rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rate increases, the opportunity cost of holding a bond increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

As the Fund invests primarily in fixed income securities, the values of which are driven significantly by changes in interest rates, the Fund is mainly subject to interest rate risk. When interest rates rise, the value of previously acquired fixed income securities will normally fall because new fixed income securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired fixed income securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. In a rising interest rate environment, the Fund will acquire debts with a shorter maturity profile to minimise the negative impact to the portfolio. The Fund's policy requires the Manager to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed income securities. The average effective duration of the Fund's portfolio is a measure of the sensitivity of the fair value of the Fund's fixed interest securities to changes in market interest rates.

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's financial assets and financial liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 March 2019

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	-	20,288,632	137,316,644	226,673,034	2,556,113	386,834,423
Cash and bank balances	16,523,102	-	-	-	-	16,523,102
Margin accounts	6,873,926	-	-	-	-	6,873,926
Receivables	-	-	-	-	514,898	514,898
Fair value of financial derivatives	-	-	-	-	3,102,984	3,102,984
Total assets	23,397,028	20,288,632	137,316,644	226,673,034	6,173,995	413,849,333
Liabilities						
Payables	-	-	-	-	1,004,515	1,004,515
Purchases awaiting settlement	-	-	-	-	3,059,405	3,059,405
Fair value of financial derivatives	-	-	-	-	4,056,537	4,056,537
Total liabilities	-	-	-	-	8,120,457	8,120,457

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31 March 2018

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	-	55,558,897	120,475,225	190,555,937	2,376,905	368,966,964
Cash and bank balances	11,713,663	-	-	-	-	11,713,663
Margin accounts	3,463,998	-	-	-	-	3,463,998
Receivables	-	-	-	-	1,041,547	1,041,547
Fair value of financial derivatives	-	-	-	-	4,730,719	4,730,719
Total assets	15,177,661	55,558,897	120,475,225	190,555,937	8,149,171	389,916,891
Liabilities						
Payables	-	-	-	-	806,534	806,534
Fair value of financial derivatives	-	-	-	-	2,228,986	2,228,986
Total liabilities	-	-	-	-	3,035,520	3,035,520

As at 31 March 2019, should interest rates have lowered or risen by 50 basis points ("bps") (2018: 50 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the financial year would be as follows:

	2019		2018	
	Parallel shift in interest rates by			
	+ 50 bps	- 50 bps	+ 50 bps	- 50 bps
	\$'000	\$'000	\$'000	\$'000
Effect on net assets attributable to unitholders	(9,130)	9,130	(13,620)	13,620

(iii) Currency risk

The Fund holds monetary financial assets/liabilities denominated in currencies other than Singapore Dollar and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

The tables below summarise the exposure to currency risks for the Fund :

As at 31 March 2019

	MXN \$	JPY \$	EUR \$	GBP \$	SGD \$	USD \$	Others \$	Total \$
Assets								
Portfolio of investments	17,899,547	9,087,771	131,462,556	19,287,543	-	199,602,448	9,494,558	386,834,423
Cash and bank balances	1,453,052	404,598	408,897	327,996	11,789,035	1,615,375	524,149	16,523,102
Margin accounts	-	155,659	3,576,079	86,735	-	2,897,943	157,510	6,873,926
Receivables	-	-	-	33	513,235	1,536	94	514,898
Total assets	19,352,599	9,648,028	135,447,532	19,702,307	12,302,270	204,117,302	10,176,311	410,746,349
Liabilities								
Payables	-	-	239	-	1,004,100	176	-	1,004,515
Purchases awaiting settlement	-	-	-	3,059,405	-	-	-	3,059,405
Total liabilities	-	-	239	3,059,405	1,004,100	176	-	4,063,920
Net financial assets	19,352,599	9,648,028	135,447,293	16,642,902	11,298,170	204,117,126	10,176,311	406,682,429
Notional amount of currency forwards and financial derivatives	(12,705,326)	(6,041,677)	(133,512,259)	(11,224,661)	358,464,460	(200,128,195)	2,321,611	
Net currency exposure	6,647,273	3,606,351	1,935,034	5,418,241	369,762,630	3,988,931	12,497,922	

As at 31 March 2018

	MXN \$	JPY \$	EUR \$	GBP \$	SGD \$	USD \$	Others \$	Total \$
Assets								
Portfolio of investments	19,634,629	24,261,493	110,639,731	14,524,149	-	172,038,426	27,868,536	368,966,964
Cash and bank balances	-	390,784	191,432	446,785	8,126,288	1,939,840	618,534	11,713,663
Margin accounts	-	157,505	1,465,516	189,213	-	1,591,987	59,777	3,463,998
Receivables	-	-	-	1	1,041,473	73	-	1,041,547
Total assets	19,634,629	24,809,782	112,296,679	15,160,148	9,167,761	175,570,326	28,546,847	385,186,172
Liabilities								
Payables	-	-	527	-	805,889	118	-	806,534
Total liabilities	-	-	527	-	805,889	118	-	806,534
Net financial assets	19,634,629	24,809,782	112,296,152	15,160,148	8,361,872	175,570,208	28,546,847	384,379,638
Notional amount of currency forwards and financial derivatives	(8,538,645)	(25,157,492)	(108,972,183)	(14,775,631)	344,098,432	(171,358,820)	(15,306,660)	
Net currency exposure	11,095,984	(347,710)	3,323,969	384,517	352,460,304	4,211,388	13,240,187	

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

The following table analyses the Fund's sensitivity to foreign currency exposure should those currencies increase or decrease by 5% with all other variables held constant.

Currency	Currency risen / lowered by 5% Increase / (decrease) in net assets attributable to unitholders	
	2019 \$	2018 \$
EUR	96,752	166,198
GBP	270,912	19,226
JPY	180,318	(17,386)
USD	199,447	210,569
MXN	332,364	554,799

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in settling a liability, including redemption requests.

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro-rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day. In addition, the Fund has an unsecured credit facility as disclosed in Note 13.

The Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2019	Less than 3 months \$
Liabilities	
Payables	1,004,515
Purchases awaiting settlement	3,059,405
Financial derivatives	
- inflows	236,625,690
- outflows	(240,682,227)
As at 31 March 2018	
Liabilities	
Payables	806,534
Financial derivatives	
- inflows	37,914,416
- outflows	(40,143,402)

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's or Fitch. The credit ratings are reviewed regularly.

The table below analyses the Fund's investments by credit ratings.

	2019 %	2018 %
Aaa	61.62	49.62
Aa2	9.77	10.39
AA-	2.45	2.48
A	2.24	6.25
A2	-	0.91
A-	-	3.59
BBB+	4.30	4.96
Baa1	5.70	-
Baa2	-	15.76
Baa3	7.79	-
Unrated	0.85	0.80
Accrued interest on quoted bonds	0.63	0.61
Total	95.35	95.37

All investment transactions are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk arises from cash and cash equivalents held with financial institutions. The Fund may also enter into derivatives to manage its exposure to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimise the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit-ratings assigned by international credit rating agencies.

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(c) Credit risk (continued)

The tables below summarise the credit rating of banks and custodian in which the Fund's assets are held as at 31 March 2019 and 2018.

As at 31 March 2019	Credit Rating ##	Source of Credit Rating
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
Citibank, N.A.	Aa3	Moody's
Goldman Sachs Bank	A1	Moody's
JPMorgan Chase Bank, N.A.	Aa2	Moody's
Morgan Stanley	A3	Moody's
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
UBS AG	Aa3	Moody's
As at 31 March 2018		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
Citibank, N.A.	A1	Moody's
Deutsche Bank AG	Baa2	Moody's
Goldman Sachs Bank	A1	Moody's
JPMorgan Chase Bank, N.A.	Aa3	Moody's
Morgan Stanley	A3	Moody's
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
UBS AG	A1	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit ratings are based on the Long-term Issuer Ratings published by the rating agency.

Group credit rating will be presented for unrated subsidiaries.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of unitholders in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions. In addition, the Manager also has the option to limit redemptions with the approval of the Trustees, as discussed in Note 12(b).

(e) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(e) Fair value estimation (continued)

The following tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 March 2019 and 2018:

As at 31 March 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted bonds	-	386,834,423	-	386,834,423
Fair value of financial derivatives	-	3,102,984	-	3,102,984
Total	-	389,937,407	-	389,937,407
Liabilities				
Fair value of financial derivatives	-	4,056,537	-	4,056,537
 As at 31 March 2018	 Level 1 \$	 Level 2 \$	 Level 3 \$	 Total \$
Assets				
Portfolio of Investments				
- Quoted bonds	-	368,966,964	-	368,966,964
Fair value of financial derivatives	-	4,730,719	-	4,730,719
Total	-	373,697,683	-	373,697,683
Liabilities				
Fair value of financial derivatives	-	2,228,986	-	2,228,986

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate and government bonds and over-the-counter derivatives.

Except for cash and cash balances and margin accounts which are classified as Level 1, the Fund's financial assets and liabilities not measured at fair value at 31 March 2019 and 2018 have been classified as Level 2. The carrying amounts of these financial assets and financial liabilities approximate their fair values as at the reporting date.

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities

The following tables present the Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements.

The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the tables below.

As at 31 March 2019	A	B	C = A-B	D	E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position	Net amount
	\$	\$	\$	D(i) and D(ii) Financial Instruments \$ D(ii) Cash Collaterals \$	\$
Forward foreign exchange	2,622,481	-	2,622,481	(749,987)	1,872,494
Futures	480,503	-	480,503	(480,503)	-

	A	B	C = A-B	D	E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position	Net amount
	\$	\$	\$	D(i) and D(ii) Financial Instruments \$ D(ii) Cash Collaterals \$	\$
Spot foreign exchange	230	-	230	-	230
Forward foreign exchange	749,987	-	749,987	(749,987)	-
Futures	3,111,434	-	3,111,434	(480,503)	-
Options	195,116	-	195,116	-	195,116

As at 31 March 2018	A	B	C = A-B	D	E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position	Net amount
	\$	\$	\$	D(i) and D(ii) Financial Instruments \$ D(ii) Cash Collaterals \$	\$
Forward foreign exchange	3,394,745	-	3,394,745	(704,738)	2,690,007
Futures	1,335,974	-	1,335,974	(1,335,974)	-

	A	B	C = A-B	D	E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position	Net amount
	\$	\$	\$	D(i) and D(ii) Financial Instruments \$ D(ii) Cash Collaterals \$	\$
Forward foreign exchange	882,013	-	882,013	(704,738)	177,275
Futures	1,346,973	-	1,346,973	(1,335,974)	-

Notes to the Financial Statements

For the financial year ended 31 March 2019

13. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2019 and 2018.

