

# Semi-Annual Report

Legg Mason Asian Enterprise Trust

Legg Mason Southeast Asia Special Situations Trust

## Legg Mason Funds

- Legg Mason Singapore Dollar Fund

- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

For the half year ending 30 September 2009



# LEGG MASON

GLOBAL ASSET MANAGEMENT

Dear Unitholders,

## **CHANGE OF NAME OF LEGG MASON INTERNATIONAL EQUITIES (SINGAPORE) PTE. LIMITED**

We, Legg Mason International Equities (Singapore) Pte. Limited, are writing to inform you that we have changed our name to "Legg Mason Asset Management Singapore Pte. Limited" with effect from 1 October 2009.

**This notice is for your information only and no action is required to be taken by you.** We thank you for your continuing support of Legg Mason and we look forward to continually serve you. Please feel free to contact us at +65 6536 8000 should you have any question or concern.

***Legg Mason Asset Management Singapore Pte. Limited***

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The CPF interest rate for the Ordinary Account is based on the 12-month fixed deposit and month-end savings rate of the major local banks. With effect from 1 January 2008, an additional 1% per annum will be paid on the first S\$60,000 of a CPF member's combined balances, including up to S\$20,000 in the Ordinary Account. In addition, the interest rate for the CPF Special Account will be pegged to the yield of 10-year Singapore government bond plus 1%. Nevertheless, the CPF Board will pay a legislated minimum annual interest rate of 2.5% on the CPF Ordinary Account and for 2008 and 2009, a minimum annual interest rate of 4.0% on the CPF Special Account.

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

# Investment Manager's Report

As at 30 September 2009

## Global Fixed Income

### Market Review

Optimism and risk appetite continued to improve as economic activity stabilised and the recovery process lost little momentum. Led by a sharp rebound in Japan, global industrial production appeared to be shifting into expansion mode after months of deep contraction. Consumer and business sentiment indices suggested that confidence was gradually returning. The German IFO business climate survey reached a 12-month high. House prices rose in both the U.S. and U.K. and there was a growing sense that the three-year correction in the U.S. residential housing market, which triggered the financial crisis, may be on its last legs.

While improvements were significant, central bankers warned against overreacting to positive data. Most policy-makers remained cautious and warned against the dangers of an early exit from stimulus programs. Finance ministers and central bankers from the Group of Twenty agreed to maintain policy support until the recovery process is fully underway. Authorities at the European Central Bank (ECB) sounded concerned over the fragility of the recovery process. ECB President Trichet reiterated his belief that subdued credit extension is more a function of weak demand rather than restricted supply. The Federal Reserve (Fed) announced plans to scale back the pace of asset purchases but remained committed to supporting economic growth.

The International Monetary Fund (IMF) released its semi-annual World Economic Outlook and Global Financial Stability Report, where it articulated key concerns and broadcasted its economic forecasts, which were generally revised higher. The IMF highlighted the importance of restarting the securitisation market, the difficulty policy-makers face in contending with asset price fluctuations, and attempted to assess medium-term damage as a result of the financial crisis. It also warned against complacency in bank recapitalisation, where it estimated European banks still lag behind their U.S. counterparts in the deleveraging process.

### Outlook and Strategy

After more than a year of short-term cyclical concerns being the sole consideration, investors now must simultaneously assess longer-term trend considerations alongside ongoing short-term cyclical vulnerabilities across the global economy. GDP contracted 3.8% in the U.S. and 4.9% in Europe peak to trough. It now has the potential to grow above trend for a few quarters as part of a cyclical rebound following what we consider over-reactive corporate cost-cutting measures, particularly in the U.S. We would warn against extrapolating a few quarters of robust GDP growth, however, and believe growth will be subdued for years to come. Significant productive capacity has been destroyed during the recent financial crisis. Additionally, consumer spending should remain precautionary as households toil to lift actual savings rates toward desired savings rates and rebuild wealth. The inflationary result of these shifts is indeterminate – destroyed productive capacity puts upward pressure on prices while weak household spending has the opposite effect. Given the extreme rise in unemployment, we suspect the larger effect comes from weak household spending and that ongoing disinflationary pressures will be the more likely outcome.

We are therefore comfortable holding extra duration relative to benchmark, particularly via longer-dated issues in anticipation of flattening yield curves. A further challenge for global investors is to identify lasting impacts from the financial crisis across regions and identify markets where central banks are more likely to hold rates lower for longer. In this regard, we believe it makes sense to reallocate some duration toward Europe from other major markets. We are emphasizing peripheral markets where enthusiasm for a rapid economic rebound and aggressive monetary tightening has been priced in. Australia and Norway are two such markets where we have tactically added duration in anticipation of a less aggressive tightening cycle compared to market expectations.

Currency strategies remain cautious, as they have for some time. We look to maintain a modest long U.S. dollar, short euro stance and continue to tactically use a long Canadian dollar, short pound sterling position as a hedge against potential commodity price increases. In addition, Canada's banking system is in relatively healthy condition and we find an upswing to trend growth more probable in Canada than the U.K.

# Investment Manager's Report

As at 30 September 2009

## Asian Fixed Income

### Market Review

Asian bonds had a very strong month in September.

Asian economies continued to exit the crisis at a faster rate than the U.S. and Europe, and Asian asset markets benefited from the resulting global interest. Equity inflows continued to boost Asian currencies. However, Asia also saw other flows into regional bonds and currencies. The strength of the Japanese yen related to the election of the Democratic Party of Japan impacted other Asian currencies, notably the Taiwanese dollar.

Stronger global growth impacted market expectations of a renewed appreciation of the Chinese yuan. A global recovery in consumer demand would benefit Chinese exports, thereby mitigating the main reason China had used to explain its change in currency policy in July 2008. Some investors viewed the U.S. administration's decision to impose tariffs on Chinese tires as a sign that there will be more intensive pressure by the U.S. on China to allow its currency to appreciate. The weaker U.S. dollar and stronger Japanese yen contributed to the Chinese yuan weakening substantially on a trade-weighted basis. The yuan has weakened by 8% since early March and by 4% since a year ago.

Asian external investment-grade debt performed strongly in the first half of September thanks to the improved global sentiment. This encouraged a number of issuers to tap primary markets. Hutchinson Whampoa, the Hong Kong based conglomerate, issued USD3 billion in the largest operation of the month. Korea National Housing Corporation, the Korean National Agricultural Cooperative Foundation, PSA International, the Singapore port operator and a few other companies were active in the new issue markets. Fitch reverted its outlook on the Korean sovereign's A+ rating back to stable from negative. Lower U.S. Treasury yields continued to support the market.

Asian high-yields bonds continued their 11-month rally, taking their total return this year to 75%. Moody's upgraded Indonesia to Ba2, leading to upgrades to many Indonesian corporate issuers. There were also more signs that China was using its foreign reserves to invest in regional markets. Among other commodity investments, China Investment Corporation announced a USD1.6 billion loan to Bumi, an Indonesian coal mining company. This action supported the Indonesian high-yield corporate bond market.

Asian local currency bonds performed well in September. Taiwanese bonds performed strongly despite their very low yield. They benefited from currency appreciation speculation that, due to regulatory reasons, has to flow into real assets.

Economic data in the region continued to confirm a regional V-shaped recovery. Recent releases showed Chinese fixed-asset investment growing at 33% over the past year. Industrial production was growing at a rate above 8% annually, and sentiment among manufacturers remained positive. Sentiment in India and in Korea was also positive. Singapore saw a slightly weaker business sentiment number just above the expansionary point.

### Outlook and Strategy

Asian policy-makers would prefer to manage policy using the methods applied over the past 10 years, when currencies were kept competitive and monetary policy was adjusted in line with the U.S. and Europe. However, the recent crisis is forcing them to consider a change to that approach. Following the financial crisis and the collapse in exports, Asian policy-makers followed the same policy prescription as the U.S. and Europe, but to a far more efficient degree. Monetary policy was loosened and governments embarked on significant spending programs. As the recent growth data has shown, the impact of these policies was successful in Asia. Due to the fundamental strength of the region and the absence of a financial crisis and its negative effects, it is possible that Asian policies might be over-stimulative for the region's economies and markets. This is now resulting in a withdrawal of certain types of stimulus.

# Investment Manager's Report

As at 30 September 2009

## Asian Fixed Income (continued)

The first stage of exiting the accommodative policies has been to tighten some administrative and regulatory measures. China tightened a range of lending rules for its banks, Korea tightened bank real-estate lending to selected residential districts and Singapore announced measures to curb the recent property price increases. Hong Kong will end certain subsidies in October. We expect other policies to be tightened within the next few quarters. Korea and India are likely to begin increasing policy rates by the first quarter of next year, with other Asian countries possibly following.

Asian policy-makers should be more willing to let their currencies appreciate, especially if the U.S. dollar continues to decline. Asian countries have been rebuilding their reserves—they are encouraged by the protection their reserves provided during the financial crisis. However, they realize that the U.S. dollar has been weakening against a range of currencies and see some currency appreciation as a protection against imported inflation. We don't expect the Europeans to let the euro take the full brunt of the dollar adjustment and expect that pressure will build for some Chinese yuan appreciation. The European Union is now China's biggest export market and Chinese policy-makers might already be hearing complaints.

Over the medium term, Asian currencies should continue to appreciate. The biggest trigger for a more significant appreciation will be a change in the Chinese yuan currency policy. However, capital inflows into Asian assets are putting pressure on policy-makers to smooth rather than stop their currencies' appreciation.

We remain positive on the Indonesian bond market as Indonesia should continue to benefit from foreign inflows and inflation should rise only moderately. Medium-term factors such as political stability and reforms should support the long end of the bond market.

We remain constructive on the Asian corporate bond market. Asian investment-grade spreads are wider than U.S. corporate spreads. Economic fundamentals are supportive for corporate bonds and we look for further tightening in the medium term. The Asian high-yield market is looking fully valued but the market has shrunk due to tenders and a lack of new issuance. We will buy new issues that offer compelling value.

# Investment Manager's Report

As at 30 September 2009

## Singapore Fixed Income

### Market Review

Singapore bond markets turned in a flat performance in September. Despite a continuing rally in U.S. Treasuries, local bond markets saw lackluster performance. Most trading activities were confined to curve extension trades with the yield curve under 10-year tenors underperforming the longer end.

In the corporate world, new issues continued to be printed in the primary market, but total issuance was less than SGD1 billion. According to Bloomberg there were 11 new deals but most were rather small in issue size, averaging SGD25 million to SGD50 million. The more significant names that came to the market included Singapore Mass Rapid Transit for SGD150 million, and International Finance Corp and leading local property developer City Development for SGD150 million each. Islamic Development Bank also tapped the market for an inaugural SGD200 million. In secondary trading the backdrop remained constructive for risk taking. Along with continuing tightening of swap spreads, corporate risk premiums of corporate credits compressed further.

### Outlook and Strategy

The recovery of the Singapore economy appears to be accelerating and broadening. While it is logical to expect some reversal of the spectacular expansion in 2Q09 (20.7% QoQ, the second-largest increase on record), the improving G3 economic outlook bodes favourably for Singapore's export prospects and should augment the country's recovery path. Local leading indicators such as the Purchasing Managers Index (PMI), both overall and the electronic sub-index, have recorded readings above the neutral 50 level for the past five consecutive months. Moreover, as DRAM prices have continued to rise due to low inventory levels, the ongoing pick-up in electronic exports is expected to be further bolstered. This in turn should help to mitigate any anticipated moderation from the typically volatile biochemical clusters.

The labour market is stabilising; the 2Q09 jobless rate (3.3%) was well below the 4.3% peak seen during the last downturn in 2003. Domestic demand and consumer confidence have strengthened on the positive wealth effects of strong stock and property markets. The recent government measures aimed at curbing speculation in private residential properties are not expected to cause a major correction due to strong pent-up demand. Accordingly, the risk to growth for Singapore is stacked on the upside for 2009 even though official growth forecasts remain at a very cautious -4 to -6% range for the year. We remain mindful that the durability of the Singapore turnaround will depend on a firmer and more self-sustaining rebound in private spending globally as much of the recovery thus far is boosted by factors such as inventory adjustment and fiscal policy.

On the inflation front, deflationary forces continue to ease. CPI readings are still negative on a year-on-year basis but have become less negative and have turned positive in monthly terms for the past two months. Electricity tariffs were revised 8% higher and inflation looks to be trending up in the coming months. However, overall price pressures are expected to remain broadly subdued. The absence of demand-push inflation should keep overall inflationary pressures in check. Broad global disinflationary forces should also limit upward impulses on prices due to a stronger recovery and the consequent further rebound in commodity prices. Official forecasts for CPI are at -0.5 to 0.5%, which is below Singapore's historical inflation experience of 1 to 2%. We therefore continue to believe that the Monetary Authority of Singapore will leave policy unchanged and keep its SGD nominal effective exchange rate (NEER) policy at a 0% appreciation path in its October meeting. At the same time, lingering concerns over a double-dip recession will likely bias policy-makers to keep liquidity flush in the banking system. This would support the continuation of the current partial sterilization of capital inflows and help keep interbank rates at current low levels.

# Investment Manager's Report

As at 30 September 2009

## Singapore Fixed Income (continued)

We have turned slightly more cautious on overall rate trends but are maintaining a broadly neutral duration position for the time being. We continue to be comfortable with our overweight allocations to credits for carry while keeping a flattening bias in our curve exposure. We believe the risk reward trade-off has become less compelling for local bond markets. However, these markets should remain well supported by plentiful liquidity, a more or less benign inflation outlook and a stronger SGD trend amid a stronger regional foreign exchange outlook. Favourable demand supply technicals should also limit a severe sell-off, given no more scheduled bond supply for the rest of the year and demand from domestic life insurance companies for liability duration matching purposes. For the same reasons, we expect the yield curve to flatten more meaningfully going forward. The attractive roll-down value and carry due to the current steep slope of the Singapore Government Securities (SGS) yield curve is likely to encourage more curve extension trades as the market seeks higher yields.

Notwithstanding the recent strong outperformance of corporate credits, valuations of corporate credits remain at attractive levels as swap spreads relative to government bonds (to which credit spreads are positively correlated) are still trading at wider than their historical averages. Supply of corporate papers has been rather limited given modest new issuance to date. Technicals have therefore become even more supportive for narrower credit spreads as investors reach for yield. Moreover, as balance sheets for most domestic banks and corporates are fundamentally robust, there should be ample buffer to weather any decline in earnings due to the economic downturn. We continue to believe that current spreads have priced in significant weakening of credit metrics. Hence, we remain confident of our overweight allocation to the corporate bond sector.

# Investment Manager's Report

As at 30 September 2009

## Asian Equities

### Market Review

Historically, September has often turned out to be a negative return month. Replete with statistics to support the bearish case, numerous market commentators were eager, at the start of the month, to advise clients to adopt a more cautionary approach in dealing with the widely anticipated market turbulence ahead. With alarm bells ringing everywhere, it is not surprising to us that markets have yet again defied conventional wisdom by climbing a wall of worries to record a positive return for the month instead.

Concerns over the slowdown in loans growth in China and the possible reversal of loose monetary policy by the People's Bank of China (PBOC) only served to intensify the government's effort in talking the market up as the authorities appeared resolute in supporting market sentiment ahead of the 60th anniversary of the Communist Party rule on October 1st. The "A" share market managed to hold above its August lows despite the imminent unlocking of a record amount of non-tradable shares while the newly minted stocks on the H share market achieved mixed debut in the face of an onslaught of initial public and secondary market offerings.

During the month, more market participants were emboldened by the continued weakness in the US Dollar to put on the US\$ carry trades and this further intensified the reflationary pressure on the commodity complex and Asian assets. Hong Kong property prices broke new highs with rising demand fuelled by low interest rates and strong interests from mainland Chinese seeking to diversify their asset base. Over in Singapore, the reversal of interest absorption scheme by the authorities did little to dampen the public's penchant for investing in hard assets. Our overweight calls on Hong Kong property plays have worked out well but we are increasingly more inclined towards landlords rather than developers as the former appears to offer better value.

Our significant thematic exposure towards hybrid battery and LED plays, which have been enjoying sequential market re-rating, took on an exponential surge in performance during the month. In the hybrid battery space, investors' interests were spurred by a series of battery sourcing deals by major global auto makers and the surprisingly large representation of electric cars at the recent Frankfurt motor show, accounting for more than 30% of the 82 new models exhibited.

Just as electric cars are on the threshold of a major industry transformation, LED makers are also on the verge of an explosive growth in demand on the back of new launches in LED TVs and LED power lighting. With potential policy changes in EU and other countries favouring the adoption of more fuel efficient lighting technology, the secular outlook for LED makers looks brighter than ever.

### Outlook and Strategy

As we navigate through this volatile period, we are cognisant of the strong gains of our winners and the potential downside risks posed by market gyrations. At the margin, we are inclined to trim the positions in some of our major stock and sector weights in favour of new ideas. While there is no shortage of bearish concerns and fears of a deeper market correction, our conviction in our key stocks continues to be strengthened by the strong momentum of positive industry and corporate developments and the scope for upside earnings surprise. As the final quarter of the year tends to be a rewarding period for stock performance, we believe any short term market corrections should yield favourable opportunities for stock pickings.

