

Annual Report

Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Western Asset Global Bond Trust

Legg Mason Western Asset Singapore Bond Fund

For the financial year ended 31 March 2022

Contents	Page
Legg Mason Martin Currie Southeast Asia Trust	8
Legg Mason Western Asset Global Bond Trust	36
Legg Mason Western Asset Singapore Bond Fund	70

Important Information

The CPF interest rate for the Ordinary Account (OA) is computed based on the 3- month average of major local banks' interest rates, subject to the legislated minimum interest of 2.5% per annum. The interest rate for OA is reviewed quarterly. The CPF interest rate for Special (SA) and Medisave Account (MA) is computed based on the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, subject to the current floor interest rate of 4% per annum. The interest rate is reviewed quarterly. To enhance the retirement savings of Singaporeans, the CPF Board pays extra interest on the first \$60,000 of your combined CPF balances (capped at \$20,000 for Ordinary Account (OA)). You could receive up to 6% on a portion of your CPF balances. Please note that the first \$20,000 in your OA and the first \$40,000 in your SA need to be set aside prior to investing OA and SA monies.

The Legg Mason Western Asset Global Bond Trust may use swaps, forwards, options and futures for the purposes of hedging and efficient portfolio management. The Legg Mason Western Asset Singapore Bond Fund may, for the purpose of hedging and efficient portfolio management, invest in financial derivatives. The Legg Mason Martin Currie Southeast Asia Trust may invest in derivative instruments from time to time for purposes of hedging and/or efficient portfolio management and may invest in transferable securities embedding a financial derivative from time to time for purposes of hedging, efficient portfolio management and/or optimising returns. The Legg Mason Martin Currie Southeast Asia Trust's net asset value may have higher volatility characteristics as a result of its portfolio management style. Please refer to the prospectus for more information.

This Report is prepared by Legg Mason Asset Management Singapore Pte. Limited, an indirect wholly-owned subsidiary of Franklin Resources, Inc., a global investment management organization with subsidiaries operating as Franklin Templeton, is 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 Asset Management Singapore Pte. Limited or its authorized distributors prior to any subscription.

Investment Managers' Report

As at 31 March 2022

Global Fixed Income

Market Review

Global government bond yields ended the month significantly higher. Markets increasingly turned their focus towards rising inflation and prospective accelerated trajectories for monetary policy tightening. The Federal Reserve ("Fed") and the European Central Bank ("ECB") provided hawkish tilts to their March policy meetings. In the US, aside from raising the federal funds target rate by 25 basis points ("bps") from 0.25% to 0.50%, the median Federal Open Market Committee ("FOMC") member revised up their interest rate forecast to see another six rate hikes in 2022, followed by a further three in 2023. The ECB accelerated the tapering of the Asset Purchase Program ("APP") which could end as soon as 3Q22. The Bank of England ("BoE") hiked the Bank Rate by 25 bps to 0.75%, back to pre-pandemic levels. However, guidance on future policy-tightening was moderated and one committee member voted to keep interest rates unchanged, citing fears over declining real incomes. The fallout from Russia's invasion of Ukraine continued as Moody's, S&P and Fitch downgraded local Russian sovereign debt to junk and Russia was removed from global bond indices. Geopolitical tensions, inflation concerns and higher developed market ("DM") yields pushed local emerging market ("EM") yields higher. Hard currency EM and corporate bonds traded in a wide range but spreads ended the month tighter. In corporate bonds, following some risk aversion at the beginning of the month, a pick-up in primary issuance and signs of investors putting cash reserves to work given higher absolute yields caused spreads to narrow materially towards the end of the month. The US dollar ended the month modestly weaker.

Outlook and Strategy

The investment landscape faces enormous uncertainty following the Russian invasion of Ukraine. The long slog to a post-COVID world has been meaningfully derailed. Energy and soft commodity prices are likely to remain high. The case for DM government bond yields is less clear given current elevated inflation readings but the traditional desire for such a global safe haven is likely to be powerful. Our view remains that the global economic recovery from the COVID pandemic will be underpinned by responsible central bank policy that recognizes the detrimental effect that elevated energy prices and the uncertain situation in Eastern Europe will have on global growth. We have seen a rapid re-pricing of monetary policy expectations. While tensions in Ukraine are pushing up short-term energy prices and inflation, the medium- to long-term impacts have yet to be determined. Western Asset's view is that while data on inflation and labor markets will likely lead to accelerated tightening schedules across a number of key DM central banks, the fundamental headwinds to global growth and inflation remain. These include the reduction of global fiscal stimulus, the withdrawal of monetary policy accommodation and the persistence of secular-related headwinds such as global debt burdens, aging demographics and technology displacement. We have taken some defensive measures in global portfolios, reducing EM currency exposure versus the US dollar and adding to European duration as we feel that the ECB may now be more cautious in tightening financial conditions. We continue to believe fundamentals remain strong for corporate bonds. The repricing of credit risk and that of less directly exposed EM bonds and currencies may present opportunities to add to positioning. Within corporate bonds we maintain a bias to banks, select reopening industries where valuations have yet to fully recover and rising star candidates, where allowed.

Investment Managers' Report

As at 31 March 2022

Singapore Fixed Income

Market Review

In Singapore, the Singapore Government Bond Market saw losses of 3.54%. The Singapore Overnight Rate Average ("SORA") rate was 28 basis points ("bps") lower at 0.61%. The Singapore Government Securities ("SGS") curve saw a bear-fattening, with yields in the front end higher by up to 42 bps, while the long end of the curve was higher by 48 bps. SGS outperformed US Treasuries ("UST") on the whole during the month. USTs saw yields higher with the front end of the UST yield curve underperforming, yields higher in the front end by 62 bps and with yields in the long end higher by 29 bps. The Economic Development Board ("EDB") reported industrial production ("IP") growth increased sharply to 17.6% year-over-year ("YoY") in February from 2.4% in January, well above expectations. This suggests the underlying trend of headline IP growth continues to hold up. On a sequential, seasonally adjusted ("sa") basis, this implies IP growth jumped to 16.6% month-over-month ("MoM") sa in February, more than reversing the 10.4% contraction in the previous month. The jump was driven by strong demand from 5th generation ("5G") markets and data centers amid the global chip shortage. Biomedicals production, which tends to be volatile, rose by 14.2% MoM sa, only partially recovering its 29.0% contraction in January. Non-oil domestic exports ("NODX") growth moderated to a lower-than-expected 9.5% YoY in February from 17.6% in January. The negative was driven mainly by a sharp drop in gold export growth to -71.9% YoY from 1.0% in January. Excluding gold, NODX growth remained robust at 16.3%, albeit moderating slightly from 19.1% in the previous month, which was also boosted by the one-of bulky ships exports to the US. This also reflects electronics export growth holding up at 11.6%, down from 14.0%, amid the sustained tech upcycle. Growth of pharmaceuticals exports increased sharply to 39.5% YoY from -11.1%. The Ministry of Manpower reported that the unemployment rate fell to 2.3% in January, its pre-pandemic level, from 2.4% in December and the 3.5% peak in 3Q20. The Monetary Authority of Singapore's ("MAS") measure of core Consumer Price Index ("CPI") inflation, which excludes private road transport and accommodation, moderated to 2.2% YoY in February 2022 from 2.4% in January 2021. Despite slower core, headline inflation rose to 4.3% YoY (January: 4.0%) on private transport, as car prices accelerated on higher Additional Registration Fee ("ARF") registration fees announced in Budget 2022 alongside an uptick in accommodation costs from higher imputed rents.

Outlook and Strategy

The Federal Reserve ("Fed") raised rates by 25 bps at the Federal Open Market Committee ("FOMC") meeting on March 16, as expected. The FOMC ramped up its projections of rate hikes to seven overall in 2022 and an additional three to four in 2023. Fed Chair Jerome Powell left the door open to hiking 50 bps. Powell made constant reference to the strength of the US economy and labour markets, stressing that this strength would enable the tightening to proceed without causing a marked downturn. The Fed removed from its statement prior language citing downside risks from COVID-19 and added that risks from Russia's war in Ukraine could "create additional upward pressure on inflation and weigh on economic activity." Chair Powell reinforced the hawkish tone by acknowledging the seriousness of the inflation situation in his press conference and by emphasizing the strength of the economy and the labor market in particular, comments that suggest that it would take a lot to knock the FOMC off its tightening path. The challenge, though, will be rising recession risks in this late stage of the growth cycle while trying to push inflation lower—in other words, whether the Fed can engineer a soft landing. The challenge here is how monetary policy can respond to both inflationary pressures and growth concerns that are materializing; financial markets are increasingly showing signs that it would be difficult to avoid a recession. Global headline inflation is at 40-year highs, of 6.4% at end of the quarter with core inflation at 4%. The challenge is further worsened by geopolitics unraveled by Putin's invasion of Ukraine and the unprecedented Western response of weaponizing financial systems that have led to food and energy prices at their highest levels in decades.

The key question for each central bank will be whether inflation concerns matter more than growth risks. The European Central Bank ("ECB") Governing Council conditioned its policy decisions on a revised baseline staff projection that features a limited growth shock and revised the 2022 growth forecast by -0.5 percentage points ("pp") to 3.7%. Headline and core inflation were revised up substantially by 1.9pp and 0.7pp, respectively, to 5.1% and 2.6% in 2022. The terms of trade shock to Europe from the rise in gas, oil and coal prices is also significant and fiscal constraints persist, with already elevated debt levels. A complete halt of Russia's energy exports to Europe will negatively impact Europe's Gross Domestic Product ("GDP") by 1.5%-2.5%. This even as military revitalisation, energy security and diversification will be a significant structural drain on fiscal resources in the years ahead. Globalisation, specialisations and scale-oriented production have anchored prices of food and consumer goods for the past few decades. That has also created a significant concentration of risks, with a few dominant producers responsible for a significant proportion of global production, from commodities to chips. The Russian-Ukraine conflict may well mark the start of a new era of de-globalisation; on top of supply disruptions since COVID-19, global inflation is on track for its fastest pace in a quarter at 6.3%. While most of Asia will see pain from higher commodity prices as

Investment Managers' Report

As at 31 March 2022

Singapore Fixed Income (continued)

net importers with largest negative growth and external balance impact being on Thailand and the Philippines, the notable exceptions are Indonesia and Malaysia. India and the Philippines will face significant headwinds from higher oil and commodity prices even as growth decelerates domestically while rising inflationary pressures complicate monetary policy considerations. Apart from the more obvious growth and current account impact, the other key issue will be the fiscal impact, which will depend on the subsidies in place for retail energy prices.

As developed market ("DM") growth concerns come back to the fore in this late stage of the cycle, North Asian tech exporters such as Taiwan and South Korea will see higher risk manifesting in currency weakness while commodity exporters and more domestically oriented economies in South Asia such as Indonesia and Malaysia benefit from positive terms of trade. Chinese policymakers have kept inflation in check having kept monetary policy tight in spite of COVID-19, in hindsight an appropriate response in not stoking inflationary pressures. This allows the Chinese a freer hand in focusing on growth with inflation in check while the Fed can only hope that growth doesn't stall while focusing on inflation. Most Asian central banks are well positioned to not have to respond aggressively given more muted core inflationary pressures, though inflation will continue to rise and, in some cases, above some central banks' comfort zones. Asian central banks will focus on demand-pull inflation risks that have a more direct impact on inflation expectations as compared to supply-driven food inflation. Asian policymakers will also use other policy measures to deal with food and commodity price shocks, such as subsidies. Singapore continues to move towards endemicity in its COVID-19 management approach with further graduated opening, lifting domestic restrictions while opening up to fully vaccinated visitors. This in line with most of Asia ex-Greater China, which continues to largely maintain tight controls over borders.