	2019 \$	2018 \$
<u>Facility</u>		
Overdraft	20 million	20 million

The above credit facility is unsecured and is not utilised at year end.

14. Financial ratios

	2019 %	2018 %
Expense ratio ¹	0.87	0.87
Portfolio turnover ratio ²	42.32	27.69

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 March 2019 was based on total operating expenses of \$3,432,062 (2018: \$3,217,840) divided by the average net asset value of \$394,458,158 (2018: \$370,229,015) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, commission fee, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being sales of \$166,925,948 (2018: sales of \$102,515,359) divided by the average daily net asset value of \$394,458,158 (2018: \$370,229,015).

Report to Unitholders

For the financial year ended 31 March 2019

Investment Allocation as at 31 March 2019

By Country	Market Value in SGD	% of NAV
Australia	1,513,505	0.37
Belgium	9,928,154	2.45
Canada	7,903,722	1.95
France	23,562,170	5.81
Germany	35,741,241	8.81
Great Britain	16,063,699	3.96
Italy	31,617,013	7.79
Japan	9,087,244	2.24
Mexico	17,464,430	4.30
Spain	23,115,502	5.70
Supra-National	13,258,507	3.27
United States of America	195,023,123	48.07
	384,278,310	94.72
Accrued interest on quoted bonds	2,556,113	0.63
Portfolio of investments	386,834,423	95.35
Other net assets	18,894,453	4.65
Total	405,728,876	100.00

By Industry	Market Value in SGD	% of NAV
Banks	13,258,507	3.27
Government	371,019,803	91.46
	384,278,310	94.73
Accrued interest on quoted bonds	2,556,113	0.63
Portfolio of investments	386,834,423	95.36
Other net assets	18,894,453	4.64
Total	405,728,876	100.00

By Asset Class	Market Value in SGD	% of NAV
Fixed Income securities	384,278,310	94.73
	384,278,310	94.73
Accrued interest on quoted bonds	2,556,113	0.63
Portfolio of investments	386,834,423	95.36
Other net assets	18,894,453	4.64
Total	405,728,876	100.00

Report to Unitholders

For the financial year ended 31 March 2019

By Credit Rating *	Market Value in SGD	% of NAV
Aaa	250,000,960	61.62
Aa2	39,625,869	9.77
AA-	9,928,154	2.45
A	9,087,244	2.24
BBB+	17,464,430	4.30
Baa1	23,115,502	5.70
Baa3	31,617,013	7.79
Unrated	3,439,138	0.85
	384,278,310	94.72
Accrued interest on quoted bonds	2,556,113	0.63
Portfolio of investments	386,834,423	95.35
Other net assets	18,894,453	4.65
Total	405,728,876	100.00

* By Standard & Poor's /Moody's/Fitch

Top 10 Holdings

Holdings as at 31 March 2019	Market Value in SGD	% of NAV
US Treasury Bond 2.875% 15/05/2043	34,316,218	8.46
US Treasury N/B 1.750% 31/03/2022	30,452,741	7.51
US Treasury N/B 2.875% 30/04/2025	28,061,231	6.92
US Treasury N/B 1.625% 15/11/2022	25,840,717	6.37
Bundesrepublik Deutschland (BR) 1.75% 15/02/2024	21,504,717	5.30
Buoni Poliennali Del Tes 2% 01/12/2025	15,968,562	3.94
US Treasury N/B 2.125% 29/02/2024	15,253,253	3.76
UK Treasury 4.25% 07/12/2040	12,762,085	3.15
Government of France OAT 0.25% 25/11/2026	12,258,897	3.02
US Treasury N/B 2% 31/10/2022	12,127,520	2.99

Holdings as at 31 March 2018	Market Value in SGD	% of NAV
US Treasury N/B 1.50% 31/12/2018	33,332,254	8.62
US Treasury N/B 1.625% 15/11/2022	26,430,433	6.83
Buoni Poliennali Del Tes 1.45% 15/09/2022	21,857,991	5.65
Government of France OAT 0.25% 25/11/2026	21,402,914	5.53
US Treasury Bond 4.50% 15/08/2039	17,882,434	4.62
Government of Japan CPI Linked Series 16 1.40% 10/06/2018	14,876,328	3.85
US Treasury N/B 2.125% 29/02/2024	14,430,737	3.73
Poland Government Bond Series 726 2.5% 25/07/2026	13,877,921	3.59
Mex Bonds Desarr Fix RT Series M 7.75% 13/11/2042	13,367,718	3.46
UK Treasury 4.25% 07/12/2040	13,063,334	3.38

Exposure to Derivatives

	Market Value in SGD	% of NAV
Forward foreign exchange and futures contracts as at 31 March 2019	(953,553)	(0.24)
Net realised loss on contracts for the period 1 April 2018 to 31 March 2019	(850,253)	
Net unrealised loss on contracts as at 31 March 2019	(953,553)	

Report to Unitholders

For the financial year ended 31 March 2019

Global Exposure

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Fund at any time.

Collateral

Refer to Note 6 of the "Notes to the Financial Statements".

Securities Lending or Repurchase Transactions

Nil as at 31 March 2019.

Investment in Other Unit Trust, Mutual Funds and Collective Investment Schemes

Nil as at 31 March 2019.

Borrowings

Nil as at 31 March 2019.

Amount of Redemptions and Subscriptions

For the period 1 April 2018 to 31 March 2019

	SGD
Redemptions	95,555,797
Subscriptions	108,907,573

Related Party Transactions

For the period 1 April 2018 to 31 March 2019

Refer to Note 11 of the "Notes to the Financial Statements".

Performance

	Legg Mason Western Asset Global Bond Trust Class A (SGD) Accumulating*	Benchmark
3-month	+1.48%	+2.60%
6-month	+3.01%	+4.82%
1-year	+1.41%	+3.92%
3-year	+0.16%	+2.00%
5-year	+2.28%	+3.77%
10-year	+1.59%	+2.47%
Since inception	+1.95%	+3.60%

* NAV-NAV basis, with net income and dividends reinvested, if any (SGD terms). Annualised for periods over one year.
 Benchmark : FTSE World Government Bond Index (S\$) ex Japan, hedged to S\$. From 3 January 2005 to 31 March 2011, the benchmark was FTSE World Government Bond Index (S\$) ex Japan. Prior to that, the benchmark was FTSE World Government Bond Index (S\$).

The inception date was 2 November 1998

Source : Legg Mason Asset Management Singapore Pte. Limited

Report to Unitholders

For the financial year ended 31 March 2019

Expense Ratio

For the period 1 April 2018 to 31 March 2019	0.87%
For the period 1 April 2017 to 31 March 2018	0.87%

The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 March 2019 was based on total operating expenses of \$3,432,062 (2018: \$3,217,840) divided by the average net asset value of \$394,458,158 (2018: \$370,229,015) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, commission fee, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

Turnover Ratio

For the period 1 April 2018 to 31 March 2019	42.32%
For the period 1 April 2017 to 31 March 2018	27.69%

The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being sales of \$166,925,948 (2018: sales of \$102,515,359) divided by the average daily net asset value of \$394,458,158 (2018: \$370,229,015).

Other Material Information

There are no other material information that will adversely impact the valuation of the Fund.

Soft Dollar Commissions/Arrangements

The Manager and, as the case may be, the Sub-Manager currently do not but shall be entitled to receive or enter into soft-dollar commissions/arrangements in respect of the Trust.

Detail of Underlying Funds

The Fund does not invest more than 30% of its NAV in another scheme.

Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Funds

- Legg Mason Western Asset Singapore Dollar Fund

Legg Mason Western Asset Global Bond Trust

Legg Mason Western Asset Asian Bond Trust

Legg Mason Western Asset Singapore Bond Fund

Legg Mason Western Asset Asian Bond Trust

(Constituted under a Trust Deed registered in the Republic of Singapore)

Report of the Trustee

For the financial year ended 31 March 2019

The Trustee is under a duty to take into custody and hold the assets of Legg Mason Western Asset Asian Bond Trust (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 98 to 120, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

HSBC Institutional Trust Services (Singapore) Limited

Authorised signatory

21 June 2019

Legg Mason Western Asset Asian Bond Trust

(Constituted under a Trust Deed registered in the Republic of Singapore)

Statement by the Manager

For the financial year ended 31 March 2019

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 98 to 120, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders’ Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Legg Mason Western Asset Asian Bond Trust (the “Fund”) as at 31 March 2019, and the financial performance and movements of unitholders’ funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet their financial obligations as and when they materialise.

For and on behalf of

Legg Mason Asset Management Singapore Pte. Limited

Authorised signatory

21 June 2019

Independent auditor's report to the unitholders of Legg Mason Western Asset Asian Bond Trust

(Constituted under a Trust Deed in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of the Legg Mason Western Asset Asian Bond Trust (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 March 2019, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 March 2019;
- the Statement of Financial Position as at 31 March 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2019;
- the Statement of Portfolio as at 31 March 2019; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the unitholders of Legg Mason Western Asset Asian Bond Trust

(Constituted under a Trust Deed in the Republic of Singapore)

Responsibilities of the Manager for the Financial Statements (continued)

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 21 June 2019

Statement of Total Return

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Income			
Interest income		2,381	833
Sundry income		-	6,884
		2,381	7,717
Less: Expenses			
Audit fee		11,300	12,265
Custody fee	11	9,467	10,558
Management fee	11	388,856	429,468
Trustee fee	11	21,943	23,973
Registration fee	11	14,526	15,198
Printing fee		1,000	2,000
Professional fee		20,071	20,856
Valuation fee	11	15,972	16,987
Goods & services tax		3,910	1,041
Transaction cost		676	1,276
Other expense		3,260	3,533
		490,981	537,155
Net losses		(488,600)	(529,438)
Net gains or losses on value of investments and financial derivatives			
Net gains/(losses) on investments		2,159,039	(202,858)
Net (losses)/gains on forward foreign exchange contracts		(987,318)	1,146,240
Net foreign exchange losses		(10,005)	(58,764)
		1,161,716	884,618
Total return for the financial year before income tax		673,116	355,180
Less: Income tax	3	(73,839)	(78,459)
Total return for the financial year		599,277	276,721

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2019

	Notes	2019 \$	2018 \$
ASSETS			
Portfolio of investments		37,083,804	40,591,011
Cash and bank balances	5	597,908	569,025
Margin accounts	6	76,044	78,151
Receivables	7	15,637	1,320
Fair value of financial derivatives	9	-	32,540
Total assets		37,773,393	41,272,047
LIABILITIES			
Payables	8	309,155	126,954
Fair value of financial derivatives	9	146,196	69,587
Total liabilities		455,351	196,541
EQUITY			
Net assets attributable to unitholders	10	37,318,042	41,075,506

The accompanying notes form an integral part of these financial statements.

Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Net assets attributable to unitholders at the beginning of the financial year		41,075,506	43,739,564
Operations			
Change in net assets attributable to unitholders resulting from operations		599,277	276,721
Unitholders' contributions/(withdrawals)			
Creation of units		4,309,247	4,030,106
Cancellation of units		(8,665,988)	(6,970,885)
Change in net assets attributable to unitholders resulting from net cancellation of units		(4,356,741)	(2,940,779)
Total decrease in net assets attributable to unitholders		(3,757,464)	(2,664,058)
Net assets attributable to unitholders at the end of the financial year	10	37,318,042	41,075,506

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/3/2019	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %
<u>By Geography (Primary)</u>			
Quoted Bonds			
Australia			
AusNet Services Holdings Pty Ltd Var 17/03/2076	500,000	703,493	1.89
Commonwealth Bank of Australia Series EMTN 4.2% 26/10/2020	5,000,000	1,027,003	2.75
		1,730,496	4.64
British Virgin Islands			
Eastern Creation II Investment 4.15% 04/12/2021	250,000	346,098	0.93
China			
Bank of China Limited VAR PERP	2,000,000	409,636	1.10
Bank of China Sydney Series FRN 02/03/2020	700,000	673,791	1.81
Charming Light Investments Limited Series EMTN 4.375% 21/12/2027	400,000	551,804	1.48
China Aoyuan Property Group 6.35% 11/01/2020	400,000	543,832	1.46
China Construction Bank VAR 27/02/2029	200,000	274,286	0.73
China SCE Group Holdings Limited 8.75% 15/01/2021	200,000	282,752	0.76
Chinalco Capital Holdings 4.25% 21/04/2022	200,000	267,175	0.72
Chinalco Capital Holdings Limited 4% 25/08/2021	200,000	269,884	0.72
Country Garden Holdings Co Limited 5.8% 12/03/2021	1,000,000	204,820	0.55
Far East Horizon Limited Series EMTN FRN 03/07/2021	200,000	271,577	0.73
Gansu Provincial Highway Aviation 3% 18/11/2019	200,000	269,376	0.72
Guangxi Communications Investment Group 3% 04/11/2019	200,000	269,110	0.72
Hesteel Hong Kong Co Limited 4.25% 07/04/2020	400,000	541,800	1.45
Huaneng Hong Kong Capital Limited VAR PERP	500,000	657,884	1.76
Hubei Sci Tech Hk 4.375% 05/03/2021	500,000	669,187	1.79
Logan Property Holdings 6.125% 16/04/2021	750,000	746,063	2.00
Longfor Properties 4.5% 16/01/2028	200,000	269,546	0.72
MCC Holding HK Corporation Limited VAR PERP	500,000	686,562	1.84
Tsinghua Unigroup Limited 4.75% 31/01/2021	400,000	532,419	1.42
Yuzhou Properties Co Limited 7.9% 11/05/2021	200,000	279,293	0.75
		8,670,797	23.23
Great Britain			
HSBC Holdings Plc Series EMTN VAR PERP	1,250,000	1,290,975	3.46

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/3/2019	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
Hong Kong			
Bank of East Asia Limited VAR PERP	500,000	677,121	1.81
Bank of East Asia Limited (Reg s) VAR 03/11/2026	400,000	539,069	1.44
China Cinda Finance 2017 I Series Limited 3.875% 08/02/2023	200,000	274,947	0.74
China Life Insurance Overs/HK VAR 27/07/2027	200,000	263,036	0.70
CNAC HK Finbridge Co Limited 4.625% 14/03/2023	600,000	843,217	2.26
Dah Sing Bank Limited Series EMTN Var 15/01/2029	250,000	351,048	0.94
FWD Limited 6.25% PERP 29/12/2049	200,000	276,657	0.74
ICBCIL Finance Co Limited Series EMTN 3.75% 05/03/2024	300,000	409,137	1.10
Leader Goal Intl Limited VAR PERP	250,000	338,202	0.91
Radiant Access Limited 4.6% 18/11/2065	200,000	251,260	0.67
Shimao Property Holdings Limited 5.75% 15/03/2021	3,000,000	619,424	1.66
Sun Hung Kai Properties 4.45% PERP	300,000	375,366	1.01
Trade Horizon Global FRN 02/08/2021	300,000	407,366	1.09
Vanke Real Estate Hk Series EMTN 5.35% 11/03/2024	300,000	433,017	1.16
		6,058,867	16.23
India			
Housing Development Finance Corporation Limited Series EMTN 6.875% 30/04/2020	20,000,000	384,326	1.03
Indonesia			
Indonesia Eximbank Series OB 7.6% 15/08/2020	13,000,000,000	1,230,431	3.30
Indonesia Government Series FR69 (Reg) 7.875% 15/04/2019	36,620,000,000	3,485,013	9.34
Perusahaan Listrik Negar 4.125% 15/05/2027	250,000	332,911	0.89
PT Pelabuhan Indonesia II 5.375% 05/05/2045	200,000	268,191	0.72
		5,316,546	14.25
Malaysia			
GOHL Capital Limited 4.25% 24/01/2027	500,000	675,340	1.81
Malaysia Sovereign Sukuk 3.043% 22/04/2025	250,000	339,871	0.91
SSG Resources Limited 4.25% 04/10/2022	200,000	277,263	0.74
		1,292,474	3.46
Netherlands			
Minejesa Capital BV Series 4.625% 10/08/2030	300,000	394,749	1.06

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/3/2019	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
Singapore			
AACI REIT MTN Pte Limited Series MTN 3.6% 22/03/2022	250,000	237,075	0.63
AACI REIT MTN Pte Limited Series MTN 3.8% 21/05/2019	750,000	748,545	2.00
Ascott Residence Trust VAR PERP (Issue date: 27/10/2014)	750,000	756,240	2.03
DBS Group Holdings Limited Series MTN VAR PERP	250,000	257,385	0.69
DBS Group Holdings Limited Series VAR 11/12/2028	800,000	1,124,051	3.01
First Real Estate Invest Series MTN VAR PERP	1,250,000	1,134,100	3.04
Jurong Shipyard Pte Limited Series EMTN 2.95% 10/09/2021	500,000	488,475	1.31
Mapletree Treasury Services EMTN VAR PERP	250,000	251,573	0.67
OUE CT Treasury Pte Limited 3.03% 05/09/2020	1,000,000	988,910	2.65
Sembcorp Industries Limited MTN VAR PERP	1,000,000	1,010,260	2.71
Sembcorp Industries Limited Series MTN VAR PERP	1,000,000	995,120	2.67
United Overseas Bank Limited Series EMTN Var Perp	360,000	468,683	1.26
		8,460,417	22.67
South Korea			
Industrial Bank of Korea VAR PERP	200,000	266,028	0.71
Korea Exchange Bank 4.25% 14/10/2024	400,000	553,422	1.48
Korea Resources Corporation 4% 18/04/2023	250,000	349,259	0.94
Korea Southern Power Series 3% 29/01/2021	200,000	270,762	0.73
		1,439,471	3.86
Sri Lanka			
Republic of Sri Lanka Series 6.2% 11/05/2027	200,000	260,203	0.70
Sri Lanka Government International Bond 6.825% 18/07/2026	360,000	489,449	1.31
		749,652	2.01
Vietnam			
Socialist Republic of Vietnam 4.80% 19/11/2024	299,000	425,067	1.14
Total quoted bonds		36,559,935	97.97
Accrued interest on quoted bonds		523,869	1.40
Portfolio of investments		37,083,804	99.37
Other net assets		234,238	0.63
Net assets attributable to unitholders		37,318,042	100.00

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Percentage of total net assets attributable to unitholders at 31/3/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Geography (Summary)		
Quoted Bonds		
Australia	4.64	1.67
British Virgin Islands	0.93	-
China	23.23	28.01
Great Britain	3.46	1.84
Hong Kong	16.23	7.01
India	1.03	3.52
Indonesia	14.25	13.74
Malaysia	3.46	3.01
Netherlands	1.06	0.93
Singapore	22.67	23.26
South Korea	3.86	11.72
Sri Lanka	2.01	1.82
Vietnam	1.14	0.98
	97.97	97.51
Accrued interest on quoted bonds	1.40	1.31
	99.37	98.82
Portfolio of investments	99.37	98.82
Other net assets	0.63	1.18
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Fair value as at 31/3/2019 \$	Percentage of total net assets attributable to unitholders at 31/3/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Industry (Secondary)			
Automotives and Trucks	-	-	0.95
Bank	9,142,929	24.50	22.70
Chemical	-	-	1.25
Consumer	675,340	1.81	1.57
Diversified resource	-	-	0.59
Electrical and Electronic	603,673	1.62	1.41
Energy	-	-	1.30
Engineering and Construction	338,202	0.91	0.79
Finance	1,868,510	5.01	6.47
Government	4,999,603	13.40	12.30
Insurance	539,693	1.44	1.27
Investment	1,467,236	3.93	3.38
Iron and Steel	541,800	1.45	1.26
Metals	953,737	2.56	2.22
Mining	619,143	1.66	0.62
Miscellaneous	1,112,593	2.98	2.56
Oil and gas	-	-	0.93
Real estate	6,136,009	16.44	11.17
Real estate investment trust	1,890,340	5.06	10.55
Semiconductor	1,201,606	3.22	3.48
Telecommunication	703,493	1.89	1.67
Transport	3,108,144	8.33	7.57
Utilities	657,884	1.76	1.50
	36,559,935	97.97	97.51
Accrued interest on quoted bonds	523,869	1.40	1.31
Portfolio of investments	37,083,804	99.37	98.82
Other net assets	234,238	0.63	1.18
Net assets attributable to unitholders	37,318,042	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Legg Mason Western Asset Asian Bond Trust (the "Fund") is an open-ended unit trust constituted pursuant to the Trust Deed dated 26 November 1996, as amended by various Supplemental Deeds. The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The manager and sub-manager are Legg Mason Asset Management Singapore Pte. Limited (the "Manager"), and Western Asset Management Company Pte. Ltd. (the "Sub-Manager"), respectively.

The principal objective of the Fund relates to holding of certain authorised investments for long-term capital appreciation.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The Fund has adopted the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(b) Income recognition

Dividend income is recognised when the right to receive payment is established.

