

# 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 2020



Contents	Page
Legg Mason Martin Currie Southeast Asia Trust	9
Legg Mason Funds	37
- Legg Mason Western Asset Singapore Dollar Fund	
Legg Mason Western Asset Global Bond Trust	63
Legg Mason Western Asset Asian Bond Trust	97
Legg Mason Western Asset Singapore Bond Fund	131

### Important Information

The minimum CPF interest rate for the Ordinary Account (OA) is 2.5% per annum. As announced in September 2019, 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 2020. 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 2020

## Global Fixed Income

### Market Review

The escalation in the spread of COVID-19 globally with the imposition of lockdowns and social distancing saw global growth and inflation expectations plummet. Oil prices declined sharply, exacerbated by an unexpected price war between Saudi Arabia and Russia. Global demand for cash and forced selling of risk assets caused severe illiquidity in all markets, including US Treasuries (USTs), and a sharp rise in the US dollar, especially versus Emerging Markets (EM) and commodity-related currencies. In the ensuing market volatility, breakeven inflation spreads plummeted. Policymakers in the US, the eurozone, the UK and elsewhere scrambled to introduce containment measures designed to slow the spread of the virus as well as fiscal and monetary stimulus packages to support both impacted individuals and broad swaths of their national economies. The Federal Reserve cut rates to zero, announced an unlimited bond-buying program, including US Treasury Inflation-Protected Security (TIPS) and corporate bonds rated down to BBB- in the primary and secondary markets. The European Central Bank (ECB) increased asset purchases and added a new Pandemic Emergency Purchase Programme while the Bank of England cut rates, announced a new COVID Corporate Financing Facility and resumed quantitative easing. Bold action from central banks and governments globally restored some tentative calm towards month-end but valuations in many markets remain dislocated.

### Outlook and Strategy

We are clearly in the midst of a global humanitarian crisis that has rocked financial markets over recent weeks and months. The market reaction to this crisis has been severe in light of the uncertainty over the magnitude and duration of the economic impact of the outbreak. The supply shock in the oil markets is an additional deflationary jolt to an already fragile financial system. How deep and how long the economic downturn will be, no one knows and markets are fearful. While the path forward remains clouded near term, there remain some positives to consider: countries with the first signs of the outbreak (e.g., China, South Korea) are reporting lower levels of transmission. Social distancing, now being enacted more globally, should help mitigate the rate of transmission. Significant global central bank policy easing, extensive liquidity provisions and enhanced fiscal stimulus should help to reduce the negative impacts of preventative policies on global economies and enable markets to function more smoothly during what will be a volatile period ahead.

We continue to believe there is a strong chance for eventual economic recovery and a recovery in portfolio performance on any clearing of the coronavirus uncertainty. To manage volatility in the near term, we have trimmed positioning in EM currencies and rates, and have added an underweight position in the Canadian dollar for additional hedging ballast. We have added modestly to exposures in peripheral and semi-core European bonds which we believe are supported by the ECB's additional Pandemic Asset Purchase Programme. We have increased exposure to front-end USTs and reduced exposure to longer-dated bonds as we believe yield curves could steepen moving forward. We have also increased exposure to inflation-linked bonds in both the US and Europe as we believe inflation expectations will recover from their current very depressed levels.

# Investment Manager's Report

As at 31 March 2020

## Asian Fixed Income Review

### Market Review

We witnessed a dramatic deterioration in Asian credit performance during the month of March as the COVID-19 pandemic intensified. Despite the continued sharp rally in US Treasuries (USTs) over the month (for example, UST 10-years ended March at 0.67% after having begun the month a 1.16% and the year at 1.92%), we saw returns turning negative. The JACI FINS CORP Index came in at -2.2% for March, which was the poorest monthly performance that we have seen since June 2013's -2.6% monthly return during the taper tantrum period. This brought the Year-To-Date (YTD) March 2020 JACI FINS CORP Index returns to -0.1%. The JACI NONFINS CORP Index saw returns of -4.1% for March, which was actually an even worse performance compared to the last extraordinarily weak session of -3.8% on a returns basis, also in the month of June 2013. The YTD March 2020 JACI NONFINS CORP Index returned -0.8%.

### Outlook and Strategy

A global recession seems inevitable given the economic impact of shutdowns and a shaken public. With social distancing on one end and empty streets at the other, the impact on consumer and corporate demand is unprecedented. Global growth is expected to slow to as low as -1%, from 2.7% in 2019, or an average of 3% for the past five years. This recession is unprecedented in post-war history as it has not been led or provoked by a financial crisis or bursting asset bubbles. Unlike financial crises, this is a real economy-driven, demand contraction recession; however, financial markets are still fragile. What will be required will hence be an unprecedented fiscal response to support household income and corporate cash flow challenges until normalcy resumes, while maintaining aggressive monetary expansion to pacify financial markets sentiment whose volatility only increases the longer life takes to get back to normal. Short-term results have been seen in suppression and containment, with their attendant economic costs, in the first wave countries such as China and Korea. Much remains unknown, including regarding subsequent waves of infection and what the end game will be until a vaccine is developed and the population is sufficiently immunized. For the first time in a few decades, there is an alignment of fiscal, monetary as well as administrative policy.

Asian markets have traded quite defensively during this bear market across equities, credit and FX. But this is very consistent with historical bear markets, where China, India and Taiwan have almost always outperformed. Oil sensitive markets such as Russia, Colombia and Mexico have posted the weakest returns. "First-in/first-out of the virus" logic of staying long Asia versus short the rest of the emerging markets (EM) is still compelling, especially given that Asia is also the "quality" region in EM with current account surpluses, reserve hoards, and on the right side of the lower oil prices shock. On the ground the impact is significant, especially in the informal sector in emerging economies that are external/tourism oriented, such as Thailand, Malaysia and Indonesia or the service and gig sector in developed economies such as Singapore and Hong Kong. On the manufacturing front, the regional supply linkages that have been so efficient and optimal have stopped largely due to China. China is deeply integral, providing either raw materials or intermediate goods. For most economies, China accounts for more than 20% of total intermediate-goods imports used in manufacturing. For Vietnam and Korea, China's share of such imports is more than 30%. The good news is, supply chains are slowly restarting, some parts are being shipped out of China now as evident in a pickup in shipping volumes. So China is critical, but the danger now is that South Asia may be only at the start of its epidemic "journey", and given the state of medical infrastructure (or lack thereof) and the absence of efficient administrative institutions. This will continue to cloud the near-term outlook on top of weak demand, or in some export sectors, a collapse in external demand that will take time to recover. In 2009, China's export growth slowed by -16%, whereas a protracted economic slowdown in the rest of the world might result in exports falling as much as 20%-30%, which would have a significant impact on the Chinese economy.

Asia (ex-China) relies less on foreign capital as shown by its net foreign portfolio investment position improving markedly compared to non-Asian markets. Prior to recent violent moves, Asian EM had a deficit of about -3% of gross domestic product (GDP) compared to about -17.5% for non-Asian ones. The reason is more structural; two decades of strong growth and a buildup of reserves and savings underpinned by demographics of strong middle class, labour force growth. From a more cyclical perspective, in recent years, Asia yields and equity markets have become less attractive compared to EM peers. There is no escaping the uncertainty and risk aversion we are seeing across all markets in Asia. However, high quality countries' bonds have largely performed in line with expectations of a generalised risk aversion, driven by Asian currency weakness while bond yields have lagged declines in USTs, they have also not mirrored the unexpected volatility in USTs.

In the near term, we also expect the uncertainty from this epidemic, adverse weather conditions as well as the upcoming US presidential election headlines to be constant headwinds to both investment and consumer confidence

# Investment Manager's Report

As at 31 March 2020

## Asian Fixed Income Review (continued)

globally. The heterogeneity of Asian economies will continue to reflect the divergence in growth between economies more closely linked to China's consumption and the Asian tech supply chain as well as those that are more endogenously driven. In Asia, the response has been both on the monetary and fiscal fronts. Fiscal measures are targeted specifically at tourism-related sectors. What is consistent is that Asian economies that have the policy space, the political stability and the populace support to deal with the vicissitudes of an uncertain economic environment will do well. Our base case remains for continued monetary accommodation and proactive fiscal responses where necessary in the year ahead. We continue to be positioned for broader curve flattening and selective overweights in markets that are domestically oriented, politically stable and well positioned for slow, steady growth in such an environment. The epicenter of the crisis has also clearly shifted out of China. For most other parts of the world, the situation remains critical and will prove to be a test of the quality of medical infrastructure as well as the quality of governance and social capital.

# Investment Manager's Report

As at 31 March 2020

## Singapore Fixed Income

### Market Review

In Singapore, the Singapore Government Bond Market saw gains of 0.71%. The three-month SIBOR rate was lower at 1.02%.

Singapore's extraordinary supplementary fiscal package (11% of gross domestic product (GDP)) will do some part in cushioning the forecast 7% decline in the economy. The supplementary budget itself amounted to SGD48.4 billion (9.5% of GDP). This involves the tapping of surpluses accrued in this term of government as well as a draw from past reserves of up to SGD17 billion (3.3% of GDP). This is far larger than the SGD4.9 billion (1.7% of GDP) drawdown during the 2008-2009 global financial crisis (GFC). The FY20 fiscal deficit will be widened to a record-high 7.9% of GDP from the 2.1% unveiled in the original budget speech. The highlight of the package was a wage supplement, with the government funding 25% of monthly wages of every local worker in employment up to a cap of c.SGD4,600 for a period of up to 9 months, deferral of corporate taxes and rebates for property taxes as well as allowing greater access to credit for small firms. There were also targeted measures for lower-income households and cash handouts for the self employed to help those most affected by a slowdown in consumer demand. The focus is clear that the government wants to help mitigate the transitory shocks from the COVID-19 pandemic by supporting the labour market.

The Monetary Authority of Singapore (MAS) decided to flatten the SGD nominal effective exchange rate (NEER) slope to zero percent appreciation and re-centered the SGD NEER slope lower to prevailing levels as expected. The central bank has suggested that monetary policy will complement the government's fiscal efforts, with the MAS focusing on its target of price stability. Indeed, the future trajectory of monetary policy will be dictated by the extent of core deflation in Singapore this year. On GDP growth, the Ministry of Trade and Industry (MTI) had already previously provided the government projection at -4% to -1% for 2020 at the release of advance 1Q20 GDP report. More importantly, the MAS noted that there is significant uncertainty over the depth and duration of this recession. And the MAS moved the core inflation forecast to -1% to 0% (a first negative forecast)—and it assess that it is likely to remain below its historical average over the near and medium term.

### Outlook and Strategy

A global recession seems inevitable given the economic impact of shutdowns and a shaken public. With social distancing on one end and empty streets at the other, the impact on consumer and corporate demand is unprecedented. Global growth is expected to slow to as low as -1%, from 2.7% in 2019, or an average of 3% for the past five years. This recession is unprecedented in post-war history as it has not been led or provoked by a financial crisis or bursting asset bubbles. Unlike financial crises, this is a real economy-driven, demand contraction recession; however, financial markets are still fragile. What will be required will hence be an unprecedented fiscal response to support household income and corporate cash flow challenges until normalcy resumes, while maintaining aggressive monetary expansion to pacify financial markets sentiment whose volatility only increases the longer life takes to get back to normal. Short-term results have been seen in suppression and containment, with their attendant economic costs in the first wave countries such as China and Korea. Much remains unknown, including regarding subsequent waves of infection and what the end game will be until a vaccine is developed and the population is sufficiently immunized. For the first time in a few decades, there is an alignment of fiscal, monetary as well as administrative policy.

In the near term, we also expect the uncertainty from this epidemic, adverse weather conditions as well as the upcoming US presidential election headlines to be constant headwinds to both investment and consumer confidence globally. The heterogeneity of Asian economies will continue to reflect the divergence in growth between economies more closely linked to China's consumption and the Asian tech supply chain as well as those that are more endogenously driven. In Asia, the response has been both on the monetary and fiscal fronts. Fiscal measures are targeted specifically at tourism-related sectors. What is consistent is that Asian economies that have the policy space, the political stability and the populace support to deal with the vicissitudes of an uncertain economic environment will do well. Our base case remains for continued monetary accommodation and proactive fiscal responses where necessary in the year ahead. We continue to be positioned for broader curve flattening and selective overweights in markets that are domestically oriented, politically stable and well positioned for slow, steady growth in such an environment. The epicentre of the crisis has also clearly shifted out of China. For most other parts of the world, the situation remains critical and will prove to be a test of the quality of medical infrastructure as well as the quality of governance and social capital.

# Investment Manager's Report

As at 31 March 2020

## Singapore Fixed Income (continued)

Singapore's growth outlook continues to be clouded by slowing global growth and persistent structural shifts in trade patterns. It is in a favorable position, however, 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 to ASEAN. A strong reserves position, political stability and fiscal space will allow for policy response should headwinds persist. Besides offering the highest nominal yield (along with Australia) among AAA rated countries, the 10-year Singapore government securities (SGS) compares 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% year-over-year, 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 2020

## Asean Equities

### Market Review

MSCI ASEAN markets suffered a torrid month, down 26% at their trough, but ultimately improving somewhat to finish down 17.8% in Singapore dollar terms. The month started with the Organization of the Petroleum Exporting Countries (OPEC)-Russia dispute, which significantly impacted all oil-exposed names. Then, as the COVID-19 virus continued to spread throughout the region and globally, we saw significant sell-offs in global equities and the ASEAN region was no exception. Indonesia was particularly badly impacted by both sustained, indiscriminate selling pressure and a severe depreciation of the rupiah (-19% versus the US dollar Year-to-date(YTD)). Other markets performed broadly in line with the index, except Malaysia—which was down the least at -8.4%.

### Outlook and Strategy

Looking at the individual markets, MSCI Indonesia was extremely weak, down 27.9% in March and 36.0% for the first quarter. Indonesia was particularly badly impacted by both sustained, indiscriminate selling pressure and a severe depreciation of the rupiah. Foreign exchange (FX) was a significant contributory factor in the weakness, with the rupiah down 11.2% versus the Singapore dollar for the first quarter. Bank Indonesia (BI) cut rates again in March, shifting its focus from growth to stability. In addition to the previous reserve requirement ratio (RRR) cut, which effectively injected liquidity, the government changed the law to allow BI to operate as buyer of last resort for government debt. The fiscal rules have been scrapped, with the deficit now expected to be 5.1% for 2020; however, given macroeconomic constraints, the US\$25 billion healthcare and social security support package is considerably lower than others in the region. While the short-term focus is on the ability of the government to address the crisis, the longer-term question is whether it can manage larger twin deficits, growth and the exchange rate.

MSCI Thailand declined 15.8% in March, down 29.8% for the first quarter. Like Indonesia, FX was a significant detractor, with the bhat down 3.8% versus the Singapore dollar in the first quarter. Private consumption grew to an 11-month high of 3.4%, due to panic-buying of staple products, although as elsewhere, March gross domestic product (GDP) growth is expected to be weaker, due to the implementation of movement restrictions. The Bank of Thailand (BoT) made an emergency 25 basis-point (bps) rate cut during March, with expectations for further cuts in the second quarter, while a significant 11 trillion bhat package was also announced to stabilise financial markets. A further fiscal stimulus is expected imminently, in addition to the 517 billion bhat package (representing 3.1% GDP) already announced. Despite this, the BoT is forecasting GDP contraction for 2020 of -5.3%.

MSCI Philippines fell 19.8% in March, and 28.0% for the first quarter. Underlying market performance in local-currency terms was even weaker. Part of the reason for the severity of the decline was the closure of the country's stock exchange following the community lockdown in Luzon (where the exchange is located). When it reopened three days later, it was down 24% intraday, ultimately finishing 13% – its largest ever one-day decline (following this experience, no other countries in the region have seen fit to close their exchanges during lockdown).

Also in the Philippines, a bill was passed allowing President Rodrigo Duterte to adjust the US\$80 billion budget to support the anti-COVID-19 effort, while allowing temporary takeover of hospitals and hotels—all on top of the previously announced initial US\$500 million stimulus package. The central bank, the Bangko Sentral ng Pilipinas (BSP), cut rates by a further 50bps in March (for a total 75bps cut in the first quarter) to 3.75%. The RRR was cut by 200bps to 12% to improve liquidity. However, the ratio remains the highest in ASEAN, so there is still room for further support, while the BSP also has the ability to purchase government securities up to US\$6 billion.

Real GDP growth for the fourth quarter of 2019 was 6.4%, a continued acceleration through 2019. While Jan/Feb Purchasing Managers' Index (PMI) data remained robust at around 51–52, it contracted to 39.7 in March amid the COVID-19 restrictions. Consumer Price Index (CPI) inflation has been stable, but the reported numbers do not reflect the March COVID-19 developments. Although there will be a tourism hit to the Philippines economy, combined with the economic impacts of local restrictions, the country should be reasonably well placed in the current environment—it is relatively less reliant on trade compared with other ASEAN economies. On the back of an extended period of relative weakness in Filipino equities, the valuations for the country are now one of the most attractive in Asia.

In Malaysia, the index was down 8.4% in March and 14.4% overall for the first quarter—representing significant outperformance in the region. This is all the more surprising given the political context with which Malaysia entered March—with new Prime Minister Muhyiddin Yassin facing a baptism of fire. One of his first acts was to declare a movement control order and shut the borders, initially from 18 March to 14 April. Malaysia's central bank, the Bank Negara Malaysia (BNM), has revised its 2020 economic forecasts from GDP growth of between -2% and 0.5%. Net exports are forecast to fall by 27%. The government has come up with a stimulus package worth 250 billion ringgit

# Investment Manager's Report

As at 31 March 2020

## Asean Equities (continued)

(17% of GDP), but much of this was already planned. The deficit is expected to be 4% of GDP, assuming US\$35–40 per barrel of oil. Much of this is aimed at cash flow of businesses but includes direct payments for poorer households. The BNM cut its overnight policy rate to 2.5%, the lowest since 2010, and cut the reserve requirements to ensure liquidity. The ringgit was flat relative to the Singapore dollar in the quarter.