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## **Legg Mason Asian Enterprise Trust**

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund
- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

## Statement of Total Return (Unaudited)

For the half year ended 30 September 2009

	Notes	30/9/2009 \$	30/9/2008 \$
<b>Income</b>			
Dividends		3,102,782	4,644,485
Interest income		803	25,405
		<b>3,103,585</b>	<b>4,669,890</b>
<b>Less: Expenses</b>			
Audit fee		10,031	8,774
Custody fee	11	85,680	111,609
Management fee	11	1,795,749	2,057,825
Trustee fee	11	92,294	105,398
Registration fee	11	15,203	22,632
Printing expenses		10,306	21,868
Professional fees		17,096	11,273
Valuation fee	11	33,063	37,430
Goods and services tax		122,806	164,505
Other expenses		6,911	8,410
		<b>2,189,139</b>	<b>2,549,724</b>
<b>Net investment income</b>		<b>914,446</b>	<b>2,120,166</b>
<b>Net gains or losses on value of investments</b>			
Net realised gains/(losses) on investments		30,738,823	(40,865,742)
Net change in fair value on investments		75,971,948	(69,761,180)
Net realised losses on financial derivatives		(234,432)	-
Net change in fair value on financial derivatives		(227)	-
Net foreign exchange losses		(278,864)	(106,923)
<b>Net gains/(losses) on value of investments</b>		<b>106,197,248</b>	<b>(110,733,845)</b>
<b>Total return/(deficit) for the half year before income tax</b>		<b>107,111,694</b>	<b>(108,613,679)</b>
<b>Less: Income tax</b>	3	<b>(342,420)</b>	<b>(445,588)</b>
<b>Total return/(deficit) for the half year</b>		<b>106,769,274</b>	<b>(109,059,267)</b>

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

**Balance Sheet (Unaudited)**

As at 30 September 2009

	Notes	30/9/2009 \$	31/3/2009 \$
<b>ASSETS</b>			
Portfolio of investments		<b>265,387,691</b>	152,182,652
Cash and bank balances	5	<b>7,627,622</b>	3,149,692
Receivables	6	<b>3,039,740</b>	760,170
Sales awaiting settlement		<b>14,911,027</b>	7,961,633
<b>Total assets</b>		<b>290,966,080</b>	164,054,147
<b>LIABILITIES</b>			
Payables	7	<b>1,178,231</b>	1,469,201
Purchases awaiting settlement		<b>4,321,656</b>	-
Fair value of financial derivatives	8	<b>227</b>	-
Net assets attributable to unitholders	9	<b>285,465,966</b>	162,584,946
<b>Total liabilities</b>		<b>290,966,080</b>	164,054,147

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Equity Investments</u></b>			
<b>Bermuda</b>			
China Lotsynergy Holdings Limited	44,720,000	2,398,533	0.84
<b>Cayman Islands</b>			
China Metal Recycling Holdings Limited	1,031,400	1,607,052	0.56
<b>China</b>			
BYD Co Limited	924,000	10,701,220	3.75
China Bluechemical Limited H Shares	2,538,000	1,933,426	0.68
China Construction Bank H Shares	4,030,000	4,535,421	1.59
China Life Insurance Co Limited H Shares	485,000	2,976,031	1.04
China Merchants Bank Co Limited H Shares	804,000	2,523,008	0.88
China National Building Material Co Limited H Shares	844,000	2,792,773	0.98
China Shenhua Energy Co Limited	476,500	2,928,205	1.03
Guangzhou Shipyard International Co Limited H Shares	404,000	1,051,832	0.37
Hidili Industry International Development Limited	1,888,000	2,485,206	0.87
Industrial and Commercial Bank of China H Shares	8,228,000	8,736,329	3.06
Petrochina Co Limited H Shares	2,004,000	3,191,712	1.12
Sino-Ocean Land Holdings Limited	906,830	1,155,755	0.40
		45,010,918	15.77

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b>By Geography - Quoted Equity Investments (continued)</b>			
<b>Hong Kong</b>			
Cheung Kong Holdings Limited	156,000	2,765,356	0.97
China Mobile Limited	662,500	9,087,972	3.18
China Public Procurement Limited	16,916,000	2,583,443	0.91
Cnooc Limited	1,778,000	3,374,847	1.18
Glorious Property Holdings Limited	3,369,000	2,695,104	0.94
Gome Electrical Appliances Holdings Limited	12,411,000	4,670,883	1.64
Hong Kong Exchanges and Clearing Limited	140,000	3,563,510	1.25
Hongkong Land Holdings Limited	450,000	2,758,215	0.97
Johnson Electric Holdings	2,276,000	1,348,999	0.47
LI & Fung Limited	254,000	1,456,985	0.51
Melcolot Limited	22,056,000	1,604,016	0.56
Midland Holdings Limited	2,086,000	2,446,222	0.86
Nine Dragons Paper Holdings Limited	3,119,000	5,648,025	1.98
Ping AN Insurance (Group) Co of China Limited H Shares	280,000	3,133,343	1.10
Shimao Property Holdings Limited	1,540,000	3,662,270	1.28
Sinopharm Medicine Holding Co Limited H Shares	1,075,200	3,835,395	1.34
Star Cruise Limited	11,384,000	4,090,360	1.43
Sun Hung Kai Properties Limited	264,000	5,481,405	1.92
		64,206,350	22.49
<b>India</b>			
Shree Renuka Sugars Limited	560,508	3,245,822	1.14
<b>Indonesia</b>			
Astra International Inc	655,000	3,117,805	1.09
Bumi Resources	13,269,000	6,190,313	2.17
		9,308,118	3.26

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

# Portfolio Statement (Unaudited)

As at 30 September 2009

	Holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b>By Geography - Quoted Equity Investments (continued)</b>			
<b>Luxembourg</b>			
Goldman Sach International (Bajaj Hindusthan Limited)	186,629	1,012,796	0.36
<b>Macau</b>			
AGTech Holdings Limited	17,246,000	1,207,177	0.42
<b>Singapore</b>			
Ezra Holdings Pte Limited	3,457,000	6,499,160	2.28
Falcon Energy Group Limited	6,805,000	5,988,400	2.10
Genting Singapore PLC Nil Paid RTS 12/10/2009	897,000	278,070	0.10
Genting Singapore PLC	4,485,000	5,023,200	1.76
Keppel Land Limited	1,716,000	4,684,680	1.64
Tiong Woon Corporation Holdings Limited	2,202,000	2,003,820	0.70
Wilmar International Limited	595,000	3,754,450	1.31
		28,231,780	9.89
<b>South Korea</b>			
Dongkuk Structures & Construction Co Limited	107,134	1,294,010	0.45
Hyundai Development Co Limited	83,964	4,267,475	1.50
Hyundai Motor Co Limited	14,355	1,905,527	0.67
Infraware Inc	36,893	1,630,224	0.57
KB Financial Group, Inc	62,383	4,506,009	1.58
Kumho Electric Inc	18,900	1,290,586	0.45
LG Chemical Limited	10,916	2,858,884	1.00
LG Electronics Inc	16,309	2,447,710	0.86
LG Innotek Co Limited	15,133	2,298,358	0.81
NHN Corporation	16,534	3,430,570	1.20
Posco	6,484	3,776,251	1.32
Samsung Electro Mechanics Co Limited	25,394	3,082,379	1.08
Samsung Electronics Co Limited	16,925	16,475,628	5.77
Samsung Heavy Industries	69,060	2,110,116	0.74
Samsung SDI Co Limited	13,326	2,366,547	0.83
Shinhan Financial Group Co Limited	58,739	3,298,003	1.16
SK Energy Co Limited	11,639	1,753,780	0.61
		58,792,057	20.60

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Equity Investments (continued)</u></b>			
<b>Taiwan</b>			
AU Optronics Corporation	1,285,000	1,760,052	0.61
CTCI Corporation	1,921,000	2,626,965	0.92
Elan Microelectronics Corporation	12,000	25,588	0.01
Far Eastern Textile Limited	23,140	38,236	0.01
Farglory FTZ Investment Holding Co	1,025,000	1,709,428	0.60
Formosa Epitaxy Inc	3,897,000	8,463,430	2.96
Hon Hai Precision Industry Co. Ltd	70,418	396,606	0.14
Innolux Display Corporation	1,811,770	3,247,871	1.14
Kinsus Interconnect Technology Corporation	312,000	1,279,979	0.45
Mediatek Inc	202,404	4,746,191	1.66
Novatek Microelectronics Limited	774,855	2,570,921	0.90
Richtek Technology Corporation	242,550	2,939,468	1.03
Synnex Technology International Corporation	1,684,501	5,050,097	1.77
Taiwan Chi Cheng Enterprise Co Limited	2,067,000	2,745,083	0.96
Wistron Corporation	1,272,906	3,330,758	1.17
Young Fast Optoelectronics Co Limited	213,506	4,164,304	1.46
Yuanta Financial Holdings Co Limited	5,054,000	5,272,111	1.85
		50,367,088	17.64
<b>Quoted Equity Investments</b>		<b>265,387,691</b>	<b>92.97</b>
<b>Portfolio of investments</b>		<b>265,387,691</b>	<b>92.97</b>
<b>Other net assets</b>		<b>20,078,275</b>	<b>7.03</b>
<b>Net assets attributable to unitholders</b>		<b>285,465,966</b>	<b>100.00</b>

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

# Portfolio Statement (Unaudited)

As at 30 September 2009

	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Geography (Summary)</b>		
<b>Quoted Equity Investments</b>		
Bermuda	0.84	1.14
Cayman Islands	0.56	-
China	15.77	18.45
Hong Kong	22.49	23.45
India	1.14	-
Indonesia	3.26	-
Luxembourg	0.36	0.27
Macau	0.42	-
Singapore	9.89	7.71
South Korea	20.60	20.59
Taiwan	17.64	21.16
Thailand	-	0.83
<b>Portfolio of investments</b>	<b>92.97</b>	<b>93.60</b>
<b>Other net assets</b>	<b>7.03</b>	<b>6.40</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Fair value as at 30/9/2009	Percentage of total net assets attributable to unitholders at 30/9/2009	Percentage of total net assets attributable to unitholders at 31/3/2009
	\$	%	%
<b>By Industry</b>			
Agriculture	3,754,450	1.31	1.10
Automotives and trucks	1,905,527	0.67	1.06
Bank	15,794,758	5.53	6.11
Brewery	-	-	1.02
Building and construction	6,894,440	2.42	1.66
Building and construction material	2,792,773	0.98	-
Chemical	4,792,310	1.68	-
Computer and software	15,580,986	5.46	5.07
Consumer	4,090,360	1.43	0.80
E-commerce	4,002,549	1.40	1.54
Electrical and electronic	43,353,075	15.18	18.21
Engineering and machinery	6,190,313	2.17	-
Finance	12,133,624	4.26	9.73
Foods	-	-	0.70
Industrials	1,348,999	0.47	1.55
Insurance	6,109,374	2.14	3.27
Internet service	1,630,224	0.57	-
Iron & steel and metal	5,070,261	1.77	1.82
Manufacturing	24,545,689	8.61	4.34
Material	-	-	1.14
Mining	5,413,411	1.90	-
Miscellaneous	5,518,805	1.94	1.29
Oil and gas	14,308,739	5.01	4.66
Paper	5,648,025	1.98	1.86
Pharmaceutical	3,835,395	1.34	-
Property and real estate	30,950,277	10.84	10.19
Recycling	1,607,052	0.56	-
Retail	7,788,688	2.73	2.66
Semiconductor	2,939,468	1.03	2.02
Services	3,430,570	1.20	1.69
Shipbuilding	2,110,116	0.74	1.32
Telecommunication	9,087,972	3.18	5.51
Textiles	38,236	0.01	-
Tobacco	-	-	0.70
Transport	9,554,812	3.35	2.58
Wholesale	3,166,413	1.11	-
<b>Portfolio of investments</b>	<b>265,387,691</b>	<b>92.97</b>	<b>93.60</b>
<b>Other net assets</b>	<b>20,078,275</b>	<b>7.03</b>	<b>6.40</b>
<b>Net assets attributable to unitholders</b>	<b>285,465,966</b>	<b>100.00</b>	<b>100.00</b>

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

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

## 1. General

Legg Mason Asian Enterprise Trust (the "Fund") is an open-ended Unit Trust constituted pursuant to the Trust Deed dated 15 August 1995, as amended by various Supplemental Deeds between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason Asset Management (Asia) Pte Ltd. A Supplemental Deed dated 28 September 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

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

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

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

## 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 Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Fund.

### (b) Income recognition

Dividend income is recorded gross in the financial statements in the accounting period which the security is quoted ex-dividend.

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

### (c) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial period are converted into Singapore dollars 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 balance sheet date are taken to the Statement of Total Return.

### (d) Financial assets at fair value through profit or loss

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

#### (i) Initial recognition

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

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

(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 period 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 net of transaction costs, and taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for these investments held by the Fund is the current market quoted bid price.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

### 3. Income Tax

	30/9/2009	30/9/2008
	\$	\$
Overseas income tax	342,420	445,588
	<u>342,420</u>	<u>445,588</u>

(a) The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act); and
- (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore.

(b) The Singapore income tax represented 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.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 4. Distribution to unitholders

The Manager did not propose any distribution to unitholders for the financial period ended 30 September 2009 (30 September 2008: \$Nil).

### 5. Cash and bank balances

	30/9/2009	31/3/2009
	\$	\$
Cash and bank balances with a related company of the Trustee	7,627,622	3,149,692

### 6. Receivables

	30/9/2009	31/3/2009
	\$	\$
Amount due from unitholders	2,759,172	395,391
Dividends receivable	280,568	364,779
	<u>3,039,740</u>	<u>760,170</u>

The carrying amounts of receivables approximate their fair values.

### 7. Payables

	30/9/2009	31/3/2009
	\$	\$
Amount due to unitholders	751,231	1,223,828
Accrued management fee	344,960	194,710
Accrued trustee fee	35,163	10,160
Other payables and accruals	46,877	40,503
	<u>1,178,231</u>	<u>1,469,201</u>

The carrying amounts of payables approximate their fair values.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 8. Fair value of financial derivatives

The table below sets out the analysed notional contract amounts and fair value of spot foreign exchange contracts entered into with third parties. There were no outstanding spot foreign exchange contracts for the financial period ended 30 September 2009.

As at financial period end, commitments under spot foreign exchange contracts due for settlement within one month are as follows:

30/9/2009	Notional amount \$	Fair value assets \$	Fair value liabilities \$
Spot foreign exchange contracts	3,541,975	-	(227)

There were no spot foreign exchange contracts as at 31 March 2009.

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

All financial derivatives are stated at their fair values on the balance sheet.

### 9. Net assets attributable to unitholders

	30/9/2009 \$	31/3/2009 \$
<b>At the beginning of the financial period/year</b>	<b>162,584,946</b>	303,420,566
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	106,769,274	(134,432,764)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	41,803,985	72,512,118
Cancellation of units	(25,692,239)	(78,914,974)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	16,111,746	(6,402,856)
Total increase/(decrease) in net assets attributable to unitholders	122,881,020	(140,835,620)
<b>At the end of the financial period/year</b>	<b>285,465,966</b>	162,584,946
<b>Units in issue</b> (Note 10)	<b>131,743,627</b>	123,092,907
<b>Net assets attributable to unitholders per unit</b>	<b>2.17</b>	1.32

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

## 10. Units in issue

	30/9/2009	31/3/2009
Units at beginning of the financial period/year	123,092,907	125,886,958
Units created	21,955,565	37,370,491
Units cancelled	(13,304,845)	(40,164,542)
Units at end of the financial period/year	<u>131,743,627</u>	<u>123,092,907</u>

## 11. Related party transactions

As at 30 September 2009, the Manager of the Fund is Legg Mason International Equities (Singapore) Pte Ltd and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) 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.

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions took place during the financial period between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	30/9/2009 \$	30/9/2008 \$
Interest income received and receivable from a bank which is a related company of the Trustee	<u>802</u>	<u>25,405</u>
Interest expenses incurred with a bank which is a related company of the Trustee	<u>-</u>	<u>446</u>

## 12. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, interest rate risk and other 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 equity investments, fixed interest investments, 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 (Unaudited)

For the half year ended 30 September 2009

(a) Market risk

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

The Fund distinguishes market risk as follows:

- Price risk
- Interest rate risk
- Currency risk

(i) Price risk

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 30 September 2009 and 31 March 2009. 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 above. 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 *	
	30/9/2009 \$'000	31/3/2009 \$'000
MSCI Far East ex Japan Index	<b>32,920</b>	17,911

\* 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

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amount of risk due to fluctuations in the prevailing levels of market interest rates. No interest rate sensitivity analysis is presented.

(iii) Currency risk

The Fund holds securities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulators 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 (Unaudited)

For the half year ended 30 September 2009

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

As at 30 September 2009	HKD \$	KRW \$	SGD \$	TWD \$	Others \$	Total \$
<b>Assets</b>						
Portfolio of investments	107,581,455	58,792,057	28,231,780	50,367,088	20,415,311	265,387,691
Cash and bank balances	-	142	2,814,555	1,291,790	3,521,135	7,627,622
Receivables	219,700	-	2,759,173	32,455	28,412	3,039,740
Sales awaiting settlement	4,179,006	-	6,799,322	-	3,932,699	14,911,027
<b>Total assets</b>	<b>111,980,161</b>	<b>58,792,199</b>	<b>40,604,830</b>	<b>51,691,333</b>	<b>27,897,557</b>	<b>290,966,080</b>
<b>Liabilities</b>						
Payables	-	-	1,171,728	-	6,503	1,178,231
Purchases awaiting settlement	4,321,656	-	-	-	-	4,321,656
Net assets attributable to unitholders	-	-	285,465,966	-	-	285,465,966
<b>Total liabilities</b>	<b>4,321,656</b>	<b>-</b>	<b>286,637,694</b>	<b>-</b>	<b>6,503</b>	<b>290,965,853</b>
<b>Net</b>	<b>107,658,505</b>	<b>58,792,199</b>	<b>(246,032,864)</b>	<b>51,691,333</b>	<b>27,891,054</b>	
Add/(Less): Financial derivatives	(158)	-	-	-	(69)	
<b>Currency exposure</b>	<b>107,658,347</b>	<b>58,792,199</b>	<b>(246,032,864)</b>	<b>51,691,333</b>	<b>27,890,985</b>	

As at 31 March 2009	HKD \$	KRW \$	SGD \$	TWD \$	THB \$	Others \$	Total \$
<b>Assets</b>							
Portfolio of investments	69,120,640	33,481,913	12,538,705	34,402,981	1,340,466	1,297,947	152,182,652
Cash and bank balances	8,836	130	396,397	1,873,894	-	870,435	3,149,692
Receivables	60,730	304,047	395,391	-	-	2	760,170
Sales awaiting settlement	1,905,240	-	1,446,548	-	1,342,956	3,266,889	7,961,633
<b>Total assets</b>	<b>71,095,446</b>	<b>33,786,090</b>	<b>14,777,041</b>	<b>36,276,875</b>	<b>2,683,422</b>	<b>5,435,273</b>	<b>164,054,147</b>
<b>Liabilities</b>							
Payables	-	-	1,459,865	-	-	9,336	1,469,201
Net assets attributable to unitholders	-	-	162,584,946	-	-	-	162,584,946
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>164,044,811</b>	<b>-</b>	<b>-</b>	<b>9,336</b>	<b>164,054,147</b>

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

Currency	Currency risen / lowered by 5% Increase / (decrease) in net assets attributable to unitholders	
	30/9/2009	31/3/2009
	\$	\$
HKD	5,382,917	3,554,772
KRW	2,939,610	1,689,305
TWD	2,584,567	1,813,844

(b) Liquidity risk

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

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances). At 30 September 2009, there are no investments in unlisted or unquoted securities (31 March 2009:\$Nil).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The 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.