The near-term recovery from COVID-19 will create opportunities, as firms believe Singapore to be a relatively stable base of political and social stability as a regional outpost. A strong reserves position, political stability and fiscal space will allow for policy response should headwinds develop either from rising geopolitical tensions or a resurgence of COVID-19, even as the government seeks to pave a path back to normalcy. Besides offering the highest nominal yield (along with Australia) among AAA rated countries, the 10-year SGS compares favorably in terms of real-yield expectations among higher-rated Asian local currency bonds. Singapore's insurance industry assets have been growing at approximately 10% annually, 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 Managers' Report

As at 31 March 2022

Asean Equities

Market Review

ASEAN markets delivered mixed performance in March, with commodity-rich Indonesia up +1.8%, while Philippines and Thailand were both weaker. The ASEAN region was down overall.

Although the Russian invasion of Ukraine created significant short-term volatility in markets, a sharp recovery was seen as fears eased on the potential for wider conflict. While certain assets, particularly commodities where Ukraine and/or Russia are significant producers to global output, are likely to see prices remain elevated with consequent impacts on corporate margins and global inflation, markets are gradually returning to a focus on US tapering and the yield curve.

Despite a change of focus and low positive case rates across most of the ASEAN region, COVID remains a threat—specifically because of lockdowns in China where several ASEAN companies source materials and/or have manufacturing facilities. At this stage, it remains unclear to what extent and for how long the Chinese authorities are likely to sustain their 'zero COVID' approach. However, our discussions with companies held in the Trust are currently only expecting very short-term disruption.

Outlook and Strategy

In the context of geopolitical uncertainty, we believe parts of the ASEAN region are likely to represent relative safe havens. However, we continue to manage the Trust in a balanced manner, aiming to capture both short- and long-term growth underpinned by attractive long-term returns, strong cash flows and conservative balance sheets.

COVID: There is a mixed picture across the ASEAN region, with some countries seeing only negligible official positive case numbers and others seeing a significant rise. However, more importantly, hospitalisation and death rates have remained low, leading to a significant easing of restrictions across markets. With vaccination rates continuing to rise, there is cautious optimism that regional economies will increasingly benefit from the long-awaited reopening.

Indonesia: The strong energy prices (particularly coal and Crude Palm Oil ("CPO")) have given a significant boost to trade and a surplus for the full year is now likely, while liquidity also looks healthier. However, there may be some offset if oil prices remain high given fuel subsidies. Overall, the economic situation has helped to support the Rupiah, reducing the pressure for Bank Indonesia to act on rates for now, although consensus still expects some fiscal and monetary tightening later in the year.

Malaysia: Inflation has remained relatively benign and exports strong, although the full effect of energy price increases will not yet be reflected in the available data. However, Malaysia may see a greater indirect impact over time via reduced export demand. The central bank has kept rates on hold and sees risk to the downside, although consensus expects tightening in the second half of this year. In political news, the ruling coalition win of the Johor State elections in March further increases the likelihood of a general election in the second half of 2022.

Philippines: Purchasing Managers Index ("PMI") data has remained strong, while February Consumer Price Index ("CPI") (3.0%) was within the central bank (Bangko Sentral ng Pilipinas ("BSP")) limit. However, beneath the headline there were significant offsetting effects between declining food and increasing energy prices. March data may provide a clearer indication of the real impact. With economic data reasonably positive but a rising inflationary risk, expectations are now for a faster rate rise by BSP. Despite its statement emphasising the importance of sustaining recovery, concerns over the rising deficit and a weakening Peso may force its hand. The impending May presidential election also looms large, with political decisions (potentially compounded by high inflation) likely to have a significant bearing on the pace and shape of the economic recovery.

Singapore: Although some economic recovery is expected to continue into 2022, rising commodity prices and a tight labour market are likely to present key inflationary pressure points. Easing restrictions and travel rules should help the service and tourism sectors, although this will naturally be partly dependent on restriction levels in tourists home countries. The Monetary Authority of Singapore ("MAS") is expected to remain on a tightening bias in upcoming meetings but will be well aware of not curtailing the nascent recovery given the risk of stagflation.

Thailand: Consumer confidence has slowed on rising energy prices and the spread of Covid, although business confidence, manufacturing PMI and exports are all looking more robust. It is possible, however, that inflationary pressure may drive deceleration in these areas too in the short term. Headline inflation rose to 5.3% in February, with Thailand seeing the global rise in commodity costs pass through more rapidly than in some other countries in the

Investment Managers' Report

As at 31 March 2022

Asean Equities (continued)

region. Having depreciated 10% vs. the US dollar in 2021, the Bhat has depreciated a further 1.8% year-to-date, indicating the pressure the economy is facing and the absence (so far) of a material recovery in tourism. There are hopes this will begin to improve more meaningfully from next year if not before.

Vietnam: First quarter 2022 Gross Domestic Product ("GDP") grew at +5.2% year-on-year, a second consecutive quarter of recovery following the third quarter 2021 weakness. With the trade balance returning to a surplus in March on accelerating exports and strong industrial production, the economic situation looks relatively healthy. Although headline inflation rose to a seven-month high and is likely to rise further, it is broadly expected to remain below the State Bank of Vietnam ("SBV") target of 4% for fiscal year ("FY")22 overall despite the increase in fuel costs.

Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Western Asset Global 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 2022

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 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 30, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

10 June 2022

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 2022

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 12 to 30, 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 2022, 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 Investment Funds” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet their financial obligations as and when they materialise.

For and on behalf of

LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director

10 June 2022

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 Investment Funds" 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 2022, and 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 2022;
- the Statement of Financial Position as at 31 March 2022;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2022;
- the Statement of Portfolio as at 31 March 2022; 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 Investment Funds" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 10 June 2022

Statement of Total Return

For the financial year ended 31 March 2022

	Notes	2022 \$	2021 \$
Income			
Dividend income		2,101,041	2,279,994
		2,101,041	2,279,994
Less: Expenses			
Audit fee		21,442	22,101
Custody fee	9	31,600	32,992
Management fee	9	943,877	1,005,235
Reimbursement of expenses by the Manager	9	(26,080)	(39,151)
Trustee fee	9	43,401	46,060
Registration fee	9	19,143	21,294
Professional fee		26,099	38,154
Valuation fee	9	21,981	23,004
Goods & services tax		6,124	6,498
Transaction cost		119,233	137,183
Other expenses		13,750	16,605
		1,220,570	1,309,975
Net gains		880,471	970,019
Net gains or losses on value of investments			
Net (losses)/gains on investments		(1,028,301)	16,040,426
Net foreign exchange losses		(41,910)	(56,339)
		(1,070,211)	15,984,087
Total (deficit)/return for the financial year before income tax		(189,740)	16,954,106
Less: Income tax	3	(150,258)	(193,313)
Total (deficit)/return for the financial year		(339,998)	16,760,793

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

Statement of Financial Position

As at 31 March 2022

	Notes	2022 \$	2021 \$
ASSETS			
Portfolio of investments		60,748,536	65,885,704
Cash and bank balances	5	948,771	1,451,399
Receivables	6	343,305	411,349
Total assets		62,040,612	67,748,452
LIABILITIES			
Payables	7	479,424	384,249
Total liabilities		479,424	384,249
EQUITY			
Net assets attributable to unitholders	8	61,561,188	67,364,203

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

Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2022

	Notes	2022 \$	2021 \$
Net assets attributable to unitholders at the beginning of the financial year		67,364,203	58,727,809
Operations			
Change in net assets attributable to unitholders resulting from operations		(339,998)	16,760,793
Unitholders' contributions/(withdrawals)			
Creation of units		1,744,270	5,929,629
Cancellation of units		(7,207,287)	(14,054,028)
Change in net assets attributable to unitholders resulting from net cancellation of units		(5,463,017)	(8,124,399)
Total (decrease)/increase in net assets attributable to unitholders		(5,803,015)	8,636,394
Net assets attributable to unitholders at the end of the financial year	8	61,561,188	67,364,203

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

Statement of Portfolio

As at 31 March 2022

	Holdings as at 31/3/2022	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %
<u>By Geography (Primary)</u>			
Quoted Equities			
Indonesia			
Aneka Tambang Tbk	4,301,100	988,893	1.61
Pakuwon Jati Tbk	16,367,100	746,444	1.21
PT Astra International Inc Tbk	1,191,500	738,193	1.20
PT Bank Mandiri Tbk	3,468,000	2,581,584	4.19
PT Bank Negara Indonesia Tbk	3,055,700	2,375,443	3.86
PT Bukalapak.com Tbk	11,155,800	401,554	0.65
PT Indofood CBP Sukses Makmur Tbk	1,196,000	828,321	1.35
PT Media Nusantara Citra Tbk	6,775,700	635,268	1.03
PT Mitra Adiperkasa Tbk	11,085,700	919,234	1.49
PT Telekomunikasi Indonesia Tbk	5,835,000	2,518,178	4.09
		12,733,112	20.68
Malaysia			
Bermaz Auto Berhad	1,573,700	906,661	1.47
Genting Malaysia Berhad	1,116,000	1,070,410	1.74
Kossan Rubber Industries Berhad	837,300	528,211	0.86
Malayan Banking Berhad	657,200	1,891,058	3.07
MR D.I. Y. Group (M) Berhad	690,300	768,748	1.25
Petronas Chemicals Group Berhad	361,900	1,118,226	1.82
RHB Bank Berhad	601,600	1,154,048	1.88
SKP Resources Berhad	1,495,900	678,878	1.10
		8,116,240	13.19
Philippines			
Ayala Corporation	55,910	1,204,920	1.96
Bloomberry Resorts Corporation	4,449,700	796,028	1.29
Century Pacific Food Inc	1,107,600	680,758	1.11
First Gen Corporation	1,026,300	708,631	1.15
GT Capital Holdings Inc	59,841	863,932	1.40
PLDT Inc	17,685	855,694	1.39
Puregold Price Club Inc	762,060	712,536	1.16
Robinsons Land Corporation	1,712,400	918,123	1.49
		6,740,622	10.95

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

Statement of Portfolio (continued)

As at 31 March 2022

	Holdings as at 31/3/2022	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %
By Geography (Primary) (continued)			
Quoted Equities (continued)			
Singapore			
Aztech Global Limited	853,400	797,929	1.30
DBS Group Holdings Limited	56,900	2,038,727	3.31
Jardine Cycle & Carriage Limited	57,200	1,431,716	2.33
Oversea-Chinese Banking Corporation Limited	369,697	4,576,849	7.43
Singapore Technologies Engineering Limited	339,000	1,396,680	2.27
Singapore Telecommunications Limited	966,500	2,551,560	4.14
TDCX Inc	52,989	871,309	1.42
United Overseas Bank Limited	137,087	4,389,526	7.13
Venture Corporation Limited	74,700	1,312,479	2.13
		19,366,775	31.46
Taiwan			
Sea Limited	23,279	3,773,940	6.13
		3,773,940	6.13
Thailand			
Central Pattana Public Limited Company	561,500	1,348,405	2.19
Kasikornbank Public Limited Company	442,700	2,910,050	4.73
MK Restaurant Group Public Company Limited	320,900	702,048	1.14
PTT Exploration & Production Public Company Limited	275,200	1,612,981	2.62
PTT Public Company Limited	960,300	1,504,825	2.44
Supalai Public Company Limited	1,080,500	954,340	1.55
Thai Beverage Public Company Limited	1,377,900	985,198	1.60
		10,017,847	16.27
Total quoted equities		60,748,536	98.68
Unquoted Equity			
Singapore			
Ezion Holdings Limited Call Warrant 16/04/2023 [^]	6,564,049	-	-
		-	-
Portfolio of investments		60,748,536	98.68
Other net assets		812,652	1.32
Net assets attributable to unitholders		61,561,188	100.00

[^] 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 (continued)

As at 31 March 2022

	Percentage of total net assets attributable to unitholders at 31/3/2022 %	Percentage of total net assets attributable to unitholders at 31/3/2021 %
By Geography (Summary)		
Quoted Equities		
Hong Kong	-	1.76
Indonesia	20.68	21.22
Malaysia	13.19	11.82
Philippines	10.95	14.09
Singapore	31.46	29.84
Taiwan	6.13	-
Thailand	16.27	19.08
	98.68	97.81
Unquoted Equity		
Singapore	-	-
Portfolio of investments	98.68	97.81
Other net assets	1.32	2.19
Net assets attributable to unitholders	100.00	100.00

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

Statement of Portfolio (continued)

As at 31 March 2022

	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %	Percentage of total net assets attributable to unitholders at 31/3/2021 %
By Industry (Secondary)			
Automotive	1,431,716	2.33	-
Bank	21,917,285	35.60	27.20
Building and construction	-	-	1.78
Chemical	1,118,226	1.82	1.06
Computer / Software	3,773,940	6.13	-
E-commerce	401,554	0.65	-
Electronic	2,789,286	4.53	4.77
Entertainment	796,028	1.29	0.95
Foods and beverage	2,494,277	4.05	7.14
Hotel	1,772,458	2.88	1.10
Investment	863,932	1.40	2.13
Media	635,268	1.03	1.27
Metals	988,893	1.61	-
Miscellaneous	1,777,970	2.89	1.87
Oil and gas	3,117,806	5.06	6.29
Real estate and development	5,172,232	8.40	10.96
Real estate investment trust	-	-	3.56
Retail	3,138,711	5.10	10.58
Rubber	528,211	0.86	-
Telecommunication	5,925,432	9.63	9.06
Transport	1,396,680	2.27	4.53
Utilities	708,631	1.15	3.56
Portfolio of investments	60,748,536	98.68	97.81
Other net assets	812,652	1.32	2.19
Net assets attributable to unitholders	61,561,188	100.00	100.00

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

Notes to the Financial Statements

For the financial year ended 31 March 2022

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 and Amending and Restating Deeds. The Trust Deed, Supplemental Deeds 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 Martin Currie Investment Management Limited (the “Sub-Manager”) respectively.