Singapore has been severely disrupted by the COVID-19 outbreak, with MSCI Singapore down 18.3% in March and 24.0% overall in the first quarter. The government acted quickly and has had phenomenal success in contact tracing. Even so, from 7 April, the country will enter what is in effect a lockdown—with only essential services, plus strategic and global supply chain-related industries able to continue operations. The Singapore dollar has also fallen 6.7% year to date against the US dollar. GDP was already weak in Singapore and COVID-19 will only exacerbate this. The February budget was the biggest since 2009, but the subsequent one announced in March was worth S\$48 billion (or 9.6% of GDP). At the time of writing, we are expecting a third version after the lockdown. Initiatives include S\$4 billion for direct measures, a delay to the goods and service tax (GST) increases for 2021–2025 and a S\$5 billion budget for climate change. The government forecasts GDP to decline between 1% and 4% in 2020. The central bank, Monetary Authority of Singapore (MAS), also took the unprecedented step of re-centring the Singapore dollar nominal effective exchange rate to where the exchange rate currently is and lowering the forecast to neutral.

## **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 2020**

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 14 to 31, 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**

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**Authorised Signatory**

**15 June 2020**

# 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 2020

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 14 to 31, 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 2020, 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**

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**Director**

**15 June 2020**

# **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 2020, 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 2020;
- the Statement of Financial Position as at 31 March 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2020;
- the Statement of Portfolio as at 31 March 2020; 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.

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**PricewaterhouseCoopers LLP**  
**Public Accountants and Chartered Accountants**

**Singapore, 15 June 2020**

# Statement of Total Return

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Income</b>			
Dividend income		3,243,076	4,703,527
Interest income		15	18
		<u>3,243,091</u>	<u>4,703,545</u>
<b>Less: Expenses</b>			
Audit fee		22,461	23,499
Custody fee	9	45,134	64,322
Management fee	9	1,324,693	1,894,576
Reimbursement of expenses by the Manager	9	(21,365)	-
Trustee fee	9	59,910	84,598
Registration fee	9	21,523	23,073
Printing fee		-	1,000
Professional fee		30,854	37,044
Valuation fee	9	28,345	37,826
Goods & services tax		10,171	2,909
Transaction cost		94,635	119,988
Other expenses		19,886	18,431
		<u>1,636,247</u>	<u>2,307,266</u>
<b>Net gains</b>		<u>1,606,844</u>	<u>2,396,279</u>
<b>Net gains or losses on value of investments</b>			
Net losses on investments		(24,610,045)	(12,922,253)
Net foreign exchange losses		(103,108)	(119,991)
		<u>(24,713,153)</u>	<u>(13,042,244)</u>
<b>Total deficit for the financial year before income tax</b>		<b>(23,106,309)</b>	<b>(10,645,965)</b>
<b>Less: Income tax</b>	3	<b>(227,429)</b>	<b>(246,554)</b>
<b>Total deficit for the financial year</b>		<u><b>(23,333,738)</b></u>	<u><b>(10,892,519)</b></u>

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

## Statement of Financial Position

As at 31 March 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
Portfolio of investments		<b>56,860,400</b>	94,037,540
Cash and bank balances	5	<b>1,860,376</b>	368,655
Receivables	6	<b>349,677</b>	448,896
Sales awaiting settlement		-	840,448
<b>Total assets</b>		<b>59,070,453</b>	95,695,539
<b>LIABILITIES</b>			
Payables	7	<b>342,644</b>	544,801
<b>Total liabilities</b>		<b>342,644</b>	544,801
<b>EQUITY</b>			
Net assets attributable to unitholders	8	<b>58,727,809</b>	95,150,738

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

# Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>95,150,738</b>	161,024,546
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>(23,333,738)</b>	(10,892,519)
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>1,667,529</b>	4,747,727
Cancellation of units		<b>(14,756,720)</b>	(59,729,016)
Change in net assets attributable to unitholders resulting from net cancellation of units		<b>(13,089,191)</b>	(54,981,289)
Total decrease in net assets attributable to unitholders		<b>(36,422,929)</b>	(65,873,808)
<b>Net assets attributable to unitholders at the end of the financial year</b>	8	<b>58,727,809</b>	95,150,738

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

**Statement of Portfolio**

As at 31 March 2020

	<b>Holdings as at 31/3/2020</b>	<b>Fair value as at 31/3/2020 \$</b>	<b>Percentage of total net assets attributable to unitholders at 31/3/2020 %</b>
<b><u>By Geography (Primary)</u></b>			
<b>Quoted Equities</b>			
<b>Hong Kong</b>			
Dairy Farm International Holdings Limited	205,600	1,346,620	2.29
Jardine Strategic Holdings Limited	40,600	1,283,345	2.19
		<hr/> 2,629,965	<hr/> 4.48
<b>Indonesia</b>			
PT Astra International Inc Tbk	2,670,300	909,149	1.55
PT Bank Central Asia Tbk	1,339,800	3,231,115	5.50
PT Bank Mandiri Tbk	1,673,300	683,644	1.16
PT Hanjaya Mandala Sampoerna Tbk	3,010,000	374,448	0.64
PT Indofood CBP Sukses Makmur Tbk	983,000	877,459	1.49
PT Media Nusantara Citra Tbk	10,286,100	812,661	1.38
PT Mitra Adiperkasa Tbk	21,257,700	875,928	1.49
PT Semen Indonesia (Persero) Tbk	1,499,800	998,351	1.70
PT Telekomunikasi Indonesia Tbk	9,172,500	2,530,376	4.31
PT Uni-Charm Indonesia Tbk	8,648,900	951,353	1.62
		<hr/> 12,244,484	<hr/> 20.84
<b>Malaysia</b>			
Genting Berhad	463,600	573,001	0.98
Genting Malaysia Berhad	749,100	496,268	0.85
Lotte Chemical Titan Holding Berhad	760,700	290,838	0.50
Malayan Banking Berhad	1,177,800	2,892,066	4.92
Tenaga Nasional Berhad	258,400	1,023,711	1.74
		<hr/> 5,275,884	<hr/> 8.99
<b>Philippines</b>			
Ayala Corporation	77,780	1,017,758	1.73
BDO Unibank Inc	788,180	2,283,776	3.89
GT Capital Holdings Inc	98,671	1,124,273	1.91
Metro Pacific Investment Corporation	8,735,000	591,788	1.01
Puregold Price Club Inc	2,316,260	2,363,593	4.02
Robinsons Retail Holdings Inc	511,300	815,903	1.39
		<hr/> 8,197,091	<hr/> 13.95

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

# Statement of Portfolio

As at 31 March 2020

	Holdings as at 31/3/2020	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %
<b>By Geography (Primary)</b> (continued)			
<b>Quoted Equities</b> (continued)			
<b>Singapore</b>			
Ascendas Real Estate Investment Trust	1,010,200	2,858,866	4.87
City Developments Limited	317,300	2,297,252	3.91
DBS Group Holdings Limited	135,200	2,510,664	4.28
Keppel Corporation Limited	102,800	543,812	0.93
Singapore Exchange Limited	142,700	1,311,413	2.23
Singapore Technologies Engineering Limited	704,600	2,198,352	3.74
Singapore Telecommunications Limited	572,400	1,453,896	2.48
United Overseas Bank Limited	242,700	4,720,515	8.04
Venture Corporation Limited	155,300	2,107,421	3.59
		20,002,191	34.07
<b>Thailand</b>			
C.P. All Public Company Limited	554,100	1,466,482	2.50
Intouch Holdings Public Company Limited	717,400	1,556,288	2.65
Kasikornbank Public Limited Company	474,400	1,883,321	3.21
PTT Exploration & Production Public Company Limited	305,300	894,107	1.52
PTT Public Company Limited	2,031,700	2,710,587	4.62
		8,510,785	14.50
<b>Total quoted equities</b>		<b>56,860,400</b>	<b>96.83</b>
<b>Unquoted Equity</b>			
<b>Singapore</b>			
Ezion Holdings Limited Call Warrant 14/04/2023 <sup>^</sup>	6,564,049	-	-
		-	-
<b>Portfolio of investments</b>		<b>56,860,400</b>	<b>96.83</b>
<b>Other net assets</b>		<b>1,867,409</b>	<b>3.17</b>
<b>Net assets attributable to unitholders</b>		<b>58,727,809</b>	<b>100.00</b>

<sup>^</sup> 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 2020

	<b>Percentage of total net assets attributable to unitholders at 31/3/2020 %</b>	<b>Percentage of total net assets attributable to unitholders at 31/3/2019 %</b>
<b>By Geography (Summary)</b>		
<b>Quoted Equities</b>		
Hong Kong	<b>4.48</b>	2.30
Indonesia	<b>20.84</b>	19.52
Malaysia	<b>8.99</b>	13.38
Philippines	<b>13.95</b>	12.38
Singapore	<b>34.07</b>	34.29
Thailand	<b>14.50</b>	16.96
	<b>96.83</b>	98.83
<b>Unquoted Equity</b>		
Singapore	-	-
	<b>96.83</b>	98.83
<b>Portfolio of investments</b>	<b>96.83</b>	98.83
<b>Other net assets</b>	<b>3.17</b>	1.17
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

# Statement of Portfolio

As at 31 March 2020

	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %	Percentage of total net assets attributable to unitholders at 31/3/2019 %
<b>By Industry (Secondary)</b>			
Bank	18,205,101	31.00	40.36
Building and construction	998,351	1.70	3.34
Capital Goods	1,283,345	2.19	-
Chemical	290,838	0.50	1.10
Consumer	-	-	1.44
Diversified resource	543,812	0.93	2.57
Electronic	2,107,421	3.59	-
Energy	-	-	0.78
Engineering and machinery	-	-	1.79
Finance	1,311,413	2.23	-
Foods and beverage	2,224,079	3.79	4.24
Hotel	1,069,269	1.82	4.36
Investment	1,124,273	1.91	2.31
Media	812,661	1.38	1.19
Miscellaneous	951,353	1.62	-
Oil and gas	3,604,694	6.14	6.11
Real estate and development	3,315,010	5.65	5.52
Real estate investment trust	2,858,866	4.87	3.47
Retail	6,431,055	10.95	8.57
Telecommunication	5,540,560	9.43	6.61
Tobacco	374,448	0.64	1.14
Transport	2,198,352	3.74	2.78
Utilities	1,615,499	2.75	1.15
<b>Portfolio of investments</b>	<b>56,860,400</b>	<b>96.83</b>	<b>98.83</b>
<b>Other net assets</b>	<b>1,867,409</b>	<b>3.17</b>	<b>1.17</b>
<b>Net assets attributable to unitholders</b>	<b>58,727,809</b>	<b>100.00</b>	<b>100.00</b>

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

# Notes to the Financial Statements

For the financial year ended 31 March 2020

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.

On 18 February 2020, Franklin Resources, Inc., a global investment management organisation operating as Franklin Templeton announced that it has entered into a definitive agreement to acquire Legg Mason, Inc. The transaction has been unanimously approved by the boards of Franklin Resources, Inc. and Legg Mason, Inc. The transaction is subject to customary closing conditions, including receipt of applicable regulatory approvals and is expected to close no later than the third calendar quarter of 2020. As at 31 March 2020, there was no significant impact to the Fund.

## 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.

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 2. Significant accounting policies (continued)

### (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.

#### (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.

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 2. Significant accounting policies (continued)

(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 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

	<b>2020</b>	2019
	<b>\$</b>	\$
Singapore income tax	<b>32,721</b>	38,713
Overseas income tax	<b>194,708</b>	207,841
	<b>227,429</b>	246,554

- (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

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 3. Income tax (continued)

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 2020 and 2019, 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 2020 (2019: \$Nil).

### 5. Cash and bank balances

	2020 \$	2019 \$
Held with a related company of the Trustee:		
- Cash and bank balances	<b>1,860,376</b>	368,655

### 6. Receivables

	2020 \$	2019 \$
Amount due from unitholders on subscriptions	<b>27,852</b>	10,690
Dividends receivable	<b>313,460</b>	328,851
Other receivables	<b>8,365</b>	109,355
	<b>349,677</b>	448,896

### 7. Payables

	2020 \$	2019 \$
Amount due to unitholders on redemptions	<b>194,800</b>	361,482
Accrued management fee	<b>80,540</b>	122,106
Accrued trustee fee	<b>3,702</b>	5,504
Amount due to the Manager	<b>295</b>	273
Other payables and accruals	<b>63,307</b>	55,436
	<b>342,644</b>	544,801

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 8. Units in issue

During the financial year ended 31 March 2020 and 2019, the number of units issued, redeemed and outstanding were as follows:

	2020	2019
Units at beginning of the financial year	55,571,334	88,130,354
Units created	1,007,443	2,710,284
Units cancelled	(8,702,005)	(35,269,304)
Units at end of the financial year	<b>47,876,772</b>	55,571,334
Net assets attributable to unitholders (\$)	<b>58,727,809</b>	95,150,738
Net asset value per unit (\$)	<b>1.227</b>	1.712

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:

	2020 \$	2019 \$
Net assets attributable to unitholders per financial statements per unit	1.227	1.712
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	<b>1.227</b>	1.712

\* 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. During the financial year ended 31 March 2020, the Manager has at its own discretion, chosen to absorb certain expenses of the Fund.

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 2020

## 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 2020 and 2019. 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.

<b>Benchmark Component</b>	<b>Benchmark increase / decrease by 10% Impact on net assets attributable to unitholders*</b>	
	<b>2020 \$'000</b>	<b>2019 \$'000</b>
MSCI AC ASEAN INDEX	<b>± 5,669</b>	<b>± 9,347</b>

\* 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 2020

### 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 2020

	THB \$	PHP \$	SGD \$	MYR \$	USD \$	IDR \$	Total \$
<b>Assets</b>							
Portfolio of investments	8,510,785	8,197,091	20,002,191	5,275,884	2,629,965	12,244,484	56,860,400
Cash and bank balances	-	-	1,860,371	-	-	5	1,860,376
Receivables	173,357	-	36,218	96,354	43,748	-	349,677
<b>Total assets</b>	<b>8,684,142</b>	<b>8,197,091</b>	<b>21,898,780</b>	<b>5,372,238</b>	<b>2,673,713</b>	<b>12,244,489</b>	<b>59,070,453</b>
<b>Liabilities</b>							
Payables	-	-	334,571	-	8,073	-	342,644
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>334,571</b>	<b>-</b>	<b>8,073</b>	<b>-</b>	<b>342,644</b>
<b>Net currency exposure</b>	<b>8,684,142</b>	<b>8,197,091</b>	<b>21,564,209</b>	<b>5,372,238</b>	<b>2,665,640</b>	<b>12,244,489</b>	

#### As at 31 March 2019

	THB \$	PHP \$	SGD \$	MYR \$	USD \$	Others \$	Total \$
<b>Assets</b>							
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
<b>Total assets</b>	<b>16,338,631</b>	<b>12,248,997</b>	<b>33,117,674</b>	<b>13,196,807</b>	<b>2,224,271</b>	<b>18,569,159</b>	<b>95,695,539</b>
<b>Liabilities</b>							
Payables	-	-	542,031	-	2,770	-	544,801
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>542,031</b>	<b>-</b>	<b>2,770</b>	<b>-</b>	<b>544,801</b>
<b>Net currency exposure</b>	<b>16,338,631</b>	<b>12,248,997</b>	<b>32,575,643</b>	<b>13,196,807</b>	<b>2,221,501</b>	<b>18,569,159</b>	

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 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 2020 and 2019, 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.

<b>As at 31 March 2020</b>	<b>Less than 3 months \$</b>
<b>Liabilities</b>	
Payables	<u>342,644</u>
 As at 31 March 2019	
<b>Liabilities</b>	
Payables	<u>544,801</u>

### (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 2020

### 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 2020 and 2019.

<b>As at 31 March 2020</b>	<b>Credit Rating ##</b>	<b>Source of Credit Rating</b>
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
<hr/>		
<b>As at 31 March 2019</b>		
<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 2020

## 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 2020 and 2019:

As at 31 March 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
<b>Portfolio of investments</b>				
- Quoted equities	56,860,400	-	-	56,860,400
- Unquoted equity	-	-	#	-
	<b>56,860,400</b>	-	-	<b>56,860,400</b>
<hr/>				
As at 31 March 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
<b>Portfolio of Investments</b>				
- Quoted equities	94,037,540	-	-	94,037,540
- Unquoted equities	-	-	#	-
	<b>94,037,540</b>	-	-	<b>94,037,540</b>

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 (2019: 1) 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.

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 2020 and 2019 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 2020 and 2019.

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 11. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2020 and 2019.

	2020 \$	2019 \$
<u>Facility</u>		
Overdraft	<b>10 million</b>	10 million

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

### 12. Financial ratios

	2020 %	2019 %
Expense ratio <sup>1</sup>	<b>1.75</b>	1.73
Portfolio turnover ratio <sup>2</sup>	<b>20.08</b>	5.56

<sup>1</sup> 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 2020 was based on total operating expenses of \$1,541,612 (31 March 2019: \$2,187,278) divided by the average net asset value of \$88,092,796 (31 March 2019: \$126,430,632) 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.

<sup>2</sup> 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 \$17,691,238 (31 March 2019: purchases of \$7,029,271) divided by the average daily net asset value of \$88,092,796 (31 March 2019: \$126,430,632).