Interest income on deposits is recognised on a time proportion basis using the effective interest rate method.

(c) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore Dollar.

The performance of the Fund is measured and reported to the investors in Singapore Dollar. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore Dollar at the rates of exchange prevailing at the date of Statement of Financial Position. Foreign currency transactions during the financial year are converted into Singapore Dollar at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at reporting date are taken to the Statement of Total Return.

(d) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(d) Investments (continued)

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for fixed income securities held by the Fund is the mid-market price for both financial assets and financial liabilities. Accrued interest or discount or premium on fixed income securities at the reporting date are included in the fair value of fixed income securities. Interest income on fixed income securities is presented within net gains or losses on investments on the Statement of Total Return.

(f) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

Financial derivative outstanding as the end of the financial year are measured at their fair values using the marked-to-market method, and the resultant gains and losses are taken up in the Statement of Total Return.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(h) Margin accounts

The margin accounts comprise cash held with the financial derivatives counterparties for the purpose of transferring of cash and fund futures margin maintained with the clearing house.

These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(i) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(j) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(k) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(l) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the point in time when the necessary approvals have been obtained and a legal or constructive obligation has been created.

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

3. Income tax

	2019	2018
	\$	\$
Singapore income tax	-	1,937
Overseas income tax	73,839	76,522
	73,839	78,459

- (a) The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund ensures that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
 - (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
 - (iii) dividends derived from outside Singapore and received in Singapore.
 - (iv) gains or profits derived from foreign exchange transactions, transactions in future contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities of financial index;
 - (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
 - (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.
- (b) The Singapore income tax represents tax deducted at source for Singapore sourced income. The overseas income tax represents tax deducted at source on income derived from outside Singapore and received in Singapore.

Notes to the Financial Statements

For the financial year ended 31 March 2019

3. Income tax (continued)

The Fund invests in securities issued by entities which are domiciled in foreign countries. Many of these foreign countries have tax laws which indicate that taxes on gains on disposal of investments may be applicable to non-residents, such as the Fund. Typically, these capital gains taxes are required to be determined on a self assessment basis and, therefore, such taxes may not be deducted by the Fund's brokers on a "withholding" basis.

The Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's gains on investments sourced from such foreign countries, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore when measuring any uncertain tax liabilities management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

As at 31 March 2019 and 2018, the Fund has uncertain tax exposure with respect to gains on investments of which the tax liability is estimated to be nil. While this represents the Manager's best estimate, the estimated value could differ significantly from the amount ultimately payable.

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2019 (2018: \$Nil).

5. Cash and bank balances

	2019 \$	2018 \$
Held with a related company of the Trustee:		
- Cash and bank balances	597,908	569,025

6. Margin accounts

	2019 \$	2018 \$
Margin deposits with brokers	76,044	78,151

Margin account represents margin deposits held in respect of exchange-traded futures contract with a financial institution which is a non-related company.

7. Receivables

	2019 \$	2018 \$
Amount due from unitholders on subscriptions	1,251	1,304
Other receivables	14,386	16
	15,637	1,320

Notes to the Financial Statements

For the financial year ended 31 March 2019

8. Payables

	2019 \$	2018 \$
Amount due to unitholders on redemptions	225,864	39,882
Accrued management fee	32,068	34,977
Accrued trustee fee	1,816	1,961
Other payables and accruals	49,407	50,134
	309,155	126,954

9. Fair value of financial derivatives

The tables below set out the notional contract amounts and fair value of forward foreign exchange contracts entered into with third parties.

As at financial year ended 31 March 2019 and 2018, commitments under forward foreign exchange contracts are due for settlement within one month (2018: 2 months).

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
2019			
Forward foreign exchange contracts	25,031,136	-	(146,196)
2018			
Forward foreign exchange contracts	28,436,835	32,540	(69,587)

The forward foreign exchange contracts were undertaken for purpose of efficient portfolio management.

All financial derivatives are stated at their fair values on the Statement of Financial Position.

10. Units in issue

During the financial year ended 31 March 2019 and 2018, the number of units issued, redeemed and outstanding were as follows:

	2019	2018
Units at beginning of the financial year	25,238,624	27,028,658
Units created	2,681,195	2,457,399
Units cancelled	(5,381,728)	(4,247,433)
Units at end of the financial year	22,538,091	25,238,624
Net assets attributable to unitholders (\$)	37,318,042	41,075,506
Net asset value per unit (\$)	1.656	1.627

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Units in issue (continued)

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset as determined for the purpose of processing unit subscription and redemption is provided below:

	2019 \$	2018 \$
Net assets attributable to unitholders per financial statements per unit	1.656	1.627
Effect of movement in net asset value between the last dealing date and the end of the reporting date per unit	*	*
Net assets attributable to unitholders for issuing/redeeming per unit	1.656	1.627

* Denotes less than \$0.001

11. Related party transactions

The Manager of the Fund is Legg Mason Asset Management Singapore Pte. Limited, the Trustee is HSBC Institutional Trust Services (Singapore) Limited and the Custodian is The Hongkong and Shanghai Banking Corporation Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

Except for the related party information disclosed elsewhere in the financial statements, no other significant transactions took place during the financial year between the Fund and related parties.

12. Financial risk management

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Fund's financial performance. The Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual security and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as fixed income, money market investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Fund may be hedged using derivative strategies.

The Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatility and foreign exchange movements.

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Fund does not hold equity securities as of 31 March 2019 and 2018, and therefore is not exposed to significant amount of risk arising from changes in equity prices.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

It affects the value of fixed income securities more than equities. As interest rates rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rate increases, the opportunity cost of holding a bond increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

As the Fund primarily invests in fixed income securities, the values of which are driven significantly by changes in interest rates, the Fund is mainly subject to interest rate risk. When interest rates rise, the value of previously acquired fixed income securities will normally fall because new fixed income securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired fixed income securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. In a rising interest rate environment, the Fund will acquire debts with a shorter maturity profile to minimise the negative impact to the portfolio. The Fund's policy requires the Manager to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Fund's portfolio is a measure of the sensitivity of the fair value of the Fund's fixed interest securities to changes in market interest rates.

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's financial assets and financial liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 March 2019

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	13,807,486	5,315,876	11,972,737	5,463,836	523,869	37,083,804
Cash and bank balances	597,908	-	-	-	-	597,908
Margin accounts	76,044	-	-	-	-	76,044
Receivables	-	-	-	-	15,637	15,637
Total assets	14,481,438	5,315,876	11,972,737	5,463,836	539,506	37,773,393
Liabilities						
Payables	-	-	-	-	309,155	309,155
Fair value of financial derivatives	-	-	-	-	146,196	146,196
Total liabilities	-	-	-	-	455,351	455,351

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31 March 2018

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	12,763,041	4,221,403	16,883,765	6,186,435	536,367	40,591,011
Cash and bank balances	569,025	-	-	-	-	569,025
Margin accounts	78,151	-	-	-	-	78,151
Receivables	-	-	-	-	1,320	1,320
Fair value of financial derivatives	-	-	-	-	32,540	32,540
Total assets	13,410,217	4,221,403	16,883,765	6,186,435	570,227	41,272,047
Liabilities						
Payables	-	-	-	-	126,954	126,954
Fair value of financial derivatives	-	-	-	-	69,587	69,587
Total liabilities	-	-	-	-	196,541	196,541

As at 31 March 2019, should interest rates have lowered or risen by 50 basis points ("bps") (2018: 50 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the financial year would be as follows:

	2019		2018	
	Parallel shift in interest rates by			
	+ 50 bps	- 50 bps	+ 50 bps	- 50 bps
	\$'000	\$'000	\$'000	\$'000
Effect on net assets attributable to unitholders	(490)	490	(630)	630

(iii) Currency risk

The Fund holds monetary financial assets/liabilities denominated in currencies other than Singapore Dollar and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

The tables below summarise the exposure to currency risks for the Fund:

As at 31 March 2019

	CNH \$	IDR \$	SGD \$	USD \$	Others \$	Total \$
Assets						
Portfolio of investments	2,293,289	4,854,056	9,004,535	19,861,003	1,070,921	37,083,804
Cash and bank balances	23,754	3	405,782	146,986	21,383	597,908
Margin accounts	-	-	-	3,484	72,560	76,044
Receivables	6	-	15,460	168	3	15,637
Total assets	2,317,049	4,854,059	9,425,777	20,011,641	1,164,867	37,773,393
Liabilities						
Payables	-	-	292,626	16,529	-	309,155
Total liabilities	-	-	292,626	16,529	-	309,155
Net financial assets	2,317,049	4,854,059	9,133,151	19,995,112	1,164,867	37,464,238
Notional amount of currency forwards and financial derivatives	-	-	(25,031,136)	25,031,136	-	-
Net currency exposure	2,317,049	4,854,059	(15,897,985)	45,026,248	1,164,867	

As at 31 March 2018

	CNH \$	IDR \$	SGD \$	USD \$	Others \$	Total \$
Assets						
Portfolio of investments	4,870,948	5,212,027	10,445,255	18,947,694	1,115,087	40,591,011
Cash and bank balances	22,013	40,677	58,860	421,529	25,946	569,025
Margin accounts	-	-	-	3,345	74,806	78,151
Receivables	-	-	1,304	16	-	1,320
Total assets	4,892,961	5,252,704	10,505,419	19,372,584	1,215,839	41,239,507
Liabilities						
Payables	-	-	110,677	16,277	-	126,954
Total liabilities	-	-	110,677	16,277	-	126,954
Net financial assets	4,892,961	5,252,704	10,394,742	19,356,307	1,215,839	41,112,553
Notional amount of currency forwards and financial derivatives	-	-	(24,319,776)	(180,224)	24,500,000	-
Net currency exposure	4,892,961	5,252,704	(13,925,034)	19,176,083	25,715,839	

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

The following table analyses the Fund's sensitivity to foreign currency exposure should those currencies increase or decrease by 5% with all other variables held constant.

Currency	Currency risen / lowered by 5% Increase / (decrease) in net assets attributable to unitholders	
	2019 \$	2018 \$
CNH	115,852	244,648
IDR	242,703	262,635
USD	2,251,312	958,804

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in settling a liability, including redemption requests.

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances). At 31 March 2019, there are no (2018: no) investments in unlisted or unquoted securities (2018: \$Nil).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro-rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day. In addition the Fund has an unsecured credit facility as disclosed in Note 13.

The Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2019	Less than 3 months \$	Less than 6 months \$
Liabilities		
Payables	309,155	-
Fair value of financial derivatives		
- inflows	25,031,136	-
- outflows	(25,177,332)	-
As at 31 March 2018		
Liabilities		
Payables	126,954	-
Fair value of financial derivatives		
- inflows	19,000,000	-
- outflows	(19,069,587)	-

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's or Fitch. The credit ratings are reviewed regularly.

The table below analyse the Fund's investments by credit ratings.

	2019 %	2018 %
A	3.67	3.74
A-	0.70	1.42
A1	1.01	2.96
A2	4.78	0.57
A3	1.65	1.44
AA2	-	0.93
AA-	0.73	6.21
Aa3	2.75	-
B1	-	2.80
B2	4.22	1.29
Ba1	1.10	1.26
Ba2	3.27	3.89
Baa1	6.77	6.75
Baa2	14.76	9.60
Baa3	9.20	17.29
BBB	6.96	3.17
BBB-	3.66	3.59
BB-	2.00	-
B+	0.75	0.64
Ba3	1.14	-
BBB+	0.73	-
Unrated	28.12	29.96
Accrued interest on quoted bonds	1.40	1.31
Total	99.37	98.82

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk also arises from cash and cash equivalents held with financial institutions. The Fund may also enter into derivatives to manage its exposure to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(c) Credit risk (continued)

counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimise the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit-ratings assigned by international credit rating agencies.

The tables below summarise the credit rating of banks and custodian in which the Funds' assets are held as at 31 March 2019 and 2018.

As at 31 March 2019	Credit Rating ##	Source of Credit Rating
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
State Street Bank & Trust Company	Aa3	Moody's
UBS AG	Aa3	Moody's
 As at 31 March 2018		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
JPMorgan Chase Bank, N.A.	Aa3	Moody's
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
State Street Bank & Trust Company	Aa3	Moody's
UBS AG	A1	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit ratings are based on the Long-term Issuer Ratings published by the rating agency.

Group credit rating will be presented for unrated subsidiaries.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of unitholders in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions. In addition, the Manager also has the option to limit redemptions with the approval of the Trustee, as disclosed in Note 12(b).

(e) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(e) Fair value estimation (continued)

The following tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 March 2019 and 2018:

As at 31 March 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted bonds	-	37,083,804	-	37,083,804
Liabilities				
Fair value of financial derivatives	-	146,196	-	146,196
As at 31 March 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted bonds	-	40,591,011	-	40,591,011
Fair value of financial derivatives	-	32,540	-	32,540
	-	40,623,551	-	40,623,551
Liabilities				
Fair value of financial derivatives	-	69,587	-	69,587

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, comprise unit trusts and exchange traded futures. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate bonds and over the counter derivatives.

Except for cash and cash balances and margin accounts which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 March 2019 and 2018 have been classified as Level 2. The carrying amounts of these financial assets and financial liabilities approximate their fair values as at the reporting date.

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial risk management (continued)

(f) Offsetting Financial Instruments

The following tables present the Fund's financial assets subject to offsetting, enforceable master netting arrangements and similar agreements.

The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the tables below.

As at 31 March 2019	A	B	C = A-B	D	E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position	
	\$	\$	\$	D(i) and D(ii) Financial Instruments \$ D(ii) Cash Collaterals \$	Net amount \$
Forward foreign exchange	-	-	-	-	-

	A	B	C = A-B	D	E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position	
	\$	\$	\$	D(i) and D(ii) Financial Instruments \$ D(ii) Cash Collaterals \$	Net amount \$
Forward foreign exchange	146,196	-	146,196	-	146,196

As at 31 March 2018	A	B	C = A-B	D	E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position	
	\$	\$	\$	D(i) and D(ii) Financial Instruments \$ D(ii) Cash Collaterals \$	Net amount \$
Forward foreign exchange	32,540	-	32,540	16,389	16,151

	A	B	C = A-B	D	E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position	
	\$	\$	\$	D(i) and D(ii) Financial Instruments \$ D(ii) Cash Collaterals \$	Net amount \$
Forward foreign exchange	69,587	-	69,587	16,389	53,198

13. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2019 and 2018.

	2019 \$	2018 \$
Facility		
Overdraft	2 million	2 million

The above credit facility is unsecured and is not utilised at year end.

Notes to the Financial Statements

For the financial year ended 31 March 2019

14. Financial ratios

	2019 %	2018 %
Expense ratio ¹	1.26	1.25
Portfolio turnover ratio ²	33.15	71.63

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 March 2019 was based on total operating expenses of \$490,305 (2018: \$535,879) divided by the average net asset value of \$38,889,752 (2018: \$42,943,084) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, commission fee, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$12,892,777 (2018: purchases of \$30,759,847) divided by the average daily net asset value of \$38,889,752 (2018: \$42,943,084).

Report to Unitholders

For the financial year ended 31 March 2019

Investment Allocation as at 31 March 2019

By Country	Market Value in SGD	% of NAV
Australia	1,730,496	4.64
British Virgin Islands	346,098	0.93
China	8,670,797	23.23
Great Britain	1,290,975	3.46
Hong Kong	6,058,867	16.23
India	384,326	1.03
Indonesia	5,316,546	14.25
Malaysia	1,292,474	3.46
Netherlands	394,749	1.06
Singapore	8,460,417	22.67
South Korea	1,439,471	3.86
Sri Lanka	749,652	2.01
Vietnam	425,067	1.14
	36,559,935	97.97
Accrued interest on quoted bonds	523,869	1.40
Portfolio of investments	37,083,804	99.37
Other net assets	234,238	0.63
Total	37,318,042	100.00

By Industry	Market Value in SGD	% of NAV
Bank	9,142,929	24.50
Consumer	675,340	1.81
Electrical and Electronic	603,673	1.62
Engineering and Construction	338,202	0.91
Finance	1,868,510	5.01
Government	4,999,603	13.40
Insurance	539,693	1.44
Investment	1,467,236	3.93
Iron and Steel	541,800	1.45
Metals	953,737	2.56
Mining	619,143	1.66
Miscellaneous	1,112,593	2.98
Real Estate	6,136,009	16.44
Real estate investment trust	1,890,340	5.06
Semiconductor	1,201,606	3.22
Telecommunication	703,493	1.89
Transport	3,108,144	8.33
Utilities	657,884	1.76
	36,559,935	97.97
Accrued interest on quoted bonds	523,869	1.40
Portfolio of investments	37,083,804	99.37
Other net assets	234,238	0.63
Total	37,318,042	100.00

Report to Unitholders

For the financial year ended 31 March 2019

By Asset Class	Market Value in SGD	% of NAV
Fixed Income securities	36,559,935	97.97
	36,559,935	97.97
Accrued interest on quoted bonds	523,869	1.40
Portfolio of investments	37,083,804	99.37
Other net assets	234,238	0.63
Total	37,318,042	100.00

By Credit Rating *	Market Value in SGD	% of NAV
A	1,369,148	3.67
A-	263,036	0.70
A1	375,366	1.01
A2	1,784,448	4.78
A3	617,134	1.65
AA-	270,762	0.73
Aa3	1,027,003	2.75
B2	1,576,236	4.22
Ba1	409,636	1.10
Ba2	1,219,806	3.27
Baa1	2,526,855	6.77
Baa2	5,507,856	14.76
Baa3	3,432,636	9.20
BBB	2,597,075	6.96
BBB-	1,364,012	3.66
BB-	746,063	2.00
B+	279,293	0.75
Ba3	425,067	1.14
BBB+	274,286	0.73
Unrated	10,494,217	28.12
	36,559,935	97.97
Accrued interest on quoted bonds	523,869	1.40
Portfolio of investments	37,083,804	99.37
Other net assets	234,238	0.63
Total	37,318,042	100.00

**By Standard & Poor's /Moody's/Fitch*

Report to Unitholders

For the financial year ended 31 March 2019

Top 10 Holdings

Holdings as at 31 March 2019	Market Value in SGD	% of NAV
Indonesia Government Series FR69 (Reg) 7.875% 15/04/2019	3,485,013	9.34
HSBC Holdings Plc Series EMTN VAR PERP	1,290,975	3.46
Indonesia Eximbank Series OB 7.6% 15/08/2020	1,230,431	3.30
First Real Estate Invest Series MTN VAR PERP	1,134,100	3.04
DBS Group Holdings Limited Series VAR 11/12/2028	1,124,051	3.01
Commonwealth Bank of Australia Series EMTN 4.2% 26/10/2020	1,027,003	2.75
Sembcorp Industries Limited MTN VAR PERP	1,010,260	2.71
Sembcorp Industries Limited Series MTN VAR PERP	995,120	2.67
OUE CT Treasury Pte Limited 3.03% 05/09/2020	988,910	2.65
CNAC HK Finbridge Co Limited 4.625% 14/03/2023	843,217	2.26

Holdings as at 31 March 2018	Market Value in SGD	% of NAV
Indonesia Government Series FR69 (Reg) 7.875% 15/04/2019	3,583,653	8.72
First Real Estate Invest Series MTN VAR PERP	1,259,425	3.07
Korea Development Bank Series 625 4.2% 15/12/2018	1,249,091	3.04
Indonesia Eximbank Series OB 7.6% 15/08/2020	1,243,399	3.03
Ascendas Real Estate Investment VAR PERP	1,042,050	2.54
Export-Import Bank of Korea Series EMTN 3.6% 10/06/2018	1,040,054	2.53
Sembcorp Industries Limited MTN VAR PERP	1,011,810	2.46
OUE CT Treasury Pte Limited 3.03% 05/09/2020	996,680	2.43
Sembcorp Industries Limited Series MTN VAR PERP	990,570	2.41
Industrial & Commercial Bank of China Limited Series EMTN 3.2% 19/09/2018	854,300	2.08

Exposure to Derivatives	Market Value in SGD	% of NAV
Forward foreign exchange contracts as at 31 March 2019	(146,196)	(0.39)
Net realised loss on contracts for the period 1 April 2018 to 31 March 2019	(841,122)	
Net unrealised loss on contracts as at 31 March 2019	(146,196)	

Global Exposure

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Fund at any time.

Collateral

Refer to Note 6 of "Notes to the Financial Statements".

Securities Lending or Repurchase Transactions

Nil as at 31 March 2019.

Report to Unitholders

For the financial year ended 31 March 2019

Investment in Other Unit Trust, Mutual Funds and Collective Investment Schemes

Nil as at 31 March 2019.

Borrowings

Nil as at 31 March 2019.

Amount of Redemptions and Subscriptions

For the period 1 April 2018 to 31 March 2019

	SGD
Redemptions	8,665,988
Subscriptions	4,309,247

Related Party Transactions

For the period 1 April 2018 to 31 March 2019

Refer to Note 11 of the "Notes to the Financial Statements".