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 balance sheet 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 30 September 2009	Due on Demand	Less than 3 months
	\$	\$
<b>Liabilities</b>		
Payables	-	1,178,231
Purchases awaiting settlement	-	4,321,656
Fair value of financial derivatives	-	227
Net assets attributable to unitholders	<b>285,465,966</b>	-

As at 31 March 2009

<b>Liabilities</b>		
Payables	-	1,469,201
Net assets attributable to unitholders	<b>162,584,946</b>	-

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

(c) Credit risk

Credit risk is the risk that 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.

As such, the Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

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 tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 30 September 2009 and 31 March 2009.

	Amount \$	Credit Rating	Source of Credit Rating
<b>As at 30 September 2009</b>			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	265,387,691	Aa1	Moody's
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	7,627,622	Aa1	Moody's

As at 31 March 2009

<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	152,182,652	Aa1	Moody's
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	3,149,692	Aa1	Moody's

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

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 13. Secured credit facility

The Fund has a credit facility with HSBC at 30 September 2009

	30/9/2009	31/3/2009
	\$	\$
<u>Facility</u>		
Overdraft	<b>8 million</b>	8 million

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at period end.

### 14. Financial ratios

	30/9/2009	30/9/2008
	%	%
Expense ratio <sup>1</sup>	<b>1.84</b>	1.85
Portfolio turnover ratio <sup>2</sup>	<b>97.62</b>	88.85

<sup>1</sup> Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, 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 fees.

<sup>2</sup> Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

# Report to Unitholders

For the half year ended 30 September 2009

## Investment Allocation as at 30 September 2009

<b>By Country</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Bermuda	2,398,533	0.84
Cayman Islands	1,607,052	0.56
China	45,010,918	15.77
Hong Kong	64,206,350	22.49
India	3,245,822	1.14
Indonesia	9,308,118	3.26
Luxembourg	1,012,796	0.36
Macau	1,207,177	0.42
Singapore	28,231,780	9.89
South Korea	58,792,057	20.60
Taiwan	50,367,088	17.64
<b>Portfolio of investments</b>	<b>265,387,691</b>	<b>92.97</b>
<b>Other net assets</b>	<b>20,078,275</b>	<b>7.03</b>
<b>Total</b>	<b>285,465,966</b>	<b>100.00</b>

# Report to Unitholders

For the half year ended 30 September 2009

<b>By Industry</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Agriculture	3,754,450	1.31
Automotives and trucks	1,905,527	0.67
Bank	15,794,758	5.53
Building and construction	6,894,440	2.42
Building and construction material	2,792,773	0.98
Chemical	4,792,310	1.68
Computer and software	15,580,986	5.46
Consumer	4,090,360	1.43
E-commerce	4,002,549	1.40
Electrical and electronic	43,353,075	15.18
Engineering and machinery	6,190,313	2.17
Finance	12,133,624	4.26
Industrials	1,348,999	0.47
Insurance	6,109,374	2.14
Internet service	1,630,224	0.57
Iron & steel and metal	5,070,261	1.77
Manufacturing	24,545,689	8.61
Mining	5,413,411	1.90
Miscellaneous	5,518,805	1.94
Oil and gas	14,308,739	5.01
Paper	5,648,025	1.98
Pharmaceutical	3,835,395	1.34
Property and real estate	30,950,277	10.84
Recycling	1,607,052	0.56
Retail	7,788,688	2.73
Semiconductor	2,939,468	1.03
Services	3,430,570	1.20
Shipbuilding	2,110,116	0.74
Telecommunication	9,087,972	3.18
Textiles	38,236	0.01
Transport	9,554,812	3.35
Wholesale	3,166,413	1.11
<b>Portfolio of investments</b>	<b>265,387,691</b>	<b>92.97</b>
<b>Other net assets</b>	<b>20,078,275</b>	<b>7.03</b>
<b>Total</b>	<b>285,465,966</b>	<b>100.00</b>

# Report to Unitholders

For the half year ended 30 September 2009

<b>By Asset Class</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Equities	265,387,691	92.97
<b>Portfolio of investments</b>	<b>265,387,691</b>	<b>92.97</b>
<b>Other net assets</b>	<b>20,078,275</b>	<b>7.03</b>
<b>Total</b>	<b>285,465,966</b>	<b>100.00</b>

## Top 10 Holdings

<b>Holdings as at 30 September 2009</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Samsung Electronics Co Limited	16,475,628	5.77
BYD Co Limited	10,701,220	3.75
China Mobile Limited	9,087,972	3.18
Industrial and Commercial Bank of China H Shares	8,736,329	3.06
Formosa Epitaxy Inc	8,463,430	2.96
Ezra Holdings Pte Limited	6,499,160	2.28
Bumi Resources	6,190,313	2.17
Falcon Energy Group Limited	5,988,400	2.10
Nine Dragons Paper Holdings Limited	5,648,025	1.98
Sun Hung Kai Properties Limited	5,481,405	1.92

<b>Holdings as at 30 September 2008</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Hong Kong Exchanges and Clearing Limited	9,430,422	5.16
Samsung Electronics Co Limited	9,380,485	5.13
Industrial and Commercial Bank of China H Shares	8,756,687	4.79
Singapore Exchange Limited	7,631,850	4.17
China Life Insurance Co Limited H Shares	7,556,960	4.13
Sun Hung Kai Properties Limited	6,438,589	3.52
China Mobile Limited	6,162,711	3.37
Cosco Corporation (Singapore) Limited	4,821,000	2.64
China Resources Land Limited	4,472,306	2.45
Namhae Chemical Corporation	4,091,336	2.24

## Report to Unitholders

For the half year ended 30 September 2009

### Exposure to Derivatives

	Market value in SGD	% of NAV
Spot foreign exchange contracts as at 30 September 2009	(227)	- *
Net gains/(losses) on contracts realised for the period 1 April 2009 to 30 September 2009	(234,432)	
Net gains/(losses) on outstanding contracts marked to market as at 30 September 2009	(227)	

\* Less than 0.0001%

### Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 30 September 2009

### Borrowings

Nil as at 30 September 2009

### Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 30 September 2009

	SGD
Redemptions	\$25,692,239
Subscriptions	\$41,803,985

### Related Party Transactions

For the period 1 April 2009 to 30 September 2009

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

### Performance

	Legg Mason Asian Enterprise Trust*	Benchmark
3-month	+ 19.41%	+ 15.92%
6-month	+ 63.68%	+ 46.19%
1-year	+ 41.22%	+ 24.80%
3-year	+ 2.92%	+ 3.56%
5-year	+ 8.91%	+ 10.30%
10-year	+ 6.36%	+ 5.50%
Since inception	+ 6.08%	+ 3.49%

\* Average Annual Compounded Return for periods above one year, bid to bid with dividends reinvested

Benchmark : MSCI AC Far East ex Japan (S\$)

The inception date was 27 September 1995

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

# Report to Unitholders

For the half year ended 30 September 2009

## Expense Ratio

For the period 1 October 2008 to 30 September 2009	1.84%
For the period 1 October 2007 to 30 September 2008	1.85%

*The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.*

*The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.*

## Turnover Ratio

For the period 1 April 2009 to 30 September 2009	97.62%
For the period 1 April 2008 to 30 September 2008	88.85%

*The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.*

*The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.*

## Other Material Information

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

## Soft Dollar Commission/Arrangements

The Investment Manager shall be entitled to and currently do receive and enter into soft dollar commissions or arrangements in respect of the Fund. The Investment Manager will comply with applicable regulatory and industry standards on soft dollar commissions or arrangements. The soft dollar commissions or arrangements include specific advice as to the advisability of dealing in, or as to 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 services in relation to the investments managed for clients.

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

The Investment Manager will not accept or enter into soft dollar commissions or arrangements unless (a) such soft dollar commissions or arrangements would, in the opinion of the Investment Manager, assist the Investment Manager in its management of the relevant Fund, (b) the Investment Manager shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and (c) no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements.

All goods and services acquired with the soft dollar commission were for the benefit of the Fund. The broker(s), who has executed trades for other schemes managed by the Investment Manager, had executed the trades on best available terms and there was no churning of trades.

**Legg Mason Asian Enterprise Trust**

**Legg Mason Southeast Asia Special Situations Trust**

Legg Mason Funds

- Legg Mason Singapore Dollar Fund
- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

## Statement of Total Return (Unaudited)

For the half year ended 30 September 2009

	Notes	30/9/2009 \$	30/9/2008 \$
<b>Income</b>			
Dividends		6,479,185	6,520,444
Interest income		1,115	240,292
		<b>6,480,300</b>	<b>6,760,736</b>
<b>Less: Expenses</b>			
Audit fee		10,262	10,980
Custody fee	11	104,284	114,483
Management fee	11	2,615,038	3,067,382
Trustee fee	11	133,259	155,876
Registration fee	11	19,233	54,986
Printing expenses		12,531	35,993
Professional fees		23,025	25,308
Valuation fee	11	46,717	54,257
Goods & service tax		169,577	245,912
Other expenses		9,748	14,046
		<b>3,143,674</b>	<b>3,779,223</b>
<b>Net investment income</b>		<b>3,336,626</b>	<b>2,981,513</b>
<b>Net gains or losses on value of investments</b>			
Net realised gains/(losses) on investments		39,919,818	(40,537,872)
Net change in fair value on investments		196,273,318	(121,850,134)
Net realised losses on financial derivatives		(946,270)	-
Net change in fair value on financial derivatives		14,481	(433)
Net foreign exchange losses		(290,466)	(400,368)
<b>Net gains/(losses) on value of investments</b>		<b>234,970,881</b>	<b>(162,788,807)</b>
<b>Total return/(deficit) for the half year before income tax</b>		<b>238,307,507</b>	<b>(159,807,294)</b>
<b>Less: Income tax</b>	3	<b>(447,395)</b>	<b>(405,028)</b>
<b>Total return/(deficit) for the half year</b>		<b>237,860,112</b>	<b>(160,212,322)</b>

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

**Balance Sheet (Unaudited)**

As at 30 September 2009

	Notes	30/9/2009 \$	31/3/2009 \$
<b>ASSETS</b>			
Portfolio of investments		<b>432,683,522</b>	167,910,054
Cash and bank balances	5	<b>26,802,412</b>	5,612,270
Receivables	6	<b>7,275,632</b>	6,648,795
Sales awaiting settlement		<b>4,136,580</b>	12,620,944
Fair value of financial derivatives	8	<b>14,702</b>	-
<b>Total assets</b>		<b>470,912,848</b>	192,792,063
<b>LIABILITIES</b>			
Payables	7	<b>2,785,819</b>	6,658,012
Purchases awaiting settlement		<b>2,816,151</b>	-
Fair value of financial derivatives	8	<b>221</b>	-
Net assets attributable to unitholders	9	<b>465,310,657</b>	186,134,051
<b>Total liabilities</b>		<b>470,912,848</b>	192,792,063

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b>By Geography - Quoted Equity Investments</b>			
<b>China</b>			
BYD Co Ltd H Shares	866,000	10,029,498	2.16
Zhong An Real Estate Limited	12,211,000	7,037,726	1.51
		<hr/>	
		17,067,224	3.67
		<hr/>	
<b>Hong Kong</b>			
China Animal Healthcare Limited	20,000,000	4,800,000	1.03
China Public Procurement Limited	25,208,000	3,849,812	0.83
Hong Kong Exchanges And Clearing Limited	215,600	5,487,805	1.18
Nine Dragons Paper Holdings Limited	4,635,000	8,393,265	1.80
Star Cruises Limited	44,238,000	15,895,056	3.42
Zznode Technologies Company Limited	17,884,000	4,031,886	0.86
		<hr/>	
		42,457,824	9.12
		<hr/>	
<b>India</b>			
Aban Offshore Limited	193,020	9,012,399	1.94
Bajaj Hindusthan Limited	828,368	4,471,825	0.96
Maruti Suzuki India Limited	294,070	14,644,055	3.15
Reliance Industries Limited	76,345	4,916,466	1.05
Unitech Limited	2,867,670	9,021,310	1.94
		<hr/>	
		42,066,055	9.04
		<hr/>	
<b>Indonesia</b>			
Astra International Inc	2,519,000	11,990,459	2.58
Bakrieland Development	197,624,500	10,516,183	2.26
Bank Danamon Indonesia	15,189,500	10,961,580	2.36
Bumi Resources	35,522,500	16,572,116	3.56
PT Holcim Indonesia Tbk	64,107,500	12,430,395	2.67
Perusahaan Gas Negara	10,199,500	5,353,106	1.15
Tambang Batubara Bukit Asam	3,913,000	8,015,131	1.72
		<hr/>	
		75,838,970	16.30
		<hr/>	
<b>Israel</b>			
Sarin Technologies Limited	2,109,000	738,150	0.16
		<hr/>	

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Equity Investments (continued)</u></b>			
<b>Malaysia</b>			
Astro All Asia Networks PLC	2,419,900	3,428,478	0.74
Dreamgate Corporation	5,170,800	347,349	0.07
Eastern & Oriental	8,182,600	4,830,410	1.04
Malaysian Resources Corporation	16,095,200	8,846,162	1.90
Sime Darby	2,016,800	6,971,003	1.50
		24,423,402	5.25
<b>Singapore</b>			
Allgreen Properties Limited	3,904,000	4,411,520	0.95
Armstrong Industrial Corporation	28,062,000	7,015,500	1.51
Capitaretail China Trust	2,698,000	3,264,580	0.70
China Environment Limited	8,400,000	5,712,000	1.23
CWT Limited	8,858,000	5,713,410	1.23
Del Monte Pacific Limited	5,570,000	2,868,550	0.61
Ezion Holdings Limited	9,580,000	7,568,200	1.63
Ezra Holdings Pte Limited	8,695,000	16,346,600	3.51
Falcon Energy Group Limited	8,290,000	7,295,200	1.57
Genting Singapore PLC Nil Paid Rights 12/10/2009	2,846,000	882,260	0.19
Genting Singapore PLC	14,230,000	15,937,600	3.43
Indofood Agri Resources Limited	3,744,000	5,990,400	1.29
Jiutian Chemical Group Limited	72,094,000	17,663,030	3.80
Keppel Land Limited	4,371,000	11,932,830	2.56
Marco Polo Marine Limited	13,280,000	6,772,800	1.45
Pec Limited	8,302,000	6,184,990	1.33
Rotary Engineering Limited	7,210,000	8,219,400	1.76
SC Global Developments Limited	5,316,000	8,292,960	1.78
Singapore Airport Terminal Services Limited	5,145,000	11,576,250	2.49
Straits Asia Resources Limited	4,935,000	10,462,200	2.25
Tiong Woon Corporation Holdings Limited	10,400,000	9,464,000	2.03
		173,574,280	37.30

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Equity Investments (continued)</u></b>			
<b>Thailand</b>			
Bangkok Bank Public Company Limited Foreign	1,679,500	8,676,926	1.87
Country Group Securities Public Company Limited NVDR	61,385,600	3,210,244	0.69
LPN Development Public Company Limited NVDR	4,690,200	1,443,990	0.31
LPN Development Public Company Limited Foreign	30,128,700	9,275,836	1.99
Minor International Public Company Limited Foreign	23,266,600	11,971,334	2.57
PTT Public Company Limited Foreign	1,064,000	11,397,908	2.45
TISCO Financial Group Public Company Limited Foreign	5,733,900	5,513,594	1.19
True Corporation Public Company Limited NVDR	36,345,700	5,027,785	1.08
		56,517,617	12.15
<b>Quoted Equity Investments</b>		<b>432,683,522</b>	<b>92.99</b>
<b>Portfolio of investments</b>		<b>432,683,522</b>	<b>92.99</b>
<b>Other net assets</b>		<b>32,627,135</b>	<b>7.01</b>
<b>Net assets attributable to unitholders</b>		<b>465,310,657</b>	<b>100.00</b>

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	<b>Percentage of total net assets attributable to unitholders at 30/9/2009</b>	<b>Percentage of total net assets attributable to unitholders at 31/3/2009</b>
	%	%
<b>By Geography (Summary)</b>		
<b>Quoted Equity Investments</b>		
China	<b>3.67</b>	4.05
Hong Kong	<b>9.12</b>	10.46
India	<b>9.04</b>	0.61
Indonesia	<b>16.30</b>	12.46
Israel	<b>0.16</b>	-
Luxembourg	-	2.77
Malaysia	<b>5.25</b>	7.16
Philippines	-	2.70
Singapore	<b>37.30</b>	32.46
South Korea	-	2.84
Taiwan	-	1.99
Thailand	<b>12.15</b>	12.71
	<hr/>	<hr/>
<b>Portfolio of investments</b>	<b>92.99</b>	90.21
<b>Other net assets</b>	<b>7.01</b>	9.79
	<hr/>	<hr/>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00
	<hr/>	<hr/>

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Industry</b>			
Agriculture	5,990,400	1.29	7.19
Autos and trucks	14,644,055	3.15	-
Bank	19,638,506	4.23	15.28
Building and construction	35,128,277	7.55	0.81
Chemical	17,663,030	3.80	1.55
Commercial Svcs	11,576,250	2.49	-
Computer and software	4,031,886	0.86	0.61
Consumer	15,895,056	3.42	2.71
Diversified resource	15,983,402	3.44	-
Electrical and electronic	-	-	4.92
Energy	-	-	1.37
Engineering and machinery	38,544,706	8.28	0.72
Entertainment	5,147,349	1.10	-
Finance	14,211,643	3.06	4.80
Foods	7,340,375	1.57	1.62
Hotels	11,971,334	2.57	-
Industrials	-	-	2.64
Machine Tools	-	-	2.62
Manufacturing	14,617,460	3.15	4.61
Material	10,462,200	2.25	2.35
Media	3,428,478	0.74	-
Mining	8,015,131	1.72	-
Miscellaneous	-	-	6.40
Oil & gas	24,046,214	5.17	1.83
Paper	8,393,265	1.80	2.52
Petrochemicals	4,916,466	1.05	-
Real estate	72,995,485	15.68	10.90
Retail	11,990,459	2.58	1.11
Rubber	7,015,500	1.51	1.73
Services	5,712,000	1.23	1.11
Shipbuilding	6,772,800	1.45	1.55
Shipping	-	-	2.84
Telecommunication	5,027,785	1.08	-
Transport	25,810,600	5.54	3.39
Warehousing	5,713,410	1.23	3.03
<b>Portfolio of investments</b>	<b>432,683,522</b>	<b>92.99</b>	<b>90.21</b>
<b>Other net assets</b>	<b>32,627,135</b>	<b>7.01</b>	<b>9.79</b>
<b>Net assets attributable to unitholders</b>	<b>465,310,657</b>	<b>100.00</b>	<b>100.00</b>

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

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

### 1. General

Legg Mason Southeast Asia Special Situations 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 between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason Asset Management (Asia) Pte Ltd. A Supplemental Deed dated 28 September 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

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

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

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

### 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 Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Fund.

#### (b) Income recognition

Dividend income is recorded gross in the financial statements in the accounting period which the security is quoted ex-dividend.