The investment objective of the Fund is to achieve 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 Fund is included under the Central Provident Fund Investment Scheme.

On 31 July 2020, Franklin Resources, Inc., a global investment management organisation with subsidiaries operating as Franklin Templeton, announced that it had completed its previously announced acquisition of Legg Mason, Inc., the ultimate holding company of the Manager and its specialist investment managers.

The Fund is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switching in and out of the Fund. This is known as “dilution”. In order to counter this and to protect unitholders’ interests, with effect from 1 September 2020, the Manager applied “dilution adjustment” as part of its daily valuation policy. In certain circumstances, the Manager (if in its opinion in good faith it is in the interest of unitholders to do so) makes adjustments in the calculations of the net asset value per unit, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

The dilution adjustment depends upon the net value of subscriptions, switching and redemptions received by the Fund for each dealing day. The Manager therefore reserved the right to make a dilution adjustment where the Fund experiences a net cash movement which exceeds a threshold of the previous dealing day’s total net asset value.

Any dilution adjustment as at the last dealing day of the financial year end will be disclosed under units in issue. During the year ended 31 March 2022, the Fund did not reach the swing threshold and no swing pricing has been applied.

On 24 February 2022, Russia engaged in military actions in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and may also cause uncertainty for the global economy and broader financial markets. The ultimate fallout and long-term impact to the Fund from these events are uncertain as at the date of approval of these financial Statements. The Manager will continue to assess the impact on valuations and liquidity and will take any actions needed in accordance with relevant provisions of the constitutive documents.

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 and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants in July 2020 for the financial year beginning on or after 1 July 2020.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect of the amounts reported for the current or prior years.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

(b) Income recognition

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

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

(c) Foreign currencies

(i) Functional and presentation currency

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

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

(ii) Foreign currency translation

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

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

(d) Investments

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

(i) Initial recognition

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

(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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

(f) Financial derivatives

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

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

(g) Receivables

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

(h) Sales and purchases awaiting settlement

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

(i) Cash and bank balances

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

(j) Payables

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

(k) Distributions

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

	2022 \$	2021 \$
Singapore income tax	9,284	17,344
Overseas income tax	140,974	175,969
	150,258	193,313

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

3. Income tax (continued)

- (a) The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund ensures that the Fund fulfils 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 1947. 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 1947);
 - (iii) dividends derived from outside Singapore and received in Singapore;
 - (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
 - (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
 - (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.
- (b) The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore and received in Singapore.

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

The Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's gains on investments sourced from such foreign countries, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax 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 2022 and 2021, the Fund does not have any uncertain tax exposure with respect to gains on investments. This represents the Manager's best estimate based on the information currently made available.

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2022 (2021: \$Nil).

5. Cash and bank balances

	2022 \$	2021 \$
Held with a related company of the Trustee:		
- Cash and bank balances	948,771	1,451,399

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

6. Receivables

	2022 \$	2021 \$
Amount due from unitholders on subscriptions	6,164	33,100
Dividends receivable	311,061	339,086
Other receivables	26,080	39,163
	343,305	411,349

7. Payables

	2022 \$	2021 \$
Amount due to unitholders on redemptions	342,904	224,290
Accrued management fee	76,630	87,097
Accrued trustee fee	3,533	7,611
Amount due to the Manager	4	25
Other payables and accruals	56,353	65,226
	479,424	384,249

8. Units in issue

During the financial year ended 31 March 2022 and 2021, the number of units issued, redeemed and outstanding were as follows:

	2022	2021
Units at beginning of the financial year	42,472,759	47,876,772
Units created	1,121,738	3,895,262
Units cancelled	(4,631,920)	(9,299,275)
Units at end of the financial year	38,962,577	42,472,759
Net assets attributable to unitholders (\$)	61,561,188	67,364,203
Net asset value per unit (\$)	1.580	1.586

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:

	2022 \$	2021 \$
Net assets attributable to unitholders per financial statements per unit	1.580	1.586
Effect of adjustment on accrued expenses	(0.001)	*
Net assets attributable to unitholders for issuing/redeeming per unit	1.579	1.586

* Denotes less than \$0.001

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

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 2022, 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 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.

COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

10. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

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 2022 and 2021. The analysis is based on the assumption that the index components within the benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the historical correlation with the index. The Manager has used their view of what would be a "reasonable possible shift" to estimate the change in market sensitivity analysis below. However, this does not represent a prediction of the future movement in the corresponding key markets.

Benchmark Component	Benchmark increase / decrease by 10% Impact on net assets attributable to unitholders*	
	2022 \$'000	2021 \$'000
MSCI AC ASEAN INDEX	<u>± 6,324</u>	<u>± 6,510</u>

* 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.

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.

(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 (continued)

For the financial year ended 31 March 2022

10. 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 2022

	IDR \$	MYR \$	PHP \$	SGD \$	THB \$	USD \$	Total \$
Assets							
Portfolio of investments	12,733,112	8,116,240	6,740,622	19,480,664	9,032,649	4,645,249	60,748,536
Cash and bank balances	-	1	-	948,770	-	-	948,771
Receivables	127,978	97,786	14,570	32,244	70,727	-	343,305
Total assets	12,861,090	8,214,027	6,755,192	20,461,678	9,103,376	4,645,249	62,040,612
Liabilities							
Payables	-	-	-	475,242	-	4,182	479,424
Total liabilities	-	-	-	475,242	-	4,182	479,424
Net currency exposure	12,861,090	8,214,027	6,755,192	19,986,436	9,103,376	4,641,067	

As at 31 March 2021

	MYR \$	PHP \$	SGD \$	THB \$	USD \$	Others \$	Total \$
Assets							
Portfolio of investments	7,962,012	9,490,368	20,103,381	12,854,152	1,183,663	14,292,128	65,885,704
Cash and bank balances	-	-	1,451,394	-	-	5	1,451,399
Receivables	65,447	43,572	72,262	138,072	31,583	60,413	411,349
Total assets	8,027,459	9,533,940	21,627,037	12,992,224	1,215,246	14,352,546	67,748,452
Liabilities							
Payables	-	-	383,052	-	1,197	-	384,249
Total liabilities	-	-	383,052	-	1,197	-	384,249
Net currency exposure	8,027,459	9,533,940	21,243,985	12,992,224	1,214,049	14,352,546	

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 2022 and 2021, 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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

10. 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 Fund manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro-rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day. In addition, the fund has an unsecured credit facility as disclosed in Note 11.

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

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

As at 31 March 2022	Less than 3 months \$
Liabilities	
Payables	479,424
As at 31 March 2021	
Liabilities	
Payables	384,249

(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.

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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

10. Financial risk management (continued)

(c) Credit risk (continued)

For purposes of impairment assessment, the Fund's assets which are measured at amortised cost are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). The ECL for these assets as at the end of the reporting period is not significant.

The tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 31 March 2022 and 2021.

	Credit Rating ##	Source of Credit Rating
As at 31 March 2022		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
As at 31 March 2021		
<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).
- 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 (continued)

For the financial year ended 31 March 2022

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 2022 and 2021:

As at 31 March 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of investments				
- Quoted equities	60,748,536	-	-	60,748,536
- Unquoted equity	-	-	#	-
	60,748,536	-	-	60,748,536
<hr/>				
As at 31 March 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted equities	65,885,704	-	-	65,885,704
- Unquoted equity	-	-	#	-
	65,885,704	-	-	65,885,704

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.

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 (2021: 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.

The assets and liabilities included in the Statement of Financial Position except Portfolio of Investments are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

There were no transfers between levels for the year ended 31 March 2022 and 2021.

11. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2022 and 2021.

	2022 \$	2021 \$
<u>Facility</u>		
Overdraft	5 million	5 million

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

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

12. Financial ratios

	2022	2021
	%	%
Expense ratio ¹	1.75	1.75
Portfolio turnover ratio ²	47.26	33.89

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 March 2022 was based on total operating expenses of \$1,101,306 (31 March 2021: \$1,172,787) divided by the average net asset value of \$62,931,793 (31 March 2021: \$67,015,763) for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$29,741,443 (31 March 2021: purchases of \$22,712,045) divided by the average daily net asset value of \$62,931,793 (31 March 2021: \$67,015,763).

Report to Unitholders

For the financial year ended 31 March 2022

Investment Allocation as at 31 March 2022

By Country	Market Value \$	% of NAV
Indonesia	12,733,112	20.68
Malaysia	8,116,240	13.19
Philippines	6,740,622	10.95
Singapore	19,366,775	31.46
Taiwan	3,773,940	6.13
Thailand	10,017,847	16.27
Portfolio of investments	60,748,536	98.68
Other net assets	812,652	1.32
Total	61,561,188	100.00

By Industry	Market Value \$	% of NAV
Automotive	1,431,716	2.33
Bank	21,917,285	35.60
Chemical	1,118,226	1.82
Computer / Software	3,773,940	6.13
E-commerce	401,554	0.65
Electronic	2,789,286	4.53
Entertainment	796,028	1.29
Foods and beverage	2,494,277	4.05
Hotel	1,772,458	2.88
Investment	863,932	1.40
Media	635,268	1.03
Metals	988,893	1.61
Miscellaneous	1,777,970	2.89
Oil and gas	3,117,806	5.06
Real estate and development	5,172,232	8.40
Retail	3,138,711	5.10
Rubber	528,211	0.86
Telecommunication	5,925,432	9.63
Transport	1,396,680	2.27
Utilities	708,631	1.15
Portfolio of investments	60,748,536	98.68
Other net assets	812,652	1.32
Total	61,561,188	100.00

Report to Unitholders (continued)

For the financial year ended 31 March 2022

By Asset Class	Market Value \$	% of NAV
Equity securities	60,748,536	98.68
Portfolio of investments	60,748,536	98.68
Other net assets	812,652	1.32
Total	61,561,188	100.00

Top 10 Holdings

Holdings as at 31 March 2022	Market Value \$	% of NAV
Oversea-Chinese Banking Corporation Limited	4,576,849	7.43
United Overseas Bank Limited	4,389,526	7.13
Sea Limited	3,773,940	6.13
Kasikornbank Public Limited Company	2,910,050	4.73
PT Bank Mandiri Tbk	2,581,584	4.19
Singapore Telecommunications Limited	2,551,560	4.14
PT Telekomunikasi Indonesia Tbk	2,518,178	4.09
PT Bank Negara Indonesia Tbk	2,375,443	3.86
DBS Group Holdings Limited	2,038,727	3.31
Malayan Banking Berhad	1,891,058	3.07

Holdings as at 31 March 2021	Market Value \$	% of NAV
United Overseas Bank Limited	5,969,313	8.86
DBS Group Holdings Limited	3,869,376	5.74
PTT Public Company Limited	3,199,311	4.75
Kasikornbank Public Limited Company	2,940,098	4.36
PT Telekomunikasi Indonesia Tbk	2,545,106	3.78
Ascendas Real Estate Investment Trust	2,399,435	3.56
C.P. All Public Company Limited	2,356,030	3.50
Venture Corporation Limited	2,170,492	3.22
PT Bank Mandiri Tbk	2,108,423	3.13
Singapore Technologies Engineering Limited	2,085,429	3.10

Exposure to Derivatives

Nil as at 31 March 2022.