Performance

	Legg Mason Western Asset Asian Bond Trust Class A (SGD) Accumulating*	Benchmark
3-months	+3.56%	+0.49%
6-months	+3.82%	+0.98%
1-year	+1.78%	+1.84%
3-years	+2.03%	+1.29%
5-years	+2.23%	+1.20%
10-years	+5.23%	+3.55%
Since inception	+2.43%	NA

* NAV-NAV basis, with net income and dividends reinvested, if any (SGD terms). Annualised for periods over one year.

Benchmark : US\$ 3-month LIBOR hedged to S\$. From November 2006 to March 2011, benchmark was Customised JP Morgan Asian Credit Index, Sovereign & Quasi Sovereign, fully hedged into SGD. From October 2002 to October 2006, benchmark was JP Morgan Asian Credit Index - Sovereign and Quasi Sovereign (Hedged in S\$). Since January 1999 to September 2002, benchmark was JP Morgan Asian Credit Index Sovereign (Hedged in S\$).

The inception date was 23 December 1996

Source : Legg Mason Asset Management Singapore Pte. Limited

Expense Ratio

For the period 1 April 2018 to 31 March 2019	1.26%
For the period 1 April 2017 to 31 March 2018	1.25%

The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 March 2019 was based on total operating expenses of \$490,305 (2018: \$535,879) divided by the average net asset value of \$38,889,752 (2018: \$42,943,084) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, commission fee, performance fee, interest expense, distribution paid out to unitholders, foreign

Report to Unitholders

For the financial year ended 31 March 2019

exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

Turnover Ratio

For the period 1 April 2018 to 31 March 2019	33.15%
For the period 1 April 2017 to 31 March 2018	71.63%

The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$12,892,777 (2018: purchases of \$30,759,847) divided by the average daily net asset value of \$38,889,752 (2018: \$42,943,084).

Other Material Information

There are no other material information that will adversely impact the valuation of the Fund.

Soft Dollar Commissions/Arrangements

The Manager and Sub-Manager currently do not but shall be entitled to receive and enter into soft-dollar commissions/arrangements in respect of the Trust.

Detail of Underlying Funds

The Fund does not invest more than 30% of its NAV in another scheme.

Intentionally left blank

Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Funds

- Legg Mason Western Asset Singapore Dollar Fund

Legg Mason Western Asset Global Bond Trust

Legg Mason Western Asset Asian Bond Trust

Legg Mason Western Asset Singapore Bond Fund

Legg Mason Western Asset Singapore Bond Fund

(Constituted under a Trust Deed registered in the Republic of Singapore)

Report of the Trustee

For the financial year ended 31 March 2019

The Trustee is under a duty to take into custody and hold the assets of Legg Mason Western Asset Singapore Bond Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 132 to 150, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

21 June 2019

Legg Mason Western Asset Singapore Bond Fund

(Constituted under a Trust Deed registered in the Republic of Singapore)

Statement by the Manager

For the financial year ended 31 March 2019

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 132 to 150, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders’ Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Legg Mason Western Asset Singapore Bond Fund (the “Fund”) as at 31 March 2019, and the financial performance and movements in unitholders’ funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet their financial obligations as and when they materialise.

For and on behalf of

LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director

21 June 2019

Independent Auditor's Report to the Unitholders of Legg Mason Western Asset Singapore Bond Fund

(Constituted under a Trust Deed in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of the Legg Mason Western Asset Singapore Bond Fund (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 March 2019, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 March 2019;
- the Statement of Financial Position as at 31 March 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2019;
- the Statement of Portfolio as at 31 March 2019; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Independent Auditor's Report to the Unitholders of Legg Mason Western Asset Singapore Bond Fund

(Constituted under a Trust Deed in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 21 June 2019

Statement of Total Return

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Income			
Dividend income		120,835	239,700
Other income		-	6,005
		120,835	245,705
Less: Expenses			
Audit fee		17,699	18,694
Custody fee	9	21,266	28,399
Management fee	9	425,939	581,855
Trustee fee	9	36,275	51,160
Registration fee	9	10,352	12,092
Printing fee		1,000	2,000
Professional fee		18,301	15,771
Valuation fee	9	24,388	31,830
Goods and services tax		(1,479)	2,305
Transaction cost		2,093	1,335
Other expenses		9,074	10,095
		564,908	755,536
Net losses		(444,073)	(509,831)
Net gains or losses on value of investments			
Net gains on investments		581,041	1,841,074
Net foreign exchange losses		(41)	(49)
		581,000	1,841,025
Total return for the financial year before income tax		136,927	1,331,194
Less: Income tax	3	-	-
Total return for the financial year		136,927	1,331,194

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2019

	Notes	2019 \$	2018 \$
ASSETS			
Portfolio of investments		25,945,062	103,206,289
Cash and bank balances	5	414,304	1,333,295
Receivables	6	218,297	325,396
Total assets		26,577,663	104,864,980
LIABILITY			
Payables	7	291,042	113,541
Total liability		291,042	113,541
EQUITY			
Net assets attributable to unitholders	8	26,286,621	104,751,439

The accompanying notes form an integral part of these financial statements.

Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2019

	Notes	2019 \$	2018 \$
Net assets attributable to unitholders at the beginning of the financial year		104,751,439	103,164,755
Operations			
Change in net assets attributable to unitholders resulting from operations		136,927	1,331,194
Unitholders' contributions/(withdrawals)			
Creation of units		17,350,385	19,662,632
Cancellation of units		(95,952,130)	(19,407,142)
Change in net assets attributable to unitholders resulting from net creation of units		(78,601,745)	255,490
Total (decrease)/increase in net assets attributable to unitholders		(78,464,818)	1,586,684
Net assets attributable to unitholders at the end of the financial year	8	26,286,621	104,751,439

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/03/2019	Fair value as at 31/03/2019 \$	Percentage of total net assets attributable to unitholders at 31/03/2019 %
<u>By Geography (Primary)</u>			
Quoted Bonds			
China			
Huarong Finance 2017 Company Limited 3.20% 27/04/2021	500,000	496,500	1.89
Netherlands			
ABN AMRO Bank NV Series EMTN VAR 01/04/2026	1,250,000	1,286,688	4.89
Singapore			
AACI REIT MTN Pte Limited Series MTN 3.6% 22/03/2022	1,000,000	948,300	3.61
Ascendas Real Estate Investment VAR PERP	500,000	510,440	1.94
CCT MTN Pte Ltd Series MTN 3.17% 05/03/2024	750,000	756,218	2.88
DBS Group Holdings Limited VAR PERP (Issue date: 03 Dec 2013)	1,000,000	1,004,120	3.82
DBS Group Holdings Limited VAR PERP (Issue date: 12 Sept 2018)	750,000	772,155	2.94
FCOT Treasury Pte Ltd Series MTN 3.185% 28/02/2023	500,000	501,475	1.91
FCT MTN Private Limited Series MTN (BR) 3.00% 21/01/2020	500,000	500,160	1.90
First Real Estate Investment Trust VAR PERP	500,000	453,640	1.73
Jurong Shipyard Pte Limited Series EMTN 2.95% 10/09/2021	750,000	732,712	2.79
Keppel Corporation Limited Series EMTN 4.00% 07/09/2042	500,000	483,590	1.84
Mapletree Commercial Trust MTN 2.795% 15/11/2023	750,000	747,712	2.84
Mapletree Logistics Trust EMTN VAR PERP	500,000	495,920	1.89
Mapletree Treasury Services EMTN 2.85% 29/08/2025	500,000	494,895	1.88
Mapletree Treasury Services EMTN VAR PERP (Issue date: 19 Jan 2017)	500,000	511,710	1.95
Mapletree Treasury Services EMTN VAR PERP (Issue date: 12 May 2017)	750,000	754,717	2.87
NTUC Income Insurance VAR 23/08/2027	500,000	513,875	1.95
Sembcorp Industries Limited MTN VAR PERP (Issue date: 20 May 2015)	500,000	505,130	1.92
Sembcorp Industries Limited MTN VAR PERP (Issue date: 22 Jun 2017)	500,000	497,560	1.89
Singapore Government Bond 2.25% 01/08/2036	1,000,000	984,240	3.74
Singapore Government SIGB 2.75% 01/03/2046	1,300,000	1,357,772	5.17
Singapore Government SIGB 2.875% 01/09/2030	1,250,000	1,335,913	5.08
Singapore Government SIGB 3.00% 01/09/2024	2,300,000	2,425,304	9.23
Singapore Government SIGB 3.50% 01/03/2027	1,910,000	2,114,523	8.04
Singapore Republic 2.875% 01/07/2029	500,000	534,880	2.03

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Holdings as at 31/03/2019	Fair value as at 31/03/2019 \$	Percentage of total net assets attributable to unitholders at 31/03/2019 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
Singapore (continued)			
Starhub Limited MTN VAR PREP	750,000	740,820	2.82
Suntec Real Estate Investment Trust MTN Pte Limited 3.355% 07/02/2025	1,000,000	1,000,480	3.81
United Overseas Bank Limited 4% 29/12/2049	500,000	510,240	1.94
United Overseas Bank Limited Series MTN VAR 27/02/2029	250,000	256,922	0.98
United Overseas Bank Limited VAR PERP	500,000	506,470	1.93
		22,951,893	87.32
United Kingdom			
HSBC Holdings PLC VAR PERP	1,000,000	1,032,780	3.93
Total quoted bonds		25,767,861	98.03
Accrued interest on quoted bonds		177,201	0.67
Portfolio of investments		25,945,062	98.70
Other net assets		341,559	1.30
Net assets attributable to unitholders		26,286,621	100.00

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Percentage of total net assets attributable to unitholders at 31/03/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Geography (Summary)		
Quoted Bonds		
China	1.89	2.86
Japan	-	1.19
Netherlands	4.89	6.68
Singapore	87.32	87.05
United Kingdom	3.93	-
	<hr/> 98.03	<hr/> 97.78
Accrued interest on quoted bonds	0.67	0.75
	<hr/>	<hr/>
Portfolio of investments	98.70	98.53
Other net assets	1.30	1.47
	<hr/>	<hr/>
Net assets attributable to unitholders	100.00	100.00
	<hr/>	<hr/>

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio

As at 31 March 2019

	Fair value as at 31/03/2019 \$	Percentage of total net assets attributable to unitholders at 31/03/2019 %	Percentage of total net assets attributable to unitholders at 31/3/2018 %
By Industry (Secondary)			
Bank	5,369,375	20.43	22.73
Diversified Resources	483,590	1.84	1.92
Finance	-	-	4.56
Government	8,752,632	33.30	33.45
Hotel	-	-	2.39
Insurance	513,875	1.95	0.49
Investment	2,257,822	8.59	9.73
Real estate investment trust	5,914,345	22.50	15.53
Telecommunication	740,820	2.82	0.71
Transportation	1,735,402	6.60	6.27
	25,767,861	98.03	97.78
Accrued interest on quoted bonds	177,201	0.67	0.75
Portfolio of investments	25,945,062	98.70	98.53
Other net assets	341,559	1.30	1.47
Net assets attributable to unitholders	26,286,621	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Legg Mason Western Asset Singapore Bond Fund (the “Fund”) is a unit trust constituted by a Trust Deed dated 1 October 1997 as amended by Supplementary and the Amending and Restating Deed. The Trust Deed, subsequent Supplementary Deed and Amending and Restating Deeds are governed in accordance with the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The manager and sub-manager of the Fund are Legg Mason Asset Management Singapore Pte. Limited (the “Manager”) and Western Asset Management Company Pte. Ltd. (the “Sub-Manager”) respectively.