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

#### (c) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial period are converted into Singapore dollars 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 balance sheet date are taken to the Statement of Total Return.

#### (d) Financial assets at fair value through profit or loss

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

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the period 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 net of transaction costs, and taken up in the Statement of Total Return.

(e) **Basis of valuation of investments**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for these investments held by the Fund is the current market quoted bid price.

(f) **Derivative financial instruments**

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

### 3. **Income Tax**

	30/9/2009	30/9/2008
	\$	\$
Overseas income tax	447,395	405,028
	<u>447,395</u>	<u>405,028</u>

(a) The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act); and
- (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore.

(b) The Singapore income tax represented 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.

### 4. **Distribution to unitholders**

The Manager did not propose any distribution to unitholders for the financial period ended 30 September 2009 (30 September 2008: \$Nil).

**Notes to the Financial Statements (Unaudited)**

For the half year ended 30 September 2009

**5. Cash and bank balances**

	30/9/2009	31/3/2009
	\$	\$
Held with a related company of the Trustee:		
- Cash and bank balances	26,802,412	5,612,270

**6. Receivables**

	30/9/2009	31/3/2009
	\$	\$
Amount due from unitholders	7,146,791	6,196,873
Dividends receivable	128,841	451,922
	<b>7,275,632</b>	<b>6,648,795</b>

The carrying amounts of receivables approximate their fair values.

**7. Payables**

	30/9/2009	31/3/2009
	\$	\$
Amount due to unitholders	1,964,904	6,382,198
Accrued management fee	560,213	224,074
Accrued trustee fee	55,421	11,628
Amount due to the Manager	157,267	663
Other payables and accruals	48,014	39,449
	<b>2,785,819</b>	<b>6,658,012</b>

The carrying amounts of payables approximate their fair values.

**8. Fair value of financial derivatives**

The table below sets out the analysed notional contract amounts and fair value of spot foreign exchange contracts entered into with third parties.

As at 30 September 2009, commitments under spot foreign exchange contracts due for settlement within one month are as follows:

	Notional amount	Fair value assets	Fair value liabilities
	\$	\$	\$
Spot foreign exchange contracts	2,747,333	14,702	(221)

As at 31 March 2009, there were no positions outstanding financial derivative contracts.

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

All financial derivatives were stated at their fair values on the balance sheet.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 9. Net assets attributable to unitholders

	30/9/2009	31/3/2009
	\$	\$
<b>At the beginning of the financial period/year</b>	<b>186,134,051</b>	<b>454,293,127</b>
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	237,860,112	(230,749,221)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	101,769,499	66,833,845
Cancellation of units	(60,453,005)	(104,243,700)
Change in net assets attributable to unitholders resulting from net creation of units	41,316,494	(37,409,855)
Total increase/(decrease) in net assets attributable to unitholders	279,176,606	(268,159,076)
<b>At the end of the financial period/year</b>	<b>465,310,657</b>	<b>186,134,051</b>
<b>Units in issue</b> (Note 10)	<b>258,031,009</b>	<b>231,240,019</b>
<b>Net assets attributable to unitholders per unit</b>	<b>1.80</b>	<b>0.80</b>

### 10. Units in issue

	30/9/2009	31/3/2009
Units at beginning of the financial period/year	231,240,019	263,032,953
Units created	67,364,340	42,900,072
Units cancelled	(40,573,350)	(74,693,006)
Units at end of the financial period/year	<b>258,031,009</b>	<b>231,240,019</b>

### 11. Related party transactions

As at 30 September 2009, the Manager of the Fund is Legg Mason International Equities (Singapore) Pte Ltd and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) 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.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions took place during the financial period between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	30/9/2009	30/9/2008
	\$	\$
Interest income received and receivable from a bank which is a related company of the Trustee	1,115	239,835
Interest expenses incurred with a bank which is a related company of the Trustee	-	2,577

### 12. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, interest rate risk and other 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 equity investments, fixed interest investments, 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.

#### (a) Market risk

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

The Fund distinguishes market risk as follows:

- Price risk
- Interest rate risk
- Currency risk

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

(i) Price risk

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 30 September 2009 and 31 March 2009. 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 above. 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 *	
	30/9/2009 \$'000	31/3/2009 \$'000
MSCI Far East ex Japan, ex China, ex Hong Kong, ex Taiwan,	<b>67,343</b>	23,665

\* 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

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amount of risk due to fluctuations in the prevailing levels of market interest rates. No interest rate sensitivity analysis is presented.

(iii) Currency risk

The Fund holds securities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulators 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 (Unaudited)

For the half year ended 30 September 2009

The table below summarises the exposure to currency risks for the Fund:

As at 30 September 2009

	IDR \$	HKD \$	SGD \$	THB \$	Others \$	Total \$
<b>Assets</b>						
<b>(excluding foreign exchange derivatives)</b>						
Portfolio of investments	75,838,970	38,829,992	179,112,430	56,517,617	82,384,513	432,683,522
Cash and bank balances	-	-	13,823,187	-	12,979,225	26,802,412
Receivables	-	-	7,146,791	-	128,841	7,275,632
Sales awaiting settlement	-	-	1,792,499	-	2,344,081	4,136,580
<b>Total assets</b>	<b>75,838,970</b>	<b>38,829,992</b>	<b>201,874,907</b>	<b>56,517,617</b>	<b>97,836,660</b>	<b>470,898,146</b>
<b>Liabilities</b>						
Payables	-	-	2,780,743	-	5,076	2,785,819
Purchases awaiting settlement	-	-	-	-	2,816,151	2,816,151
Net assets attributable to unitholders	-	-	465,310,657	-	-	465,310,657
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>468,091,400</b>	<b>-</b>	<b>2,821,227</b>	<b>470,912,627</b>
<b>Net</b>	<b>75,838,970</b>	<b>38,829,992</b>	<b>(266,216,493)</b>	<b>56,517,617</b>	<b>95,015,433</b>	<b>(14,481)</b>
Add/(Less): Financial derivatives	-	-	-	-	14,481	14,481
<b>Currency exposure</b>	<b>75,838,970</b>	<b>38,829,992</b>	<b>(266,216,493)</b>	<b>56,517,617</b>	<b>95,029,914</b>	<b>-</b>

As at 31 March 2009

	IDR \$	HKD \$	SGD \$	THB \$	Others \$	Total \$
<b>Assets</b>						
Portfolio of investments	23,185,309	21,955,384	65,705,116	23,656,435	33,407,810	167,910,054
Cash and bank balances	-	1,652,010	867,331	-	3,092,929	5,612,270
Receivables	-	-	6,196,873	141,611	310,311	6,648,795
Sales awaiting settlement	-	3,483,090	1,911,843	3,421,536	3,804,475	12,620,944
<b>Total assets</b>	<b>23,185,309</b>	<b>27,090,484</b>	<b>74,681,163</b>	<b>27,219,582</b>	<b>40,615,525</b>	<b>192,792,063</b>
<b>Liabilities</b>						
Payables	-	-	6,653,936	-	4,076	6,658,012
Net assets attributable to unitholders	-	-	186,134,051	-	-	186,134,051
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>192,787,987</b>	<b>-</b>	<b>4,076</b>	<b>192,792,063</b>
<b>Net</b>	<b>23,185,309</b>	<b>27,090,484</b>	<b>(118,106,824)</b>	<b>27,219,582</b>	<b>40,611,449</b>	<b>-</b>
Add/(Less): Financial derivatives	-	-	-	-	-	-
<b>Currency exposure</b>	<b>23,185,309</b>	<b>27,090,484</b>	<b>(118,106,824)</b>	<b>27,219,582</b>	<b>40,611,449</b>	<b>-</b>

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

Currency	Currency risen / lowered by 5% Increase / (decrease) in net assets attributable to unitholders	
	30/9/2009	31/3/2009
	\$	\$
HKD	1,941,500	1,354,524
IDR	3,791,949	1,159,265
THB	2,825,881	1,360,979

(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). As at 30 September 2009, there are no investments in unlisted or unquoted securities (31 March 2009: \$Nil).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The 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.

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 balance sheet 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 30 September 2009	Due on Demand	Less than 3 months
	\$	\$
<b>Liabilities</b>		
Payables	-	2,785,819
Purchases awaiting settlement	-	2,816,151
Fair value of financial derivatives	-	221
Net assets attributable to unitholders	<b>465,310,657</b>	-

As at 31 March 2009

<b>Liabilities</b>		
Payables	-	6,658,012
Net assets attributable to unitholders	186,134,051	-

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

(c) Credit risk

Credit risk is the risk that 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.

As such, the Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

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 tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 30 September 2009 and 31 March 2009.

	Amount \$	Credit Rating	Source of Credit Rating
<b>As at 30 September 2009</b>			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	432,683,522	Aa1	Moody's
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	26,802,412	Aa1	Moody's
 As at 31 March 2009			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	167,910,054	Aa1	Moody's
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	5,612,270	Aa1	Moody's

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

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 13. Secured credit facility

The Fund has a credit facility with HSBC at 30 September 2009 and 31 March 2009

	30/9/2009	31/3/2009
	\$	\$
<u>Facility</u>		
Overdraft	<b>10 million</b>	10 million

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at period end.

### 14. Financial ratios

	30/9/2009	30/9/2008
	%	%
Expense ratio <sup>1</sup>	<b>1.83</b>	1.85
Portfolio turnover ratio <sup>2</sup>	<b>109.19</b>	89.31

<sup>1</sup> Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, 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 fees.

<sup>2</sup> Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

## Report to Unitholders

For the half year ended 30 September 2009

### Investment Allocation as at 30 September 2009

By Country	Market Value in SGD	% of NAV
China	17,067,224	3.67
Hong Kong	42,457,824	9.12
India	42,066,055	9.04
Indonesia	75,838,970	16.30
Israel	738,150	0.16
Malaysia	24,423,402	5.25
Singapore	173,574,280	37.30
Thailand	56,517,617	12.15
<b>Portfolio of investments</b>	<b>432,683,522</b>	<b>92.99</b>
<b>Other net assets</b>	<b>32,627,135</b>	<b>7.01</b>
<b>Total</b>	<b>465,310,657</b>	<b>100.00</b>

By Industry	Market Value in SGD	% of NAV
Agriculture	5,990,400	1.29
Autos and trucks	14,644,055	3.15
Bank	19,638,506	4.23
Building and construction	35,128,277	7.55
Chemical	17,663,030	3.80
Commercial Svcs	11,576,250	2.49
Computer and software	4,031,886	0.86
Consumer	15,895,056	3.42
Diversified resource	15,983,402	3.44
Engineering and machinery	38,544,706	8.28
Entertainment	5,147,349	1.10
Finance	14,211,643	3.06
Foods	7,340,375	1.57
Hotels	11,971,334	2.57
Manufacturing	14,617,460	3.15
Material	10,462,200	2.25
Media	3,428,478	0.74
Mining	8,015,131	1.72
Oil & gas	24,046,214	5.17
Paper	8,393,265	1.80
Petrochemicals	4,916,466	1.05
Real estate	72,995,485	15.68
Retail	11,990,459	2.58
Rubber	7,015,500	1.51
Services	5,712,000	1.23
Shipbuilding	6,772,800	1.45
Telecommunication	5,027,785	1.08
Transport	25,810,600	5.54
Warehousing	5,713,410	1.23
<b>Portfolio of investments</b>	<b>432,683,522</b>	<b>92.99</b>
<b>Other net assets</b>	<b>32,627,135</b>	<b>7.01</b>
<b>Total</b>	<b>465,310,657</b>	<b>100.00</b>

# Report to Unitholders

For the half year ended 30 September 2009

By Asset Class	Market Value in SGD	% of NAV
Equities	432,683,522	92.99
<b>Portfolio of investments</b>	<b>432,683,522</b>	<b>92.99</b>
<b>Other net assets</b>	<b>32,627,135</b>	<b>7.01</b>
<b>Total</b>	<b>465,310,657</b>	<b>100.00</b>

## Top 10 Holdings

Holdings as at 30 September 2009	Market Value in SGD	% of NAV
Jiutian Chemical Group Limited	17,663,030	3.80
Bumi Resources	16,572,116	3.56
Ezra Holdings Pte Limited	16,346,600	3.51
Genting Singapore PLC	15,937,600	3.43
Star Cruises Limited	15,895,056	3.42
Maruti Suzuki India Limited	14,644,055	3.15
PT Holcim Indonesia Tbk	12,430,395	2.67
Astra International Inc	11,990,459	2.58
Keppel Land Limited	11,932,830	2.56
Singapore Airport Terminal Services Limited	11,576,250	2.49

Holdings as at 30 September 2008	Market Value in SGD	% of NAV
Singapore Exchange Limited	16,072,860	6.04
PT Indo Tambangraya Megah Tbk	14,671,027	5.52
Hong Kong Exchanges And Clearing Limited	11,341,878	4.26
Cosco Corporation (Singapore) Limited	9,463,500	3.56
Gamuda	9,022,996	3.39
Capitaland Limited	8,314,300	3.13
United Overseas Bank Limited	8,322,880	3.13
CWT Limited	7,670,390	2.88
STX Pan Ocean Co Limited	7,548,450	2.84
Ezra Holdings Pte Limited	7,496,420	2.82

## Report to Unitholders

For the half year ended 30 September 2009

### Exposure to Derivatives

	Market value in SGD	% of NAV
Spot foreign exchange contracts as at 30 September 2009	14,481	- *
Net gains/(losses) on contracts realised for the period 1 April 2009 to 30 September 2009	(946,270)	
Net gains/(losses) on outstanding contracts marked to market as at 30 September 2009	14,481	

\* *Less than 0.01%*

### Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 30 September 2009

### Borrowings

Nil as at 30 September 2009

### Amount of Redemptions and Subscriptions

*For the period 1 April 2009 to 30 September 2009*

	SGD
Redemptions	\$60,453,005
Subscriptions	\$101,769,499

### Related Party Transactions

*For the period 1 April 2009 to 30 September 2009*

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

# Report to Unitholders

For the half year ended 30 September 2009

## Performance

	<b>Legg Mason Southeast Asia Special Situations Trust*</b>	<b>Benchmark</b>
3-month	+ 29.44%	+ 17.66%
6-month	+ 123.65%	+ 59.17%
1-year	+ 64.20%	+ 21.86%
3-year	+ 11.54%	+ 7.99%
5-year	+ 14.12%	+ 12.10%
10-year	+ 8.92%	+ 6.24%
Since inception	+ 12.26%	+ 3.75%

\* Average Annual Compounded Return for periods above one year, bid to bid with dividends reinvested

Benchmark : MSCI AC Far East ex Japan, ex China, ex Hong Kong, ex Taiwan, ex Korea (S\$)

The inception date was 2 March 1998

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

## Expense Ratio

For the period 1 October 2008 to 30 September 2009	1.83%
For the period 1 October 2007 to 30 September 2008	1.85%

*The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.*

*The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.*

## Turnover Ratio

For the period 1 April 2009 to 30 September 2009	109.19%
For the period 1 April 2008 to 30 September 2008	89.31%

*The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.*

*The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.*

## Other Material Information

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

## Report to Unitholders

For the half year ended 30 September 2009

### Soft Dollar Commission/Arrangements

The Investment Manager shall be entitled to and currently do receive and enter into soft dollar commissions or arrangements in respect of the Fund. The Investment Manager will comply with applicable regulatory and industry standards on soft dollar commissions or arrangements. The soft dollar commissions or arrangements include specific advice as to the advisability of dealing in, or as to 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 services in relation to the investments managed for clients.

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

The Investment Manager will not accept or enter into soft dollar commissions or arrangements unless (a) such soft dollar commissions or arrangements would, in the opinion of the Investment Manager, assist the Investment Manager in its management of the relevant Fund, (b) the Investment Manager shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and (c) no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements.

All goods and services acquired with the soft dollar commission were for the benefit of the Fund. The broker(s), who has executed trades for other schemes managed by the Investment Manager, had executed the trades on best available terms and there was no churning of trades.