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 (continued)

For the financial year ended 31 March 2022

Collateral

Nil as at 31 March 2022.

Securities Lending or Repurchase Transactions

Nil as at 31 March 2022.

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

Nil as at 31 March 2022.

Borrowings

Nil as at 31 March 2022.

Amount of Redemptions and Subscriptions

For the period 1 April 2021 to 31 March 2022

	SGD
Subscriptions	1,744,270
Redemptions	7,207,287

Related Party Transactions

For the period 1 April 2021 to 31 March 2022

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	+2.87%	+3.15%
6-months	+1.35%	+3.75%
1-year	-0.44%	+3.68%
3-years	-2.66%	-0.03%
5-years	-1.98%	+2.08%
10-years	-1.38%	+2.52%
Since inception	+5.11%	+4.14%

* 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: Franklin Templeton. Legg Mason Asset Management Singapore Pte. Limited is an indirect wholly owned subsidiary of Franklin Resources, Inc.

Report to Unitholders (continued)

For the financial year ended 31 March 2022

Expense Ratio

For the period 1 April 2021 to 31 March 2022	1.75%
For the period 1 April 2020 to 31 March 2021	1.75%

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 2022 was based on total operating expenses of \$1,101,306 (31 March 2021: \$1,172,787) divided by the average net asset value of \$62,931,793 (31 March 2021: \$67,015,763) 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 2021 to 31 March 2022	47.26%
For the period 1 April 2020 to 31 March 2021	33.89%

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 \$29,741,443 (31 March 2021: purchases of \$22,712,045) divided by the average daily net asset value of \$62,931,793 (31 March 2021: \$67,015,763).

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 does not receive or enter 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 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 will not accept or enter into soft dollar commissions/arrangements unless such soft-dollar commissions/arrangements would, in the opinion of the Managers, 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.

Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Western Asset Global 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 2022

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 2001, 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 40 to 63, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

10 June 2022

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 2022

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 40 to 63, 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 2022, 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 Investment Funds” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet their financial obligations as and when they materialise.

For and on behalf of

LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director

10 June 2022

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 Investment Funds" 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 2022, and 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 2022;
- the Statement of Financial Position as at 31 March 2022;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2022;
- the Statement of Portfolio as at 31 March 2022; 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 Investment Funds" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Manager's Responsibilities for the Audit of the Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 10 June 2022

Statement of Total Return

For the financial year ended 31 March 2022

	Notes	2022 \$	2021 \$
Income			
Interest income		15	1,984
Less: Expenses			
Audit fee		21,953	23,199
Custody fee	11	46,025	47,381
Management fee	11	2,476,298	2,565,262
Trustee fee	11	167,587	173,518
Registration fee	11	27,764	26,941
Printing fee		4,551	4,000
Professional fee		11,725	36,210
Valuation fee	11	88,793	91,759
Goods & services tax		20,031	31,981
Transaction cost		28,118	29,522
Other expenses		47,748	34,270
		2,940,593	3,064,043
Net losses		(2,940,578)	(3,062,059)
Net gains or losses on value of investments and financial derivatives			
Net losses on investments		(14,729,682)	(7,317,788)
Net gains on forward foreign exchange contracts		4,977,342	7,955,908
Net (losses)/gains on future contracts		(2,574,435)	1,933,355
Net gains on options		101,985	103,517
Net foreign exchange losses		(314,428)	(275,917)
		(12,539,218)	2,399,075
Total deficit for the financial year before income tax		(15,479,796)	(662,984)
Less: Income tax	3	-	(44)
Total deficit for the financial year		(15,479,796)	(663,028)

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

Statement of Financial Position

As at 31 March 2022

	Notes	2022 \$	2021 \$
ASSETS			
Portfolio of investments		274,867,253	315,636,185
Cash and bank balances	5	16,515,923	25,313,660
Margin accounts	6	7,034,218	6,521,698
Receivables	7	3,112,581	852,936
Fair value of financial derivatives	8	4,468,805	4,258,132
Total assets		305,998,780	352,582,611
LIABILITIES			
Fair value of financial derivatives	8	6,586,014	4,078,458
Payables	9	1,070,175	1,520,529
Total liabilities		7,656,189	5,598,987
EQUITY			
Net assets attributable to unitholders	10	298,342,591	346,983,624

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

Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2022

	Notes	2022 \$	2021 \$
Net assets attributable to unitholders at the beginning of the financial year		346,983,624	314,147,051
Operations			
Change in net assets attributable to unitholders resulting from operations		(15,479,796)	(663,028)
Unitholders' contributions/(withdrawals)			
Creation of units		104,060,620	164,421,520
Cancellation of units		(137,221,857)	(130,921,919)
Change in net assets attributable to unitholders resulting from net creation or cancellation of units		(33,161,237)	33,499,601
Total (decrease)/increase in net assets attributable to unitholders		(48,641,033)	32,836,573
Net assets attributable to unitholders at the end of the financial year	10	298,342,591	346,983,624

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

Statement of Portfolio

As at 31 March 2022

	Holdings as at 31/3/2022	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %
<u>By Geography (Primary)</u>			
Quoted Bonds			
Belgium			
Kingdom of Belgium Government Bond 0.8% 22/06/2027	10,000	15,257	0.01
Kingdom of Belgium Government Bond 1.7% 02/06/2050	1,080,000	1,702,663	0.57
Kingdom of Belgium Government Bond 3.75% 22/06/2045	1,180,000	2,596,599	0.87
		4,314,519	1.45
Canada			
Government of Canada 2% 01/12/2051	880,000	878,234	0.29
Government of Canada 2.25% 01/06/2025	2,040,000	2,206,368	0.74
Government of Canada Series WL43 5.75% 01/06/2029	500,000	661,536	0.22
		3,746,138	1.25
France			
Government of France 1.5% 25/05/2050	3,830,000	5,937,366	1.99
Unedic Asseo 1.25% 25/05/2033	3,800,000	5,720,943	1.92
		11,658,309	3.91
Germany			
Bundesrepublik Deutschland (BR) 1.75% 15/02/2024	12,730,000	19,842,683	6.65
		19,842,683	6.65
Great Britain			
UK Treasury 1.625% 22/10/2028	1,390,000	2,507,909	0.84
UK Treasury 2.5% 22/07/2065	1,340,000	3,049,908	1.02
UK Treasury 3.25% 22/01/2044	840,000	1,884,753	0.63
UK Treasury 4.25% 07/12/2040	2,120,000	5,239,913	1.76
UK Treasury 4.75% 07/12/2030	590,000	1,330,070	0.45
		14,012,553	4.70
Italy			
Buoni Poliennali Del Tes 2% 01/12/2025	760,000	1,187,619	0.40
Buoni Poliennali Del Tes 5.00% 01/09/2040	44,000	93,445	0.03
Republic of Italy 3.25% 01/09/2046	3,660,000	6,405,416	2.15
		7,686,480	2.58

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

Statement of Portfolio (continued)

As at 31 March 2022

	Holdings as at 31/3/2022	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
Japan			
Government of Japan Series 23 0.1% 10/03/2028	264,300,000	3,116,526	1.04
Japan (30 Year Issue) Series 66 0.4% 20/03/2050	169,750,000	1,665,193	0.56
Japanese Government CPI Linked Bond Series 21 0.1% 10/03/2026	381,200,000	4,453,397	1.49
		9,235,116	3.09
Mexico			
Mex Bonds Desarr Fix RT Series M 7.75% 13/11/2042	148,831,400	9,458,614	3.17
Mexico (UTD States Of) (REG) 2.875% 08/04/2039	2,780,000	3,754,798	1.26
Mexico (UTD States Of) (REG) 5.55% 21/01/2045	1,560,000	2,314,475	0.77
		15,527,887	5.20
Norway			
Government of Norway Series 482 1.375% 19/08/2030	6,060,000	854,880	0.29
Government of Norway Series 484 2.125% 18/05/2032	8,130,000	1,211,981	0.40
		2,066,861	0.69
Spain			
Bonos Y Oblig Del Estado 1.45% 31/10/2027	3,320,000	5,146,963	1.73
Bonos Y Oblig Del Estado 5.15% 31/10/2044	430,000	1,048,514	0.35
Bonos Y Oblig Del Estado 5.9% 30/07/2026	4,120,000	7,572,238	2.54
Bonos Y Oblig Del Estado Series 30Y 2.7% 31/10/2048	2,580,000	4,518,376	1.51
Spain Government Bond 1.3% 31/10/2026	2,340,000	3,613,211	1.21
		21,899,302	7.34
Supra-National			
African Development Bank 0.5% 21/03/2029	1,790,000	2,594,866	0.87
European Investment Bank 0.125% 20/06/2029	1,040,000	1,484,055	0.50
European Stability Mechanism 1.2% 23/05/2033	740,000	1,118,474	0.37
European Union 0.2% 04/06/2036	1,090,000	1,423,039	0.48
		6,620,434	2.22
United Arab Emirates			
Abu Dhabi Govt Intl 3.875% 16/04/2050	760,000	1,079,519	0.36
Abu Dhabi Govt Intl 4.125% 11/10/2047	1,750,000	2,556,967	0.86
		3,636,486	1.22

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

Statement of Portfolio (continued)

As at 31 March 2022

	Holdings as at 31/3/2022	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %
<u>By Geography (Primary)</u> (continued)			
Quoted Bonds (continued)			
United States of America			
US Treasury 0.375% 30/04/2025	7,230,000	9,163,860	3.07
US Treasury 0.375% 31/01/2026	9,080,000	11,324,755	3.80
US Treasury 1.375% 15/08/2050	1,070,000	1,116,230	0.37
US Treasury 1.5% 30/11/2024	440,000	580,123	0.19
US Treasury 2.25% 15/08/2049	180,000	231,486	0.08
US Treasury 2.875% 15/05/2049	6,270,000	9,117,862	3.06
US Treasury Bond 2.75% 15/02/2024	5,303,000	7,232,750	2.42
US Treasury Bond 2.875% 15/05/2043	4,790,000	6,707,719	2.25
US Treasury N/B 1.625% 15/11/2022	17,350,000	23,533,439	7.89
US Treasury N/B 1.75% 30/06/2022	3,070,000	4,167,171	1.40
US Treasury N/B 2% 15/02/2025	1,310,000	1,748,260	0.58
US Treasury N/B 2% 31/10/2022	9,020,000	12,263,238	4.11
US Treasury N/B 2.125% 29/02/2024	17,380,000	23,439,970	7.86
US Treasury N/B 2.250% 15/11/2024	11,080,000	14,903,755	5.00
US Treasury N/B 2.750% 15/11/2023	4,060,000	5,540,760	1.86
US Treasury N/B 2.875% 15/08/2045	1,960,000	2,765,652	0.93
US Treasury N/B 2.875% 30/04/2025	4,720,000	6,454,633	2.16
US Treasury N/B 3% 15/05/2045	1,670,000	2,402,365	0.80
US Treasury N/B 3% 15/05/2047	353,000	515,407	0.17
US Treasury N/B 5% 15/05/2037	2,680,000	4,852,936	1.63
US Treasury Note 1.625% 15/08/2022	420,000	569,927	0.19
US Treasury Strip Princ 0.00% 15/05/2043	4,990,000	3,843,724	1.29
		<hr/> 152,476,022	<hr/> 51.11
Total quoted bonds		272,722,790	91.41
Accrued interest on quoted bonds		2,144,463	0.72
		<hr/>	<hr/>
Portfolio of investments		274,867,253	92.13
Other net assets		23,475,338	7.87
		<hr/>	<hr/>
Net assets attributable to unitholders		298,342,591	100.00