The principal objective of the Fund is to achieve yield enhancement by aiming to outperform the benchmark in Singapore Dollar items via active but prudent management of a portfolio comprising primarily of Singapore bonds, cash and cash equivalent instruments.

The Fund has 2 classes of units in issue at reporting date. Class A and Class B unitholders currently pay management fees of 0.75% per annum and 0.5% per annum respectively.

The Fund is included under the Central Provident Fund Investment Scheme.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The Fund has adopted the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

(b) Income recognition

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Foreign currencies

(i) Functional and presentation currency

The Fund’s investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore Dollar.

The performance of the Fund is measured and reported to the investors in Singapore Dollar. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund’s functional and presentation currency is the Singapore Dollar.

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore Dollar at the rates of exchange prevailing at the date of the Statement of Financial Position. Foreign currency transactions during the financial year are converted into Singapore Dollar at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at reporting date are taken to the Statement of Total Return.

(d) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(d) Investments (continued)

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the year in which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for fixed income securities held by the Fund is the mid-market price for both financial assets and financial liabilities. Accrued interest or discount or premium on fixed income securities at the reporting date are included in the fair value of fixed income securities. Interest income on fixed income securities is presented within net gains or losses on investments on the Statement of Total Return.

(f) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

Financial derivative outstanding as at the end of the financial year are measured at their fair values using the marked-to-market method, and the resultant gains and losses are taken up in the Statement of Total Return.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(h) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(i) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(j) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(k) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution

Notes to the Financial Statements

For the financial year ended 31 March 2019

2. Significant accounting policies (continued)

(k) Distributions (continued)

date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the point in time when the necessary approvals have been obtained and a legal or constructive obligation has been created.

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

3. Income tax

- (a) The Fund was granted the status of Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund ensures that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT fund is not taxable in accordance with sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
 - (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
 - (iii) dividends derived from outside Singapore and received in Singapore;
 - (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
 - (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
 - (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.
- (b) There was no income tax for the financial year ended 31 March 2019 (2018: \$Nil).

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2019 (2018: \$Nil).

5. Cash and bank balances

	2019 \$	2018 \$
Cash and bank balances held with a related company of the Trustee	<u>414,304</u>	<u>1,333,295</u>

Notes to the Financial Statements

For the financial year ended 31 March 2019

6. Receivables

	2019 \$	2018 \$
Amount due from unitholders on subscriptions	198,665	325,396
Other receivable	19,632	-
	218,297	325,396

7. Payables

	2019 \$	2018 \$
Amount due to unitholders on redemptions	236,350	17,806
Accrued management fee	16,259	51,167
Accrued trustee fee	1,116	4,396
Other payables and accruals	37,317	40,172
	291,042	113,541

8. Units in issue

During the financial year ended 31 March 2019 and 2018, the number of units issued, redeemed and outstanding were as follows:

	2019	2018
Class A		
Units at beginning of the financial year	14,394,325	15,503,569
Units created	1,722,124	2,548,041
Units cancelled	(3,588,130)	(3,657,285)
Units at end of the financial year	12,528,319	14,394,325
Net assets attributable to unitholders (\$)	24,040,628	26,898,955
Net asset value per unit (\$)	1.919	1.869
Class B		
Units at beginning of the financial year	38,615,613	37,469,565
Units created	6,987,447	7,378,153
Units cancelled	(44,520,883)	(6,232,105)
Units at end of the financial year	1,082,177	38,615,613
Net assets attributable to unitholders (\$)	2,245,993	77,852,484
Net asset value per unit (\$)	2.075	2.016

Notes to the Financial Statements

For the financial year ended 31 March 2019

8. Units in issue (continued)

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset as determined for the purpose of processing unit subscription and redemption is provided below:

	2015 \$	2014 \$
Class A		
Net assets attributable to unitholders per financial statements per unit	1.919	1.869
Effect for movement in the net asset value between the last dealing date and the end of the reporting date per unit	*	-
Net assets attributable to unitholders for issuing/redeeming per unit	1.919	1.869
	2019 \$	2018 \$
Class B		
Net assets attributable to unitholders per financial statements per unit	2.075	2.016
Effect for movement in the net asset value between the last dealing date and the end of the reporting date per unit	*	0.001
Net assets attributable to unitholders for issuing/redeeming per unit	2.075	2.017

* Denotes less than \$0.001

9. Related party transactions

The Manager of the Fund is Legg Mason Asset Management Singapore Pte. Limited, the Trustee is HSBC Institutional Trust Services (Singapore) Limited and the Custodian is The Hongkong and Shanghai Banking Corporation Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

Except for the related party information disclosed elsewhere in the financial statements, no other significant transactions took place during the financial year between the Fund and related parties.

10. Financial risk management

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Fund's financial performance. The Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as fixed income, money market investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(a) Market risk (continued)

the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Fund may be hedged using derivative strategies.

The Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatility and foreign exchange movements.

(i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Fund does not hold any equity as of 31 March 2019 and 2018, and therefore is not exposed to significant amount of risk arising from changes in equity prices.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

It affects the value of fixed income securities more directly than equities. As interest rates rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rates increase, the opportunity cost of holding a bond increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

As the Fund invests primarily in fixed income securities, the values of which are driven significantly by changes in interest rates, the Fund is mainly subject to interest rate risk. When interest rates rise, the value of previously acquired fixed income securities will normally fall because new fixed income securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired fixed income securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. In a rising interest rate environment, the Fund will acquire debts with a shorter maturity profile to minimise the negative impact to the portfolio. The Fund's policy requires the Manager to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed income securities. The average effective duration of the Fund's portfolio is a measure of the sensitivity of the fair value of the Fund's fixed interest securities to changes in market interest rates.

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 March 2019

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	9,842,947	500,160	4,182,917	11,241,837	177,201	25,945,062
Cash and bank balances	414,304	-	-	-	-	414,304
Receivables	-	-	-	-	218,297	218,297
Total assets	10,257,251	500,160	4,182,917	11,241,837	395,498	26,577,663
Liabilities						
Payables	-	-	-	-	291,042	291,042
Total liabilities	-	-	-	-	291,042	291,042

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31 March 2018

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	41,716,326	4,006,200	12,062,455	44,635,992	785,316	103,206,289
Cash and bank balances	1,333,295	-	-	-	-	1,333,295
Receivables	-	-	-	-	325,396	325,396
Total assets	43,049,621	4,006,200	12,062,455	44,635,992	1,110,712	104,864,980
Liabilities						
Payables	-	-	-	-	113,541	113,541
Total liabilities	-	-	-	-	113,541	113,541

As at 31 March 2019, should interest rates have lowered or risen by 50 basis points ("bps") (2018: 50 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the year would be as follows:

	2019		2018	
	Parallel shift in interest rates by			
	+ 50 bps	- 50 bps	+ 50 bps	- 50 bps
	\$'000	\$'000	\$'000	\$'000
Effect on net assets attributable to unitholders	(700)	700	(2,660)	2,660

(iii) Currency risk

The Fund holds monetary financial assets/liabilities denominated in currencies other than Singapore Dollar and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

The tables below summarise the exposure to currency risks for the Fund:

As at 31 March 2019	SGD \$	USD \$	Total \$
Assets			
Portfolio of investments	25,945,062	-	25,945,062
Cash and bank balances	414,304	-	414,304
Receivables	218,297	-	218,297
Total assets	26,577,663	-	26,577,663
Liabilities			
Payables	291,015	27	291,042
Total liabilities	291,015	27	291,042
Net currency exposure	26,286,648	(27)	

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

As at 31 March 2018	SGD \$	USD \$	Total \$
Assets			
Portfolio of investments	103,206,289	-	103,206,289
Cash and bank balances	1,333,295	-	1,333,295
Receivables	325,396	-	325,396
Total assets	104,864,980	-	104,864,980
Liabilities			
Payables	113,462	79	113,541
Total liabilities	113,462	79	113,541
Net currency exposure	104,751,518	(79)	

The Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Fund.

As of 31 March 2019 and 2018, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant. Hence, no sensitivity analysis on foreign currency risk has been performed.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in settling a liability, including redemption requests.

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro-rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day. In addition, the Fund has an unsecured credit facility as disclosed in Note 11.

The Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(b) Liquidity risk (continued)

The tables below analyse the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining year at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2019	Less than 3 months \$
Liabilities	
Payables	291,042
As at 31 March 2018	
Liabilities	
Payables	113,541

(c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's, Moody's or Fitch's. The credit ratings are reviewed regularly.

The table below analyses the Fund's investments by credit ratings expressed as a percentage of net assets attributable to unitholders.

	2019 %	2018 %
Aaa	33.30	32.49
A+	1.95	0.49
A1	-	1.19
A2	0.98	-
A3	-	1.95
Baa1	4.73	5.68
Baa2	8.74	8.16
Baa3	3.93	-
BBB+	4.78	4.56
BBB	8.70	16.24
BBB-	1.93	1.23
Unrated (Singapore - incorporated debt securities) #	28.99	25.79
Accrued interest on quoted bonds	0.67	0.75
Total	98.70	98.53

Nil% (2018: 0.95%) relates to Singapore government-issued securities

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(c) Credit risk (continued)

All investment transactions are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk also arises from cash and cash equivalents held with financial institutions. The Fund may also enter into derivatives to manage its exposure to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimise the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit-ratings assigned by international credit rating agencies.

The tables below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 31 March 2019 and 2018.