# Report to Unitholders

For the financial year ended 31 March 2020

## Investment Allocation as at 31 March 2020

<b>By Country</b>	<b>Market Value</b>	<b>% of NAV</b>
	<b>\$</b>	
Hong Kong	2,629,965	4.48
Indonesia	12,244,484	20.84
Malaysia	5,275,884	8.99
Philippines	8,197,091	13.95
Singapore	20,002,191	34.07
Thailand	8,510,785	14.50
<b>Portfolio of investments</b>	<b>56,860,400</b>	<b>96.83</b>
<b>Other net assets</b>	<b>1,867,409</b>	<b>3.17</b>
<b>Total</b>	<b>58,727,809</b>	<b>100.00</b>

<b>By Industry</b>	<b>Market Value</b>	<b>% of NAV</b>
	<b>\$</b>	
Bank	18,205,101	31.00
Building and construction	998,351	1.70
Capital Goods	1,283,345	2.19
Chemical	290,838	0.50
Diversified resource	543,812	0.93
Electronic	2,107,421	3.59
Finance	1,311,413	2.23
Foods and beverage	2,224,079	3.79
Hotel	1,069,269	1.82
Investment	1,124,273	1.91
Media	812,661	1.38
Miscellaneous	951,353	1.62
Oil and gas	3,604,694	6.14
Real estate and development	3,315,010	5.65
Real estate investment trust	2,858,866	4.87
Retail	6,431,055	10.95
Telecommunication	5,540,560	9.43
Tobacco	374,448	0.64
Transport	2,198,352	3.74
Utilities	1,615,499	2.75
<b>Portfolio of investments</b>	<b>56,860,400</b>	<b>96.83</b>
<b>Other net assets</b>	<b>1,867,409</b>	<b>3.17</b>
<b>Total</b>	<b>58,727,809</b>	<b>100.00</b>

## Report to Unitholders

For the financial year ended 31 March 2020

<b>By Asset Class</b>	<b>Market Value</b> \$	<b>% of NAV</b>
Equity securities	56,860,400	96.83
<b>Portfolio of investments</b>	<b>56,860,400</b>	<b>96.83</b>
<b>Other net assets</b>	<b>1,867,409</b>	<b>3.17</b>
<b>Total</b>	<b>58,727,809</b>	<b>100.00</b>

### Top 10 Holdings

<b>Holdings as at 31 March 2020</b>	<b>Market Value</b> \$	<b>% of NAV</b>
United Overseas Bank Limited	4,720,515	8.04
PT Bank Central Asia Tbk	3,231,115	5.50
Malayan Banking Berhad	2,892,066	4.92
Ascendas Real Estate Investment Trust	2,858,866	4.87
PTT Public Company Limited	2,710,587	4.62
PT Telekomunikasi Indonesia Tbk	2,530,376	4.31
DBS Group Holdings Limited	2,510,664	4.28
Puregold Price Club Inc	2,363,593	4.02
City Developments Limited	2,297,252	3.91
BDO Unibank Inc	2,283,776	3.89

<b>Holdings as at 31 March 2019</b>	<b>Market Value in</b> \$	<b>% of NAV</b>
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

### Exposure to Derivatives

Nil as at 31 March 2020.

### 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 2020

## Collateral

Nil as at 31 March 2020.

## Securities Lending or Repurchase Transactions

Nil as at 31 March 2020.

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

	Market Value in SGD	% of NAV
Ascendas Real Estate Investment Trust	2,858,866	4.87

## Borrowings

Nil as at 31 March 2020.

## Amount of Redemptions and Subscriptions

For the period 1 April 2019 to 31 March 2020

	SGD
Redemptions	14,756,720
Subscriptions	1,667,529

## Related Party Transactions

For the period 1 April 2019 to 31 March 2020

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	-29.24%	-26.30%
6-months	-28.20%	-25.46%
1-year	-28.33%	-24.26%
3-years	-11.08%	-5.64%
5-years	-10.10%	-4.19%
10-years	-4.27%	+1.62%
Since inception	+4.39%	+3.22%

\* 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 2020

### Expense Ratio

For the period 1 April 2019 to 31 March 2020	1.75%
For the period 1 April 2018 to 31 March 2019	1.73%

*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 2020 was based on total operating expenses of \$1,541,612 (31 March 2019: \$2,187,278) divided by the average net asset value of \$88,092,796 (31 March 2019: \$126,430,632) 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 2019 to 31 March 2020	20.08%
For the period 1 April 2018 to 31 March 2019	5.56%

*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 \$17,691,238 (31 March 2019: purchases of \$7,029,271) divided by the average daily net asset value of \$88,092,796 (31 March 2019: \$126,430,632).*

### Other Material Information

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

### Soft Dollar Commissions/Arrangements

The Managers 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 Managers 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 Managers 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 Managers 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 Managers 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 2020**

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 42 to 57, 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**

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**Authorised signatory**

**15 June 2020**

# 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 2020

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 42 to 57, 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 2020 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**

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Authorised signatory

15 June 2020

# **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 2020, 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 2020;
- the Statement of Financial Position as at 31 March 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2020;
- the Statement of Portfolio as at 31 March 2020; 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.

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**PricewaterhouseCoopers LLP**  
**Public Accountants and Chartered Accountants**

**Singapore, 15 June 2020**

# Statement of Total Return

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Income</b>			
Interest income		<b>38,346</b>	7,017
<b>Less: Expenses</b>			
Audit fee		<b>11,031</b>	12,100
Custody fee	10	<b>6,196</b>	7,392
Management fee	10	<b>62,653</b>	64,942
Registration fee	10	<b>7,127</b>	5,950
Printing fee		-	1,000
Professional fee		<b>16,900</b>	16,676
Valuation fee	10	<b>7,500</b>	7,503
Goods & services tax		<b>799</b>	1,274
Transaction cost		<b>1,758</b>	-
Other expense		<b>8,419</b>	8,060
		<b>122,383</b>	124,897
<b>Net losses</b>		<b>(84,037)</b>	(117,880)
<b>Net gains or losses on value of investments</b>			
Net gains on investments		<b>407,211</b>	415,023
Net foreign exchange losses		<b>(22)</b>	(12)
		<b>407,189</b>	415,011
<b>Total return for the financial year before income tax</b>		<b>323,152</b>	297,131
<b>Less: Income tax</b>	4	-	-
<b>Total return for the financial year</b>		<b>323,152</b>	297,131

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

## Statement of Financial Position

As at 31 March 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
Portfolio of investments		<b>34,926,018</b>	24,364,944
Cash and bank balances	6	<b>3,464,074</b>	787,017
Receivables	7	-	66,908
<b>Total assets</b>		<b>38,390,092</b>	25,218,869
<b>LIABILITIES</b>			
Payables	8	<b>109,364</b>	154,182
Purchases awaiting settlement		<b>5,430,855</b>	-
<b>Total liabilities</b>		<b>5,540,219</b>	154,182
<b>EQUITY</b>			
Net assets attributable to unitholders	9	<b>32,849,873</b>	25,064,687

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

## Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>25,064,687</b>	26,027,009
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>323,152</b>	297,131
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>22,091,600</b>	14,846,189
Cancellation of units		<b>(14,629,566)</b>	(16,105,642)
Change in net assets attributable to unitholders resulting from net cancellation and creation of units		<b>7,462,034</b>	(1,259,453)
Total increase/(decrease) in net assets attributable to unitholders		<b>7,785,186</b>	(962,322)
<b>Net assets attributable to unitholders at the end of the financial year</b>	9	<b>32,849,873</b>	25,064,687

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

## Statement of Portfolio

As at 31 March 2020

	Holdings as at 31/3/2020	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %
<b><u>By Geography - (Primary)</u></b>			
<b>Fixed Deposits</b>			
<b>Bank</b>			
Overseas-Chinese Banking Corporation, Singapore Branch		2,713,018	8.26
		<hr/>	
<b>Accrued interest on fixed deposit</b>		<b>321</b>	<b>*</b>
		<hr/>	
<b>Total fixed deposit</b>		<b>2,713,339</b>	<b>8.26</b>
		<hr/>	
<b>Quoted Bonds</b>			
<b>Singapore</b>			
Mas Bill T-Bills Series 28 03/04/2020	3,000,000	2,999,820	9.13
Mas Bill T-Bills Series 84 13/04/2020	3,300,000	3,299,109	10.04
Mas Bill T-Bills Series 84 17/04/2020	2,500,000	2,499,125	7.61
Mas Bill T-Bills Series 84 24/04/2020	4,750,000	4,747,673	14.45
Mas Bill T-Bills Series 84 04/05/2020	3,516,000	3,513,574	10.70
Mas Bill T-Bills Series 84 08/05/2020	4,100,000	4,096,802	12.47
Mas Bill T-Bills Series 84 15/05/2020	3,000,000	2,997,240	9.12
Mas Bill T-Bills Series 84 29/05/2020	390,000	389,528	1.19
Mas Bill T-Bills Series 84 05/06/2020	438,000	437,399	1.33
Mas Bill T-Bills Series 84 12/06/2020	1,000,000	998,480	3.04
Mas Bill T-Bills Series 84 19/06/2020	1,305,000	1,302,821	3.97
Mas Bill T-Bills Series 84 26/06/2020	4,940,000	4,931,108	15.01
		<hr/>	
		<b>32,212,679</b>	<b>98.06</b>
		<hr/>	
<b>Total quoted bonds</b>		<b>32,212,679</b>	<b>98.06</b>
		<hr/>	
<b>Portfolio of investments</b>		<b>34,926,018</b>	<b>106.32</b>
<b>Other net liabilities</b>		<b>(2,076,145)</b>	<b>(6.32)</b>
		<hr/>	
<b>Net assets attributable to unitholders</b>		<b>32,849,873</b>	<b>100.00</b>
		<hr/>	

\* Denotes less than 0.01%

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

# Statement of Portfolio

As at 31 March 2020

	<b>Percentage of total net assets attributable to unitholders at 31/3/2020 %</b>	<b>Percentage of total net assets attributable to unitholders at 31/3/2019 %</b>
<b>By Geography (Summary)</b>		
Singapore	<b>106.32</b>	97.21
	106.32	97.21
<b>Accrued interest on fixed deposit</b>	<b>*</b>	<b>*</b>
<b>Portfolio of investments</b>	<b>106.32</b>	97.21
<b>Other net (liabilities)/assets</b>	<b>(6.32)</b>	2.79
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

	<b>Fair value as at 31/3/2020 \$</b>	<b>Percentage of total net assets attributable to unitholders at 31/3/2020 %</b>	<b>Percentage of total net assets attributable to unitholders at 31/3/2019 %</b>
<b>By Industry (Secondary)</b>			
Banks	<b>2,713,018</b>	<b>8.26</b>	11.20
Government	<b>32,212,679</b>	<b>98.06</b>	86.01
	<b>34,925,697</b>	<b>106.32</b>	97.21
<b>Accrued interest on fixed deposit</b>	<b>321</b>	<b>*</b>	<b>*</b>
<b>Portfolio of investments</b>	<b>34,926,018</b>	<b>106.32</b>	97.21
<b>Other net (liabilities)/assets</b>	<b>(2,076,145)</b>	<b>(6.32)</b>	2.79
<b>Net assets attributable to unitholders</b>	<b>32,849,873</b>	<b>100.00</b>	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 2020

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.

On 18 February 2020, Franklin Resources, Inc., a global investment management organisation operating as Franklin Templeton announced that it has entered into a definitive agreement to acquire Legg Mason, Inc. The transaction has been unanimously approved by the boards of Franklin Resources, Inc. and Legg Mason, Inc. The transaction is subject to customary closing conditions, including receipt of applicable regulatory approvals and is expected to close no later than the third calendar quarter of 2020. As at 31 March 2020, there was no significant impact to the Fund.

## 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.

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 2. Significant accounting policies (continued)

### (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.

#### (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 2020

### 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 2020 and 2019 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 2020 (2019: \$Nil).

### 5. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2020 (2019: \$Nil).

### 6. Cash and bank balances

	2020 \$	2019 \$
Held with a related company of the Trustee:		
- Cash and bank balances	<u>3,464,074</u>	<u>787,017</u>

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 7. Receivables

	2020 \$	2019 \$
Amount due from unitholders on subscriptions	-	62,037
Other receivable	-	4,871
	<u>-</u>	<u>66,908</u>

### 8. Payables

	2020 \$	2019 \$
Amount due to unitholders on redemptions	68,429	113,922
Accrued management fee	6,213	5,767
Other payables and accruals	34,722	34,493
	<u>109,364</u>	<u>154,182</u>

### 9. Units in issue

During the financial year ended 31 March 2020 and 2019, the number of units issued, redeemed and outstanding were as follows:

	2020	2019
<b>Class A</b>		
Units at beginning of the financial year	2,046,137	267,982
Units created	131,286	4,456,884
Units cancelled	(1,871,634)	(2,678,729)
Units at end of the financial year	<u>305,789</u>	<u>2,046,137</u>
Net assets attributable to unitholders (\$)	<u>349,628</u>	<u>2,314,732</u>
Net asset value per unit (\$)	<u>1.1434</u>	<u>1.1313</u>
<b>Class B</b>		
Units at beginning of the financial year	18,488,297	21,163,350
Units created	17,671,326	8,014,326
Units cancelled	(10,093,204)	(10,689,379)
Units at end of the financial year	<u>26,066,419</u>	<u>18,488,297</u>
Net assets attributable to unitholders (\$)	<u>32,500,245</u>	<u>22,749,955</u>
Net asset value per unit (\$)	<u>1.2468</u>	<u>1.2305</u>

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 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:

	2020 \$	2019 \$
<b>Class A</b>		
Net assets attributable to unitholders per financial statements per unit	1.1434	1.1313
Effect of adjustment on valuation of investment	(0.0006)	0.0001
Net assets attributable to unitholders for issuing/redeeming per unit	1.1428	1.1314
<b>Class B</b>		
Net assets attributable to unitholders per financial statements per unit	1.2468	1.2305
Effect of adjustment on valuation of investment	(0.0006)	0.0002
Net assets attributable to unitholders for issuing/redeeming per unit	1.2462	1.2307

### 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 2020

## 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 2020 and 2019, 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 2020

### 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 2020

	Variable rates \$	Up to 3 months \$	Fixed rates 3 - 6 months \$	Over 6 months \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	-	34,925,697	-	-	321	34,926,018
Cash and bank balances	3,464,074	-	-	-	-	3,464,074
<b>Total assets</b>	<b>3,464,074</b>	<b>34,925,697</b>	<b>-</b>	<b>-</b>	<b>321</b>	<b>38,390,092</b>
<b>Liabilities</b>						
Payables	-	-	-	-	109,364	109,364
Purchases awaiting settlement	-	-	-	-	5,430,855	5,430,855
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,540,219</b>	<b>5,540,219</b>

As at 31 March 2019

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

As at 31 March 2020, a reasonable possible change in interest rates by 50 basis points (2019: 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 2020

## 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 2020, there are no investments in unlisted or unquoted securities (2019: \$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.

<b>As at 31 March 2020</b>	<b>Less than 3 months \$</b>
<b>Liabilities</b>	
Payables	<b>109,364</b>
Purchases awaiting settlement	<b>5,430,855</b>
	<hr/>
<b>As at 31 March 2019</b>	
<b>Liabilities</b>	
Payables	<b>154,182</b>
	<hr/>

### (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 2020

### 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.

	2020 %	2019 %
Aa1	8.26	11.20
Unrated (Singapore—incorporated debt securities) #	98.06	86.01
Accrued interest on fixed deposit	*	*
<b>Total</b>	<b>106.32</b>	<b>97.21</b>

# 98.06% (2019:86.01%) 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 2020 and 2019.

	Credit Rating ##	Source of Credit Rating
<b>As at 31 March 2020</b>		
<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
<b>As at 31 March 2019</b>		
<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

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.

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 11. Financial risk management (continued)

### (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 2020 and 2019:

<b>As at 31 March 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Assets</b>				
<b>Portfolio of investments</b>				
- Fixed deposits	2,713,339	-	-	2,713,339
- Quoted bonds	-	32,212,679	-	32,212,679
	2,713,339	32,212,679	-	34,926,018
<hr/>				
<b>As at 31 March 2019</b>				
<b>Assets</b>				
<b>Portfolio of investments</b>				
- 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

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 2020 and 2019 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 2020

### 12. Credit facility

The Sub-Fund has a credit facility with HSBC at 31 March 2020 and 2019.

	2020 \$	2019 \$
<u>Facility</u>		
Overdraft	<b>2.5 million</b>	2.5 million

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

### 13. Financial ratios

	%	2020 %	%	2019 %
	Class A	Class B	Class A	Class B
Expense ratio <sup>1</sup>	<b>0.73</b>	<b>0.49</b>	0.73	0.49
Portfolio turnover ratio <sup>2</sup>	<b>579.46</b>	<b>579.46</b>	489.64	489.64

<sup>1</sup> 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 2020 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:

	2020 Class A \$	2020 Class B \$	2019 Class A \$	2019 Class B \$
Total operating expenses	<b>2,577</b>	<b>118,048</b>	8,883	114,601
Average net asset value	<b>353,759</b>	<b>24,318,104</b>	1,214,587	23,561,057

<sup>2</sup> 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:

	2020 Class A & Class B \$	2019 Class A & Class B \$
Total value of purchases or sales of the underlying investments	<b>142,964,387</b>	121,310,622
Average daily net asset value	<b>24,671,863</b>	24,775,644

### 14. Subsequent event

Effective 1 June 2020, the Manager will temporarily reduce the annual management fees for the Fund. This will temporarily reduce the expenses payable by the Fund and the reduction will have a positive impact on the net asset value and performance of the Fund. The Manager will continue to monitor the economic conditions and may resume the annual management fees at any time without prior notice.