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

Statement of Portfolio (continued)

As at 31 March 2022

	Percentage of total net assets attributable to unitholders at 31/3/2022 %	Percentage of total net assets attributable to unitholders at 31/3/2021 %
By Geography (Summary)		
Quoted Bonds		
Australia	-	0.66
Belgium	1.45	1.52
Canada	1.25	1.15
France	3.91	4.03
Germany	6.65	11.49
Great Britain	4.70	5.93
Italy	2.58	2.76
Japan	3.09	1.91
Mexico	5.20	4.83
Norway	0.69	-
Spain	7.34	7.26
Supra-National	2.22	1.23
United Arab Emirates	1.22	2.68
United States of America	51.11	44.85
	91.41	90.30
Accrued interest on quoted bonds	0.72	0.67
	92.13	90.97
Portfolio of investments	92.13	90.97
Other net assets	7.87	9.03
Net assets attributable to unitholders	100.00	100.00

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

Statement of Portfolio (continued)

As at 31 March 2022

	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %	Percentage of total net assets attributable to unitholders at 31/3/2021 %
By Industry (Secondary)			
Banks	4,078,921	1.37	0.85
Government	268,643,869	90.04	89.45
	272,722,790	91.41	90.30
Accrued interest on quoted bonds	2,144,463	0.72	0.67
Portfolio of investments	274,867,253	92.13	90.97
Other net assets	23,475,338	7.87	9.03
Net assets attributable to unitholders	298,342,591	100.00	100.00

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

Notes to the Financial Statements

For the financial year ended 31 March 2022

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 and Amending and Restating Deeds. The Trust Deed, Supplemental Deeds 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-managers are Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), and Western Asset Management Company Pte. Ltd., Western Asset Management Company, LLC and Western Asset Management Company Limited (the “Sub-Manager”), respectively.

The investment objective of the Fund is to maximise total returns in Singapore Dollar terms over the longer term by investing a portfolio of high quality debt securities of Singapore and major global bond markets such as the G10 countries and Australia and New Zealand. The Fund aims to outperform its benchmark.

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

On 31 July 2020, Franklin Resources, Inc., a global investment management organisation with subsidiaries operating as Franklin Templeton, announced that it had completed its previously announced acquisition of Legg Mason, Inc., the ultimate holding company of the Manager and its specialist investment managers.

The Fund is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switching in and out of the Fund. This is known as “dilution”. In order to counter this and to protect unitholders’ interests, with effect from 1 September 2020, the Manager applied “dilution adjustment” as part of its daily valuation policy. In certain circumstances, the Manager (if in its opinion in good faith it is in the interest of unitholders to do so) makes adjustments in the calculations of the net asset value per unit, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

The dilution adjustment depends upon the net value of subscriptions, switching and redemptions received by the Fund for each dealing day. The Manager therefore reserved the right to make a dilution adjustment where the Fund experiences a net cash movement which exceeds a threshold of the previous dealing day’s total net asset value.

Any dilution adjustment as at the last dealing day of the financial year end will be disclosed under units in issue. During the year ended 31 March 2022 and 31 March 2021, the Fund did not reach the swing threshold and no swing pricing has been applied.

On 24 February 2022, Russia engaged in military actions in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and may also cause uncertainty for the global economy and broader financial markets. The ultimate fallout and long-term impact to the Fund from these events are uncertain as at the date of approval of these financial statements. The Manager will continue to assess the impact on valuations and liquidity and will take any actions needed in accordance with relevant provisions of the constitutive documents.

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 Investment Funds” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants in July 2020 for the financial year beginning on or after 1 July 2020.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect of the amounts reported for the current or prior years.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

(b) Income recognition

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

(c) Foreign currencies

(i) Functional and presentation currency

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

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

(ii) Foreign currency translation

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

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

(d) Investments

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

(i) Initial recognition

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

(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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

(f) Financial derivatives

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

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

(g) Receivables

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

(h) Margin accounts

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

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

(i) Sales and purchases awaiting settlement

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

(j) Cash and bank balances

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

(k) Payables

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

(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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

3. Income tax

	2022 \$	2021 \$
Overseas income tax	-	44

- (a) The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund ensures that the Fund fulfils 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 1947. 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 1947);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

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

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

The Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's gains on investments sourced from such foreign countries, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is 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 2022 and 2021, the Fund does not have any uncertain tax exposure with respect to gains on investments. This represents the Manager's best estimate based on the information currently made available.

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2022 (2021: \$Nil).

5. Cash and bank balances

	2022 \$	2021 \$
Held with a related company of the Trustee:		
- Cash and bank balances	16,515,923	25,313,660

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

6. Margin accounts

	2022 \$	2021 \$
Margin deposits with brokers	7,034,218	6,521,698

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

	2022 \$	2021 \$
Amount due from unitholders	3,088,145	852,935
Interest receivable	1	1
Other receivables	24,435	-
	3,112,581	852,936

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 2022 and 2021, commitments under forward foreign exchange, futures contracts and options due for settlement within 3 months (2021: 3 months) are as follows:

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
2022			
Forward foreign exchange contracts	320,441,978	2,414,366	(1,642,523)
Futures contracts	286,415,616	2,054,439	(4,943,491)
Options	3,775,728	-	-
		4,468,805	(6,586,014)
2021			
Forward foreign exchange contracts	375,826,973	2,710,003	(2,362,361)
Futures contracts	379,044,333	1,541,702	(1,716,097)
Options	11,638	6,427	-
		4,258,132	(4,078,458)

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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

9. Payables

	2022 \$	2021 \$
Amount due to unitholders	810,986	1,197,052
Accrued management fee	192,566	222,302
Accrued trustee fee	13,050	28,866
Other payables and accruals	53,573	72,309
	1,070,175	1,520,529

10. Units in issue

During the financial year ended 31 March 2022 and 2021, the number of units issued, redeemed and outstanding were as follows:

	2022	2021
Units at beginning of the financial year	220,922,765	200,085,882
Units created	65,979,155	102,356,953
Units cancelled	(87,247,724)	(81,520,070)
Units at end of the financial year	199,654,196	220,922,765
Net assets attributable to unitholders (\$)	298,342,591	346,983,624
Net asset value per unit (\$)	1.494	1.571

There is no difference between the net assets attributable to unitholders per unit per financial statements and the net assets attributable to unitholders per unit for issuing/redeeming of units.

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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

12. Financial risk management (continued)

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.

COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

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 equities as of 31 March 2022 (2021: 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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

12. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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 2022

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	-	40,533,775	119,264,382	112,924,633	2,144,463	274,867,253
Cash and bank balances	16,515,923	-	-	-	-	16,515,923
Margin accounts	7,034,218	-	-	-	-	7,034,218
Receivables	-	-	-	-	3,112,581	3,112,581
Fair value of financial derivatives	-	-	-	-	4,468,805	4,468,805
Total assets	23,550,141	40,533,775	119,264,382	112,924,633	9,725,849	305,998,780
Liabilities						
Fair value of financial derivatives	-	-	-	-	6,586,014	6,586,014
Payables	-	-	-	-	1,070,175	1,070,175
Total liabilities	-	-	-	-	7,656,189	7,656,189

As at 31 March 2021

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	-	9,112,095	143,759,048	160,438,276	2,326,766	315,636,185
Cash and bank balances	25,313,660	-	-	-	-	25,313,660
Margin accounts	6,521,698	-	-	-	-	6,521,698
Receivables	-	-	-	-	852,936	852,936
Fair value of financial derivatives	-	-	-	-	4,258,132	4,258,132
Total assets	31,835,358	9,112,095	143,759,048	160,438,276	7,437,834	352,582,611
Liabilities						
Fair value of financial derivatives	-	-	-	-	4,078,458	4,078,458
Payables	-	-	-	-	1,520,529	1,520,529
Total liabilities	-	-	-	-	5,598,987	5,598,987

As at 31 March 2022, should interest rates have lowered or risen by 50 basis points ("bps") (2021: 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:

	2022		2021	
	Parallel shift in interest rates by			
	+ 50 bps	- 50 bps	+ 50 bps	- 50 bps
	\$'000	\$'000	\$'000	\$'000
Effect on net assets attributable to unitholders	(11,590)	11,590	(13,780)	13,780

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

12. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of changes on the earnings of certain investments in which the Fund invests and impact on the valuation of certain over-the-counter derivative products that use market interest rates as an input. Therefore, the above sensitivity analysis may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

(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 2022

	EUR \$	GBP \$	JPY \$	MXN \$	SGD \$	USD \$	Others \$	Total \$
Assets								
Portfolio of investments	76,536,099	14,117,505	9,235,799	9,704,319	-	159,416,150	5,857,381	274,867,253
Cash and bank balances	317,162	336,005	588,135	52,228	4,110,227	10,393,014	719,152	16,515,923
Margin accounts	1,778,507	140,370	-	-	-	4,200,799	1,017,455	7,137,131
Receivables	-	-	-	-	3,094,265	18,316	-	3,112,581
Financial derivatives	532,257	-	153,649	-	-	1,368,533	-	2,054,439
Total assets	79,164,025	14,593,880	9,977,583	9,756,547	7,204,492	175,396,812	7,593,988	303,687,327
Liabilities								
Margin accounts	-	-	102,913	-	-	-	-	102,913
Payables	-	-	-	-	1,069,904	271	-	1,070,175
Financial derivatives	1,501,137	16,019	-	-	-	2,897,178	529,157	4,943,491
Total liabilities	1,501,137	16,019	102,913	-	1,069,904	2,897,449	529,157	6,116,579
Net financial assets	77,662,888	14,577,861	9,874,670	9,756,547	6,134,588	172,499,363	7,064,831	297,570,748
Notional amount of currency forwards	(79,476,090)	(15,421,451)	(9,751,613)	(123,229)	271,660,348	(161,586,774)	(5,301,191)	
Net currency exposure	(1,813,202)	(843,590)	123,057	9,633,318	277,794,936	10,912,589	1,763,640	

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

As at 31 March 2021

	EUR \$	GBP \$	JPY \$	MXN \$	SGD \$	USD \$	Others \$	Total \$
Assets								
Portfolio of investments	103,521,336	20,747,898	6,616,135	10,080,307	-	168,362,176	6,308,333	315,636,185
Cash and bank balances	391,206	466,898	334,590	7,026	21,885,157	1,495,942	732,841	25,313,660
Margin accounts	739,098	19,565	238,432	-	-	5,056,605	467,998	6,521,698
Receivables	-	-	-	-	852,936	-	-	852,936
Financial derivatives	91,226	3,096	-	-	-	1,453,807	-	1,548,129
Total assets	104,742,866	21,237,457	7,189,157	10,087,333	22,738,093	176,368,530	7,509,172	349,872,608
Liabilities								
Payables	-	-	-	-	1,520,281	248	-	1,520,529
Financial derivatives	30,983	-	42,679	-	-	1,592,894	49,541	1,716,097
Total liabilities	30,983	-	42,679	-	1,520,281	1,593,142	49,541	3,236,626
Net financial assets	104,711,883	21,237,457	7,146,478	10,087,333	21,217,812	174,775,388	7,459,631	346,635,982
Notional amount of currency forwards and spot	(107,572,369)	(22,386,077)	(7,436,038)	(2,449,264)	321,650,947	(173,788,367)	(8,018,832)	
Net currency exposure	(2,860,486)	(1,148,620)	(289,560)	7,638,069	342,868,759	987,021	(559,201)	

The following table analyses the Fund's sensitivity to foreign currency exposure should the exchange rates of these currencies increase or decrease by 5% (2021: 5%) with all other variables held constant.

Currency	Currency risen /lowered by 5% Increase /(decrease) in net assets attributable to unitholders	
	2022 \$	2021 \$
EUR	(90,660)	(143,024)
GBP	(42,180)	(57,431)
JPY	6,153	(14,478)
MXN	481,666	381,903
USD	545,629	49,351

(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).