As at 31 March 2019	Credit Rating ##	Source of Credit Rating
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
As at 31 March 2018		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit ratings are based on the Long-term Issuer Ratings published by the rating agency.

Group credit rating will be presented for unrated subsidiaries.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of unitholders in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions. In addition, the Manager also has the option to limit redemptions with the approval of the Trustee, as disclosed in Note 10(b).

(e) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Notes to the Financial Statements

For the financial year ended 31 March 2019

10. Financial risk management (continued)

(e) Fair value estimation (continued)

The following tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 March 2019 and 2018:

As at 31 March 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted bonds	-	25,945,062	-	25,945,062
Total	-	25,945,062	-	25,945,062
As at 31 March 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted bonds	-	103,206,289	-	103,206,289
Total	-	103,206,289	-	103,206,289

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate and government bonds.

Except for cash and cash balances which are classified as Level 1, the Fund's financial assets and liabilities not measured at fair value at 31 March 2019 and 2018 have been classified as Level 2. The carrying amounts of these financial assets and financial liabilities approximate their fair values as at the reporting date.

11. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2019 and 2018.

	2019 \$	2018 \$
<u>Facility</u>		
Overdraft	3.5 million	3.5 million

The above credit facility is unsecured and is not utilised at year end.

12. Financial ratios

	2019 %	2018 %
Ratio of expenses to average net assets ¹		
Class A	0.94	0.92
Class B	0.69	0.67
Portfolio turnover rate ²	52.73	29.29

¹ The expense ratios have been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Funds' expense ratios at 31 March 2019 were based on total operating expenses divided by the average net asset value respectively for the year. The total operating expenses do not include (where applicable) brokerage and other transaction

Notes to the Financial Statements

For the financial year ended 31 March 2019

12. Financial ratios (continued)

costs, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund do not pay any performance fee. The average net asset value is based on the daily balances.

Total operating expenses and average net asset value are as below:

	2019 \$	2018 \$
Total operating expenses		
Class A	237,124	258,133
Class B	325,691	496,068
Average net asset value		
Class A	25,277,055	28,102,017
Class B	47,456,842	74,180,391

- ² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$38,354,148 (2018: sales of \$29,962,916) divided by the average daily net asset value of \$72,733,897 (2018: \$102,282,408).

Report to Unitholders

For the financial year ended 31 March 2019

Investment Allocation as at 31 March 2019

By Country	Market Value in SGD	% of NAV
China	496,500	1.89
Netherlands	1,286,688	4.89
Singapore	22,951,893	87.32
United Kingdom	1,032,780	3.93
	25,767,861	98.03
Accrued interest on quoted bonds	177,201	0.67
Portfolio of investments	25,945,062	98.70
Other net assets	341,559	1.30
Total	26,286,621	100.00

By Industry	Market Value in SGD	% of NAV
Bank	5,369,375	20.43
Diversified Resources	483,590	1.84
Government	8,752,632	33.30
Insurance	513,875	1.95
Investment	2,257,822	8.59
Real estate investment trust	5,914,345	22.50
Telecommunication	740,820	2.82
Transportation	1,735,402	6.60
	25,767,861	98.03
Accrued interest on quoted bonds	177,201	0.67
Portfolio of investments	25,945,062	98.70
Other net assets	341,559	1.30
Total	26,286,621	100.00

By Asset Class	Market Value in SGD	% of NAV
Fixed Income securities	25,767,861	98.03
	25,767,861	98.03
Accrued interest on quoted bonds	177,201	0.67
Portfolio of investments	25,945,062	98.70
Other net assets	341,559	1.30
Total	26,286,621	100.00

Report to Unitholders

For the financial year ended 31 March 2019

By Credit Rating *	Market Value in SGD	% of NAV
Aaa	8,752,632	33.30
A+	513,875	1.95
A2	256,922	0.98
Baa1	1,244,212	4.73
Baa2	2,298,603	8.74
Baa3	1,032,780	3.93
BBB+	1,256,378	4.78
BBB	2,286,515	8.70
BBB-	506,470	1.93
Unrated #	7,619,474	28.99
	25,767,861	98.03
Accrued interest on quoted bonds	177,201	0.67
Portfolio of investments	25,945,062	98.70
Other net assets	341,559	1.30
Total	26,286,621	100.00

Nil% (2018: 0.95%) relates to Singapore government-issued securities

* By Standard & Poor's /Moody's/Fitch's

Top 10 Holdings

Holdings as at 31 March 2019	Market Value in SGD	% of NAV
Singapore Government SIGB 3.00% 01/09/2024	2,425,304	9.23
Singapore Government SIGB 3.50% 01/03/2027	2,114,523	8.04
Singapore Government SIGB 2.75% 01/03/2046	1,357,772	5.17
Singapore Government SIGB 2.875% 01/09/2030	1,335,913	5.08
ABN AMRO Bank NV Series EMTN VAR 01/04/2026	1,286,688	4.89
HSBC Holdings PLC VAR PERP	1,032,780	3.93
DBS Group Holdings Limited VAR PERP (Issue date: 03 Dec 2013)	1,004,120	3.82
Suntec Real Estate Investment Trust MTN Pte Limited 3.355% 07/02/2025	1,000,480	3.81
Singapore Government Bond 2.25% 01/08/2036	984,240	3.74
AACI REIT MTN Pte Limited Series MTN 3.6% 22/03/2022	948,300	3.61

Holdings as at 31 March 2018	Market Value in SGD	% of NAV
Singapore Government SIGB 3.00% 01/09/2024	11,533,390	11.01
Singapore Government SIGB 3.50% 01/03/2027	8,132,030	7.76
DBS Group Holdings Limited VAR PERP	7,403,628	7.07
ABN AMRO Bank NV Series EMTN VAR 01/04/2026	7,001,708	6.68
Singapore Government Bond 2.125% 01/06/2026	4,956,500	4.73
United Overseas Bank Limited 4% 29/12/2049	4,832,793	4.61
OCBC Capital Corporation Preference	4,770,500	4.55
Singapore Government SIGB 2.75% 01/03/2046	3,993,400	3.81
AACI REIT MTN Pte Limited Series MTN 3.6% 22/03/2022	3,441,340	3.29
Mapletree Treasury Services EMTN VAR PERP (Issue date: 19 Jan 2017)	3,033,150	2.90

Report to Unitholders

For the financial year ended 31 March 2019

Exposure to Derivatives

Nil as at 31 March 2019.

Global Exposure

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Fund at any time.

Collateral

Nil as at 31 March 2019.

Securities Lending or Repurchase Transactions

Nil as at 31 March 2019.

Investment in Other Unit Trust, Mutual Funds and Collective Investment Schemes

	Market Value in SGD	% of NAV
Suntec Real Estate Investment Trust MTN Pte Limited 3.355% 07/02/2025	1,000,480	3.81
AACI REIT MTN Pte Limited Series MTN 3.6% 22/03/2022	948,300	3.61
CCT MTN Pte Ltd Series MTN 3.17% 05/03/2024	756,218	2.88
Mapletree Commercial Trust MTN 2.795% 15/11/2023	747,712	2.84
Ascendas Real Estate Investment VAR PERP	510,440	1.94
FCOT Treasury Pte Ltd Series MTN 3.185% 28/02/2023	501,475	1.91
FCT MTN Private Limited Series MTN (BR) 3.00% 21/01/2020	500,160	1.90
Mapletree Logistics Trust EMTN VAR PERP	495,920	1.89
First Real Estate Investment Trust VAR PERP	453,640	1.73

Borrowings

Nil as at 31 March 2019.

Amount of Redemptions and Subscriptions

For the period 1 April 2018 to 31 March 2019

	SGD
Redemptions	95,952,130
Subscriptions	17,350,385

Related Party Transactions

For the period 1 April 2018 to 31 March 2019

Refer to Note 9 of the "Notes to the Financial Statements".

Report to Unitholders

For the financial year ended 31 March 2019

Performance

	Legg Mason Western Asset Singapore Bond Fund*		Benchmark
	Class A (SGD) Accumulating	Class B (SGD) Accumulating	
3-months	+0.95%	+0.97%	+0.10%
6-months	+2.68%	+2.77%	+3.63%
1-year	+2.68%	+2.88%	+3.80%
3-years	+2.23%	+2.48%	+1.63%
5-years	+2.91%	+3.15%	+2.69%
10-years	+2.98%	+3.23%	+2.38%
Since inception	+3.10%	+3.46%	+2.81%

* NAV-NAV basis, with net income and dividends reinvested, if any (SGD terms). Annualised for periods over one year.

Benchmark : J.P Morgan Singapore Government Bond Index (S\$) . Prior to 3 April 2017, the benchmark was UOB Singapore Government Bond Index All (S\$) and prior to 1 October 2006, the benchmark was 70% 3-month SIBID and 30% UOB SGS Index.

The inception dates were 15 November 1997 and 21 April 1998 respectively for Class A and Class B.

Benchmark since inception performance is for Class A only.

Since inception figures are calculated from the first full month of investment.

Source : Legg Mason Asset Management Singapore Pte. Limited

Expense Ratio

Class A

For the period 1 April 2018 to 31 March 2019 0.94%

For the period 1 April 2017 to 31 March 2018 0.92%

Class B

For the period 1 April 2018 to 31 March 2019 0.69%

For the period 1 April 2017 to 31 March 2018 0.67%

The expense ratios have been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Funds' expense ratios at 31 March 2019 were based on total operating expenses divided by the average net asset value respectively for the year. The total operating expenses do not include (where applicable) brokerage and other transaction costs, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund do not pay any performance fee. The average net asset value is based on the daily balances.

Total operating expenses and average net asset value are as below:

	2019 \$	2018 \$
Total operating expenses		
Class A	237,124	258,133
Class B	325,691	496,068
Average net asset value		
Class A	25,277,055	28,102,017
Class B	47,456,842	74,180,391

Report to Unitholders

For the financial year ended 31 March 2019

Turnover Ratio

For the period 1 April 2018 to 31 March 2019	52.73%
For the period 1 April 2017 to 31 March 2018	29.29%

The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$38,354,148 (2018: sales of \$29,962,916) divided by the average daily net asset value of \$72,733,897 (2018: \$102,282,408).

Other Material Information

There are no other material information that will adversely impact the valuation of the Fund.

Soft Dollar Commissions/Arrangements

The Manager and Sub-Manager currently do not but shall be entitled to receive and enter into soft-dollar commissions/arrangements in respect of the Scheme.

Detail of Underlying Funds

The Fund does not invest more than 30% of its NAV in another scheme.

LEGG MASON

GLOBAL ASSET MANAGEMENT

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