# Report to Unitholders

For the financial year ended 31 March 2020

## Investment Allocation as at 31 March 2020

By Country	Market Value in \$	% of NAV
Singapore	34,926,018	106.32
<b>Portfolio of investments</b>	<b>34,926,018</b>	<b>106.32</b>
<b>Other net liabilities</b>	<b>(2,076,145)</b>	<b>(6.32)</b>
<b>Total</b>	<b>32,849,873</b>	<b>100.00</b>

By Industry	Market Value in \$	% of NAV
Banks	2,713,339	8.26
Government	32,212,679	98.06
<b>Portfolio of investments</b>	<b>34,926,018</b>	<b>106.32</b>
<b>Other net liabilities</b>	<b>(2,076,145)</b>	<b>(6.32)</b>
<b>Total</b>	<b>32,849,873</b>	<b>100.00</b>

By Asset Class	Market Value in \$	% of NAV
Fixed deposits	2,713,339	8.26
Fixed income securities	32,212,679	98.06
<b>Portfolio of investments</b>	<b>34,926,018</b>	<b>106.32</b>
<b>Other net liabilities</b>	<b>(2,076,145)</b>	<b>(6.32)</b>
<b>Total</b>	<b>32,849,873</b>	<b>100.00</b>

By Credit Rating *	Market Value in \$	% of NAV
Aa1	2,713,018	8.26
Unrated	32,212,679	98.06
Accrued interest on fixed deposit	321	#
<b>Portfolio of investments</b>	<b>34,926,018</b>	<b>106.32</b>
<b>Other net liabilities</b>	<b>(2,076,145)</b>	<b>(6.32)</b>
<b>Total</b>	<b>32,849,873</b>	<b>100.00</b>

# 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 \$	% of NAV
Fixed deposits	2,713,339	8.26
Singapore Government MAS-Bills	32,212,679	98.06
<b>Portfolio of investments</b>	<b>34,926,018</b>	<b>106.32</b>
<b>Other net liabilities</b>	<b>(2,076,145)</b>	<b>(6.32)</b>
<b>Total</b>	<b>32,849,873</b>	<b>100.00</b>

## Report to Unitholders

For the financial year ended 31 March 2020

### By Maturity Breakdown

	Market Value in \$	% of NAV
30 days or less	16,259,066	49.49
31-90 days	18,666,952	56.83
<b>Portfolio of investments</b>	<b>34,926,018</b>	<b>106.32</b>
<b>Other net liabilities</b>	<b>(2,076,145)</b>	<b>(6.32)</b>
<b>Total</b>	<b>32,849,873</b>	<b>100.00</b>

### Top 10 Holdings

#### Holdings as at 31 March 2020

	Market Value in \$	% of NAV
Mas Bill T-Bills Series 84 26/06/2020	4,931,108	15.01
Mas Bill T-Bills Series 84 24/04/2020	4,747,673	14.45
Mas Bill T-Bills Series 84 08/05/2020	4,096,802	12.47
Mas Bill T-Bills Series 84 04/05/2020	3,513,574	10.70
Mas Bill T-Bills Series 84 13/04/2020	3,299,109	10.04
Mas Bill T-Bills Series 28 03/04/2020	2,999,820	9.13
Mas Bill T-Bills Series 84 15/05/2020	2,997,240	9.12
Mas Bill T-Bills Series 84 17/04/2020	2,499,125	7.61
Mas Bill T-Bills Series 84 19/06/2020	1,302,821	3.97
Mas Bill T-Bills Series 84 12/06/2020	998,480	3.04

#### Holdings as at 31 March 2019

	Market Value in \$	% 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

### Exposure to Derivatives

Nil as at 31 March 2020.

### 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.

## Report to Unitholders

For the financial year ended 31 March 2020

### Collateral

Nil as at 31 March 2020.

### Securities Lending or Repurchase Transactions

Nil as at 31 March 2020.

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

Nil as at 31 March 2020.

### Borrowings

Nil as at 31 March 2020.

### Amount of Redemptions and Subscriptions

*For the period 1 April 2019 to 31 March 2020*

Redemptions	<b>SGD</b> 14,629,566
Subscriptions	22,091,600

### Related Party Transactions

*For the period 1 April 2019 to 31 March 2020*

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

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

## Report to Unitholders

For the financial year ended 31 March 2020

### Performance

	Legg Mason Western Asset Singapore Dollar Fund*		Benchmark
	Class A (SGD) Accumulating	Class B (SGD) Accumulating	
3-months	+0.18%	+0.24%	+0.36%
6-months	+0.41%	+0.54%	+0.80%
1-year	+1.01%	+1.26%	+1.79%
3-years	+0.80%	+1.05%	+1.61%
5-years	+0.65%	+0.90%	+1.31%
10-years	+0.40%	+0.65%	+0.81%
Since inception	+0.75%	+1.12%	+1.06%

\* 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

### Expense Ratio

#### Class A

For the period 1 April 2019 to 31 March 2020	0.73%
For the period 1 April 2018 to 31 March 2019	0.73%

#### Class B

For the period 1 April 2019 to 31 March 2020	0.49%
For the period 1 April 2018 to 31 March 2019	0.49%

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 2020 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:

	2020		2019	
	Class A	Class B	Class A	Class B
Total operating expenses	\$ 2,577	\$ 118,048	\$ 8,883	\$ 114,601
Average net asset value	\$353,759	\$24,318,104	\$1,214,587	\$23,561,057

# Report to Unitholders

For the financial year ended 31 March 2020

## Turnover Ratio

For the period 1 April 2019 to 31 March 2020	579.46%
For the period 1 April 2018 to 31 March 2019	489.64%

*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:*

	<b>2020</b>	2019
Total value of purchases or sales of the underlying investments	\$142,964,387	\$121,310,622
Average daily net asset value	\$ 24,671,863	\$ 24,775,644

## 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 Legg Mason Western Asset Singapore Dollar Fund.

## Detail of Underlying Funds

The Sub-Fund do 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 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 2020**

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 68 to 91, 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**

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**Authorised Signatory**

**15 June 2020**

# 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 2020

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 68 to 91, 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 2020, 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**

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Director

15 June 2020

# 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 2020, 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 2020;
- the Statement of Financial Position as at 31 March 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2020;
- the Statement of Portfolio as at 31 March 2020; 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.

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**PricewaterhouseCoopers LLP**  
**Public Accountants and Chartered Accountants**

**Singapore, 15 June 2020**

# Statement of Total Return

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Income</b>			
Interest income		<b>50,194</b>	43,186
<b>Less: Expenses</b>			
Audit fee		<b>24,266</b>	24,200
Commission fee		<b>34,462</b>	44,998
Custody fee	11	<b>49,346</b>	57,170
Management fee	11	<b>2,514,256</b>	2,959,144
Trustee fee	11	<b>170,124</b>	199,776
Registration fee	11	<b>23,239</b>	22,220
Printing fee		<b>6,017</b>	3,357
Professional fee		<b>15,391</b>	13,300
Valuation fee	11	<b>90,076</b>	104,888
Goods & services tax		<b>11,424</b>	32,410
Transaction cost		<b>2,285</b>	361
Other expenses		<b>28,364</b>	21,271
		<b>2,969,250</b>	3,483,095
<b>Net losses</b>		<b>(2,919,056)</b>	(3,439,909)
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net gains on investments		<b>41,900,088</b>	10,645,262
Net (losses)/gains on forward foreign exchange contracts		<b>(7,736,551)</b>	2,330,212
Net gains/(losses) on future contracts		<b>171,176</b>	(4,263,031)
Net gains on options		<b>208,109</b>	241,473
Net foreign exchange gains		<b>521,420</b>	23,353
		<b>35,064,242</b>	8,977,269
<b>Total return for the financial year before income tax</b>		<b>32,145,186</b>	5,537,360
<b>Less: Income tax</b>	3	<b>(47,109)</b>	(41,631)
<b>Total return for the financial year</b>		<b>32,098,077</b>	5,495,729

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

## Statement of Financial Position

As at 31 March 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
Portfolio of investments		<b>293,414,285</b>	386,834,423
Cash and bank balances	5	<b>19,041,185</b>	16,523,102
Margin accounts	6	<b>5,614,642</b>	6,873,926
Receivables	7	<b>2,780,947</b>	514,898
Fair value of financial derivatives	8	<b>7,793,527</b>	3,102,984
<b>Total assets</b>		<b>328,644,586</b>	413,849,333
<b>LIABILITIES</b>			
Payables	9	<b>2,645,007</b>	1,004,515
Purchases awaiting settlement		<b>1,906,623</b>	3,059,405
Fair value of financial derivatives	8	<b>9,945,905</b>	4,056,537
<b>Total liabilities</b>		<b>14,497,535</b>	8,120,457
<b>EQUITY</b>			
Net assets attributable to unitholders	10	<b>314,147,051</b>	405,728,876

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

# Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>405,728,876</b>	386,881,371
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>32,098,077</b>	5,495,729
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>131,147,520</b>	108,907,573
Cancellation of units		<b>(254,827,422)</b>	(95,555,797)
Change in net assets attributable to unitholders resulting from net creation or cancellation of units		<b>(123,679,902)</b>	13,351,776
Total (decrease)/increase in net assets attributable to unitholders		<b>(91,581,825)</b>	18,847,505
<b>Net assets attributable to unitholders at the end of the financial year</b>	10	<b>314,147,051</b>	405,728,876

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

# Statement of Portfolio

As at 31 March 2020

	Holdings as at 31/3/2020	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %
<b><u>By Geography (Primary)</u></b>			
<b>Quoted Bonds</b>			
<b>Belgium</b>			
Kingdom of Belgium Government Bond 0.8% 22/06/2027	10,000	16,639	0.01
Kingdom of Belgium Government Bond 1.7% 02/06/2050	1,080,000	2,102,964	0.67
Kingdom of Belgium Government Bond 3.75% 22/06/2045	1,180,000	3,153,001	1.00
		5,272,604	1.68
<b>Canada</b>			
Government of Canada 2.25% 01/06/2025	6,820,000	7,396,876	2.35
Government of Canada Series WL43 5.75% 01/06/2029	500,000	722,299	0.23
		8,119,175	2.58
<b>France</b>			
Government of France 0.1% 25/07/2047	250,000	429,267	0.14
Government of France 1.5% 25/05 /2050	1,150,000	2,151,868	0.69
Government of France OAT (BR) 25/07/2027	4,010,000	8,214,697	2.61
Unedic Asseo 1.25% 25/05/2033	2,100,000	3,652,823	1.16
		14,448,655	4.60
<b>Germany</b>			
Bundesrepublik Deutschland (BR) 1.75% 15/02/2024	12,730,000	21,819,383	6.95
Bundesrepublik Deutschland Series 05 (BR) 4.00% 04/01/2037	2,390,000	6,445,906	2.05
		28,265,289	9.00
<b>Great Britain</b>			
UK Treasury 3.25% 22/01/2044	840,000	2,251,228	0.72
UK Treasury 4.25% 07/12/2040	3,150,000	9,215,964	2.93
		11,467,192	3.65
<b>Italy</b>			
Buoni Poliennali Del Tes 2% 01/12/2025	760,000	1,251,300	0.40
Buoni Poliennali Del Tes 4.75% 01/09/2044	1,070,000	2,419,984	0.77
Buoni Poliennali Del Tes 5.00% 01/09/2040	1,574,000	3,568,790	1.14
Republic of Italy 2.55% 15/09/2041	1,330,000	2,412,279	0.77
Republic of Italy 3.25% 01/09/2046	3,840,000	7,038,191	2.24
		16,690,544	5.32
<b>Japan</b>			
Japanese Government CPI Linked Bond Series 21 0.1% 10/03/2026	381,200,000	5,028,562	1.60

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

# Statement of Portfolio

As at 31 March 2020

	Holdings as at 31/3/2020	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %
<b>By Geography (Primary)</b> (continued)			
<b>Quoted Bonds</b> (continued)			
<b>Kuwait</b>			
Kuwait Intl Bond 3.5% 20/03/2027	2,940,000	4,374,662	1.39
<b>Mexico</b>			
Mex Bonds De Desarrollo Series M 8.00% 11/06/2020	79,737,100	4,853,066	1.54
Mex Bonds Desarr Fix RT Series M 7.75% 13/11/2042	101,621,400	6,058,576	1.93
Mexico (UTD States Of) (REG) 2.875% 08/04/2039	2,780,000	4,112,578	1.31
		15,024,220	4.78
<b>Norway</b>			
Government of Norway 1.75% 06/09/2029	19,130,000	2,800,862	0.89
<b>Spain</b>			
Bonos Y Oblig Del Estado 1.45% 31/10/2027	3,320,000	5,551,255	1.77
Bonos Y Oblig Del Estado 5.15% 31/10/2044	430,000	1,197,258	0.38
Bonos Y Oblig Del Estado 5.9% 30/07/2026	4,120,000	8,667,900	2.76
Bonos Y Oblig Del Estado Series 30Y 2.7% 31/10/2048	2,580,000	5,146,880	1.64
Spain Government Bond 1.3% 31/10/2026	2,340,000	3,876,380	1.23
		24,439,673	7.78
<b>Supra-National</b>			
African Development Bank 0.5% 21/03/2029	1,790,000	2,923,949	0.93
European Investment Bank 0.625% 22/01/2029	1,140,000	1,890,587	0.60
European Investment Bank 6% 07/12/2028	1,110,000	2,795,181	0.89
Inter-Amer Development Bank 1.375% 15/12/2024	1,720,000	3,128,828	1.00
		10,738,545	3.42
<b>United Arab Emirates</b>			
Abu Dhabi Govt Intl 4.125% 11/10/2047	1,750,000	2,717,165	0.86
<b>United States of America</b>			
US Treasury 0.5% 15/04/2024	5,720,000	8,444,997	2.69
US Treasury 1% 15/02/2049	970,000	1,722,486	0.55
US Treasury 1.5% 30/11/2024	440,000	659,534	0.21
US Treasury 2.25% 15/08/2049	180,000	310,461	0.10
US Treasury 2.5% 31/01/2021	460,000	667,484	0.21
US Treasury 2.875% 15/05/2049	4,940,000	9,548,657	3.04
US Treasury Bond 2.75% 15/02/2024	5,303,000	8,238,425	2.62
US Treasury Bond 2.875% 15/05/2043	4,790,000	8,891,277	2.83
US Treasury Inflation Indexed Bonds 0.25% 15/02/2050	420,000	618,941	0.20

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

## Statement of Portfolio

As at 31 March 2020

	Holdings as at 31/3/2020	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %
<b>By Geography (Primary)</b> (continued)			
<b>Quoted Bonds</b> (continued)			
<b>United States of America</b> (continued)			
US Treasury N/B 1.625% 15/11/2022	17,350,000	25,550,202	8.13
US Treasury N/B 1.75% 30/06/2022	3,070,000	4,514,033	1.44
US Treasury N/B 1.750% 31/03/2022	1,000,000	1,464,557	0.46
US Treasury N/B 2% 15/02/2025	1,310,000	2,007,354	0.64
US Treasury N/B 2% 31/10/2022	9,020,000	13,401,531	4.27
US Treasury N/B 2.125% 29/02/2024	17,380,000	26,428,250	8.41
US Treasury N/B 2.250% 15/11/2024	90,000	138,989	0.04
US Treasury N/B 2.750% 15/11/2023	4,060,000	6,274,739	2.00
US Treasury N/B 2.875% 15/08/2045	1,960,000	3,699,533	1.18
US Treasury N/B 2.875% 30/04/2025	4,720,000	7,546,694	2.40
US Treasury N/B 3% 15/05/2045	2,740,000	5,277,894	1.68
US Treasury N/B 3% 15/05/2047	353,000	696,873	0.22
US Treasury Note 1.625%15/08/2022	420,000	616,533	0.20
US Treasury Strip Princ 0.00% 15/05/2043	4,990,000	5,187,169	1.65
		141,906,613	45.17
<b>Total quoted bonds</b>		<b>291,293,761</b>	<b>92.72</b>
<b>Accrued interest on quoted bonds</b>		<b>2,120,524</b>	<b>0.68</b>
<b>Portfolio of investments</b>		<b>293,414,285</b>	<b>93.40</b>
<b>Other net assets</b>		<b>20,732,766</b>	<b>6.60</b>
<b>Net assets attributable to unitholders</b>		<b>314,147,051</b>	<b>100.00</b>

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

# Statement of Portfolio

As at 31 March 2020

	<b>Percentage of total net assets attributable to unitholders at 31/3/2020 %</b>	<b>Percentage of total net assets attributable to unitholders at 31/3/2019 %</b>
<b>By Geography (Summary)</b>		
<b>Quoted Bonds</b>		
Australia	-	0.37
Belgium	<b>1.68</b>	2.45
Canada	<b>2.58</b>	1.95
France	<b>4.60</b>	5.81
Germany	<b>9.00</b>	8.81
Great Britain	<b>3.65</b>	3.96
Italy	<b>5.32</b>	7.79
Japan	<b>1.60</b>	2.24
Kuwait	<b>1.39</b>	-
Mexico	<b>4.78</b>	4.30
Norway	<b>0.89</b>	-
Spain	<b>7.78</b>	5.70
Supra-National	<b>3.42</b>	3.27
United Arab Emirates	<b>0.86</b>	-
United States of America	<b>45.17</b>	48.07
	<b>92.72</b>	94.72
<b>Accrued interest on quoted bonds</b>	<b>0.68</b>	0.63
<b>Portfolio of investments</b>	<b>93.40</b>	95.35
<b>Other net assets</b>	<b>6.60</b>	4.65
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

## Statement of Portfolio

As at 31 March 2020

	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %	Percentage of total net assets attributable to unitholders at 31/3/2019 %
<b>By Industry (Secondary)</b>			
Banks	10,738,545	3.42	3.27
Government	280,555,216	89.30	91.46
	<b>291,293,761</b>	<b>92.72</b>	<b>94.73</b>
<b>Accrued interest on quoted bonds</b>	<b>2,120,524</b>	<b>0.68</b>	<b>0.63</b>
<b>Portfolio of investments</b>	<b>293,414,285</b>	<b>93.40</b>	<b>95.36</b>
<b>Other net assets</b>	<b>20,732,766</b>	<b>6.60</b>	<b>4.64</b>
<b>Net assets attributable to unitholders</b>	<b>314,147,051</b>	<b>100.00</b>	<b>100.00</b>

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

# Notes to the Financial Statements

For the financial year ended 31 March 2020

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").