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

12. Financial risk management (continued)

(b) Liquidity risk (continued)

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

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

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

As at 31 March 2022	Less than 3 months \$
Liabilities	
Payables	1,070,175
Financial derivatives	
- inflows	207,126,449
- outflows	(213,712,463)
As at 31 March 2021	
Liabilities	
Payables	1,520,529
Financial derivatives	
- inflows	227,871,743
- outflows	(231,950,201)

(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 (continued)

For the financial year ended 31 March 2022

12. Financial risk management (continued)

(c) Credit risk (continued)

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

	2022 %	2021 %
Aaa	58.53	56.71
Aa1	0.37	0.38
Aa2	4.27	5.94
Aa3	4.70	5.93
AA+	1.26	1.15
AA	1.33	0.77
AA-	0.88	0.91
A1	1.60	0.56
A	1.49	1.35
Baa1	7.34	7.26
Baa3	2.58	2.76
BBB-	5.20	4.83
Unrated	1.86	1.75
Accrued interest on quoted bonds	0.72	0.67
Total	92.13	90.97

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.

For purposes of impairment assessment, the Fund's assets which are measured at amortised cost are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). The ECL for these assets as at the end of the reporting period is not significant.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

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 2022 and 2021.

As at 31 March 2022	Credit Rating ##	Source of Credit Rating
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
Citibank, N.A.	Aa3	Moody's
Goldman Sachs Bank	A1	Moody's
JPMorgan Chase Bank, N.A.	Aa2	Moody's
Morgan Stanley	A1	Moody's
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
UBS AG	Aa3	Moody's
As at 31 March 2021		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
Citibank, N.A.	Aa3	Moody's
Goldman Sachs Bank	A1	Moody's
JPMorgan Chase Bank, N.A.	Aa2	Moody's
Morgan Stanley	A1	Moody's
The Hongkong and Shanghai Banking Corporation Limited	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 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 (continued)

For the financial year ended 31 March 2022

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 2022 and 2021:

As at 31 March 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted bonds	-	274,867,253	-	274,867,253
Fair value of financial derivatives	-	4,468,805	-	4,468,805
Total	-	279,336,058	-	279,336,058
Liabilities				
Fair value of financial derivatives	-	6,586,014	-	6,586,014
As at 31 March 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted bonds	-	315,636,185	-	315,636,185
Fair value of financial derivatives	-	4,258,132	-	4,258,132
Total	-	319,894,317	-	319,894,317
Liabilities				
Fair value of financial derivatives	-	4,078,458	-	4,078,458

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.

The assets and liabilities included in the Statement of Financial Position except Portfolio of Investments are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

(f) Offsetting financial assets and financial liabilities

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

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

As at 31 March 2022

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	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 Financial Instruments \$	Cash Collaterals \$
Forward foreign exchange	2,414,366	-	2,414,366	1,452,058	-
Futures	2,054,439	-	2,054,439	-	-
					Net amount \$

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

12. Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities (continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	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		
	\$	\$	\$	Financial Instruments	Cash Collaterals	Net amount
				\$	\$	\$
Forward foreign exchange	1,642,523	-	1,642,523	1,452,058	-	190,465
Futures	4,943,491	-	4,943,491	-	4,943,491	-

As at 31 March 2021

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	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		
	\$	\$	\$	Financial Instruments	Cash Collaterals	Net amount
				\$	\$	\$
Forward foreign exchange	2,710,003	-	2,710,003	1,864,692	-	845,311
Futures	1,541,702	-	1,541,702	-	-	1,541,702
Options	6,427	-	6,427	-	-	6,427

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	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		
	\$	\$	\$	Financial Instruments	Cash Collaterals	Net amount
				\$	\$	\$
Forward foreign exchange	2,362,361	-	2,362,361	1,864,692	-	497,669
Futures	1,716,097	-	1,716,097	-	1,716,097	-
Options	-	-	-	-	-	-

13. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2022 and 2021.

	2022	2021
	\$	\$
Facility		
Overdraft	5 million	5 million

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

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

14. Financial ratios

	2022	2021
	%	%
Expense ratio ¹	0.88	0.88
Portfolio turnover ratio ²	6.90	20.26

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 March 2022 was based on total operating expenses of \$2,893,666 (2021: \$3,021,549) divided by the average net asset value of \$330,052,587 (2021: \$342,119,211) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, commission fee, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$22,766,486 (2021: sales of \$69,303,397) divided by the average daily net asset value of \$330,052,587 (2021: \$342,119,211).

Report to Unitholders

For the financial year ended 31 March 2022

Investment Allocation as at 31 March 2022

By Country	Market Value in \$	% of NAV
Belgium	4,314,519	1.45
Canada	3,746,138	1.25
France	11,658,309	3.91
Germany	19,842,683	6.65
Great Britain	14,012,553	4.70
Italy	7,686,480	2.58
Japan	9,235,116	3.09
Mexico	15,527,887	5.20
Norway	2,066,861	0.69
Spain	21,899,302	7.34
Supra-National	6,620,434	2.22
United Arab Emirates	3,636,486	1.22
United States of America	152,476,022	51.11
	272,722,790	91.41
Accrued interest on quoted bonds	2,144,463	0.72
Portfolio of investments	274,867,253	92.13
Other net assets	23,475,338	7.87
Total	298,342,591	100.00

By Industry	Market Value in \$	% of NAV
Banks	4,078,921	1.37
Government	268,643,869	90.04
	272,722,790	91.41
Accrued interest on quoted bonds	2,144,463	0.72
Portfolio of investments	274,867,253	92.13
Other net assets	23,475,338	7.87
Total	298,342,591	100.00

By Asset Class	Market Value in \$	% of NAV
Fixed Income securities	272,722,790	91.41
	272,722,790	91.41
Accrued interest on quoted bonds	2,144,463	0.72
Portfolio of investments	274,867,253	92.13
Other net assets	23,475,338	7.87
Total	298,342,591	100.00

Report to Unitholders (continued)

For the financial year ended 31 March 2022

By Credit Rating *	Market Value in \$	% of NAV
Aaa	174,620,763	58.53
Aa1	1,118,474	0.37
Aa2	12,737,828	4.27
Aa3	14,012,553	4.70
AA+	3,746,138	1.26
AA	3,980,006	1.33
AA-	2,611,856	0.88
A1	4,781,719	1.60
A	4,453,397	1.49
Baa1	21,899,302	7.34
Baa3	7,686,480	2.58
BBB-	15,527,887	5.20
Unrated	5,546,387	1.86
	272,722,790	91.41
Accrued interest on quoted bonds	2,144,463	0.72
Portfolio of investments	274,867,253	92.13
Other net assets	23,475,338	7.87
Total	298,342,591	100.00

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

Top 10 Holdings

Holdings as at 31 March 2022	Market Value in \$	% of NAV
US Treasury N/B 1.625% 15/11/2022	23,533,439	7.89
US Treasury N/B 2.125% 29/02/2024	23,439,970	7.86
Bundesrepublik Deutschland (BR) 1.75% 15/02/2024	19,842,683	6.65
US Treasury N/B 2.250% 15/11/2024	14,903,755	5.00
US Treasury N/B 2% 31/10/2022	12,263,238	4.11
US Treasury 0.375% 31/01/2026	11,324,755	3.80
Mex Bonds Desarr Fix RT Series M 7.75% 13/11/2042	9,458,614	3.17
US Treasury 0.375% 30/04/2025	9,163,860	3.07
US Treasury 2.875% 15/05/2049	9,117,862	3.06
Bonos Y Oblig Del Estado 5.9% 30/07/2026	7,572,238	2.54

Holdings as at 31 March 2021	Market Value in \$	% of NAV
US Treasury N/B 2.125% 29/02/2024	24,566,627	7.08
US Treasury N/B 1.625% 15/11/2022	23,870,667	6.88
Bundesrepublik Deutschland (BR) 1.75% 15/02/2024	21,546,014	6.21
US Treasury N/B 2.250% 15/11/2024	15,801,683	4.55
US Treasury N/B 2% 31/10/2022	12,476,250	3.60
Bundesrepublik Deutschland Bundesanleihe (Br) 0.25% 15/02/2029	10,207,041	2.94
Mex Bonds Desarr Fix RT Series M 7.75% 13/11/2042	9,844,658	2.84
US Treasury 0.375% 30/04/2025	9,594,156	2.77
US Treasury 2.875% 15/05/2049	9,267,020	2.67
US Treasury N/B 1.750% 31/03/2022	9,112,095	2.63

Report to Unitholders (continued)

For the financial year ended 31 March 2022

Exposure to Derivatives

	Market Value in \$	% of NAV
Forward foreign exchange, futures and option contracts as at 31 March 2022	(2,117,209)	(0.71)
Net realised gain on contracts for the period 1 April 2021 to 31 March 2022	4,622,101	
Net unrealised loss on outstanding contracts as at 31 March 2022	(2,117,209)	

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 2022.

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

Nil as at 31 March 2022.

Borrowings

Nil as at 31 March 2022.

Amount of Redemptions and Subscriptions

For the period 1 April 2021 to 31 March 2022

	\$
Subscriptions	104,060,620
Redemptions	137,221,857

Related Party Transactions

For the period 1 April 2021 to 31 March 2022

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

Report to Unitholders (continued)

For the financial year ended 31 March 2022

Performance

	Legg Mason Western Asset Global Bond Trust Class A (SGD) Accumulating*	Benchmark
3-months	-5.44%	-5.32%
6-months	-5.68%	-5.15%
1-year	-4.90%	-4.38%
3-years	+1.28%	+1.28%
5-years	+1.40%	+2.00%
10-years	+2.11%	+2.93%
Since inception	+1.86%	+3.30%

* 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 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: Franklin Templeton. Legg Mason Asset Management Singapore Pte. Limited is an indirect wholly owned subsidiary of Franklin Resources, Inc.

Expense Ratio

For the period 1 April 2021 to 31 March 2022	0.88%
For the period 1 April 2020 to 31 March 2021	0.88%

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 2022 was based on total operating expenses of \$2,893,666 (2021: \$3,021,549) divided by the average net asset value of \$330,052,587 (2021: \$342,119,211) 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 2021 to 31 March 2022	6.90%
For the period 1 April 2020 to 31 March 2021	20.26%

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 \$22,766,486 (2021: sales of \$69,303,397) divided by the average daily net asset value of \$330,052,587 (2021: \$342,119,211).

Other Material Information

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

Report to Unitholders (continued)

For the financial year ended 31 March 2022

Soft Dollar Commissions/Arrangements

The Managers and Sub-Managers currently do not but shall be entitled to receive and enter into soft-dollar commissions/arrangements in respect of the Trust. The Managers and Sub-Managers will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Managers and Sub-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-Managers 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 relevant 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.

Legg Mason Martin Currie Southeast Asia Trust

Legg Mason Western Asset Global 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 2022

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 2001, 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 74 to 93, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

10 June 2022

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 2022

In the opinion of Legg Mason Asset Management Singapore Pte. Limited (the “Manager”), the accompanying financial statements set out on pages 74 to 93, 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 2022, 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 Investment Funds” 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.

The Manager intends to terminate the Fund within the 12 months from the date of this statement, hence the financial statements have not been prepared on a going concern basis.

For and on behalf of

LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director

10 June 2022

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 Investment Funds" 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 2022, and 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 2022;
- the Statement of Financial Position as at 31 March 2022;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 March 2022;
- the Statement of Portfolio as at 31 March 2022; 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.

Emphasis of matter

We draw attention to Note 1 to the financial statements which state that the Manager intends to terminate the Fund on 30 August 2022. As a result, the financial statements have not been prepared on a going concern basis, and are prepared in accordance with the basis set out in Note 2(a). Our opinion is not modified in respect of this matter.

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 Investment Funds" 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. Note 1 to the financial statements states that the Fund will terminate on 30 August 2022.