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**Legg Mason Asian Enterprise Trust**

Legg Mason Southeast Asia Special Situations Trust

**Legg Mason Funds**

- **Legg Mason Singapore Dollar Fund**

- **Legg Mason Singapore Opportunities Trust**

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

# Statement of Total Return (Unaudited)

For the half year ended 30 September 2009

		30/9/2009	
		Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
	Note		
<b>Income</b>			
Dividend income		-	679,879
Interest income	11	73,042	30
		<b>73,042</b>	<b>679,909</b>
<b>Less: Expenses</b>			
Audit fee		6,017	5,908
Custody fee	11	16,204	4,708
Management fee	11	156,717	10,675
Trustee fee	11	-	8,520
Registration fee	11	2,135	2,016
Printing expenses		3,009	2,507
Professional fees		6,516	4,800
Valuation fee	11	12,331	5,835
Goods & services tax		3,904	1,540
Other expenses		2,902	(698)
		<b>209,735</b>	<b>45,811</b>
<b>Net investment (loss)/income</b>		<b>(136,693)</b>	<b>634,098</b>
<b>Net gains or losses on value of investments</b>			
Net realised gains on investments		652,799	23,137
Net change in fair value on investments		(99,205)	12,958,374
Net foreign exchange gains		-	1,791
<b>Net gains on value of investments</b>		<b>553,594</b>	<b>12,983,302</b>
<b>Total return for the half year before income tax</b>		<b>416,901</b>	<b>13,617,400</b>
<b>Less: Income tax</b>	4	-	(4,798)
<b>Total return for the half year</b>		<b>416,901</b>	<b>13,612,602</b>

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

## Statement of Total Return (Unaudited)

For the half year ended 30 September 2008

		30/9/2008	
		Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
	Note		
<b>Income</b>			
Dividend income		-	571,187
Interest income	11	144,364	1,876
		<hr/>	<hr/>
		144,364	573,063
<b>Less: Expenses</b>			
Audit fee		-	5,908
Custody fee	11	-	8,317
Management fee	11	139,395	12,739
Trustee fee	11	-	8,272
Registration fee	11	-	2,364
Printing expenses		-	3,770
Professional fees		-	4,588
Valuation fee	11	-	5,663
Goods & services tax		9,328	1,978
Other expenses		2,490	8,348
		<hr/>	<hr/>
		151,213	61,947
<b>Net investment (loss)/income</b>			
		<hr/>	<hr/>
		(6,849)	511,116
<b>Net gains or losses on value of investments</b>			
Net realised gains/(losses) on investments		526,889	(418,836)
Net change in fair value on investments		27,778	(6,723,986)
Net foreign exchange losses		(188)	(302)
<b>Net gains/(losses) on value of investments</b>		<hr/>	<hr/>
		554,479	(7,143,124)
<b>Total return/(deficit) for the half year before income tax</b>			
		<hr/>	<hr/>
		547,630	(6,632,008)
<b>Less: Income tax</b>			
	4	-	(7,830)
<b>Total return/(deficit) for the half year</b>		<hr/>	<hr/>
		547,630	(6,639,838)

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

## Balance Sheet (Unaudited)

As at 30 September 2009

		30/9/2009	
	Note	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
<b>ASSETS</b>			
Portfolio of investments		89,124,601	26,434,775
Cash and bank balances	6	16,191,446	3,579,716
Receivables	7	140,322	410,181
Sales awaiting settlement		1,999,880	586,273
<b>Total assets</b>		<b>107,456,249</b>	<b>31,010,945</b>
<b>LIABILITIES</b>			
Payables	8	1,858,144	66,520
Purchases awaiting settlement		999,200	-
Net assets attributable to unitholders	9	104,598,905	30,944,425
<b>Total liabilities</b>		<b>107,456,249</b>	<b>31,010,945</b>

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

**Balance Sheet (Unaudited)**

As at 30 September 2009

		31/3/2009	
		Legg Mason Singapore Dollar Fund	Legg Mason Singapore Opportunities Trust
	Note	\$	\$
<b>ASSETS</b>			
Portfolio of investments		126,463,285	10,638,100
Cash and bank balances	6	17,400,941	1,698,060
Receivables	7	46,166	11,794
Sales awaiting settlement		-	391,609
<b>Total assets</b>		<b>143,910,392</b>	<b>12,739,563</b>
<b>LIABILITIES</b>			
Payables	8	32,369	53,609
Purchases awaiting settlement		1,500,000	228,592
Net assets attributable to unitholders	9	142,378,023	12,457,362
<b>Total liabilities</b>		<b>143,910,392</b>	<b>12,739,563</b>

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

# Portfolio Statement (Unaudited)

As at 30 September 2009

## Legg Mason Singapore Dollar Fund

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b>By Geography - Quoted Investments</b>			
<b>Cayman Islands</b>			
ADCB Finance Cayman Ltd EMTN 4.08% 30/06/2010	500,000	501,361	0.48
<b>Germany</b>			
Commerz Bank AG EMTN (BR) 5.3% 18/02/2010	750,000	756,845	0.72
Kreditanstalt Fur Wiederaufbau EMTN (BR) 1.9% 17/03/2011	1,500,000	1,500,000	1.44
RWE EMTN 2.3% 08/07/2010	1,000,000	996,040	0.95
		3,252,885	3.11
<b>Great Britain</b>			
Standard Chartered PLC EMTN 2.48% 07/04/2010	1,500,000	1,500,000	1.43
<b>New Zealand</b>			
ANZ National (Intl) Ltd EMTN 3.22% 08/07/2010	1,500,000	1,500,000	1.43
<b>Singapore</b>			
CMT MTN Pte Limited MTN (BR) FRN 30/04/2010	250,000	250,420	0.24
Housing & Development Board MTN (BR) 2.52% 03/11/2009	1,500,000	1,500,867	1.43
Housing & Development Board MTN (BR) 2.82% 06/10/2010	500,000	504,404	0.48
Singapore Treasury Bill Series 364 02/11/2009	1,800,000	1,798,105	1.72
Singapore Treasury Bill Series 91 03/12/2009	4,000,000	3,997,508	3.82
Singapore Treasury Bill Series 91 05/11/2009	10,000,000	9,997,116	9.56
Singapore Treasury Bill Series 91 08/10/2009 (Amortisation)	23,500,000	23,498,789	22.47
Singapore Treasury Bill Series 91 10/12/2009	5,000,000	4,996,538	4.78
Singapore Treasury Bill Series 91 12/11/2009	2,500,000	2,499,077	2.39
Singapore Treasury Bill Series 91 15/10/2009	5,500,000	5,499,518	5.26
Singapore Treasury Bill Series 91 19/11/2009	3,000,000	2,998,869	2.87
Singapore Treasury Bill Series 91 22/10/2009	3,900,000	3,899,460	3.73
Singapore Treasury Bill Series 91 24/12/2009	5,000,000	4,995,985	4.78
Singapore Treasury Bill Series 91 31/12/2009 (For Amortisation)	1,000,000	999,200	0.95
Singapore Treasury Bill Series 91 29/10/2009	4,000,000	3,999,371	3.82
		71,435,227	68.30

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

## Legg Mason Singapore Dollar Fund

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Investments (continued)</u></b>			
<b>South Korea</b>			
Export-Import Bank of Korea EMTN 6% 21/01/2010	3,000,000	2,999,723	2.87
Hana Bank EMTN (BR) 3.53% 16/06/2010	1,000,000	1,002,636	0.96
Industrial Bank of Korea EMTN 4.7% 17/05/2010	1,000,000	1,000,000	0.95
Korea Development Bank EMTN (BR) 5.55% 22/01/2010	3,000,000	3,000,000	2.87
National Agricultural Company Series GMTN 3.3% 18/08/2010	1,750,000	1,750,000	1.67
Shinhan Bank Series EMTN (BR) 3.8% 14/07/2010	1,000,000	1,000,000	0.96
		10,752,359	10.28
<b>Quoted Investments</b>		<b>88,941,832</b>	<b>85.03</b>
<b>Accrued interest on fixed income securities</b>		<b>182,769</b>	<b>0.17</b>
<b>Portfolio of investments</b>		<b>89,124,601</b>	<b>85.20</b>
<b>Other net assets</b>		<b>15,474,304</b>	<b>14.80</b>
<b>Net assets attributable to unitholders</b>		<b>104,598,905</b>	<b>100.00</b>

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

### Legg Mason Singapore Dollar Fund

	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Geography (Summary)</b>		
<b>Quoted Investments</b>		
Cayman Islands	0.48	0.35
Germany	3.11	2.29
Great Britain	1.43	1.05
New Zealand	1.43	1.05
Singapore	68.30	68.96
South Korea	10.28	12.46
United States	-	2.46
	<hr/> 85.03	<hr/> 88.62
<b>Accrued interest on fixed income securities</b>	<b>0.17</b>	<b>0.20</b>
	<hr/> 85.20	<hr/> 88.82
<b>Portfolio of investments</b>	<b>85.20</b>	<b>88.82</b>
<b>Other net assets</b>	<b>14.80</b>	<b>11.18</b>
	<hr/> 100.00	<hr/> 100.00
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

**Legg Mason Singapore Dollar Fund**

	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Industry</b>			
Banks	16,009,204	15.30	16.15
Commerce	-	-	0.70
Electrical and electronic	996,040	0.95	0.70
Finance	501,361	0.48	2.81
Government	69,179,536	66.15	64.71
Real estate	2,005,271	1.91	1.95
Transport	-	-	1.42
Miscellaneous	250,420	0.24	0.18
	<b>88,941,832</b>	<b>85.03</b>	<b>88.62</b>
<b>Accrued interest on fixed income securities</b>	<b>182,769</b>	<b>0.17</b>	<b>0.20</b>
<b>Portfolio of investments</b>	<b>89,124,601</b>	<b>85.20</b>	<b>88.82</b>
<b>Other net assets</b>	<b>15,474,304</b>	<b>14.80</b>	<b>11.18</b>
<b>Net assets attributable to unitholders</b>	<b>104,598,905</b>	<b>100.00</b>	<b>100.00</b>

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

# Portfolio Statement (Unaudited)

As at 30 September 2009

## Legg Mason Singapore Opportunities Trust

	Holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Investments</u></b>			
<b>China</b>			
Yangzijiang Shipbuilding Holdings Limited	763,000	736,295	2.38
<b>Hong Kong</b>			
Hong Kong Land Holdings Limited Company	97,000	594,549	1.92
<b>Israel</b>			
Sarin Technologies Limited	1,881,000	658,350	2.13
<b>Singapore</b>			
CDL Hospitality Trusts	783,000	1,127,520	3.64
City Developments Limited	93,000	957,900	3.10
DBS Group Holdings Limited	171,500	2,274,090	7.35
Del Monte Pacific Limited	800,000	412,000	1.33
Ezra Holdings Pte Limited	512,600	963,688	3.11
Genting Singapore PLC Nil Paid RTS 12/10/2009	220,000	68,200	0.22
Genting Singapore PLC	1,100,000	1,232,000	3.98
Ho Bee Investment Limited	578,000	814,980	2.63
Jiutian Chemical Group Limited	2,195,000	537,775	1.74
Keppel Corporation Limited	175,000	1,415,750	4.58
Keppel Land Limited	382,000	1,042,860	3.37
Neptune Orient Lines Limited	495,250	876,592	2.83
Oversea-Chinese Banking Corporation	302,484	2,347,276	7.59
Sembcorp Marine Limited	207,000	654,120	2.11
Singapore Airport Terminal Services Limited	422,000	949,500	3.07
Singapore Exchange Limited	95,000	798,950	2.58
Singapore Telecommunications Limited	592,000	1,912,160	6.18
Straits Asia Resources Limited	538,000	1,140,560	3.69
United Overseas Bank Limited	153,000	2,561,220	8.28
Wilmar International Limited	308,000	1,943,480	6.28
Wing Tai holdings Limited	247,000	414,960	1.34
		<b>24,445,581</b>	<b>79.00</b>
<b>Portfolio of investments</b>		<b>26,434,775</b>	<b>85.43</b>
<b>Other net assets</b>		<b>4,509,650</b>	<b>14.57</b>
<b>Net assets attributable to unitholders</b>		<b>30,944,425</b>	<b>100.00</b>

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

## Legg Mason Singapore Opportunities Trust

	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Geography (Summary)</b>		
<b>Quoted Investments</b>		
China	2.38	-
Hong Kong	1.92	-
Israel	2.13	2.08
Singapore	79.00	80.01
South Korea	-	3.31
	<hr/>	<hr/>
<b>Portfolio of investments</b>	<b>85.43</b>	<b>85.40</b>
<b>Other net assets</b>	<b>14.57</b>	<b>14.60</b>
	<hr/>	<hr/>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>
	<hr/>	<hr/>

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

### Legg Mason Singapore Opportunities Trust

	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Industry</b>			
Agriculture	1,943,480	6.28	3.15
Airlines	-	-	6.02
Banks	7,182,586	23.22	24.86
Chemical	537,775	1.74	0.70
Commercial Services	949,500	3.07	-
Electronic	-	-	0.36
Finance	798,950	2.58	3.97
Foods	412,000	1.33	3.48
Industrials	-	-	2.23
Investment	-	-	1.35
Manufacturing	658,350	2.13	2.08
Materials	1,140,560	3.69	4.98
Real estate	6,252,969	20.20	11.81
Shipbuilding	2,069,870	6.69	6.35
Shipping	876,592	2.83	3.31
Telecommunications services	1,912,160	6.18	7.49
Transport-Ship	1,699,983	5.49	3.26
<b>Portfolio of investments</b>	<b>26,434,775</b>	<b>85.43</b>	<b>85.40</b>
<b>Other net assets</b>	<b>4,509,650</b>	<b>14.57</b>	<b>14.60</b>
<b>Net assets attributable to unitholders</b>	<b>30,944,425</b>	<b>100.00</b>	<b>100.00</b>

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

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

## 1. General

Legg Mason Funds is an umbrella Unit Trust constituted pursuant to the Trust Deed dated 6 March 2000, as amended by various Supplemental Deeds between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

Legg Mason Funds comprise the following 2 sub-funds:

- Legg Mason Singapore Dollar Fund
- Legg Mason Singapore Opportunities Trust

Legg Mason Singapore Dollar Fund invests in money market instruments and securities such as term deposits, commercial papers, short-term bonds, and certificate of deposits. Legg Mason Singapore Dollar Fund has 2 classes of units in issue at the balance sheet date. Class A and Class B unitholders currently pay management fees of 0.5% per annum and 0.25% per annum respectively.

The principal objective of Legg Mason Singapore Opportunities Trust relates to holding of certain authorised investments for medium to long-term capital appreciation. Legg Mason Singapore Opportunities Fund has 2 classes of units, Class A and I in issue at the balance sheet date. Only Class A unitholders currently pay management fees of 1.5% per annum.

Legg Mason Singapore Opportunities Trust is approved under the Central Provident Fund Investment Scheme.

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

## 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 Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Funds.

### (b) Income recognition

Dividend income is recorded gross in the financial statements in the accounting period which the security is quoted ex-dividend.

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

### (c) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial period are converted into Singapore dollars at the rates of exchange ruling on the transaction dates.

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

(d) Financial assets at fair value through profit or loss

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 Statements of Total Return in the period which they arise. The resultant unrealised gains and losses are taken to the Statements 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 net of transaction costs, and taken up in the Statements of Total Return.

(e) Basis of valuation of investments

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price for the investments held by the Fund is the current market quoted bid price or dealer's quote as applicable. Accrued interest is included in the fair value of the fixed income instruments.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

### 3. Trustee fees

There is no trustee fee for Legg Mason Singapore Dollar Fund as the fee is borne by the Manager.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 4. Income Tax

	30/9/2009	
	Legg Mason Singapore Dollar Fund	Legg Mason Singapore Opportunities Trust
	\$	\$
Singapore income tax	-	5,800
Overseas income tax ( Reverse tax overaccrual)	-	(1,002)
	-	<b>4,798</b>

  

	30/9/2008	
	Legg Mason Singapore Dollar Fund	Legg Mason Singapore Opportunities Trust
	\$	\$
Singapore income tax	-	5,268
Overseas income tax ( Reverse tax overaccrual)	-	2,562
	-	<b>7,830</b>

- (a) The Funds are designated unit trusts and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:
- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
  - (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act); and
  - (iii) distribution from foreign unit trusts and dividends 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 income derived from outside Singapore and received in Singapore.
- (c) For Legg Mason Singapore Dollar Fund, there was no income tax for the financial period ended 30 September 2009 (30 September 2008: \$Nil).

### 5. Distribution to unitholders

The Manager did not propose any distribution to unitholders for the financial period ended 30 September 2009 (30 September 2008: \$Nil).

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

## 6. Cash and bank balances

	Legg Mason Singapore Dollar Fund \$	Legg Maso n Singapore Opportunities Trust \$
<b>30/9/2009</b>		
Held with a related company of the Trustee:		
- Cash and bank balances	1,181,416	2,079,697
- Fixed deposits	-	1,500,019
	<u>1,181,416</u>	<u>3,579,716</u>
Held with other financial institutions:		
- Fixed deposits	15,010,030	-
<b>Total</b>	<u>16,191,446</u>	<u>3,579,716</u>
<b>31/3/2009</b>		
Held with a related company of the Trustee:		
- Cash and bank balances	400,941	1,097,945
- Fixed deposits	3,000,000	-
	<u>3,400,941</u>	<u>1,097,945</u>
Held with other financial institutions:		
- Fixed deposits	14,000,000	600,115
<b>Total</b>	<u>17,400,941</u>	<u>1,698,060</u>
	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
<b>30/9/2009</b>		
Average maturity days on fixed deposits	25	6
Weighted average effective interest rate	0.48%	0.07%
<b>31/3/2009</b>		
Average maturity days on fixed deposits	45	6
Weighted average effective interest rate	0.68%	0.04%

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 7. Receivables

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
<b>30/9/2009</b>		
Amount due from unitholders	119,764	367,827
Dividends receivable	-	42,348
Interest receivable	12,160	6
Other receivable	8,398	-
	140,322	410,181
<b>31/3/2009</b>		
Dividends receivable	-	11,794
Interest receivable	33,488	-
Other receivable	12,678	-
	46,166	11,794

The carrying amounts of receivables approximate their fair values.

### 8. Payables

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
<b>30/9/2009</b>		
Amount due to unitholders	1,814,004	10,039
Accrued management fee	22,624	3,489
Accrued trustee fee	-	3,264
Other payables and accruals	21,516	49,728
	1,858,144	66,520
<b>31/3/2009</b>		
Amount due to unitholders	-	2,085
Accrued management fee	31,082	680
Accrued trustee fee	-	929
Other payables and accruals	1,287	49,915
	32,369	53,609

The carrying amounts of payables approximate their fair values.