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.

On 18 February 2020, Franklin Resources, Inc., a global investment management organisation operating as Franklin Templeton announced that it has entered into a definitive agreement to acquire Legg Mason, Inc. The transaction has been unanimously approved by the boards of Franklin Resources, Inc. and Legg Mason, Inc. The transaction is subject to customary closing conditions, including receipt of applicable regulatory approvals and is expected to close no later than the third calendar quarter of 2020. As at 31 March 2020, there was no significant impact to the Fund.

## 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.

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 2. Significant accounting policies (continued)

#### (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.

##### (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.

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 2. Significant accounting policies (continued)

(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.

(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

	2020	2019
	\$	\$
Overseas income tax	<u>47,109</u>	41,631

- (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

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 3. Income tax (continued)

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 2020 and 2019, 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 2020 (2019: \$Nil).

### 5. Cash and bank balances

	2020 \$	2019 \$
Held with a related company of the Trustee:		
- Cash and bank balances	<b>19,041,185</b>	16,523,102

### 6. Margin accounts

	2020 \$	2019 \$
Margin deposits with brokers	<b>5,614,642</b>	6,873,926

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

	2020 \$	2019 \$
Amount due from unitholders on subscriptions	<b>2,776,838</b>	412,477
Interest receivable	<b>74</b>	1,663
Other receivables	<b>4,035</b>	100,758
	<b>2,780,947</b>	514,898

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 8. Fair value of financial derivatives

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

As at financial year ended 31 March 2020 and 2019, commitments under forward foreign exchange, futures contracts and options due for settlement within 3 months (2019: 3 months) are as follows:

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
<b>2020</b>			
Forward foreign exchange contracts	344,694,128	3,718,731	(7,068,418)
Futures contracts	236,782,604	4,063,450	(2,877,487)
Options	23,360	11,346	-
		<b>7,793,527</b>	<b>(9,945,905)</b>
<b>2019</b>			
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)
		<b>3,102,984</b>	<b>(4,056,537)</b>

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

	2020 \$	2019 \$
Amount due to unitholders on redemptions	2,384,969	674,069
Accrued management fee	195,045	257,310
Accrued trustee fee	13,215	17,366
Other payables and accruals	51,778	55,770
	<b>2,645,007</b>	<b>1,004,515</b>

### 10. Units in issue

During the financial year ended 31 March 2020 and 2019, the number of units issued, redeemed and outstanding were as follows:

	2020	2019
Units at beginning of the financial year	282,206,900	272,742,989
Units created	86,112,654	77,657,143
Units cancelled	(168,233,672)	(68,193,232)
Units at end of the financial year	<b>200,085,882</b>	<b>282,206,900</b>
Net assets attributable to unitholders (\$)	<b>314,147,051</b>	<b>405,728,876</b>
Net asset value per unit (\$)	<b>1.570</b>	<b>1.438</b>

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 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:

	2020 \$	2019 \$
Net assets attributable to unitholders per financial statements per unit	1.570	1.438
Effect of movement in 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	1.571	1.438

\* 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 2020

## 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 2020 (2019: 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 2020

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	-	5,520,550	123,306,296	162,466,915	2,120,524	293,414,285
Cash and bank balances	19,041,185	-	-	-	-	19,041,185
Margin accounts	5,614,642	-	-	-	-	5,614,642
Receivables	-	-	-	-	2,780,947	2,780,947
Fair value of financial derivatives	-	-	-	-	7,793,527	7,793,527
<b>Total assets</b>	<b>24,655,827</b>	<b>5,520,550</b>	<b>123,306,296</b>	<b>162,466,915</b>	<b>12,694,998</b>	<b>328,644,586</b>
<b>Liabilities</b>						
Payables	-	-	-	-	2,645,007	2,645,007
Purchases awaiting settlement	-	-	-	-	1,906,623	1,906,623
Fair value of financial derivatives	-	-	-	-	9,945,905	9,945,905
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,497,535</b>	<b>14,497,535</b>

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 12. Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

As at 31 March 2019

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
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
<b>Total assets</b>	<b>23,397,028</b>	<b>20,288,632</b>	<b>137,316,644</b>	<b>226,673,034</b>	<b>6,173,995</b>	<b>413,849,333</b>
<b>Liabilities</b>						
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
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,120,457</b>	<b>8,120,457</b>

As at 31 March 2020, should interest rates have lowered or risen by 50 basis points ("bps") (2019: 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:

	2020		2019	
	+ 50 bps \$'000	- 50 bps \$'000	+ 50 bps \$'000	- 50 bps \$'000
Effect on net assets attributable to unitholders	<b>(12,440)</b>	<b>12,440</b>	(9,130)	9,130

##### (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 2020

## 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 2020

	MXN \$	JPY \$	EUR \$	GBP \$	SGD \$	USD \$	Others \$	Total \$
<b>Assets</b>								
Portfolio of investments	11,180,809	5,028,865	98,882,909	17,524,936	-	149,790,107	11,006,659	293,414,285
Cash and bank balances	25,406	506,750	2,547,036	494,045	13,101,210	1,412,711	954,027	19,041,185
Margin accounts	-	14,571	1,551,929	(11,529)	-	3,865,573	194,098	5,614,642
Receivables	-	-	-	13	2,780,873	53	8	2,780,947
Financial derivatives	-	308,629	579,496	80,454	-	3,106,218	-	4,074,797
<b>Total assets</b>	<b>11,206,215</b>	<b>5,858,815</b>	<b>103,561,370</b>	<b>18,087,919</b>	<b>15,882,083</b>	<b>158,174,662</b>	<b>12,154,792</b>	<b>324,925,856</b>
<b>Liabilities</b>								
Payables	-	-	-	-	2,644,594	413	-	2,645,007
Purchases awaiting settlement	-	-	1,906,623	-	-	-	-	1,906,623
Financial derivatives	-	-	1,047,035	-	-	1,827,890	2,562	2,877,487
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>2,953,658</b>	<b>-</b>	<b>2,644,594</b>	<b>1,828,303</b>	<b>2,562</b>	<b>7,429,117</b>
<b>Net financial assets</b>	<b>11,206,215</b>	<b>5,858,815</b>	<b>100,607,712</b>	<b>18,087,919</b>	<b>13,237,489</b>	<b>156,346,359</b>	<b>12,152,230</b>	<b>317,496,739</b>
Notional amount of currency forwards and spot	(9,896,881)	2,279,647	(98,869,435)	(15,154,069)	275,490,877	(148,878,956)	(4,971,183)	
<b>Net currency exposure</b>	<b>1,309,334</b>	<b>8,138,462</b>	<b>1,738,277</b>	<b>2,933,850</b>	<b>288,728,366</b>	<b>7,467,403</b>	<b>7,181,047</b>	

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 12. Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Currency risk (continued)

As at 31 March 2019

	MXN \$	JPY \$	EUR \$	GBP \$	SGD \$	USD \$	Others \$	Total \$
<b>Assets</b>								
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
Financial derivatives	-	-	388,407	-	-	23,704	68,392	480,503
<b>Total assets</b>	<b>19,352,599</b>	<b>9,648,028</b>	<b>135,835,939</b>	<b>19,702,307</b>	<b>12,302,270</b>	<b>204,141,006</b>	<b>10,244,703</b>	<b>411,226,852</b>
<b>Liabilities</b>								
Payables	-	-	239	-	1,004,100	176	-	1,004,515
Purchases awaiting settlement	-	-	-	3,059,405	-	-	-	3,059,405
Financial derivatives	-	100,959	2,423,479	38,900	-	743,212	-	3,306,550
<b>Total liabilities</b>	<b>-</b>	<b>100,959</b>	<b>2,423,718</b>	<b>3,098,305</b>	<b>1,004,100</b>	<b>743,388</b>	<b>-</b>	<b>7,370,470</b>
<b>Net financial assets</b>	<b>19,352,599</b>	<b>9,547,069</b>	<b>133,412,221</b>	<b>16,604,002</b>	<b>11,298,170</b>	<b>203,397,618</b>	<b>10,244,703</b>	<b>403,856,382</b>
Notional amount of currency forwards and financial derivatives	(12,705,326)	(5,940,718)	(131,477,188)	(11,185,761)	358,464,460	(199,408,686)	2,253,219	
<b>Net currency exposure</b>	<b>6,647,273</b>	<b>3,606,351</b>	<b>1,935,033</b>	<b>5,418,241</b>	<b>369,762,630</b>	<b>3,988,932</b>	<b>12,497,922</b>	

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	
	2020 \$	2019 \$
EUR	86,914	96,752
GBP	146,693	270,912
JPY	406,923	180,318
USD	373,370	199,447
MXN	65,467	332,364

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 12. Financial risk management (continued)

### (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.

<b>As at 31 March 2020</b>	<b>Less than 3 months \$</b>
<b>Liabilities</b>	
Payables	2,645,007
Purchases awaiting settlement	1,906,623
Financial derivatives	
- inflows	256,408,745
- outflows	<u>(266,354,650)</u>
 As at 31 March 2019	
<b>Liabilities</b>	
Payables	1,004,515
Purchases awaiting settlement	3,059,405
Financial derivatives	
- inflows	236,625,690
- outflows	<u>(240,682,227)</u>

### (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.

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 12. Financial risk management (continued)

#### (c) Credit risk (continued)

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

	<b>2020</b>	2019
	%	%
Aaa	<b>59.41</b>	61.62
AA	<b>0.86</b>	-
Aa2	<b>4.60</b>	9.77
AA-	<b>6.05</b>	2.45
A	-	2.24
A1	<b>1.60</b>	-
BBB+	-	4.30
Baa1	<b>7.78</b>	-
BBB	<b>4.78</b>	5.70
Baa3	<b>5.32</b>	7.79
Unrated	<b>2.32</b>	0.85
Accrued interest on quoted bonds	<b>0.68</b>	0.63
<b>Total</b>	<b>93.40</b>	95.35

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 2020

## 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 2020 and 2019.

<b>As at 31 March 2020</b>	<b>Credit Rating##</b>	<b>Source of Credit Rating</b>
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
<u>Bank</u>		
Citibank, N.A.	<b>Aa3</b>	<b>Moody's</b>
Goldman Sachs Bank	<b>A1</b>	<b>Moody's</b>
JPMorgan Chase Bank, N.A.	<b>Aa2</b>	<b>Moody's</b>
Morgan Stanley	<b>A3</b>	<b>Moody's</b>
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
UBS AG	<b>Aa3</b>	<b>Moody's</b>
As at 31 March 2019		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
<u>Bank</u>		
Citibank, N.A.	<b>Aa3</b>	<b>Moody's</b>
Goldman Sachs Bank	<b>A1</b>	<b>Moody's</b>
JPMorgan Chase Bank, N.A.	<b>Aa2</b>	<b>Moody's</b>
Morgan Stanley	<b>A3</b>	<b>Moody's</b>
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
UBS AG	<b>Aa3</b>	<b>Moody's</b>

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 2020

### 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 2020 and 2019:

As at 31 March 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
<b>Portfolio of Investments</b>				
- Quoted bonds	-	293,414,285	-	293,414,285
Fair value of financial derivatives	-	7,793,527	-	7,793,527
<b>Total</b>	-	<b>301,207,812</b>	-	<b>301,207,812</b>
<b>Liabilities</b>				
Fair value of financial derivatives	-	9,945,905	-	9,945,905
<hr/>				
As at 31 March 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
<b>Portfolio of Investments</b>				
- Quoted bonds	-	386,834,423	-	386,834,423
Fair value of financial derivatives	-	3,102,984	-	3,102,984
<b>Total</b>	-	<b>389,937,407</b>	-	<b>389,937,407</b>
<b>Liabilities</b>				
Fair value of financial derivatives	-	4,056,537	-	4,056,537

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 2020 and 2019 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 2020

## 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.

<u>As at 31 March 2020</u>	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	3,718,731	-	3,718,731	(3,098,677)	-	620,054
Futures	4,063,450	-	4,063,450	-	-	4,063,450
Options	11,346	-	11,346	-	-	11,346
	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	7,068,418	-	7,068,418	(3,098,677)	-	3,969,741
Futures	2,877,487	-	2,877,487	-	(2,877,487)	-
Options	-	-	-	-	-	-
<u>As at 31 March 2019</u>	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	-	(3,111,434)	-
Options	195,116	-	195,116	-	-	195,116

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 13. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2020 and 2019.

	2020 \$	2019 \$
<u>Facility</u>		
Overdraft	<b>20 million</b>	20 million

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

### 14. Financial ratios

	2020 %	2019 %
Expense ratio <sup>1</sup>	<b>0.88</b>	0.87
Portfolio turnover ratio <sup>2</sup>	<b>42.94</b>	42.32

<sup>1</sup> 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 2020 was based on total operating expenses of \$2,920,740 (2019: \$3,432,062) divided by the average net asset value of \$333,591,042 (2019: \$394,458,158) 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.

<sup>2</sup> 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 \$143,233,804 (2019: sales of \$166,925,948) divided by the average daily net asset value of \$333,591,042 (2019: \$394,458,158).

### 15. Comparatives

Where applicable, the 2019 comparative figures have been reclassified to conform with the changes in the current year's presentation.

# Report to Unitholders

For the financial year ended 31 March 2020

## Investment Allocation as at 31 March 2020

<b>By Country</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
Belgium	5,272,604	1.68
Canada	8,119,175	2.58
France	14,448,655	4.60
Germany	28,265,289	9.00
Great Britain	11,467,192	3.65
Italy	16,690,544	5.32
Japan	5,028,562	1.60
Kuwait	4,374,662	1.39
Mexico	15,024,220	4.78
Norway	2,800,862	0.89
Spain	24,439,673	7.78
Supra-National	10,738,545	3.42
United Arab Emirates	2,717,165	0.86
United States of America	141,906,613	45.17
	<b>291,293,761</b>	<b>92.72</b>
<b>Accrued interest on quoted bonds</b>	<b>2,120,524</b>	<b>0.68</b>
<b>Portfolio of investments</b>	<b>293,414,285</b>	<b>93.40</b>
<b>Other net assets</b>	<b>20,732,766</b>	<b>6.60</b>
<b>Total</b>	<b>314,147,051</b>	<b>100.00</b>

  

<b>By Industry</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
Banks	10,738,545	3.42
Government	280,555,216	89.30
	<b>291,293,761</b>	<b>92.72</b>
<b>Accrued interest on quoted bonds</b>	<b>2,120,524</b>	<b>0.68</b>
<b>Portfolio of investments</b>	<b>293,414,285</b>	<b>93.40</b>
<b>Other net assets</b>	<b>20,732,766</b>	<b>6.60</b>
<b>Total</b>	<b>314,147,051</b>	<b>100.00</b>

  

<b>By Asset Class</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
Fixed Income securities	291,293,761	92.72
	<b>291,293,761</b>	<b>92.72</b>
<b>Accrued interest on quoted bonds</b>	<b>2,120,524</b>	<b>0.68</b>
<b>Portfolio of investments</b>	<b>293,414,285</b>	<b>93.40</b>
<b>Other net assets</b>	<b>20,732,766</b>	<b>6.60</b>
<b>Total</b>	<b>314,147,051</b>	<b>100.00</b>

## Report to Unitholders

For the financial year ended 31 March 2020

<b>By Credit Rating *</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
Aaa	186,643,315	59.41
AA	2,717,165	0.86
Aa2	14,448,655	4.60
AA-	19,011,494	6.05
A1	5,028,562	1.60
Baa1	24,439,673	7.78
BBB	15,024,220	4.78
Baa3	16,690,544	5.32
Unrated	7,290,133	2.32
	<b>291,293,761</b>	<b>92.72</b>
<b>Accrued interest on quoted bonds</b>	<b>2,120,524</b>	<b>0.68</b>
<b>Portfolio of investments</b>	<b>293,414,285</b>	<b>93.40</b>
<b>Other net assets</b>	<b>20,732,766</b>	<b>6.60</b>
<b>Total</b>	<b>314,147,051</b>	<b>100.00</b>

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

### Top 10 Holdings

<b>Holdings as at 31 March 2020</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
US Treasury N/B 2.125% 29/02/2024	26,428,250	8.41
US Treasury N/B 1.625% 15/11/2022	25,550,202	8.13
Bundesrepublik Deutschland (BR) 1.75% 15/02/2024	21,819,383	6.95
US Treasury N/B 2% 31/10/2022	13,401,531	4.27
US Treasury 2.875% 15/05/2049	9,548,657	3.04
UK Treasury 4.25% 07/12/2040	9,215,964	2.93
US Treasury Bond 2.875% 15/05/2043	8,891,277	2.83
Bonos Y Oblig Del Estado 5.9% 30/07/2026	8,667,900	2.76
US Treasury 0.5% 15/04/2024	8,444,997	2.69
US Treasury Bond 2.75% 15/02/2024	8,238,425	2.62

<b>Holdings as at 31 March 2019</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
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

<b>Exposure to Derivatives</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
Forward foreign exchange, futures and option contracts as at 31 March 2020	(2,152,378)	(0.69)
Net realised loss on contracts for the period 1 April 2019 to 31 March 2020	(5,182,274)	
Net unrealised loss on outstanding contracts as at 31 March 2020	(2,174,992)	

# Report to Unitholders

For the financial year ended 31 March 2020

## 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 2020.

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

Nil as at 31 March 2020.

## Borrowings

Nil as at 31 March 2020.