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. When such use is inappropriate and management uses an alternative basis of accounting, we conclude whether the alternative basis used by management is acceptable in the circumstances. We also evaluate the adequacy of the disclosure describing the alternative basis of accounting and reason for its use. Our conclusions are based on audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 10 June 2022

Statement of Total Return

For the financial year ended 31 March 2022

	Notes	2022 \$	2021 \$
Income			
Other income		136	-
		136	-
Less: Expenses			
Audit fee		16,927	18,002
Custody fee	9	7,478	8,557
Management fee	9	181,779	224,730
Reimbursement of expenses by the Manager	9	(42,281)	(48,004)
Trustee fee	9	15,000	15,383
Registration fee	9	9,198	10,025
Professional fee		22,726	35,726
Valuation fee	9	12,349	13,942
Goods and services tax		781	3,372
Transaction cost		2,867	2,407
Other expenses		12,081	8,736
		238,905	292,876
Net losses		(238,769)	(292,876)
Net gains or losses on value of investments			
Net (losses)/gains on investments		(488,626)	552,619
Net gains on forward foreign exchange contracts		-	29,597
Net foreign exchange (losses)/gains		(24)	407
		(488,650)	582,623
Total (deficit)/return for the financial year before income tax		(727,419)	289,747
Less: Income tax	3	(425)	-
Total (deficit)/return for the financial year		(727,844)	289,747

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

Statement of Financial Position

As at 31 March 2022

	Notes	2022 \$	2021 \$
ASSETS			
Portfolio of investments		20,106,241	27,489,627
Cash and bank balances	5	936,823	1,165,569
Sales awaiting settlement		1,646,218	-
Receivables	6	446,324	74,209
Total assets		23,135,606	28,729,405
LIABILITIES			
Purchases awaiting settlement		748,103	260,920
Payables	7	399,764	236,088
Total liabilities		1,147,867	497,008
EQUITY			
Net assets attributable to unitholders	8	21,987,739	28,232,397

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

Statement of Movements of Unitholders' Funds

For the financial year ended 31 March 2022

	Notes	2022 \$	2021 \$
Net assets attributable to unitholders at the beginning of the financial year		28,232,397	28,425,480
Operations			
Change in net assets attributable to unitholders resulting from operations		(727,844)	289,747
Unitholders' contributions/(withdrawals)			
Creation of units		2,740,473	8,761,784
Cancellation of units		(8,257,287)	(9,244,614)
Change in net assets attributable to unitholders resulting from net creation of units		(5,516,814)	(482,830)
Total decrease in net assets attributable to unitholders		(6,244,658)	(193,083)
Net assets attributable to unitholders at the end of the financial year	8	21,987,739	28,232,397

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

Statement of Portfolio

As at 31 March 2022

	Holdings as at 31/3/2022	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %
<u>By Geography (Primary)</u>			
Quoted Bonds			
United States of America			
Swiss RE Finance UK Series EMTN VAR 03/07/2035	250,000	246,885	1.12
Singapore			
Ascott REIT MTN Pte Limited Series MTN 3.523% 09/11/2023	500,000	508,080	2.31
Capitaland Treasury Limited Series EMTN 3.08% 19/10/2027	250,000	248,287	1.13
Capitaland Treasury Limited Series MTN 3.15% 29/08/2029	250,000	245,707	1.12
Changi Airport Group Sin Series MTN 1.88% 12/05/2031	250,000	231,193	1.05
CMT MTN Pte Limited Series MTN 2.15% 07/12/2032	500,000	443,305	2.02
FLCT Treasury Pte Limited Series MTN 2.18% 26/07/2028	250,000	231,000	1.05
Housing & Development Board Series MTN 1.73% 19/05/2031	500,000	465,645	2.12
Housing & Development Board Series MTN 1.865% 21/07/2033	750,000	688,328	3.13
Keppel Land Limited Series MTN 2% 28/05/2026	500,000	475,950	2.16
Mapletree Treasury Services EMTN 2.85% 29/08/2025	250,000	249,570	1.14
Mapletree Treasury Services MTN 3.4% 03/09/2026	250,000	253,515	1.15
MAS Bill Series 28 ZCP 22/04/2022	200,000	199,908	0.91
MAS Bill Series 84 ZCP 24/06/2022	750,000	748,301	3.40
National Environment Agency Series MTN 1.67% 15/09/2031	1,250,000	1,145,419	5.21
National Environment Agency Series MTN 2.5% 15/09/2051	250,000	213,355	0.97
Singapore Airlines Ltd 3.035% 11/04/2025	250,000	249,678	1.14
Singapore Airlines Ltd 3.13% 17/11/2026	500,000	495,820	2.25
Singapore Airlines Ltd 3.16% 25/10/2023	250,000	252,515	1.15
Singapore Government Bond 1.25% 01/11/2026	1,000,000	957,270	4.35
Singapore Government Bond 1.625% 01/07/2031	800,000	753,104	3.43
Singapore Government Bond 1.875% 01/03/2050	1,100,000	948,552	4.31
Singapore Government Bond 2.25% 01/08/2036	2,050,000	1,988,049	9.04
Singapore Government Bond 2.625% 01/05/2028	1,700,000	1,731,093	7.87
Singapore Government Bond 2.75% 01/03/2046	1,000,000	1,019,690	4.64
Singapore Government Bond 2.875% 01/09/2030	500,000	520,105	2.37
Singapore Government Bond 3.375% 01/09/2033	2,000,000	2,189,720	9.96
Singapore Government Bond 3.5% 01/03/2027	300,000	317,124	1.44
Singapore Press Holdings 3.2% 22/01/2030	1,000,000	1,005,250	4.57
Starhub Limited MTN VAR PREP	250,000	250,455	1.14
Temasek Financial I Limited 2.8% 17/08/2071	250,000	232,456	1.06

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

Statement of Portfolio (continued)

As at 31 March 2022

	Holdings as at 31/3/2022	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
Singapore (continued)			
Temasek Financial IV Private Limited Series MTN 1.8% 24/11/2026	250,000	244,347	1.11
United Overseas Bank Limited Series MTN Var 27/02/2029	250,000	254,340	1.16
		19,757,131	89.86
Total quoted bonds		20,004,016	90.98
Accrued interest on quoted bonds		102,225	0.46
Portfolio of investments		20,106,241	91.44
Other net assets		1,881,498	8.56
Net assets attributable to unitholders		21,987,739	100.00

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

Statement of Portfolio (continued)

As at 31 March 2022

	Percentage of total net assets attributable to unitholders at 31/3/2022 %	Percentage of total net assets attributable to unitholders at 31/3/2021 %
By Geography (Summary)		
Quoted Bonds		
United States of America	1.12	-
Singapore	89.86	96.71
	90.98	96.71
Accrued interest on quoted bonds	0.46	0.66
Portfolio of investments	91.44	97.37
Other net assets	8.56	2.63
Net assets attributable to unitholders	100.00	100.00

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

Statement of Portfolio (continued)

As at 31 March 2022

	Fair value as at 31/3/2022 \$	Percentage of total net assets attributable to unitholders at 31/3/2022 %	Percentage of total net assets attributable to unitholders at 31/3/2021 %
By Industry (Secondary)			
Airlines	998,013	4.54	6.35
Airport operation services	231,193	1.05	-
Bank	1,202,549	5.47	2.76
Engineering and construction	-	-	4.57
Finance	244,347	1.11	-
Government	12,937,454	58.84	33.53
Healthcare	246,885	1.12	-
Investment	735,541	3.36	11.87
Media	1,005,250	4.57	0.89
Real estate and development	475,950	2.16	-
Real estate investment trust	1,676,379	7.62	32.26
Telecommunication	250,455	1.14	2.70
Transportation	-	-	1.78
	20,004,016	90.98	96.71
Accrued interest on quoted bonds	102,225	0.46	0.66
Portfolio of investments	20,106,241	91.44	97.37
Other net assets	1,881,498	8.56	2.63
Net assets attributable to unitholders	21,987,739	100.00	100.00

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

Notes to the Financial Statements

For the financial year ended 31 March 2022

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 various Supplemental Deeds and Amending and Restating Deeds. The Trust Deed, Supplementary Deeds 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 investment 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.

Pursuant to a notice to unitholders dated 30 May 2022, due to the small fund size, the Manager has taken a decision to terminate the Fund on 30 August 2022.

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 31 July 2020, Franklin Resources, Inc., a global investment management organisation with subsidiaries operating as Franklin Templeton, announced that it had completed its previously announced acquisition of Legg Mason, Inc., the ultimate holding company of the Manager and its specialist investment managers.

The Fund is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switching in and out of the Fund. This is known as “dilution”. In order to counter this and to protect unitholders’ interests, with effect from 1 September 2020, the Manager applied “dilution adjustment” as part of its daily valuation policy. In certain circumstances, the Manager (if in its opinion in good faith it is in the interest of unitholders to do so) makes adjustments in the calculations of the net asset value per unit, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

The dilution adjustment depends upon the net value of subscriptions, switching and redemptions received by the Fund for each dealing day. The Manager therefore reserved the right to make a dilution adjustment where the Fund experiences a net cash movement which exceeds a threshold of the previous dealing day’s total net asset value.

Any dilution adjustment as at the last dealing day of the financial year end will be disclosed under units in issue. During the year ended 31 March 2022, the Fund did not reach the swing threshold and no swing pricing has been applied.

On 24 February 2022, Russia engaged in military actions in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and may also cause uncertainty for the global economy and broader financial markets. The ultimate fallout and long-term impact to the Fund from these events are uncertain as at the date of approval of these financial statements. The Manager will continue to assess the impact on valuations and liquidity and will take any potential actions needed in accordance with relevant provisions of the constitutive documents.

2. Significant accounting policies

(a) Basis of preparation

The Fund will be terminated and as a result, the Fund’s financial statements have not been prepared on a going concern basis, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants in July 2020 for the financial year beginning on or after 1 July 2020.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

The Manager has assessed that the values of all assets and liabilities at the reporting date approximate their net realisable value, and this does not have a material effect on the carrying values of assets and liabilities and the presentation of the financial statements as at 31 March 2022.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect of the amounts reported for the current or prior years.

(b) Income recognition

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

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

(c) Foreign currencies

(i) Functional and presentation currency

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

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

(ii) Foreign currency translation

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

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

(d) Investments

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

(i) Initial recognition

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

(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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

(e) Basis of valuation of investments

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

(f) Financial derivatives

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

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

(g) Receivables

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

(h) Sales and purchases awaiting settlement

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

(i) Cash and bank balances

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

(j) Payables

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

(k) Distributions

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

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

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 fulfils 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 1947. 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 1947);
 - (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 \$425 for the financial year ended 31 March 2022 (2021: Nil).

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2022 (2021: \$Nil).