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

## 9. Net assets attributable to unitholders

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
<b>30/9/2009</b>		
At the beginning of the financial period	142,378,023	12,457,362
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	416,901	13,612,602
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	8,102,867	8,666,438
Cancellation of units	(46,298,886)	(3,791,977)
Change in net assets attributable to unitholders resulting from net (cancellation)/creation of units	(38,196,019)	4,874,461
Total (decrease)/increase in net assets attributable to unitholders	(37,779,118)	18,487,063
<b>At the end of the financial period</b>	<b>104,598,905</b>	<b>30,944,425</b>
<b>Units in issue (Note 10)</b>		
Class A	1,765,602	5,383,705
Class B	88,183,187	-
Class I	-	41,198,230
<b>Net assets attributable to unitholders per unit</b>		
Class A	1.08	0.67
Class B	1.16	-
Class I	-	0.66

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
31/3/2009		
<b>At the beginning of the financial year</b>	102,038,705	26,159,703
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	1,243,228	(11,954,022)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	84,921,154	3,504,993
Cancellation of units	(45,825,064)	(5,253,312)
Change in net assets attributable to unitholders resulting from net creation/(cancellation) of units	39,096,090	(1,748,319)
Total increase/(decrease) in net assets attributable to unitholders	40,339,318	(13,702,341)
<b>At the end of the financial year</b>	142,378,023	12,457,362
<b>Units in issue</b> (Note 10)		
Class A	1,991,455	1,513,151
Class B	120,836,276	-
Class I	-	34,373,103
<b>Net assets attributable to unitholders per unit</b>		
Class A	1.09	0.37
Class B	1.16	-
Class I	-	0.35
<b>10. Units in issue</b>		
	<b>30/9/2009</b>	<b>31/3/2009</b>
<b>Legg Mason Singapore Dollar Fund (Class A)</b>		
Units at beginning of the financial period/year	1,991,455	3,388,459
Units created	68,505	268,255
Units cancelled	(294,358)	(1,665,259)
Units at end of the financial period/year	1,765,602	1,991,455
<b>Legg Mason Singapore Dollar Fund (Class B)</b>		
Units at beginning of the financial period/year	120,836,276	85,611,670
Units created	6,905,216	73,360,367
Units cancelled	(39,558,305)	(38,135,761)
Units at end of the financial period/year	88,183,187	120,836,276

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

	30/9/2009	31/3/2009
<b>Legg Mason Singapore Opportunities Trust (Class A)</b>		
Units at beginning of the financial period/year	1,513,151	2,028,391
Units created	4,301,789	2,000,635
Units cancelled	(431,235)	(2,515,875)
Units at end of the financial period/year	5,383,705	1,513,151
<b>Legg Mason Singapore Opportunities Trust (Class I)</b>		
Units at beginning of the financial period/year	34,373,103	33,510,265
Units created	13,434,461	5,270,270
Units cancelled	(6,609,334)	(4,407,432)
Units at end of the financial period/year	41,198,230	34,373,103

## 11. Related party transactions

As at 30 September 2009, the Manager of the Funds is Legg Mason International Equities (Singapore) Pte Ltd and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Funds are related party transactions and are shown in the Statements of Total Return.

The Manager of the Funds in 2009 has agreed to reimburse the expenses of Legg Mason Singapore Opportunities Trust if the expense ratio of Class A exceeds 1.95%.

Trustee fee of the Legg Mason Singapore Dollar Fund is absorbed by the Manager.

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial period between the Funds and their related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	30/9/2009	
	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
Interest income received and receivable from a bank which is a related company of the Trustee	5,062	30
	30/9/2008	
	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
Interest income received and receivable from a bank which is a related company of the Trustee	20,312	595

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 12. Financial risk management

The Funds' activities expose them to a variety of financial risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Funds' overall risk management policy seeks to minimise potential adverse effects of such risks on the Funds' financial performance. The Funds 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 Funds at any time as part of the overall financial risk management to reduce the Funds' risk exposures.

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

#### (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 Funds' investments are substantially dependent on changes in market prices. The Funds' 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 Funds. Guidelines are set to reduce the Funds' risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Funds may be hedged using derivative strategies.

The Funds distinguish market risk as follows:

- Price risk
- Interest rate risk
- Currency risk

#### (i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Legg Mason Singapore Dollar Fund invests in Singapore Dollar denominated money market instruments and debt securities with a remaining maturity of one year or less, to achieve a return above short-term cash deposit whilst managing liquidity and risk to preserve capital. Therefore the Fund is not exposed to significant amount of risk arising from changes in equity prices.

The table below summarises the impact of increases/decreases from Legg Mason Singapore Opportunities Trust's underlying investments in equities on the Fund's net assets attributable to unitholders at 30 September 2009 and 31 March 2009. 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 above. However, this does not represent a prediction of the future movement in the corresponding key markets.

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

## Legg Mason Singapore Opportunities Trust

Benchmark Component	Benchmark increase / decrease by 10% Impact on net assets attributable to unitholders *	
	30/9/2009 \$'000	31/3/2009 \$'000
MSCI Singapore	3,578	1,204

\* 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.

The majority of Legg Mason Singapore Opportunities Trust's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amount of risk due to fluctuations in the prevailing levels of market interest rates. No interest rate sensitivity analysis is presented.

As Legg Mason Singapore Dollar Fund invests in primarily debt securities, the values of which are driven by changes in interest rates, the Fund is mainly subject to interest rate risk. When interest rates rise, the value of previously acquired debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager will regularly assess 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 tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

### Legg Mason Singapore Dollar Fund

As at 30/9/2009	Variable rates \$	Up to 3 months \$	Fixed rates 3 - 6 months \$	Over 6 months \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	69,429,956	1,500,867	6,756,568	11,254,441	182,769	89,124,601
Cash and bank balances	1,181,416	15,010,030	-	-	-	16,191,446
Receivables	-	-	-	-	140,322	140,322
Sales awaiting settlement	-	-	-	-	1,999,880	1,999,880
<b>Total assets</b>	<b>70,611,372</b>	<b>16,510,897</b>	<b>6,756,568</b>	<b>11,254,441</b>	<b>2,322,971</b>	<b>107,456,249</b>
<b>Liabilities</b>						
Payables	-	-	-	-	1,858,144	1,858,144
Purchases awaiting settlement	-	-	-	-	999,200	999,200
Net assets attributable to unitholders	-	-	-	-	104,598,905	104,598,905
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,456,249</b>	<b>107,456,249</b>

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

As at 31/3/2009	Variable rates \$	Up to 3 months \$	Fixed rates 3 - 6 months \$	Over 6 months \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	93,891,448	6,500,872	9,760,649	16,028,342	281,974	126,463,285
Cash and bank balances	400,941	17,000,000	-	-	-	17,400,941
Receivables	-	-	-	-	46,166	46,166
<b>Total assets</b>	<b>94,292,389</b>	<b>23,500,872</b>	<b>9,760,649</b>	<b>16,028,342</b>	<b>328,140</b>	<b>143,910,392</b>
<b>Liabilities</b>						
Payables	-	-	-	-	32,369	32,369
Purchases awaiting settlement	-	-	-	-	1,500,000	1,500,000
Net assets attributable to unitholders	-	-	-	-	142,378,023	142,378,023
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,910,392</b>	<b>143,910,392</b>

As at 30 September 2009, a reasonable possible change in interest rates by 50 basis points (31 March 2009: 50 basis points), with all other variables remaining constant, would result in an insignificant impact to the net assets attributable to unitholders as the Fund invests primarily in debt securities that have short maturity of less than one year.

(iii) Currency risk

The Funds hold securities denominated in currencies other than Singapore dollars and the Funds may be affected favourably or unfavourably by exchange rate regulators or changes in the exchange rates between the Singapore dollar and such other currencies. The Funds 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 Legg Mason Opportunities Trust:

### Legg Mason Singapore Opportunities Trust

As at 30/9/2009	SGD \$	USD \$	Total \$
<b>Assets</b>			
Portfolio of investments	25,840,226	594,549	26,434,775
Cash and bank balances	3,579,716	-	3,579,716
Receivables	410,181	-	410,181
Sales awaiting settlement	586,273	-	586,273
<b>Total assets</b>	<b>30,416,396</b>	<b>594,549</b>	<b>31,010,945</b>
<b>Liabilities</b>			
Payables	66,013	507	66,520
Purchases awaiting settlement	-	-	-
Net assets attributable to unitholders	30,944,425	-	30,944,425
<b>Total liabilities</b>	<b>31,010,438</b>	<b>507</b>	<b>31,010,945</b>

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

As at 31/3/2009	SGD \$	USD \$	Total \$
<b>Assets</b>			
Portfolio of investments	10,638,100	-	10,638,100
Cash and bank balances	1,697,513	547	1,698,060
Receivables	-	11,794	11,794
Sales awaiting settlement	391,609	-	391,609
<b>Total assets</b>	<b>12,727,222</b>	<b>12,341</b>	<b>12,739,563</b>
<b>Liabilities</b>			
Payables	52,788	821	53,609
Purchases awaiting settlement	228,592	-	228,592
Net assets attributable to unitholders	12,457,362	-	12,457,362
<b>Total liabilities</b>	<b>12,738,742</b>	<b>821</b>	<b>12,739,563</b>

The following table analyses Legg Mason Singapore Opportunities Trust's sensitivity to foreign currency exposure should those currencies increase or decrease by 5% with all other variables held constant.

Currency	Currency risen / lowered by 5 % Increase / (decrease) in net assets attributable to unitholders	
	30/9/2009 \$'000	31/3/2009 \$'000
USD	<b>29,702</b>	576

The assets and liabilities of Legg Mason Singapore Dollar Fund are predominantly denominated in Singapore Dollars. There is minimal foreign currency exposure.

(b) Liquidity risk

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

The Funds are exposed to daily cash redemption of units in the Funds. The Funds invest the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances). At 30 September 2009, there are no investments in unlisted or unquoted securities (31 March 2009:\$Nil).

In accordance with the Funds' policies, the Manager monitors the Funds' 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.

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

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

The tables below analyse the Funds' financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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.

### Legg Mason Singapore Dollar Fund

	Due on Demand \$	Less than 3 months \$
<b>As at 30/9/2009</b>		
<b>Liabilities</b>		
Payables	-	1,858,144
Purchases awaiting settlement	-	999,200
Net assets attributable to unitholders	<b>104,598,905</b>	-
<hr/>		
<b>As at 31/3/2009</b>		
<b>Liabilities</b>		
Payables	-	32,369
Purchases awaiting settlement	-	1,500,000
Net assets attributable to unitholders	<b>142,378,023</b>	-
<hr/>		

### Legg Mason Singapore Opportunities Trust

	Due on Demand \$	Less than 3 months \$
<b>As at 30/9/2009</b>		
<b>Liabilities</b>		
Payables	-	66,520
Purchases awaiting settlement	-	-
Net assets attributable to unitholders	<b>30,944,425</b>	-
<hr/>		
<b>As at 31/3/2009</b>		
<b>Liabilities</b>		
Payables	-	53,609
Purchases awaiting settlement	-	228,592
Net assets attributable to unitholders	<b>12,457,362</b>	-
<hr/>		

(c) Credit risk

Credit risk is the risk that 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.

As such, the Funds do not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Funds do not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

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 tables below summarise the credit rating of banks and custodians in which the Funds' assets are held as at 30 September 2009 and 31 March 2009.

	Amount \$	Credit Rating	Source of Credit Rating
<b>Legg Mason Singapore Dollar Fund</b>			
<b>As at 30/9/2009</b>			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	89,124,601	Aa1	Moody's
<u>Bank</u>			
ANZ Bank	10,007,225	Aa1	Moody's
Oversea-Chinese Banking Corporation	2,002,805	Aa1	Moody's
The Hongkong and Shanghai Banking Corporation Limited	1,181,416	Aa1	Moody's
UBS AG	3,000,000	Aa2	Moody's
As at 31/3/2009			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	126,463,285	Aa1	Moody's
<u>Bank</u>			
JP Morgan Chase	2,500,000	Aa3	Moody's
Oversea-Chinese Banking Corporation	11,500,000	Aa1	Moody's
The Hongkong and Shanghai Banking Corporation Limited	3,400,941	Aa1	Moody's
<b>Legg Mason Singapore Opportunities Trust</b>			
<b>As at 30/9/2009</b>			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	26,434,775	Aa1	Moody's
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	3,579,716	Aa1	Moody's
As at 31/3/2009			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	10,638,100	Aa1	Moody's
<u>Bank</u>			
Standard Chartered PLC	600,115	A-1	S&P
The Hongkong and Shanghai Banking Corporation Limited	1,097,945	Aa1	Moody's

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

(d) Capital management

The Funds' capital is represented by the net assets attributable to unitholders. The Funds strive to invest the subscriptions of redeemable participating units in investments that meet the Funds' investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

### 13. Secured credit facility

Legg Mason Singapore Dollar Fund has a credit facility with HSBC at 30 September 2009 and 31 March 2009.

	30/9/2009	31/3/2009
	\$	\$
<u>Facility</u>		
Overdraft	<b>3.2 million</b>	3.2 million

The above credit facility is secured by way of a floating charge over all assets of Legg Mason Singapore Dollar Fund and is not utilised at period/year end.

For Legg Mason Singapore Opportunities Trust, there was no credit facility as at 30 September 2009 and 31 March 2009.

### 14. Financial ratios

	30/9/2009		30/9/2008	
	%	%	%	%
	Class A	Class B	Class A	Class B
<b>Legg Mason Singapore Dollar Fund</b>				
Expense ratio <sup>1</sup>	0.55	0.29	0.54	0.27
Portfolio turnover ratio <sup>2</sup>	107.19	107.19	105	105

	30/9/2009		For the financial period from 31/10/2007 (date of launch) to 30/9/2008	
	%	%	%	%
	Class A	Class I	Class A	Class I
<b>Legg Mason Singapore Opportunities Trust</b>				
Expense ratio <sup>1</sup>	1.82	0.38	1.88	0.43
Portfolio turnover ratio <sup>2</sup>	54.47	54.47	17.57	17.57

<sup>1</sup> Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, 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 Funds do not pay any performance fees.

<sup>2</sup> Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

# Report to Unitholders

For the half year ended 30 September 2009

## Investment Allocation as at 30 September 2009

### Legg Mason Singapore Dollar Fund

<b>By Country</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Cayman Islands	501,361	0.48
Germany	3,252,885	3.11
Great Britain	1,500,000	1.43
New Zealand	1,500,000	1.43
Singapore	71,435,227	68.30
South Korea	10,752,359	10.28
	<b>88,941,832</b>	<b>85.03</b>
<b>Accrued interest on fixed income securities</b>	<b>182,769</b>	<b>0.17</b>
<b>Portfolio of investments</b>	<b>89,124,601</b>	<b>85.20</b>
<b>Other net assets</b>	<b>15,474,304</b>	<b>14.80</b>
<b>Total</b>	<b>104,598,905</b>	<b>100.00</b>

<b>By Industry</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Banks	16,009,204	15.30
Electrical and electronic	996,040	0.95
Finance	501,361	0.48
Government	69,179,536	66.15
Real estate	2,005,271	1.91
Miscellaneous	250,420	0.24
	<b>88,941,832</b>	<b>85.03</b>
<b>Accrued interest on fixed income securities</b>	<b>182,769</b>	<b>0.17</b>
<b>Portfolio of investments</b>	<b>89,124,601</b>	<b>85.20</b>
<b>Other net assets</b>	<b>15,474,304</b>	<b>14.80</b>
<b>Total</b>	<b>104,598,905</b>	<b>100.00</b>

# Report to Unitholders

For the half year ended 30 September 2009

## Legg Mason Singapore Dollar Fund

<b>By Asset Class</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Fixed Income securities	88,941,832	85.03
	<b>88,941,832</b>	<b>85.03</b>
<b>Accrued interest on Fixed Income Securities</b>	<b>182,769</b>	<b>0.17</b>
<b>Portfolio of investments</b>	<b>89,124,601</b>	<b>85.20</b>
<b>Other net assets</b>	<b>15,474,304</b>	<b>14.80</b>
<b>Total</b>	<b>104,598,905</b>	<b>100.00</b>

<b>By Credit Rating *</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
AAA	70,679,536	67.59
AA	1,500,000	1.43
A	11,747,124	11.22
A-	756,845	0.72
A2	2,002,636	1.92
A3	250,420	0.24
Unrated	2,005,271	1.91
	<b>88,941,832</b>	<b>85.03</b>
<b>Accrued interest on fixed income securities</b>	<b>182,769</b>	<b>0.17</b>
<b>Portfolio of investments</b>	<b>89,124,601</b>	<b>85.20</b>
<b>Other net assets</b>	<b>15,474,304</b>	<b>14.80</b>
<b>Total</b>	<b>104,598,905</b>	<b>100.00</b>

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

# Report to Unitholders

For the half year ended 30 September 2009

## Legg Mason Singapore Dollar Fund

	Market Value in SGD	% of NAV
<b>By type of money market instruments / debt securities</b>		
Foreign Corporate	8,256,882	7.88
Local Agency	2,005,271	1.91
Local Corporate	250,420	0.24
Singapore Government T-Bills	69,179,536	66.15
Supranational/ Sovereign/ Local Govts	9,249,723	8.85
	<b>88,941,832</b>	<b>85.03</b>
<b>Accrued interest on fixed income securities</b>	<b>182,769</b>	<b>0.17</b>
<b>Portfolio of investments</b>	<b>89,124,601</b>	<b>85.20</b>
<b>Other net assets</b>	<b>15,474,304</b>	<b>14.80</b>
<b>Total</b>	<b>104,598,905</b>	<b>100.00</b>

	Market Value in SGD	% of NAV
<b>By Maturity Breakdown</b>		
30 days or less	36,897,138	35.28
31 - 90 days	33,783,265	32.30
91 - 180 days	6,756,568	6.46
181 - 365 days	9,500,457	9.07
More than 1 year	2,004,404	1.92
	<b>88,941,832</b>	<b>85.03</b>
<b>Accrued interest on fixed income securities</b>	<b>182,769</b>	<b>0.17</b>
<b>Portfolio of investments</b>	<b>89,124,601</b>	<b>85.20</b>
<b>Other net assets</b>	<b>15,474,304</b>	<b>14.80</b>
<b>Total</b>	<b>104,598,905</b>	<b>100.00</b>