## Amount of Redemptions and Subscriptions

For the period 1 April 2019 to 31 March 2020

	<b>SGD</b>
Redemptions	254,827,422
Subscriptions	131,147,520

## Related Party Transactions

For the period 1 April 2019 to 31 March 2020

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

## Performance

	<b>Legg Mason Western Asset Global Bond Trust Class A (SGD) Accumulating*</b>	<b>Benchmark</b>
3-months	+3.97%	+4.91%
6-months	+2.75%	+3.12%
1-year	+9.25%	+10.06%
3-years	+4.06%	+5.37%
5-years	+2.22%	+3.75%
10-years	+2.87%	+3.73%
Since inception	+2.28%	+3.89%

\* 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 2020

### Expense Ratio

For the period 1 April 2019 to 31 March 2020	0.88%
For the period 1 April 2018 to 31 March 2019	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 2020 was based on total operating expenses of \$2,920,740 (2019: \$3,432,062) divided by the average net asset value of \$333,591,042 (2019: \$394,458,158) 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 2019 to 31 March 2020	42.94%
For the period 1 April 2018 to 31 March 2019	42.32%

*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 \$143,233,804 (2019: sales of \$166,925,948) divided by the average daily net asset value of \$333,591,042 (2019: \$394,458,158).*

### Other Material Information

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

### Soft Dollar Commissions/Arrangements

The Managers and Sub-Managers 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.

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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 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 2020**

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 102 to 124, 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**

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**Authorised signatory**

**15 June 2020**

# 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 2020

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 102 to 124, 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 2020, 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**

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**Authorised signatory**

**15 June 2020**

# 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 2020, 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 2020;
- the Statement of Financial Position as at 31 March 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2020;
- the Statement of Portfolio as at 31 March 2020; 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.

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**PricewaterhouseCoopers LLP**  
**Public Accountants and Chartered Accountants**

**Singapore, 15 June 2020**

# Statement of Total Return

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Income</b>			
Interest income		2,319	2,381
Sundry income		1,000	-
		<b>3,319</b>	<b>2,381</b>
<b>Less: Expenses</b>			
Audit fee		11,031	11,300
Custody fee	11	6,662	9,467
Management fee	11	334,751	388,856
Trustee fee	11	19,244	21,943
Registration fee	11	14,527	14,526
Printing fee		-	1,000
Professional fee		21,149	20,071
Valuation fee	11	14,636	15,972
Goods & services tax		2,096	3,910
Transaction cost		684	676
Other expense		3,023	3,260
		<b>427,803</b>	<b>490,981</b>
<b>Net losses</b>		<b>(424,484)</b>	<b>(488,600)</b>
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net gains on investments		1,587,816	2,159,039
Net losses on forward foreign exchange contracts		(1,234,013)	(987,318)
Net foreign exchange gains/(losses)		155,012	(10,005)
		<b>508,815</b>	<b>1,161,716</b>
<b>Total return for the financial year before income tax</b>		<b>84,331</b>	<b>673,116</b>
<b>Less: Income tax</b>	3	<b>(49,058)</b>	<b>(73,839)</b>
<b>Total return for the financial year</b>		<b>35,273</b>	<b>599,277</b>

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

## Statement of Financial Position

As at 31 March 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
Portfolio of investments		<b>27,241,519</b>	37,083,804
Cash and bank balances	5	<b>285,033</b>	597,908
Margin accounts	6	<b>3</b>	76,044
Receivables	7	<b>70,571</b>	15,637
Fair value of financial derivatives	9	<b>328,286</b>	-
<b>Total assets</b>		<b>27,925,412</b>	37,773,393
<b>LIABILITIES</b>			
Payables	8	<b>270,647</b>	309,155
Fair value of financial derivatives	9	<b>69,452</b>	146,196
<b>Total liabilities</b>		<b>340,099</b>	455,351
<b>EQUITY</b>			
Net assets attributable to unitholders	10	<b>27,585,313</b>	37,318,042

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

# Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>37,318,042</b>	41,075,506
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>35,273</b>	599,277
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>2,578,249</b>	4,309,247
Cancellation of units		<b>(12,346,251)</b>	(8,665,988)
Change in net assets attributable to unitholders resulting from net cancellation of units		<b>(9,768,002)</b>	(4,356,741)
Total decrease in net assets attributable to unitholders		<b>(9,732,729)</b>	(3,757,464)
<b>Net assets attributable to unitholders at the end of the financial year</b>	10	<b>27,585,313</b>	37,318,042

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

## Statement of Portfolio

As at 31 March 2020

	Holdings as at 31/3/2020	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %
<b><u>By Geography (Primary)</u></b>			
<b>Quoted Bonds</b>			
<b>Australia</b>			
AusNet Services Holdings Pty Ltd Var 17/03/2076	500,000	717,264	2.60
Commonwealth Bank of Australia Series EMTN 4.2% 26/10/2020	5,000,000	1,016,664	3.69
		1,733,928	6.29
<b>China</b>			
CCTI 2017 Limited 3.625% 08/08/2022	400,000	582,161	2.11
Charming Light Investments Limited Series EMTN 4.375% 21/12/2027	400,000	614,568	2.23
China Minmetals Corporation VAR PERP	250,000	341,945	1.24
China SCE Group Holdings Limited 8.75% 15/01/2021	800,000	1,131,961	4.10
Chinalco Capital Holdings 4.25% 21/04/2022	200,000	280,142	1.01
Chinalco Capital Holdings Limited 4% 25/08/2021	450,000	615,206	2.23
CHN Aoyuan Property Group 7.95% 07/09/2021	800,000	1,116,606	4.05
Country Garden Holdings Co Limited 5.8% 12/03/2021	1,000,000	200,053	0.72
Far East Horizon Limited Series EMTN FRN 03/07/2021	200,000	284,414	1.03
Huaneng Hong Kong Capital Limited VAR PERP	500,000	728,054	2.64
Hubei Sci Tech Hk 4.375% 05/03/2021	500,000	707,273	2.56
Logan Property Holdings 6.125% 16/04/2021	750,000	757,395	2.75
Longfor Properties 4.5% 16/01/2028	200,000	287,618	1.04
MCC Holding HK Corporation Limited VAR PERP	500,000	710,845	2.58
Tsinghua Unigroup Limited 4.75% 31/01/2021	400,000	401,530	1.46
Yuzhou Properties Co Limited 7.9% 11/05/2021	800,000	1,119,858	4.06
		9,879,629	35.81
<b>Great Britain</b>			
HSBC Holdings Plc Series EMTN VAR PERP	500,000	495,475	1.80
<b>Hong Kong</b>			
Bank of East Asia Limited (Reg s) VAR 03/11/2026	400,000	578,707	2.10
Bank of East Asia Limited VAR PERP	500,000	686,705	2.49
China Life Insurance Overs/HK VAR 27/07/2027	200,000	292,016	1.06
CNAC HK Finbridge Co Limited 4.625% 14/03/2023	600,000	881,686	3.20
Dah Sing Bank Limited Series EMTN Var 15/01/2029	250,000	379,148	1.37
Leader Goal Intl Limited VAR PERP	250,000	343,949	1.25
Radiant Access Limited 4.6% 18/11/2065	200,000	267,328	0.97
Shimao Property Holdings Limited 5.75% 15/03/2021	3,000,000	610,902	2.21
Sun Hung Kai Properties 4.45% PERP	300,000	417,544	1.51
Trade Horizon Global FRN 02/08/2021	300,000	431,960	1.57
Vanke Real Estate HK Series EMTN 5.35% 11/03/2024	300,000	458,273	1.66
		5,348,218	19.39

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

# Statement of Portfolio

As at 31 March 2020

	Holdings as at 31/3/2020	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %
<b>By Geography (Primary)</b> (continued)			
<b>Quoted Bonds</b> (continued)			
<b>India</b>			
Housing Development Finance Corporation Limited Series EMTN 6.875% 30/04/2020	20,000,000	376,517	1.36
<b>Indonesia</b>			
Indonesia Eximbank Series OB 7.6% 15/08/2020	13,000,000,000	1,145,103	4.15
Perusahaan Listrik Negar 4.125% 15/05/2027	250,000	344,839	1.25
PT Bank Tabungan Negara 4.2% 23/01/2025	200,000	247,076	0.90
		1,737,018	6.30
<b>Malaysia</b>			
Gohl Capital Limited 4.25% 24/01/2027	500,000	590,495	2.14
<b>Netherlands</b>			
Minejesa Capital BV Series 4.625% 10/08/2030	300,000	375,839	1.36
<b>Singapore</b>			
AACI REIT MTN Pte Limited Series MTN 3.6% 22/03/2022	250,000	249,478	0.90
DBS Group Holdings Limited Series VAR 11/12/2028	800,000	1,185,679	4.30
Mapletree Treasury Services EMTN VAR PERP	250,000	243,965	0.88
OUE CT Treasury Pte Limited 3.03% 05/09/2020	1,000,000	1,001,010	3.63
Sembcorp Industries Limited MTN VAR PERP	1,000,000	991,770	3.60
Sembcorp Industries Limited Series MTN VAR PERP	1,000,000	990,830	3.59
United Overseas Bank Limited Series EMTN Var Perp	360,000	488,853	1.77
		5,151,585	18.67
<b>South Korea</b>			
Industrial Bank of Korea VAR PERP	200,000	281,141	1.02
<b>Sri Lanka</b>			
Republic of Sri Lanka Series 6.2% 11/05/2027	200,000	157,558	0.57
Sri Lanka Government International Bond 6.825% 18/07/2026	360,000	282,847	1.03
		440,405	1.60

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

**Statement of Portfolio**

As at 31 March 2020

	<b>Holdings as at 31/3/2020</b>	<b>Fair value as at 31/3/2020 \$</b>	<b>Percentage of total net assets attributable to unitholders at 31/3/2020 %</b>
<b><u>By Geography (Primary)</u></b> (continued)			
<b>Quoted Bonds</b> (continued)			
<b>Switzerland</b>			
Credit Suisse Group AG Var Perp	500,000	494,740	1.79
<b>Total quoted bonds</b>		<b>26,904,990</b>	<b>97.53</b>
<b>Accrued interest on quoted bonds</b>		<b>336,529</b>	<b>1.22</b>
<b>Portfolio of investments</b>		<b>27,241,519</b>	<b>98.75</b>
<b>Other net assets</b>		<b>343,794</b>	<b>1.25</b>
<b>Net assets attributable to unitholders</b>		<b>27,585,313</b>	<b>100.00</b>

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

# Statement of Portfolio

As at 31 March 2020

	Percentage of total net assets attributable to unitholders at 31/3/2020 %	Percentage of total net assets attributable to unitholders at 31/3/2019 %
<b>By Geography (Summary)</b>		
<b>Quoted Bonds</b>		
Australia	6.29	4.64
British Virgin Islands	-	0.93
China	35.81	23.23
Great Britain	1.80	3.46
Hong Kong	19.39	16.23
India	1.36	1.03
Indonesia	6.30	14.25
Malaysia	2.14	3.46
Netherlands	1.36	1.06
Singapore	18.67	22.67
South Korea	1.02	3.86
Sri Lanka	1.60	2.01
Switzerland	1.79	1.14
	<hr/> 97.53	<hr/> 97.97
<b>Accrued interest on quoted bonds</b>	<b>1.22</b>	<b>1.40</b>
	<hr/> 98.75	<hr/> 99.37
<b>Portfolio of investments</b>	<b>98.75</b>	<b>99.37</b>
<b>Other net assets</b>	<b>1.25</b>	<b>0.63</b>
<b>Net assets attributable to unitholders</b>	<hr/> <b>100.00</b> <hr/>	<hr/> <b>100.00</b> <hr/>

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

## Statement of Portfolio

As at 31 March 2020

	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %	Percentage of total net assets attributable to unitholders at 31/3/2019 %
<b>By Industry (Secondary)</b>			
Bank	6,999,291	25.37	24.50
Consumer	590,495	2.14	1.81
Electrical and Electronic	344,839	1.25	1.62
Engineering and Construction	343,949	1.25	0.91
Finance	928,259	3.37	5.01
Government	440,405	1.60	13.40
Insurance	292,016	1.06	1.44
Investment	1,816,533	6.58	3.93
Iron and Steel	-	-	1.45
Metals	1,332,932	4.83	2.56
Mining	615,206	2.23	1.66
Miscellaneous	881,686	3.20	2.98
Real estate	7,782,658	28.20	16.44
Real estate investment trust	-	-	5.06
Semiconductor	1,108,803	4.02	3.22
Telecommunication	717,264	2.60	1.89
Transport	1,982,600	7.19	8.33
Utilities	728,054	2.64	1.76
	<b>26,904,990</b>	<b>97.53</b>	<b>97.97</b>
<b>Accrued interest on quoted bonds</b>	<b>336,529</b>	<b>1.22</b>	<b>1.40</b>
<b>Portfolio of investments</b>	<b>27,241,519</b>	<b>98.75</b>	<b>99.37</b>
<b>Other net assets</b>	<b>343,794</b>	<b>1.25</b>	<b>0.63</b>
<b>Net assets attributable to unitholders</b>	<b>27,585,313</b>	<b>100.00</b>	<b>100.00</b>

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

# Notes to the Financial Statements

For the financial year ended 31 March 2020

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.

On 18 February 2020, Franklin Resources, Inc., a global investment management organisation operating as Franklin Templeton announced that it has entered into a definitive agreement to acquire Legg Mason, Inc. The transaction has been unanimously approved by the boards of Franklin Resources, Inc. and Legg Mason, Inc. The transaction is subject to customary closing conditions, including receipt of applicable regulatory approvals and is expected to close no later than the third calendar quarter of 2020. As at 31 March 2020, there was no significant impact to the Fund.

## 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.

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 2. Significant accounting policies (continued)

#### (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.

##### (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.

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 2. Significant accounting policies (continued)

(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.

(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

	2020	2019
	\$	\$
Singapore income tax	1,170	-
Overseas income tax	47,888	73,839
	<u>49,058</u>	<u>73,839</u>

- (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.

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 3. Income tax (continued)

- (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.

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 2020 and 2019, 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 2020 (2019: \$Nil).

### 5. Cash and bank balances

	2020 \$	2019 \$
Held with a related company of the Trustee:		
- Cash and bank balances	<u>285,033</u>	<u>597,908</u>

### 6. Margin accounts

	2020 \$	2019 \$
Margin deposits with brokers	<u>3</u>	<u>76,044</u>

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

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 7. Receivables

	2020 \$	2019 \$
Amount due from unitholders on subscriptions	70,565	1,251
Other receivables	6	14,386
	<b>70,571</b>	<b>15,637</b>

### 8. Payables

	2020 \$	2019 \$
Amount due to unitholders on redemptions	192,119	225,864
Accrued management fee	24,446	32,068
Accrued trustee fee	1,435	1,816
Other payables and accruals	52,647	49,407
	<b>270,647</b>	<b>309,155</b>

### 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 2020 and 2019, commitments under forward foreign exchange contracts are due for settlement within three months (2019: one month).

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
<b>2020</b>			
Forward foreign exchange contracts	22,734,276	328,286	(69,452)
<b>2019</b>			
Forward foreign exchange contracts	25,031,136	-	(146,196)

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 2020 and 2019, the number of units issued, redeemed and outstanding were as follows:

	2020	2019
Units at beginning of the financial year	22,538,091	25,238,624
Units created	1,531,896	2,681,195
Units cancelled	(7,295,580)	(5,381,728)
Units at end of the financial year	<b>16,774,407</b>	<b>22,538,091</b>
Net assets attributable to unitholders (\$)	<b>27,585,313</b>	<b>37,318,042</b>
Net asset value per unit (\$)	<b>1.644</b>	<b>1.656</b>

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 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:

	2020	2019
	\$	\$
Net assets attributable to unitholders per financial statements per unit	1.644	1.656
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	<u>1.644</u>	<u>1.656</u>

\* 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 2020

## 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 2020 and 2019, 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.

<b>As at 31 March 2020</b>	<b>Variable rates</b>	<b>Up to 1 year</b>	<b>Fixed rates 1 - 5 years</b>	<b>Over 5 years</b>	<b>Non-interest bearing</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Portfolio of investments	5,862,672	6,591,013	7,024,255	7,427,050	336,529	27,241,519
Cash and bank balances	285,033	-	-	-	-	285,033
Margin accounts	3	-	-	-	-	3
Receivables	-	-	-	-	70,571	70,571
Fair value of financial derivatives	-	-	-	-	328,286	328,286
<b>Total assets</b>	<b>6,147,708</b>	<b>6,591,013</b>	<b>7,024,255</b>	<b>7,427,050</b>	<b>735,386</b>	<b>27,925,412</b>
<b>Liabilities</b>						
Payables	-	-	-	-	270,647	270,647
Fair value of financial derivatives	-	-	-	-	69,452	69,452
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,099</b>	<b>340,099</b>

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 12. Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

As at 31 March 2019

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
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
<b>Total assets</b>	<b>14,481,438</b>	<b>5,315,876</b>	<b>11,972,737</b>	<b>5,463,836</b>	<b>539,506</b>	<b>37,773,393</b>
<b>Liabilities</b>						
Payables	-	-	-	-	309,155	309,155
Fair value of financial derivatives	-	-	-	-	146,196	146,196
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455,351</b>	<b>455,351</b>

As at 31 March 2020, should interest rates have lowered or risen by 50 basis points ("bps") (2019: 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:

	2020		2019	
	+ 50 bps \$'000	- 50 bps \$'000	+ 50 bps \$'000	- 50 bps \$'000
Effect on net assets attributable to unitholders	(280)	280	(490)	490

##### (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 2020

## 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 2020

	CNH \$	IDR \$	SGD \$	USD \$	Others \$	Total \$
<b>Assets</b>						
Portfolio of investments	1,847,901	1,156,124	5,289,188	18,560,934	387,372	27,241,519
Cash and bank balances	16	-	279,855	5,069	93	285,033
Margin accounts	-	-	-	3	-	3
Receivables	2	-	70,565	4	-	70,571
<b>Total assets</b>	<b>1,847,919</b>	<b>1,156,124</b>	<b>5,639,608</b>	<b>18,566,010</b>	<b>387,465</b>	<b>27,597,126</b>
<b>Liabilities</b>						
Payables	-	-	249,726	20,921	-	270,647
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>249,726</b>	<b>20,921</b>	<b>-</b>	<b>270,647</b>
<b>Net financial assets</b>	<b>1,847,919</b>	<b>1,156,124</b>	<b>5,389,882</b>	<b>18,545,089</b>	<b>387,465</b>	<b>27,326,479</b>
Notional amount of currency forwards and spot	-	-	14,239,431	(14,239,431)	-	
<b>Net currency exposure</b>	<b>1,847,919</b>	<b>1,156,124</b>	<b>19,629,313</b>	<b>4,305,658</b>	<b>387,465</b>	

As at 31 March 2019

	CNH \$	IDR \$	SGD \$	USD \$	Others \$	Total \$
<b>Assets</b>						
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
<b>Total assets</b>	<b>2,317,049</b>	<b>4,854,059</b>	<b>9,425,777</b>	<b>20,011,641</b>	<b>1,164,867</b>	<b>37,773,393</b>
<b>Liabilities</b>						
Payables	-	-	292,626	16,529	-	309,155
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>292,626</b>	<b>16,529</b>	<b>-</b>	<b>309,155</b>
<b>Net financial assets</b>	<b>2,317,049</b>	<b>4,854,059</b>	<b>9,133,151</b>	<b>19,995,112</b>	<b>1,164,867</b>	<b>37,464,238</b>
Notional amount of currency forwards and spot	-	-	(25,031,136)	25,031,136	-	
<b>Net currency exposure</b>	<b>2,317,049</b>	<b>4,854,059</b>	<b>(15,897,985)</b>	<b>45,026,248</b>	<b>1,164,867</b>	

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	
	2020 \$	2019 \$
CNH	92,396	115,852
IDR	57,806	242,703
USD	215,283	2,251,312

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 12. Financial risk management (continued)

#### (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 2020, there are no (2019: no) investments in unlisted or unquoted securities (2019: \$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.