5. Cash and bank balances

	2022 \$	2021 \$
Cash and bank balances held with a related company of the Trustee	936,823	1,165,569

6. Receivables

	2022 \$	2021 \$
Amount due from unitholders on subscriptions	404,043	26,203
Other receivable	42,281	48,006
	446,324	74,209

7. Payables

	2022 \$	2021 \$
Amount due to unitholders on redemptions	340,145	171,146
Accrued management fee	13,851	17,940
Accrued trustee fee	3,439	2,399
Other payables and accruals	42,329	44,603
	399,764	236,088

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

8. Units in issue

During the financial year ended 31 March 2022 and 2021, the number of units issued, redeemed and outstanding were as follows:

	2022	2021
Class A		
Units at beginning of the financial year	12,865,394	13,097,090
Units created	1,347,881	4,279,390
Units cancelled	(4,057,879)	(4,511,086)
Units at end of the financial year	10,155,396	12,865,394
Net assets attributable to unitholders (\$)	19,704,472	25,867,226
Net asset value per unit (\$)	1.940	2.011
Class B		
Units at beginning of the financial year	1,082,177	1,082,177
Units created	-	-
Units cancelled	-	-
Units at end of the financial year	1,082,177	1,082,177
Net assets attributable to unitholders (\$)	2,283,267	2,365,171
Net asset value per unit (\$)	2.110	2.186

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:

	2022 \$	2021 \$
Class A		
Net assets attributable to unitholders per financial statements per unit	1.940	2.011
Effect of adjustment on accrued expenses	(0.004)	*
Net assets attributable to unitholders for issuing/redeeming per unit	1.936	2.011
	2022 \$	2021 \$
Class B		
Net assets attributable to unitholders per financial statements per unit	2.110	2.186
Effect of adjustment on accrued expenses	-	*
Net assets attributable to unitholders for issuing/redeeming per unit	2.110	2.186

* 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 2022, the Manager has at its own discretion, chosen to absorb certain expenses of the Fund.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

9. Related party transactions (continued)

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

10. Financial risk management

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

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

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

(a) Market risk

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

COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

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 2022 and 2021, 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

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

10. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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 2022

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	751,680	948,209	4,003,869	14,300,258	102,225	20,106,241
Cash and bank balances	936,823	-	-	-	-	936,823
Sales awaiting settlement	-	-	-	-	1,646,218	1,646,218
Receivables	-	-	-	-	446,324	446,324
Total assets	1,688,503	948,209	4,003,869	14,300,258	2,194,767	23,135,606
Liabilities						
Purchase awaiting settlement	-	-	-	-	748,103	748,103
Payables	-	-	-	-	399,764	399,764
Total liabilities	-	-	-	-	1,147,867	1,147,867

As at 31 March 2021

	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	8,618,718	1,260,910	3,349,210	14,074,569	186,220	27,489,627
Cash and bank balances	1,165,569	-	-	-	-	1,165,569
Receivables	-	-	-	-	74,209	74,209
Total assets	9,784,287	1,260,910	3,349,210	14,074,569	260,429	28,729,405
Liabilities						
Purchase awaiting settlement	-	-	-	-	260,920	260,920
Payables	-	-	-	-	236,088	236,088
Total liabilities	-	-	-	-	497,008	497,008

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

10. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31 March 2022, should interest rates have lowered or risen by 50 basis points ("bps") (2021: 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:

	2022		2021	
	Parallel shift in interest rates by			
	+ 50 bps	- 50 bps	+ 50 bps	- 50 bps
	\$'000	\$'000	\$'000	\$'000
Effect on net assets attributable to unitholders	(840)	840	(910)	910

(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 2022	SGD \$	USD \$	Total \$
Assets			
Portfolio of investments	20,106,241	-	20,106,241
Cash and bank balances	936,823	-	936,823
Sales awaiting settlement	1,646,218	-	1,646,218
Receivables	446,324	-	446,324
Total assets	23,135,606	-	23,135,606
Liabilities			
Purchases awaiting settlement	748,103	-	748,103
Payables	399,453	311	399,764
Total liabilities	1,147,556	311	1,147,867
Net currency exposure	21,988,050	(311)	
As at 31 March 2021	SGD \$	USD \$	Total \$
Assets			
Portfolio of investments	27,489,627	-	27,489,627
Cash and bank balances	1,165,569	-	1,165,569
Receivables	74,209	-	74,209
Total assets	28,729,405	-	28,729,405
Liabilities			
Purchases awaiting settlement	260,920	-	260,920
Payables	235,577	511	236,088
Total liabilities	496,497	511	497,008
Net currency exposure	28,232,908	(511)	

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

10. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

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 2022 and 2021, 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 2022	Less than 3 months \$
Liabilities	
Purchases awaiting settlement	748,103
Payables	399,764
	<hr/>
As at 31 March 2021	
Liabilities	
Purchases awaiting settlement	260,920
Payables	236,088
	<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.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

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.

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.

	2022	2021
	%	%
Aaa	51.52	29.43
A3	2.02	3.51
A2	1.16	-
A-	-	2.79
Baa1	-	1.86
BBB+	2.17	-
BBB-	-	0.90
Unrated (Singapore - incorporated debt securities) #	34.11	58.22
Accrued interest on quoted bonds	0.46	0.66
Total	91.44	97.37

8.66% (2021: 33.53%) 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.

For purposes of impairment assessment, the Fund's assets which are measured at amortised cost are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). The ECL for these assets as at the end of the reporting period is not significant.

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

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 2022 and 2021.

As at 31 March 2022	Credit Rating ##	Source of Credit Rating
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
As at 31 March 2021		
<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).

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 2022 and 2021:

As at 31 March 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Portfolio of Investments				
- Quoted bonds	-	20,106,241	-	20,106,241
Total	-	20,106,241	-	20,106,241

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

10. Financial risk management (continued)

(e) Fair value estimation (continued)

As at 31 March 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Portfolio of Investments				
- Quoted bonds	-	27,489,627	-	27,489,627
Total	-	27,489,627	-	27,489,627

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.

The assets and liabilities included in the Statement of Financial Position except Portfolio of Investments are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

11. Credit facility

The Fund has a credit facility with The Hongkong and Shanghai Banking Corporation Limited at 31 March 2022 and 2021.

	2022 \$	2021 \$
<u>Facility</u>		
Overdraft	2.3 million	1.5 million

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

12. Financial ratios

	2022 %	2021 %
Ratio of expenses to average net assets ¹		
Class A	0.95	0.95
Class B	0.89	0.87
Portfolio turnover rate ²	80.57	101.09

¹ The expense ratios have been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Funds' expense ratios at 31 March 2022 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.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$20,148,312 (2021: purchases of \$31,113,543) divided by the average daily net asset value of \$25,007,063 (2021: \$30,779,468).

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2022

12. Financial ratios (continued)

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

	2022 \$	2021 \$
Total operating expenses		
Class A	214,821	269,537
Class B	21,217	20,931
Average net asset value		
Class A	22,612,694	28,372,366
Class B	2,394,369	2,407,102

Report to Unitholders

For the financial year ended 31 March 2022

Investment Allocation as at 31 March 2022

By Country	Market Value \$	% of NAV
United States of America	246,885	1.12
Singapore	19,757,131	89.86
	20,004,016	90.98
Accrued interest on quoted bonds	102,225	0.46
Portfolio of investments	20,106,241	91.44
Other net assets	1,881,498	8.56
Total	21,987,739	100.00

By Industry	Market Value \$	% of NAV
Airlines	998,013	4.54
Airport operation services	231,193	1.05
Bank	1,202,549	5.47
Finance	244,347	1.11
Government	12,937,454	58.84
Healthcare	246,885	1.12
Investment	735,541	3.36
Media	1,005,250	4.57
Real estate and development	475,950	2.16
Real estate investment trust	1,676,379	7.62
Telecommunication	250,455	1.14
	20,004,016	90.98
Accrued interest on quoted bonds	102,225	0.46
Portfolio of investments	20,106,241	91.44
Other net assets	1,881,498	8.56
Total	21,987,739	100.00

By Asset Class	Market Value \$	% of NAV
Fixed Income securities	20,004,016	90.98
	20,004,016	90.98
Accrued interest on quoted bonds	102,225	0.46
Portfolio of investments	20,106,241	91.44
Other net assets	1,881,498	8.56
Total	21,987,739	100.00

Report to Unitholders (continued)

For the financial year ended 31 March 2022

By Credit Rating *	Market Value \$	% of NAV
Aaa	11,329,406	51.52
A3	443,305	2.02
A2	254,340	1.16
BBB+	477,885	2.17
Unrated#	7,499,080	34.11
	20,004,016	90.98
Accrued interest on quoted bonds	102,225	0.46
Portfolio of investments	20,106,241	91.44
Other net assets	1,881,498	8.56
Total	21,987,739	100.00

8.66% (2021: 33.53%) relates to Singapore government-issued securities

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

Top 10 Holdings

Holdings as at 31 March 2022	Market Value \$	% of NAV
Singapore Government Bond 3.375% 01/09/2033	2,189,720	9.96
Singapore Government Bond 2.25% 01/08/2036	1,988,049	9.04
Singapore Government Bond 2.625% 01/05/2028	1,731,093	7.87
National Environment Agency Series MTN 1.67% 15/09/2031	1,145,419	5.21
Singapore Government Bond 2.75% 01/03/2046	1,019,690	4.64
Singapore Press Holdings 3.2% 22/01/2030	1,005,250	4.57
Singapore Government Bond 1.25% 01/11/2026	957,270	4.35
Singapore Government Bond 1.875% 01/03/2050	948,552	4.31
Singapore Government Bond 1.625% 01/07/2031	753,104	3.43
MAS Bill Series 84 ZCP 24/06/2022	748,301	3.40

Holdings as at 31 March 2021	Market Value \$	% of NAV
Singapore Government Bond 2.25% 01/08/2036	2,155,251	7.63
SPH REIT Series MTN VAR PERP	2,017,960	7.15
Mapletree Treasury Services EMTN VAR PERP (Issue date: 12 May 2017)	1,785,928	6.33
Singapore Government Bond 3.375% 01/09/2033	1,733,100	6.14
Singapore Government Bond 2.875% 01/09/2030	1,594,043	5.65
Singapore Airlines Ltd 3.13% 17/11/2026	1,536,375	5.44
AIMS APAC REIT Series MTN 3.6% 12/11/2024	1,516,440	5.37
Singapore Government Bond 2.75% 01/03/2046	1,457,287	5.16
Singapore Government Bond 2.125% 01/06/2026	1,368,744	4.85
Keppel Corporation Limited Series MTN 3% 01/10/2026	1,288,950	4.57

Exposure to Derivatives

Nil as at 31 March 2022.

Report to Unitholders (continued)

For the financial year ended 31 March 2022

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 2022.

Securities Lending or Repurchase Transactions

Nil as at 31 March 2022.

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

	Market Value \$	% of NAV
Ascott REIT MTN Pte Limited Series MTN 3.523% 09/11/2023	508,080	2.31
Capitaland Treasury Limited Series EMTN 3.08% 19/10/2027	248,287	1.13
Capitaland Treasury Limited Series MTN 3.15% 29/08/2029	245,707	1.12
CMT MTN Pte Limited Series MTN 2.15% 07/12/2032	443,305	2.02
FLCT Treasury Pte Limited Series MTN 2.18% 26/07/2028	231,000	1.05

Borrowings

Nil as at 31 March 2022.

Amount of Redemptions and Subscriptions

For the period 1 April 2021 to 31 March 2022

	SGD
Subscriptions	2,740,473
Redemptions	8,257,287

Related Party Transactions

For the period 1 April 2021 to 31 March 2022

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

Report to Unitholders (continued)

For the financial year ended 31 March 2022

Performance

	Legg Mason Western Asset Singapore Bond Fund*		Benchmark
	Class A (SGD) Accumulating	Class B (SGD) Accumulating	
3-months	-4.96%	-4.87%	-4.17%
6-months	-5.05%	-4.91%	-4.91%
1-year	-3.73%	-3.48%	-3.50%
3-years	+0.29%	+0.56%	+0.95%
5-years	+0.93%	+1.19%	+1.44%
10-years	+1.94%	+2.20%	+1.67%
Since inception	+2.75%	+3.09%	+2.57%

* 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: Franklin Templeton. Legg Mason Asset Management Singapore Pte. Limited is an indirect wholly owned subsidiary of Franklin Resources, Inc.

Expense Ratio

Class A

For the period 1 April 2021 to 31 March 2022 0.95%

For the period 1 April 2020 to 31 March 2021 0.95%

Class B

For the period 1 April 2021 to 31 March 2022 0.89%

For the period 1 April 2020 to 31 March 2021 0.87%

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 2022 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:

	2022 \$	2021 \$
Total operating expenses		
Class A	214,821	269,537
Class B	21,217	20,931
Average net asset value		
Class A	22,612,694	28,372,366
Class B	2,394,369	2,407,102

Report to Unitholders (continued)

For the financial year ended 31 March 2022

Turnover Ratio

For the period 1 April 2021 to 31 March 2022	80.57%
For the period 1 April 2020 to 31 March 2021	101.09%

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 \$20,148,312 (2021: purchases of \$31,113,543) divided by the average daily net asset value of \$25,007,063 (2021: \$30,779,468).

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

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

The Managers and 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 the Sub-Manager (as the case may be), assist it in its management of the Scheme, 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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