# Report to Unitholders

For the half year ended 30 September 2009

## Legg Mason Singapore Opportunities Trust

<b>By Country</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
China	736,295	2.38
Hong Kong	594,549	1.92
Israel	658,350	2.13
Singapore	24,445,581	79.00
<b>Portfolio of investments</b>	<b>26,434,775</b>	<b>85.43</b>
<b>Other net assets</b>	<b>4,509,650</b>	<b>14.57</b>
<b>Total</b>	<b>30,944,425</b>	<b>100.00</b>

<b>By Industry</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Agriculture	1,943,480	6.28
Banks	7,182,586	23.22
Chemical	537,775	1.74
Commercial Services	949,500	3.07
Finance	798,950	2.58
Foods	412,000	1.33
Manufacturing	658,350	2.13
Materials	1,140,560	3.69
Real estate	6,252,969	20.20
Shipbuilding	2,069,870	6.69
Shipping	876,592	2.83
Telecommunications services	1,912,160	6.18
Transport-Ship	1,699,983	5.49
<b>Portfolio of investments</b>	<b>26,434,775</b>	<b>85.43</b>
<b>Other net assets</b>	<b>4,509,650</b>	<b>14.57</b>
<b>Total</b>	<b>30,944,425</b>	<b>100.00</b>

<b>By Asset Class</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Equities	26,434,775	85.43
<b>Portfolio of investments</b>	<b>26,434,775</b>	<b>85.43</b>
<b>Other net assets</b>	<b>4,509,650</b>	<b>14.57</b>
<b>Total</b>	<b>30,944,425</b>	<b>100.00</b>

# Report to Unitholders

For the half year ended 30 September 2009

## Top 10 Holdings

### Legg Mason Singapore Dollar Fund

Holdings as at 30 September 2009	Market Value in SGD	% of NAV
Singapore Treasury Bill Series 91 08/10/2009 (Amortisation)	23,498,789	22.47
Singapore Treasury Bill Series 91 05/11/2009	9,997,116	9.56
Singapore Treasury Bill Series 91 15/10/2009	5,499,518	5.26
Singapore Treasury Bill Series 91 10/12/2009	4,996,538	4.78
Singapore Treasury Bill Series 91 24/12/2009	4,995,985	4.78
Singapore Treasury Bill Series 91 29/10/2009	3,999,371	3.82
Singapore Treasury Bill Series 91 03/12/2009	3,997,508	3.82
Singapore Treasury Bill Series 91 22/10/2009	3,899,460	3.73
Korea Development Bank EMTN (BR) 5.55% 22/01/2010	3,000,000	2.87
Export-Import Bank of Korea EMTN 6% 21/01/2010	2,999,723	2.87

Holdings as at 30 September 2008	Market Value in SGD	% of NAV
Singapore Treasury Bill Series 92 26/12/2008	10,963,558	7.93
Singapore Treasury Bill Series 92 02/01/2009	10,950,240	7.92
Singapore Treasury Bill Series 367 04/05/2009	10,467,327	7.57
Singapore Treasury Bill Series 91 09/10/2008	9,998,105	7.23
Singapore Treasury Bills Series 91 11/12/2008	9,977,998	7.22
Singapore Treasury Bill Series 91 20/11/2008	9,688,328	7.01
Singapore Treasury Bill Series 91 02/10/2008	4,999,918	3.62
General Electric Capital Corporation Series EMTN 3.65% 06/04/2009	3,531,436	2.56
HSBC Singapore Series EMTN 3.18% 24/11/2008	3,006,767	2.18
Export-Import Bank of Korea EMTN 2.28% 06/05/2009	3,000,190	2.17

### Legg Mason Singapore Opportunities Trust

Holdings as at 30 September 2009	Market Value in SGD	% of NAV
United Overseas Bank Limited	2,561,220	8.28
Oversea-Chinese Banking Corporation	2,347,276	7.59
DBS Group Holdings Limited	2,274,090	7.35
Wilmar International Limited	1,943,480	6.28
Singapore Telecommunications Limited	1,912,160	6.18
Keppel Corporation Limited	1,415,750	4.58
Genting Singapore PLC	1,232,000	3.98
Straits Asia Resources Limited	1,140,560	3.69
CDL Hospitality Trusts	1,127,520	3.64
Keppel Land Limited	1,042,860	3.37

## Report to Unitholders

For the half year ended 30 September 2009

Holdings as at 30 September 2008	Market Value in SGD	% of NAV
DBS Group Holdings Limited	1,709,520	10.71
Oversea-Chinese Banking Corporation	1,707,545	10.70
United Overseas Bank Limited	1,208,160	7.57
Del Monte Pacific Limited	1,101,680	6.90
Singapore Exchange Limited	833,680	5.22
Broadway Industrial Group Limited	787,580	4.94
Fraser & Neave Limited	781,000	4.89
Sarin Technologies Limited	629,440	3.94
City Developments Limited	624,090	3.91
Cosco Corporation (Singapore) Limited	588,000	3.69

### Exposure to Derivatives

Nil for the period under review

### Investment in other unit trust, mutual funds and collective investment schemes

#### Legg Mason Singapore Dollar Fund

Nil as at 30 September 2009

<u>Legg Mason Singapore Opportunities Trust</u>	Market Value in SGD	% of NAV
CDL Hospitality Trusts	1,127,520	3.64

### Borrowings

Nil as at 30 September 2009

### Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 30 September 2009

#### Legg Mason Singapore Dollar Fund

	SGD
Redemptions	\$46,298,886
Subscriptions	\$8,102,867

# Report to Unitholders

For the half year ended 30 September 2009

## Legg Mason Singapore Opportunities Trust

	<b>SGD</b>
Redemptions	\$3,791,977
Subscriptions	\$8,666,438

## **Related Party Transactions**

For the period 1 April 2009 to 30 September 2009

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

## **Performance**

	<b>Legg Mason Singapore Dollar Fund*</b>		<b>Benchmark</b>
	<b>Class A</b>	<b>Class B</b>	
3-month	+0.11%	+0.17%	+0.03%
6-month	+0.21%	+0.34%	+0.06%
1-year	+0.57%	+0.82%	+0.24%
3-year	+1.42%	+1.68%	+1.38%
5-year	+1.46%	+1.72%	+1.73%
10-year	N/A	N/A	N/A
Since inception	+1.27%	+1.64%	+1.37%

\* Average Annual Compounded Return for periods above one year, bid-to-bid with dividends reinvested

Benchmark : 1-month Singapore Inter-Bank Bid Rate Average

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

Benchmark since inception performance is for Class A only.

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

Source : Legg Mason Asset Management Singapore Pte. Limited

	<b>Legg Mason Singapore Opportunities Trust*</b>		<b>Benchmark</b>
	<b>Class A</b>	<b>Class I</b>	
3-month	24.07%	24.58%	16.20%
6-month	89.46%	90.80%	61.52%
1-year	25.63%	27.45%	15.21%
3-year	N/A	N/A	N/A
5-year	N/A	N/A	N/A
10-year	N/A	N/A	N/A
Since inception	-17.67%	-19.23%	-10.29%

\* Average Annual Compounded Return for periods above one year, bid-to-bid with dividends reinvested

Benchmark : MSCI Singapore Index

The inception date were 3 December 2007 and 31 October 2007 respectively for Class A and Class I.

Benchmark since inception performance is for Class A only.

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

## Report to Unitholders

For the half year ended 30 September 2009

### Expense Ratio

#### Legg Mason Singapore Dollar Fund - Class A

For the period 1 October 2008 to 30 September 2009	0.55%
For the period 1 October 2007 to 30 September 2008	0.54%

#### Legg Mason Singapore Dollar Fund - Class B

For the period 1 October 2008 to 30 September 2009	0.29%
For the period 1 October 2007 to 30 September 2008	0.27%

#### Legg Mason Singapore Opportunities Trust - Class A

For the period 1 October 2008 to 30 September 2009	1.82%
For the period 3 December 2007 (date of launch) to 30 September 2008	1.88%

#### Legg Mason Singapore Opportunities Trust - Class I

For the period 1 October 2008 to 30 September 2009	0.38%
For the period 31 October 2007 (date of launch) to 30 September 2009	0.43%

*The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.*

*The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.*

### Turnover Ratio

#### Legg Mason Singapore Dollar Fund

For the period 1 April 2009 to 30 September 2009	107.19%
For the period 1 April 2008 to 30 September 2008	105.00%

#### Legg Mason Singapore Opportunities Trust

For the period 1 April 2009 to 30 September 2009	54.47%
For the period 1 April 2008 to 30 September 2008	17.57%

*The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.*

*The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Funds expressed as a percentage of daily average net asset value.*

# **Report to Unitholders**

For the half year ended 30 September 2009

## **Other Material Information**

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

## **Soft Dollar Commission/Arrangements**

The Investment Manager did not receive any soft dollar commission or enter into any soft dollar arrangement in the management of the Funds.

**Legg Mason Asian Enterprise Trust**

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund
- Legg Mason Singapore Opportunities Trust

**Legg Mason Global Bond Trust**

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

## Statement of Total Return (Unaudited)

For the half year ended 30 September 2009

	Notes	30/9/2009 \$	30/9/2008 \$
<b>Income</b>			
Interest income		14,016	418,461
		<b>14,016</b>	<b>418,461</b>
<b>Less: Expenses</b>			
Audit fee		11,367	10,660
Commission fee		9,629	20,204
Custody fee	12	2,836	2,350
Management fee	12	1,386,517	1,440,700
Trustee fee	12	94,942	98,553
Registration fee	12	16,339	17,914
Printing expenses		21,733	24,869
Professional fees		5,053	17,745
Valuation fee	12	49,351	51,157
Goods & services tax		107,436	112,109
Other expenses		15,512	39,468
		<b>1,720,715</b>	<b>1,835,729</b>
<b>Net investment loss</b>		<b>(1,706,699)</b>	<b>(1,417,268)</b>
<b>Net gains or losses on value of investments</b>			
Net realised gains on investments		1,416,045	4,142,248
Net change in fair value on investments		(2,467,411)	(17,183,483)
Net realised losses on financial derivatives		(193,944)	(2,522,172)
Net change in fair value on financial derivatives		(797,550)	4,106,885
Net foreign exchange gains/(losses)		2,566,399	(1,038,153)
<b>Net gains/(losses) on value of investments</b>		<b>523,539</b>	<b>(12,494,675)</b>
<b>Total deficit for the half year before income tax</b>		<b>(1,183,160)</b>	<b>(13,911,943)</b>
<b>Less: Income tax</b>	3	-	-
<b>Total deficit for the half year</b>		<b>(1,183,160)</b>	<b>(13,911,943)</b>

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

**Balance Sheet (Unaudited)**

As at 30 September 2009

		30/9/2009	31/3/2009
	Notes	\$	\$
<b>ASSETS</b>			
Portfolio of investments		<b>360,736,489</b>	350,599,113
Cash and bank balances	5	<b>6,455,613</b>	15,247,031
Margin accounts	6	<b>12,629,578</b>	11,444,111
Receivables	7	<b>1,384,873</b>	6,768,550
Sales awaiting settlement		<b>12,670,073</b>	-
Fair value of financial derivatives	8	<b>3,398,303</b>	4,548,934
<b>Total assets</b>		<b>397,274,929</b>	388,607,739
<b>LIABILITIES</b>			
Payables	9	<b>881,076</b>	5,034,134
Purchases awaiting settlement		<b>26,796,196</b>	3,865,851
Fair value of financial derivatives	8	<b>4,147,249</b>	4,485,822
Net assets attributable to unitholders	10	<b>365,450,408</b>	375,221,932
<b>Total liabilities</b>		<b>397,274,929</b>	388,607,739

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

# Portfolio Statement (Unaudited)

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Investments</u></b>			
<b>Australia</b>			
Queensland Treasury Corporation Series 11G 6% 14/06/2011	1,740,000	2,208,608	0.60
<b>Austria</b>			
Raiff Zentralbk Oest (BR) 3.625% 05/02/2014	800,000	1,707,745	0.47
<b>Canada</b>			
Government of Canada 5% 01/06/2014	630,000	918,924	0.25
Government of Canada 5.5% 01/06/2010	300,000	406,961	0.11
Government of Canada 6% 01/06/2011	1,010,000	1,433,629	0.39
Government of Canada Series WL43 5.75% 01/06/2029	500,000	817,230	0.23
		3,576,744	0.98
<b>Denmark</b>			
Kingdom of Denmark 6% 15/11/2011	4,400,000	1,329,118	0.36
<b>France</b>			
Government of France Oat 3.75% 25/04/2017	1,880,000	4,026,675	1.10
Government of France Oat 4% 25/10/2013	17,000,000	37,361,338	10.22
Government of France Oat 4% 25/04/2055	4,210,000	8,517,128	2.33
		49,905,141	13.65

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Equity Investments (continued)</u></b>			
<b>Germany</b>			
Bundesrepublik Deutschland Series 07 (BR) 4% 04/01/2018	15,330,000	33,635,881	9.20
Bundesrepublik Deutschland Series 07 (BR) 4.25% 04/07/2039	2,580,000	5,595,952	1.54
Bundesrepublik Deutschland Series 0303 (BR) 4.25% 04/01/2014	14,292,000	31,775,196	8.69
Bundesrepublik Deutschland Series 04 (BR) 3.75% 04/01/2015	24,919,000	54,455,134	14.90
Bundesrepublik Deutschland Series 05 (BR) 4% 04/01/2037	3,640,000	7,519,241	2.06
Bundesrepublik Deutschland Series 06 (BR) 4% 04/07/2016	1,570,000	3,471,416	0.95
Eurohypo (BR) 5.25% 17/01/2011	150,000	323,916	0.09
Kredit Fuer Wiederaufbau 5% 04/07/2011	200,000	437,168	0.12
		137,213,904	37.55
<b>Great Britain</b>			
Barclays Bank PLC EMTN 4.25% 27/10/2011	1,450,000	3,132,230	0.86
UK Treasury 4.25% 07/06/2032	540,000	1,258,921	0.35
UK Treasury 4.75% 07/06/2010	9,080,000	21,056,998	5.76
UK Treasury 6.25% 25/11/2010	200,000	478,887	0.13
UK Treasury 8% 07/06/2021	6,020,000	19,015,694	5.20
		44,942,730	12.30
<b>Netherlands</b>			
Government of Netherlands 4% 15/01/2037	9,320,000	19,034,884	5.21
<b>Supra-National</b>			
Nordic Investment Bank (BR) 4.125% 15/03/2011	200,000	427,369	0.12

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

# Portfolio Statement (Unaudited)

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Equity Investments (continued)</u></b>			
<b>Sweden</b>			
Government of Sweden Series 1049 4.5% 12/08/2015	21,110,000	4,602,817	1.26
<b>United States of America</b>			
Fannie Mae Conventional Loan Pool #44255 FRN 25/11/2037	200,000	294,888	0.08
Fannie Mae Conventional Loan Pool #54399 FRN 25/07/2035	800,000	1,189,414	0.33
Fannie Mae Conventional Loan Series 893105 FRN 01/10/2036	331,095	311,037	0.09
Fannie Mae Conventional Loan Series 949507 FRN 01/09/2037	513,441	382,895	0.10
Fannie Mae FN 735580 FRN 01/06/2035	2,700,000	2,334,458	0.64
FNMA 30Yr Oct FRN 25/10/2038	100,000	145,551	0.04
FNMA Conventional Loan FRN 25/09/2038	8,700,000	12,655,229	3.46
Freddie Mac 4.125% 12/07/2010	286,000	414,780	0.11
US Treasury Bond 4.75% 15/02/2037	2,530,000	3,970,404	1.09
US Treasury N/B 4.5% 15/02/2036	2,190,000	3,309,541	0.91
US Treasury Note 2.625% 30/04/2016	30,000,000	41,723,291	11.42
US Treasury Note 3.875% 15/09/2010	10,350,000	15,065,612	4.12
US Treasury Note 4% 15/03/2010	4,700,000	6,736,360	1.84
		<b>88,533,460</b>	<b>24.23</b>
<b>Quoted Investments</b>		<b>353,482,520</b>	<b>96.73</b>
<b>Accrued interest on fixed income securities</b>		<b>7,253,969</b>	<b>1.98</b>
<b>Portfolio of investments</b>		<b>360,736,489</b>	<b>98.71</b>
<b>Other net assets</b>		<b>4,713,919</b>	<b>1.29</b>
<b>Net assets attributable to unitholders</b>		<b>365,450,408</b>	<b>100.00</b>

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	<b>Percentage of total net assets attributable to unitholders at 30/9/2009</b>	<b>Percentage of total net assets attributable to unitholders at 31/3/2009</b>
	%	%
<b>By Geography (Summary)</b>		
<b>Quoted Investments</b>		
Australia	0.60	0.51
Austria	0.47	0.43
Canada	0.98	0.91
Denmark	0.36	0.35
France	13.65	8.41
Germany	37.55	33.78
Great Britain	12.30	11.88
Netherlands	5.21	4.92
Supra-National	0.12	0.11
Sweden	1.26	1.16
United States of America	24.23	29.90
	<hr/> 96.73	<hr/> 92.36
<b>Accrued interest on fixed income securities</b>	<b>1.98</b>	<b>1.08</b>
	<hr/>	<hr/>
<b>Portfolio of investments</b>	<b>98.71</b>	<b>93.44</b>
<b>Other net assets</b>	<b>1.29</b>	<b>6.56</b>
<b>Net assets attributable to unitholders</b>	<hr/> <b>100.00</b> <hr/>	<hr/> <b>100.00</b> <hr/>

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Fair value as at 30/9/2009	Percentage of total net assets attributable to unitholders at 30/9/2009	Percentage of total net assets attributable to unitholders at 31/3/2009
	\$	%	%
<b>By Industry</b>			
Bank	5,601,059	1.54	1.51
Electronic	-	-	0.44
Government	332,318,854	90.93	89.32
Investment	427,369	0.12	0.11
Miscellaneous	15,135,238	4.14	0.75
Transport	-	-	0.23
	<hr/> 353,482,520	<hr/> 96.73	<hr/> 92.36
<b>Accrued interest on fixed income securities</b>	<b>7,253,969</b>	<b>1.98</b>	<b>1.08</b>
	<hr/> 360,736,489	<hr/> 98.71	<hr/> 93.44
<b>Portfolio of investments</b>	<b>360,736,489</b>	<b>98.71</b>	<b>93.44</b>
<b>Other net assets</b>	<b>4,713,919</b>	<b>1.29</b>	<b>6.56</b>
<b>Net assets attributable to unitholders</b>	<b>365,450,408</b>	<b>100.00</b>	<b>100.00</b>

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

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

## 1. General

Legg Mason 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 between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason Asset Management (Asia) Pte Ltd. A Supplemental Deed dated 28 September 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

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

The Fund is approved under the Central Provident Fund Investment Scheme ("CPFIS").