<b>As at 31 March 2020</b>	<b>Less than 3 months \$</b>
<b>Liabilities</b>	
Payables	270,647
Fair value of financial derivatives	
- inflows	4,214,596
- outflows	<u>(4,284,048)</u>
 As at 31 March 2019	
<b>Liabilities</b>	
Payables	309,155
Fair value of financial derivatives	
- inflows	25,031,136
- outflows	<u>(25,177,332)</u>

#### (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.

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 12. Financial risk management (continued)

### (c) Credit risk (continued)

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

	2020 %	2019 %
Aa3	-	2.75
AA-	-	0.73
A1	1.51	1.01
A2	5.27	4.78
A3	-	1.65
A+	3.69	-
A	-	3.67
A-	1.06	0.70
Baa1	8.18	6.77
Baa2	5.51	14.76
Baa3	8.86	9.20
BBB+	-	0.73
BBB	9.16	6.96
BBB-	3.97	3.66
Ba1	-	1.10
Ba2	3.51	3.27
Ba3	0.90	1.14
BB	2.75	-
BB-	1.79	2.00
B2	9.75	4.22
B+	4.06	0.75
Unrated	27.56	28.12
Accrued interest on quoted bonds	1.22	1.40
<b>Total</b>	<b>98.75</b>	<b>99.37</b>

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 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 2020

### 12. Financial risk management (continued)

#### (c) Credit risk (continued)

The tables below summarise the credit rating of banks and custodian in which the Funds' assets are held as at 31 March 2020 and 2019.

<b>As at 31 March 2020</b>	<b>Credit Rating ##</b>	<b>Source of Credit Rating</b>
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
<u>Bank</u>		
JPMorgan Chase Bank, N.A.	<b>Aa2</b>	<b>Moody's</b>
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
UBS AG	<b>Aa3</b>	<b>Moody's</b>
<hr/>		
<b>As at 31 March 2019</b>		
<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

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 2020

### 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 2020 and 2019:

<b>As at 31 March 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Assets</b>				
<b>Portfolio of Investments</b>				
- Quoted bonds	-	27,241,519	-	27,241,519
- Fair value of financial derivatives	-	328,286	-	328,286
<b>Total</b>	-	<b>27,569,805</b>	-	<b>27,569,805</b>
<b>Liabilities</b>				
Fair value of financial derivatives	-	69,452	-	69,452
<b>As at 31 March 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Assets</b>				
<b>Portfolio of Investments</b>				
- Quoted bonds	-	37,083,804	-	37,083,804
<b>Liabilities</b>				
Fair value of financial derivatives	-	146,196	-	146,196

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 2020 and 2019 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 2020

### 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.

<u>As at 31 March 2020</u>	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	328,286	-	328,286	(69,452)	-	258,834

  

	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	69,452	-	69,452	(69,452)	-	-

  

<u>As at 31 March 2019</u>	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	-	-	-	-	-	-

  

	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	146,196	-	146,196	-	-	146,196

### 13. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2020 and 2019.

	2020	2019
	\$	\$
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 2020

## 14. Financial ratios

	<b>2020</b>	2019
	%	%
Expense ratio <sup>1</sup>	<b>1.28</b>	1.26
Portfolio turnover ratio <sup>2</sup>	<b>17.83</b>	33.15

<sup>1</sup> 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 2020 was based on total operating expenses of \$427,118 (2019: \$490,305) divided by the average net asset value of \$33,369,222 (2019: \$38,889,752) 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.

<sup>2</sup> 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 \$5,950,215 (2019: purchases of \$12,892,777) divided by the average daily net asset value of \$33,369,222 (2019: \$38,889,752).

# Report to Unitholders

For the financial year ended 31 March 2020

## Investment Allocation as at 31 March 2020

<b>By Country</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
Australia	1,733,928	6.29
China	9,879,629	35.81
Great Britain	495,475	1.80
Hong Kong	5,348,218	19.39
India	376,517	1.36
Indonesia	1,737,018	6.30
Malaysia	590,495	2.14
Netherlands	375,839	1.36
Singapore	5,151,585	18.67
South Korea	281,141	1.02
Sri Lanka	440,405	1.60
Switzerland	494,740	1.79
	<b>26,904,990</b>	<b>97.53</b>
<b>Accrued interest on quoted bonds</b>	<b>336,529</b>	<b>1.22</b>
<b>Portfolio of investments</b>	<b>27,241,519</b>	<b>98.75</b>
<b>Other net assets</b>	<b>343,794</b>	<b>1.25</b>
<b>Total</b>	<b>27,585,313</b>	<b>100.00</b>

<b>By Industry</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
Bank	6,999,291	25.37
Consumer	590,495	2.14
Electrical and Electronic	344,839	1.25
Engineering and Construction	343,949	1.25
Finance	928,259	3.37
Government	440,405	1.60
Insurance	292,016	1.06
Investment	1,816,533	6.58
Metals	1,332,932	4.83
Mining	615,206	2.23
Miscellaneous	881,686	3.20
Real Estate	7,782,658	28.20
Semiconductor	1,108,803	4.02
Telecommunication	717,264	2.60
Transport	1,982,600	7.19
Utilities	728,054	2.64
	<b>26,904,990</b>	<b>97.53</b>
<b>Accrued interest on quoted bonds</b>	<b>336,529</b>	<b>1.22</b>
<b>Portfolio of investments</b>	<b>27,241,519</b>	<b>98.75</b>
<b>Other net assets</b>	<b>343,794</b>	<b>1.25</b>
<b>Total</b>	<b>27,585,313</b>	<b>100.00</b>

# Report to Unitholders

For the financial year ended 31 March 2020

<b>By Asset Class</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
Fixed Income securities	26,904,990	97.53
	<b>26,904,990</b>	<b>97.53</b>
<b>Accrued interest on quoted bonds</b>	<b>336,529</b>	<b>1.22</b>
<b>Portfolio of investments</b>	<b>27,241,519</b>	<b>98.75</b>
<b>Other net assets</b>	<b>343,794</b>	<b>1.25</b>
<b>Total</b>	<b>27,585,313</b>	<b>100.00</b>

<b>By Credit Rating *</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
A1	417,544	1.51
A2	1,453,007	5.27
A+	1,016,664	3.69
A-	292,016	1.06
Baa1	2,257,853	8.18
Baa2	1,520,376	5.51
Baa3	2,444,912	8.86
BBB	2,525,596	9.16
BBB-	1,095,369	3.97
Ba2	967,846	3.51
Ba3	247,076	0.90
BB	757,395	2.75
BB-	494,740	1.79
B2	2,688,972	9.75
B+	1,119,858	4.06
Unrated	7,605,766	27.56
	<b>26,904,990</b>	<b>97.53</b>
<b>Accrued interest on quoted bonds</b>	<b>336,529</b>	<b>1.22</b>
<b>Portfolio of investments</b>	<b>27,241,519</b>	<b>98.75</b>
<b>Other net assets</b>	<b>343,794</b>	<b>1.25</b>
<b>Total</b>	<b>27,585,313</b>	<b>100.00</b>

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

## Report to Unitholders

For the financial year ended 31 March 2020

### Top 10 Holdings

<b>Holdings as at 31 March 2020</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
DBS Group Holdings Limited Series VAR 11/12/2028	1,185,679	4.30
Indonesia Eximbank Series OB 7.6% 15/08/2020	1,145,103	4.15
China SCE Group Holdings Limited 8.75% 15/01/2021	1,131,961	4.10
Yuzhou Properties Co Limited 7.9% 11/05/2021	1,119,858	4.06
CHN Aoyuan Property Group 7.95% 07/09/2021	1,116,606	4.05
Commonwealth Bank of Australia Series EMTN 4.2% 26/10/2020	1,016,664	3.69
OUE CT Treasury Pte Limited 3.03% 05/09/2020	1,001,010	3.63
Sembcorp Industries Limited MTN VAR PERP	991,770	3.60
Sembcorp Industries Limited Series MTN VAR PERP	990,830	3.59
CNAC HK Finbridge Co Limited 4.625% 14/03/2023	881,686	3.20

<b>Holdings as at 31 March 2019</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
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

<b>Exposure to Derivatives</b>	<b>Market Value in \$</b>	<b>% of NAV</b>
Forward foreign exchange contracts as at 31 March 2020	258,834	0.94
Net realised loss on contracts for the period 1 April 2019 to 31 March 2020	(1,492,847)	
Net unrealised loss on contracts as at 31 March 2020	258,834	

### 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 2020.

# Report to Unitholders

For the financial year ended 31 March 2020

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

Nil as at 31 March 2020.

## Borrowings

Nil as at 31 March 2020.

## Amount of Redemptions and Subscriptions

For the period 1 April 2019 to 31 March 2020

	<b>SGD</b>
Redemptions	12,346,251
Subscriptions	2,578,249

## Related Party Transactions

For the period 1 April 2019 to 31 March 2020

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

## Performance

	<b>Legg Mason Western Asset Asian Bond Trust Class A (SGD) Accumulating*</b>	<b>Benchmark</b>
3-months	-4.03%	+0.35%
6-months	-2.95%	+0.75%
1-year	-0.72%	+1.68%
3-years	+0.53%	+1.52%
5-years	+1.38%	+1.42%
10-years	+2.94%	+1.59%
Since inception	+2.29%	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 2019 to 31 March 2020	1.28%
For the period 1 April 2018 to 31 March 2019	1.26%

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 2020 was based on total operating expenses of \$427,118 (2019: \$490,305) divided by the average net asset value of \$33,369,222 (2019: \$38,889,752) 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.

## Report to Unitholders

For the financial year ended 31 March 2020

### Turnover Ratio

For the period 1 April 2019 to 31 March 2020	17.83%
For the period 1 April 2018 to 31 March 2019	33.15%

*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 \$5,950,215 (2019: purchases of \$12,892,777) divided by the average daily net asset value of \$33,369,222 (2019: \$38,889,752).*

### 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.

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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 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 2020**

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 136 to 154, 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**

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**Authorised Signatory**

**15 June 2020**

# 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 2020

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 136 to 154, 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 2020, 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**

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**Director**

**15 June 2020**

# 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 2020, 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 2020;
- the Statement of Financial Position as at 31 March 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2020;
- the Statement of Portfolio as at 31 March 2020; 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 Singapore Bond 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 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.

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**PricewaterhouseCoopers LLP**  
**Public Accountants and Chartered Accountants**

**Singapore, 15 June 2020**

# Statement of Total Return

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Income</b>			
Dividend income		-	120,835
Other income		<b>2,500</b>	-
		<b>2,500</b>	<b>120,835</b>
<b>Less: Expenses</b>			
Audit fee		<b>16,745</b>	17,699
Custody fee	9	<b>7,762</b>	21,266
Management fee	9	<b>201,378</b>	425,939
Reimbursement of expenses by the Manager	9	<b>(34,585)</b>	-
Trustee fee	9	<b>15,000</b>	36,275
Registration fee	9	<b>9,831</b>	10,352
Printing fee		<b>1,003</b>	1,000
Professional fee		<b>18,400</b>	18,301
Valuation fee	9	<b>13,172</b>	24,388
Goods and services tax		<b>2,132</b>	(1,479)
Transaction cost		<b>701</b>	2,093
Other expenses		<b>8,227</b>	9,074
		<b>259,766</b>	<b>564,908</b>
<b>Net losses</b>		<b>(257,266)</b>	<b>(444,073)</b>
<b>Net gains or losses on value of investments</b>			
Net gains on investments		<b>1,284,827</b>	581,041
Net foreign exchange losses		<b>(16)</b>	(41)
		<b>1,284,811</b>	<b>581,000</b>
<b>Total return for the financial year before income tax</b>		<b>1,027,545</b>	<b>136,927</b>
<b>Less: Income tax</b>	3	<b>(1,020)</b>	-
<b>Total return for the financial year</b>		<b>1,026,525</b>	<b>136,927</b>

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

## Statement of Financial Position

As at 31 March 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
Portfolio of investments		<b>28,262,843</b>	25,945,062
Cash and bank balances	5	<b>218,262</b>	414,304
Receivables	6	<b>45,788</b>	218,297
<b>Total assets</b>		<b>28,526,893</b>	26,577,663
<b>LIABILITY</b>			
Payables	7	<b>101,413</b>	291,042
<b>Total liability</b>		<b>101,413</b>	291,042
<b>EQUITY</b>			
Net assets attributable to unitholders	8	<b>28,425,480</b>	26,286,621

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

## Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>26,286,621</b>	104,751,439
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>1,026,525</b>	136,927
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>6,178,861</b>	17,350,385
Cancellation of units		<b>(5,066,527)</b>	(95,952,130)
Change in net assets attributable to unitholders resulting from net creation of units		<b>1,112,334</b>	(78,601,745)
Total increase/(decrease) in net assets attributable to unitholders		<b>2,138,859</b>	(78,464,818)
<b>Net assets attributable to unitholders at the end of the financial year</b>	8	<b>28,425,480</b>	26,286,621

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

## Statement of Portfolio

As at 31 March 2020

	Holdings as at 31/3/2020	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %
<b><u>By Geography (Primary)</u></b>			
<b>Quoted Bonds</b>			
<b>China</b>			
Huarong Finance 2017 Company Limited 3.20% 27/04/2021	500,000	500,096	1.76
<b>Netherlands</b>			
ABN AMRO Bank NV Series EMTN VAR 01/04/2026	1,250,000	1,215,738	4.28
<b>Singapore</b>			
AACI REIT MTN Pte Limited Series MTN 3.6% 22/03/2022	1,000,000	997,910	3.51
AIMS APAC REIT Series MTN 3.6% 12/11/2024	500,000	489,225	1.72
Ascendas Real Estate Investment VAR PERP	500,000	496,645	1.75
Ascott Residence Trust VAR PERP	750,000	754,860	2.66
Capitaland Treasury Limited Series EMTN VAR PERP	1,250,000	1,228,413	4.32
CCT MTN Pte Ltd Series MTN 3.17% 05/03/2024	750,000	746,813	2.63
DBS Group Holdings Limited VAR PERP (Issue date: 12 Sept 2018)	750,000	742,312	2.61
Fcot Treasury Pte Ltd Series MTN 3.185% 28/02/2023	500,000	498,915	1.76
First Real Estate Investment Trust VAR PERP	500,000	397,640	1.40
Jurong Shipyard Pte Limited Series EMTN 2.95% 10/09/2021	500,000	490,525	1.73
Keppel Corporation Limited Series EMTN 4.00% 07/09/2042	500,000	513,905	1.81
Mapletree Commercial Trust MTN 2.795% 15/11/2023	750,000	744,967	2.62
Mapletree Logistics Trust EMTN VAR PERP	500,000	498,375	1.75
Mapletree Treasury Services EMTN 2.85% 29/08/2025	500,000	491,630	1.73
Mapletree Treasury Services EMTN VAR PERP (Issue date: 12 May 2017)	750,000	742,762	2.61
Mapletree Treasury Services EMTN VAR PERP (Issue date: 19 Jan 2017)	500,000	487,675	1.72
Mas Bill T-Bills Series 84 08/05/2020	1,500,000	1,498,830	5.27
Mas Bill T-Bills Series 84 05/06/2020	500,000	499,315	1.76
NTUC Income Insurance VAR 23/08/2027	500,000	495,095	1.74
Sembcorp Industries Limited MTN VAR PERP (Issue date: 20 May 2015)	500,000	495,885	1.74
Sembcorp Industries Limited MTN VAR PERP (Issue date: 22 Jun 2017)	500,000	495,415	1.74
Singapore Government Bond 2.25% 01/08/2036	1,000,000	1,099,210	3.87
Singapore Government SIGB 2.75% 01/03/2046	1,300,000	1,601,730	5.63
Singapore Government SIGB 2.875% 01/09/2030	1,250,000	1,434,013	5.04
Singapore Government SIGB 3.00% 01/09/2024	2,300,000	2,500,951	8.80
Singapore Government SIGB 3.50% 01/03/2027	1,910,000	2,209,278	7.77
Singapore Republic 2.875% 01/07/2029	500,000	569,860	2.00

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

# Statement of Portfolio

As at 31 March 2020

	Holdings as at 31/3/2020	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %
<b><u>By Geography (Primary) (continued)</u></b>			
<b>Quoted Bonds (continued)</b>			
SPH REIT Series MTN VAR PERP	2,000,000	1,902,310	6.69
Starhub Limited MTN VAR PREP	750,000	741,937	2.61
Suntec Real Estate Investment Trust MTN Pte Limited 3.355% 07/02/2025	500,000	503,910	1.77
		26,370,311	92.76
<b>Total quoted bonds</b>		<b>28,086,145</b>	<b>98.80</b>
<b>Accrued interest on quoted bonds</b>		<b>176,698</b>	<b>0.62</b>
		<b>28,262,843</b>	<b>99.42</b>
<b>Portfolio of investments</b>		<b>28,262,843</b>	<b>99.42</b>
<b>Other net assets</b>		<b>162,637</b>	<b>0.58</b>
<b>Net assets attributable to unitholders</b>		<b>28,425,480</b>	<b>100.00</b>

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

## Statement of Portfolio

As at 31 March 2020

	<b>Percentage of total net assets attributable to unitholders at 31/3/2020 %</b>	<b>Percentage of total net assets attributable to unitholders at 31/03/2019 %</b>
<b>By Geography (Summary)</b>		
<b>Quoted Bonds</b>		
China	<b>1.76</b>	1.89
Netherlands	<b>4.28</b>	4.89
Singapore	<b>92.76</b>	87.32
United Kingdom	-	3.93
	<b>98.80</b>	98.03
<b>Accrued interest on quoted bonds</b>	<b>0.62</b>	0.67
<b>Portfolio of investments</b>	<b>99.42</b>	98.70
<b>Other net assets</b>	<b>0.58</b>	1.30
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

# Statement of Portfolio

As at 31 March 2020

	Fair value as at 31/3/2020 \$	Percentage of total net assets attributable to unitholders at 31/3/2020 %	Percentage of total net assets attributable to unitholders at 31/3/2019 %
<b>By Industry (Secondary)</b>			
Bank	1,958,050	6.89	20.43
Diversified Resources	513,905	1.81	1.84
Government	11,413,187	40.15	33.30
Insurance	495,095	1.74	1.95
Investment	2,222,163	7.82	8.59
Real estate investment trust	9,259,983	32.57	22.50
Telecommunication	741,937	2.61	2.82
Transportation	1,481,825	5.21	6.60
	<b>28,086,145</b>	<b>98.80</b>	<b>98.03</b>
<b>Accrued interest on quoted bonds</b>	<b>176,698</b>	<b>0.62</b>	<b>0.67</b>
<b>Portfolio of investments</b>	<b>28,262,843</b>	<b>99.42</b>	<b>98.70</b>
<b>Other net assets</b>	<b>162,637</b>	<b>0.58</b>	<b>1.30</b>
<b>Net assets attributable to unitholders</b>	<b>28,425,480</b>	<b>100.00</b>	<b>100.00</b>

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

# Notes to the Financial Statements

For the financial year ended 31 March 2020

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.

On 18 February 2020, Franklin Resources, Inc., a global investment management organisation operating as Franklin Templeton announced that it has entered into a definitive agreement to acquire Legg Mason, Inc. The transaction has been unanimously approved by the boards of Franklin Resources, Inc. and Legg Mason, Inc. The transaction is subject to customary closing conditions, including receipt of applicable regulatory approvals and is expected to close no later than the third calendar quarter of 2020. As at 31 March 2020, there was no significant impact to the Fund.

## 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.

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 2. Significant accounting policies (continued)

### (c) Foreign currencies (continued)

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.

#### (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.

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 2. Significant accounting policies (continued)

(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 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 income tax of \$1,020 for the financial year ended 31 March 2020 (2019: \$Nil).

### 4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2020 (2019: \$Nil).

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 5. Cash and bank balances

	2020 \$	2019 \$
Cash and bank balances held with a related company of the Trustee	<b>218,262</b>	414,304

### 6. Receivables

	2020 \$	2019 \$
Amount due from unitholders on subscriptions	<b>26,203</b>	198,665
Other receivable	<b>19,585</b>	19,632
	<b>45,788</b>	218,297

### 7. Payables

	2020 \$	2019 \$
Amount due to unitholders on redemptions	<b>44,270</b>	236,350
Accrued management fee	<b>17,745</b>	16,259
Accrued trustee fee	<b>2,406</b>	1,116
Other payables and accruals	<b>36,992</b>	37,317
	<b>101,413</b>	291,042

### 8. Units in issue

During the financial year ended 31 March 2020 and 2019, the number of units issued, redeemed and outstanding were as follows:

	2020	2019
<b>Class A</b>		
Units at beginning of the financial year	<b>12,528,319</b>	14,394,325
Units created	<b>3,142,922</b>	1,722,124
Units cancelled	<b>(2,574,151)</b>	(3,588,130)
Units at end of the financial year	<b>13,097,090</b>	12,528,319
Net assets attributable to unitholders (\$)	<b>26,088,157</b>	24,040,628
Net asset value per unit (\$)	<b>1.992</b>	1.919
<b>Class B</b>		
Units at beginning of the financial year	<b>1,082,177</b>	38,615,613
Units created	-	6,987,447
Units cancelled	-	(44,520,883)
Units at end of the financial year	<b>1,082,177</b>	1,082,177
Net assets attributable to unitholders (\$)	<b>2,337,323</b>	2,245,993
Net asset value per unit (\$)	<b>2.160</b>	2.075

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 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:

	2020 \$	2019 \$
<b>Class A</b>		
Net assets attributable to unitholders per financial statements per unit	1.992	1.919
Effect of accrued expenses	*	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>1.992</u>	<u>1.919</u>
	2020 \$	2019 \$
<b>Class B</b>		
Net assets attributable to unitholders per financial statements per unit	2.160	2.075
Effect of accrued expenses	*	*
Net assets attributable to unitholders for issuing/redeeming per unit	<u>2.160</u>	<u>2.075</u>

\* 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. During the financial year ended 31 March 2020, the Manager has at its own discretion, chosen to absorb certain expenses of the Fund.

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

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 10. Financial risk management (continued)

### (a) Market risk (continued)

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 does not hold any equity as of 31 March 2020 and 2019, 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 2020

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	10,695,062	1,998,145	7,473,312	7,919,626	176,698	28,262,843
Cash and bank balances	218,262	-	-	-	-	218,262
Receivables	-	-	-	-	45,788	45,788
<b>Total assets</b>	<b>10,913,324</b>	<b>1,998,145</b>	<b>7,473,312</b>	<b>7,919,626</b>	<b>222,486</b>	<b>28,526,893</b>
<b>Liabilities</b>						
Payables	-	-	-	-	101,413	101,413
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,413</b>	<b>101,413</b>

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 10. Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

As at 31 March 2019

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
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
<b>Total assets</b>	<b>10,257,251</b>	<b>500,160</b>	<b>4,182,917</b>	<b>11,241,837</b>	<b>395,498</b>	<b>26,577,663</b>
<b>Liabilities</b>						
Payables	-	-	-	-	291,042	291,042
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291,042</b>	<b>291,042</b>

As at 31 March 2020, should interest rates have lowered or risen by 50 basis points ("bps") (2019: 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:

	2020		2019	
	+ 50 bps \$'000	- 50 bps \$'000	+ 50 bps \$'000	- 50 bps \$'000
Effect on net assets attributable to unitholders	(760)	760	(700)	700

##### (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 2020	SGD \$	USD \$	Total \$
<b>Assets</b>			
Portfolio of investments	28,262,843	-	28,262,843
Cash and bank balances	218,262	-	218,262
Receivables	45,788	-	45,788
<b>Total assets</b>	<b>28,526,893</b>	<b>-</b>	<b>28,526,893</b>
<b>Liabilities</b>			
Payables	101,299	114	101,413
<b>Total liabilities</b>	<b>101,299</b>	<b>114</b>	<b>101,413</b>
<b>Net currency exposure</b>	<b>28,425,594</b>	<b>(114)</b>	

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 10. Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Currency risk (continued)

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

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 2020 and 2019, 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.

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 2020	Less than 3 months \$
<b>Liabilities</b>	
Payables	<b>101,413</b>

## Notes to the Financial Statements

For the financial year ended 31 March 2020

### 10. Financial risk management (continued)

#### (b) Liquidity risk (continued)

As at 31 March 2019

#### **Liabilities**

Payables	291,042
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#### (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.

	2020 %	2019 %
Aaa	<b>33.12</b>	33.30
A+	<b>1.74</b>	1.95
A2	-	0.98
Baa1	<b>4.38</b>	4.73
Baa2	<b>7.78</b>	8.74
Baa3	-	3.93
BBB+	<b>2.63</b>	4.78
BBB	<b>2.61</b>	8.70
BBB-	-	1.93
Unrated (Singapore—incorporated debt securities) #	<b>46.54</b>	28.99
Accrued interest on quoted bonds	<b>0.62</b>	0.67
<b>Total</b>	<b>99.42</b>	98.70

# 7.03% (2019: Nil%) relates to Singapore government-issued securities

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.

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 10. Financial risk management (continued)

### (c) Credit risk (continued)

The tables below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 31 March 2020 and 2019.

<b>As at 31 March 2020</b>	<b>Credit Rating ##</b>	<b>Source of Credit Rating</b>
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	<b>Aa3</b>	<b>Moody's</b>
<hr/>		
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

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 2020

### 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 2020 and 2019:

As at 31 March 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
<b>Portfolio of Investments</b>				
- Quoted bonds	-	28,262,843	-	28,262,843
<b>Total</b>	-	28,262,843	-	28,262,843
<hr/>				
As at 31 March 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
<b>Portfolio of Investments</b>				
- Quoted bonds	-	25,945,062	-	25,945,062
<b>Total</b>	-	25,945,062	-	25,945,062

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 2020 and 2019 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 2020 and 2019.

	2020 \$	2019 \$
<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

	2020 %	2019 %
Ratio of expenses to average net assets <sup>1</sup>		
Class A	0.95	0.94
Class B	0.84	0.69
Portfolio turnover rate <sup>2</sup>	29.61	52.73

# Notes to the Financial Statements

For the financial year ended 31 March 2020

## 12. Financial ratios (continued)

- <sup>1</sup> 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 2020 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:

	2020	2019
	\$	\$
Total operating expenses		
Class A	<b>239,816</b>	237,124
Class B	<b>19,249</b>	325,691
Average net asset value		
Class A	<b>25,243,924</b>	25,277,055
Class B	<b>2,301,498</b>	47,456,842

- <sup>2</sup> 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 \$8,155,893 (2019: purchases of \$38,354,148) divided by the average daily net asset value of \$27,545,422 (2019: \$72,733,897).

# Report to Unitholders

For the financial year ended 31 March 2020

## Investment Allocation as at 31 March 2020

<b>By Country</b>	<b>Market Value</b> \$	<b>% of NAV</b>
China	500,096	1.76
Netherlands	1,215,738	4.28
Singapore	26,370,311	92.76
	<b>28,086,145</b>	<b>98.80</b>
<b>Accrued interest on quoted bonds</b>	<b>176,698</b>	<b>0.62</b>
<b>Portfolio of investments</b>	<b>28,262,843</b>	<b>99.42</b>
<b>Other net assets</b>	<b>162,637</b>	<b>0.58</b>
<b>Total</b>	<b>28,425,480</b>	<b>100.00</b>

<b>By Industry</b>	<b>Market Value</b> \$	<b>% of NAV</b>
Bank	1,958,050	6.89
Diversified Resources	513,905	1.81
Government	11,413,187	40.15
Insurance	495,095	1.74
Investment	2,222,163	7.82
Real estate investment trust	9,259,983	32.57
Telecommunication	741,937	2.61
Transportation	1,481,825	5.21
	<b>28,086,145</b>	<b>98.80</b>
<b>Accrued interest on quoted bonds</b>	<b>176,698</b>	<b>0.62</b>
<b>Portfolio of investments</b>	<b>28,262,843</b>	<b>99.42</b>
<b>Other net assets</b>	<b>162,637</b>	<b>0.58</b>
<b>Total</b>	<b>28,425,480</b>	<b>100.00</b>

<b>By Asset Class</b>	<b>Market Value</b> \$	<b>% of NAV</b>
Fixed Income securities	28,086,145	98.80
	<b>28,086,145</b>	<b>98.80</b>
<b>Accrued interest on quoted bonds</b>	<b>176,698</b>	<b>0.62</b>
<b>Portfolio of investments</b>	<b>28,262,843</b>	<b>99.42</b>
<b>Other net assets</b>	<b>162,637</b>	<b>0.58</b>
<b>Total</b>	<b>28,425,480</b>	<b>100.00</b>

# Report to Unitholders

For the financial year ended 31 March 2020

<b>By Credit Rating *</b>	<b>Market Value</b>	<b>% of NAV</b>
	\$	
Aaa	9,415,042	33.12
A+	495,095	1.74
Baa1	1,245,063	4.38
Baa2	2,211,298	7.78
BBB+	746,813	2.63
BBB	742,312	2.61
Unrated#	13,230,522	46.54
	<b>28,086,145</b>	<b>98.80</b>
<b>Accrued interest on quoted bonds</b>	<b>176,698</b>	<b>0.62</b>
<b>Portfolio of investments</b>	<b>28,262,843</b>	<b>99.42</b>
<b>Other net assets</b>	<b>162,637</b>	<b>0.58</b>
<b>Total</b>	<b>28,425,480</b>	<b>100.00</b>

# 7.03% (2019: Nil%) relates to Singapore government-issued securities

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

## Top 10 Holdings

<b>Holdings as at 31 March 2020</b>	<b>Market Value</b>	<b>% of NAV</b>
	\$	
Singapore Government SIGB 3.00% 01/09/2024	2,500,951	8.80
Singapore Government SIGB 3.50% 01/03/2027	2,209,278	7.77
SPH REIT Series MTN VAR PERP	1,902,310	6.69
Singapore Government SIGB 2.75% 01/03/2046	1,601,730	5.63
MAS Bill T-Bills Series 84 08/05/2020	1,498,830	5.27
Singapore Government SIGB 2.875% 01/09/2030	1,434,013	5.04
Capitaland Treasury Limited Series EMTN VAR PERP	1,228,413	4.32
ABN AMRO Bank NV Series EMTN VAR 01/04/2026	1,215,738	4.28
Singapore Government Bond 2.25% 01/08/2036	1,099,210	3.87
AACI REIT MTN Pte Limited Series MTN 3.6% 22/03/2022	997,910	3.51

<b>Holdings as at 31 March 2019</b>	<b>Market Value</b>	<b>% of NAV</b>
	\$	
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

## Report to Unitholders

For the financial year ended 31 March 2020

### Exposure to Derivatives

Nil as at 31 March 2020.

### 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 2020.

### Securities Lending or Repurchase Transactions

Nil as at 31 March 2020.

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

	Market Value \$	% of NAV
SPH REIT Series MTN VAR PERP	1,902,310	6.69
Capitaland Treasury Limited Series EMTN VAR PERP	1,228,413	4.32
AACI REIT MTN Pte Limited Series MTN 3.6% 22/03/2022	997,910	3.51
Ascott Residence Trust VAR PERP	754,860	2.66
CCT MTN Pte Ltd Series MTN 3.17% 05/03/2024	746,813	2.63
Mapletree Commercial Trust MTN 2.795% 15/11/2023	744,967	2.62
AIMS APAC REIT Series MTN 3.6% 12/11/2024	489,225	1.72
Ascendas Real Estate Investment VAR PERP	496,645	1.75
Fcot Treasury Pte Ltd Series MTN 3.185% 28/02/2023	498,915	1.76
First Real Estate Investment Trust VAR PERP	397,640	1.40
Mapletree Logistics Trust EMTN VAR PERP	498,375	1.75
Suntec Real Estate Investment Trust MTN Pte Limited 3.355% 07/02/2025	503,910	1.77

### Borrowings

Nil as at 31 March 2020.

### Amount of Redemptions and Subscriptions

For the period 1 April 2019 to 31 March 2020

	SGD
Redemptions	5,066,527
Subscriptions	6,178,861

# Report to Unitholders

For the financial year ended 31 March 2020

## Related Party Transactions

For the period 1 April 2019 to 31 March 2020

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

## Performance

	Legg Mason Western Asset Singapore Bond Fund*		Benchmark
	Class A (SGD) Accumulating	Class B (SGD) Accumulating	
3-months	+0.30%	+0.37%	+3.67%
6-months	+1.27%	+1.41%	+4.34%
1-year	+3.80%	+4.10%	+8.32%
3-years	+2.53%	+2.79%	+4.18%
5-years	+2.72%	+2.98%	+3.75%
10-years	+3.10%	+3.36%	+3.21%
Since inception	+3.13%	+3.49%	+3.05%

\* 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 2019 to 31 March 2020 0.95%

For the period 1 April 2018 to 31 March 2019 0.94%

### Class B

For the period 1 April 2019 to 31 March 2020 0.84%

For the period 1 April 2018 to 31 March 2019 0.69%

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 2020 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:

	2020 \$	2019 \$
<b>Total operating expenses</b>		
Class A	239,816	237,124
Class B	19,249	325,691
<b>Average net asset value</b>		
Class A	25,243,924	25,277,055
Class B	2,301,498	47,456,842

## Report to Unitholders

For the financial year ended 31 March 2020

### Turnover Ratio

For the period 1 April 2019 to 31 March 2020	29.61%
For the period 1 April 2018 to 31 March 2019	52.73%

*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 \$8,155,893 (2019: purchases of \$38,354,148) divided by the average daily net asset value of \$27,545,422 (2019: \$72,733,897).*

### Other Material Information

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

### Soft Dollar Commissions/Arrangements

The Managers 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.

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**LEGG MASON**  
GLOBAL ASSET MANAGEMENT

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