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

## 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 Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Fund.

### (b) Income recognition

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

### (c) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial period are converted into Singapore dollars 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 balance sheet date are taken to the Statement of Total Return.

### (d) Financial assets at fair value through profit or loss

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

#### (i) Initial recognition

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

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

(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 period 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 net of transaction costs, and taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price for the investments held by the Fund is the current market quoted bid price or dealer's quote as applicable. Accrued interest is included in the fair value of the fixed income instruments.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

### 3. Income Tax

The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act); and
- (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore.

### 4. Distribution to unitholders

The Manager did not propose any distribution to unitholders for the financial period ended 30 September 2009 (30 September 2008: \$Nil).

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 5. Cash and bank balances

	30/9/2009	31/3/2009
	\$	\$
Held with a related company of the Trustee:		
- Cash and bank balances	3,053,051	10,014,027
Held with other financial institutions:		
- Fixed deposits	3,402,562	5,233,004
Total	<u>6,455,613</u>	<u>15,247,031</u>

The fixed deposits have the following average maturity from the end of the financial period/year:

	30/9/2009	31/3/2009
	days	days
Singapore dollar	1	1
United States dollar	1	1

The fixed deposits have the following weighted average effective interest rates at the balance sheet date:

	30/9/2009	31/3/2009
	%	%
Singapore dollar	0.10	0.80
United States dollar	0.10	0.30

### 6. Margin accounts

	30/9/2009	31/3/2009
	\$	\$
Margin accounts	<u>12,629,578</u>	<u>11,444,111</u>

Margin accounts represent the margin deposit amounts held with brokers.

### 7. Receivables

	30/9/2009	31/3/2009
	\$	\$
Amount due from unitholders	1,384,864	6,768,468
Dividends receivable	9	82
	<u>1,384,873</u>	<u>6,768,550</u>

The carrying amounts of receivables approximate their fair values.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 8. Fair value of financial derivatives

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

As at financial period end, commitments under forward foreign exchange and futures contracts due for settlement within 3 months (31 March 2009: 3 months) are as follows:

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
<b>30/9/2009</b>			
Forward foreign exchange contracts	170,786,077	2,522,636	(2,166,648)
Futures contracts	1,471,854,169	786,985	(1,849,912)
Options	-	88,682	(130,689)
		<b>3,398,303</b>	<b>(4,147,249)</b>
<b>31/3/2009</b>			
Forward foreign exchange contracts:	241,877,393	4,110,060	(3,161,102)
Futures contracts	117,577,298	438,874	(1,324,720)
		<b>4,548,934</b>	<b>(4,485,822)</b>

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

All financial derivatives are stated at their fair values on the balance sheet.

### 9. Payables

	30/9/2009 \$	31/3/2009 \$
Amount due to unitholders	585,227	4,736,916
Accrued management fee	230,991	239,525
Accrued trustee fee	31,632	16,211
Other payables and accruals	33,226	41,482
	<b>881,076</b>	<b>5,034,134</b>

The carrying amounts of payables approximate their fair values.

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 10. Net assets attributable to unitholders

	30/9/2009	31/3/2009
	\$	\$
<b>At the beginning of the financial period/year</b>	<b>375,221,932</b>	413,457,577
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	(1,183,160)	15,349,337
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	104,693,312	432,293,694
Cancellation of units	(113,281,676)	(485,878,676)
Change in net assets attributable to unitholders resulting from net cancellation of units	(8,588,364)	(53,584,982)
Total decrease in net assets attributable to unitholders	(9,771,524)	(38,235,645)
<b>At the end of the financial period/year</b>	<b>365,450,408</b>	375,221,932
<b>Units in issue (Note 11)</b>	<b>298,586,180</b>	305,649,122
<b>Net assets attributable to unitholders per unit</b>	<b>1.22</b>	1.23

### 11. Units in issue

	30/9/2009	31/3/2009
Units at beginning of the financial period/year	305,649,122	352,399,501
Units created	86,842,093	372,911,559
Units cancelled	(93,905,035)	(419,661,938)
Units at end of the financial period/year	298,586,180	305,649,122

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

## 12. Related party transactions

As at 30 September 2009, the Manager of the Fund is Legg Mason International Equities (Singapore) Pte Ltd and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) 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.

In addition to related party information disclosed elsewhere in the financial statements, the following transactions took place during the financial period between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	30/9/2009	30/9/2008
	\$	\$
Interest income received and receivable from a bank which is a related company of the Trustee	11,258	200,101
Interest expenses incurred with a bank which is a related company of the Trustee	(29,766)	32,200

## 13. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, interest rate risk and other 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 debt securities, 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.

### (a) Market risk

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

The Legg Mason Global Bond Trust's objective is to maximize 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 the Citigroup World Government Bond Index ex-Japan.

The Fund distinguishes market risk as follows:

- Price risk
- Interest rate risk
- Currency risk

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

(i) Price risk

Price risk primarily results from exposure to volatility of equities prices. The Fund does not hold any equities as of 30 September 2009 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.

As the Fund invests in primarily debt 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 debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager will regularly assess 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 tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

As at 30/9/2009	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	17,313,472	43,680,711	81,534,128	210,954,209	7,253,969	360,736,489
Cash and bank balances	3,053,051	3,402,562	-	-	-	6,455,613
Margin accounts	-	-	-	-	12,629,578	12,629,578
Receivables	-	-	-	-	1,384,873	1,384,873
Sales awaiting settlement	-	-	-	-	12,670,073	12,670,073
Fair value of financial derivatives	-	-	-	-	3,398,303	3,398,303
<b>Total assets</b>	<b>20,366,523</b>	<b>47,083,273</b>	<b>81,534,128</b>	<b>210,954,209</b>	<b>37,336,796</b>	<b>397,274,929</b>
<b>Liabilities</b>						
Payables	-	-	-	-	881,076	881,076
Purchases awaiting settlement	-	-	-	-	26,796,196	26,796,196
Fair value of financial derivatives	-	-	-	-	4,147,249	4,147,249
Net assets attributable to unitholders	-	-	-	-	365,450,408	365,450,408
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>397,274,929</b>	<b>397,274,929</b>

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

As at 31/3/2009	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	7,648,840	9,224,227	103,409,951	226,263,220	4,052,875	350,599,113
Cash and bank balances	10,014,027	5,233,004	-	-	-	15,247,031
Margin accounts	-	-	-	-	11,444,111	11,444,111
Receivables	-	-	-	-	6,768,550	6,768,550
Fair value of financial derivatives	-	-	-	-	4,548,934	4,548,934
<b>Total assets</b>	<b>17,662,867</b>	<b>14,457,231</b>	<b>103,409,951</b>	<b>226,263,220</b>	<b>26,814,470</b>	<b>388,607,739</b>
<b>Liabilities</b>						
Payables	-	-	-	-	5,034,134	5,034,134
Purchases awaiting settlement	-	-	-	-	3,865,851	3,865,851
Fair value of financial derivatives	-	-	-	-	4,485,822	4,485,822
Net assets attributable to unitholders	-	-	-	-	375,221,932	375,221,932
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>388,607,739</b>	<b>388,607,739</b>

As at 30 September 2009, should interest rates have lowered or risen by 50 basis points ("bps") (31 March 2009: 50 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the period would be as follows:

	30/9/2009		31/3/2009	
	+ 50 bps \$'000	- 50 bps \$'000	+ 50 bps \$'000	- 50 bps \$'000
Effect on net assets attributable to unitholders	(9,046)	9,522	(12,781)	13,724

(iii) Currency risk

The Fund holds securities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulators 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 (Unaudited)

For the half year ended 30 September 2009

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

As at 30/9/2009	DKK \$	EUR \$	GBP \$	SGD \$	USD \$	Others \$	Total \$
<b>Assets</b>							
<b>(excluding foreign exchange derivatives)</b>							
Portfolio of investments	1,393,151	217,263,164	42,487,634	-	89,079,588	10,512,952	360,736,489
Cash and bank balances	-	4,880	23,486	2,966,001	2,680,400	780,846	6,455,613
Margin deposits	-	2,098,878	4,030,514	-	5,271,038	1,229,148	12,629,578
Receivables	-	-	-	1,384,868	5	-	1,384,873
Sales awaiting settlement	-	-	-	-	12,670,073	-	12,670,073
<b>Total assets</b>	<b>1,393,151</b>	<b>219,366,922</b>	<b>46,541,634</b>	<b>4,350,869</b>	<b>109,701,104</b>	<b>12,522,946</b>	<b>393,876,626</b>
<b>Liabilities</b>							
<b>(excluding foreign exchange derivatives)</b>							
Payables	-	-	-	880,633	443	-	881,076
Purchases awaiting settlement	-	-	-	-	26,796,196	-	26,796,196
Net assets attributable to unitholders	-	-	-	365,450,408	-	-	365,450,408
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366,331,041</b>	<b>26,796,639</b>	<b>-</b>	<b>393,127,680</b>
<b>Net</b>	<b>1,393,151</b>	<b>219,366,922</b>	<b>46,541,634</b>	<b>(361,980,172)</b>	<b>82,904,465</b>	<b>12,522,946</b>	<b>748,946</b>
Add/(Less): Financial derivatives	1,863,389	(35,295,559)	(22,162,903)	(2,721,751)	45,040,408	12,527,470	(748,946)
<b>Currency exposure</b>	<b>3,256,540</b>	<b>184,071,363</b>	<b>24,378,731</b>	<b>(364,701,923)</b>	<b>127,944,873</b>	<b>25,050,416</b>	<b>-</b>

# Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

As at 31/3/2009	DKK \$	EUR \$	GBP \$	SGD \$	USD \$	Others \$	Total \$
<b>Assets</b>							
<b>(excluding foreign exchange derivatives)</b>							
Portfolio of investments	1,338,325	183,823,380	42,173,698	-	113,205,681	10,058,029	350,599,113
Cash and bank balances	167,090	3,779,326	1,059,521	5,170,533	3,160,283	1,910,278	15,247,031
Margin deposits	-	3,615,213	4,052,600	-	3,006,273	770,025	11,444,111
Receivables	-	-	-	6,768,530	20	-	6,768,550
<b>Total assets</b>	<b>1,505,415</b>	<b>191,217,919</b>	<b>47,285,819</b>	<b>11,939,063</b>	<b>119,372,257</b>	<b>12,738,332</b>	<b>384,058,805</b>
<b>Liabilities</b>							
<b>(excluding foreign exchange derivatives)</b>							
Payables	-	-	-	5,033,891	243	-	5,034,134
Purchases awaiting settlement	-	-	-	-	3,865,851	-	3,865,851
Net assets attributable to unitholders	-	-	-	375,221,932	-	-	375,221,932
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>380,255,823</b>	<b>3,866,094</b>	<b>-</b>	<b>384,121,917</b>
<b>Net</b>	<b>1,505,415</b>	<b>191,217,919</b>	<b>47,285,819</b>	<b>(368,316,760)</b>	<b>115,506,163</b>	<b>12,738,332</b>	<b>(63,112)</b>
Add/(Less): Financial derivatives	1,825,211	13,505,488	(13,118,941)	(3,556,189)	(6,760,914)	8,168,457	63,112
<b>Currency exposure</b>	<b>3,330,626</b>	<b>204,723,407</b>	<b>34,166,878</b>	<b>(371,872,949)</b>	<b>108,745,249</b>	<b>20,906,789</b>	<b>-</b>

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

Currency	Currency risen / lowered by 5% Increase / (decrease) in net assets attributable to unitholders	
	30/9/2009 \$	31/3/2009 \$
AUD	162,827	-
DKK	-	166,531
EUR	9,203,568	10,236,170
GBP	1,218,937	1,708,344
USD	6,397,244	5,437,262

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

(b) Liquidity risk

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

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances). At 30 September 2009, there are no investments in unlisted or unquoted securities (31 March 2009:\$Nil).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The 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.

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 balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<b>As at 30/9/2009</b>	<b>Due on Demand</b>	<b>Less than 3 months</b>	<b>3 months - 1 year</b>
	\$	\$	\$
<b>Liabilities</b>			
Payables	-	881,076	-
Purchases awaiting settlement	-	26,796,196	-
Fair value of financial derivatives	-	4,147,249	
Net assets attributable to unitholders	365,450,408	-	-

As at 31/3/2009

<b>Liabilities</b>			
Payables	-	5,034,134	-
Purchases awaiting settlement	-	3,865,851	-
Fair value of financial derivatives	-	4,153,468	332,354
Net assets attributable to unitholders	375,221,932	-	-

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

(c) Credit risk

Credit risk is the risk that 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.

As such, the Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

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 tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 30 September 2009 and 31 March 2009.

	Amount \$	Credit Rating	Source of Credit Rating
<b>As at 30 September 2009</b>			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	360,736,489	Aa1	Moody's
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	3,053,051	Aa1	Moody's
ANZ Bank	3,402,562	Aa1	Moody's
 As at 31 March 2009			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	350,599,113	Aa1	Moody's
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	10,014,027	Aa1	Moody's
UBS AG	5,233,004	Aa2	Moody's

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

## Notes to the Financial Statements (Unaudited)

For the half year ended 30 September 2009

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

### 14. Secured credit facility

The Fund has a credit facility with HSBC at 30 September 2009 and 31 March 2009.

	30/9/2009	31/3/2009
	\$	\$
<u>Facility</u>		
Overdraft	<b>20 million</b>	20 million

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at period end.

### 14. Financial ratios

	30/9/2009	30/9/2008
	%	%
Expense ratio <sup>1</sup>	<b>0.95</b>	0.94
Portfolio turnover ratio <sup>2</sup>	<b>143.30</b>	67.14

<sup>1</sup> Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, 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 fees.

<sup>2</sup> Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

# Report to Unitholders

For the half year ended 30 September 2009

## Investment Allocation as at 30 September 2009

<b>By Country</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Australia	2,208,608	0.60
Austria	1,707,745	0.47
Canada	3,576,744	0.98
Denmark	1,329,118	0.36
France	49,905,141	13.65
Germany	137,213,904	37.55
Great Britain	44,942,730	12.30
Netherlands	19,034,884	5.21
Supra-National	427,369	0.12
Sweden	4,602,817	1.26
United States of America	88,533,460	24.23
	<b>353,482,520</b>	<b>96.73</b>
<b>Accrued interest on fixed income securities</b>	<b>7,253,969</b>	<b>1.98</b>
<b>Portfolio of investments</b>	<b>360,736,489</b>	<b>98.71</b>
<b>Other net assets</b>	<b>4,713,919</b>	<b>1.29</b>
<b>Total</b>	<b>365,450,408</b>	<b>100.00</b>

  

<b>By Industry</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Bank	5,601,059	1.54
Government	332,318,854	90.93
Investment	427,369	0.12
Miscellaneous	15,135,238	4.14
	<b>353,482,520</b>	<b>96.73</b>
<b>Accrued interest on fixed income securities</b>	<b>7,253,969</b>	<b>1.98</b>
<b>Portfolio of investments</b>	<b>360,736,489</b>	<b>98.71</b>
<b>Other net assets</b>	<b>4,713,919</b>	<b>1.29</b>
<b>Total</b>	<b>365,450,408</b>	<b>100.00</b>

  

<b>By Asset Class</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Fixed Income securities	353,482,520	96.73
	<b>353,482,520</b>	<b>96.73</b>
<b>Accrued interest on fixed income securities</b>	<b>7,253,969</b>	<b>1.98</b>
<b>Portfolio of investments</b>	<b>360,736,489</b>	<b>98.71</b>
<b>Other net assets</b>	<b>4,713,919</b>	<b>1.29</b>
<b>Total</b>	<b>365,450,408</b>	<b>100.00</b>

## Report to Unitholders

For the half year ended 30 September 2009

By Credit Rating *	Market Value in SGD	% of NAV
AAA	332,239,028	90.92
Aaa	19,034,884	5.21
AA +	2,208,608	0.60
	<b>353,482,520</b>	<b>96.73</b>
<b>Accrued interest on fixed income securities</b>	<b>7,253,969</b>	<b>1.98</b>
<b>Portfolio of investments</b>	<b>360,736,489</b>	<b>98.71</b>
<b>Other net assets</b>	<b>4,713,919</b>	<b>1.29</b>
<b>Total</b>	<b>365,450,408</b>	<b>100.00</b>

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

### Top 10 Holdings

Holdings as at 30 September 2009	Market Value in SGD	% of NAV
Bundesrepublik Deutschland Series 04 (BR) 3.75% 04/01/2015	54,455,134	14.90
US Treasury Note 2.625% 30/04/2016	41,723,291	11.42
Government of France Oat 4% 25/10/2013	37,361,338	10.22
Bundesrepublik Deutschland Series 07 (BR) 4% 04/01/2018	33,635,881	9.20
Bundesrepublik Deutschland Series 0303 (BR) 4.25% 04/01/2014	31,775,196	8.69
UK Treasury 4.75% 07/06/2010	21,056,998	5.76
Government of Netherlands 4% 15/01/2037	19,034,884	5.21
UK Treasury 8% 07/06/2021	19,015,694	5.20
US Treasury Note 3.875% 15/09/2010	15,065,612	4.12
FNMA Conventional Loan FRN 25/09/2038	12,655,229	3.46

Holdings as at 30 September 2008	Market Value in SGD	% of NAV
Bundesrepublik Deutschland Series 04 3.75% 04/01/2015	49,665,211	13.27
Government of France BTan 3.5% 12/01/2009	40,502,883	10.82
Bundesrepublik Deutschland Series 0303 4.25% 04/01/2014	30,921,862	8.26
Fannie Mae Conventional Loan #41783 25/06/2038	28,304,329	7.56
UK Treasury 4.75% 07/06/2010	23,418,480	6.26
US Treasury Note 3.875% 15/09/2010	19,833,552	5.30
Government of Netherlands 4% 15/01/2037	16,710,819	4.46
Bundesobligation Series 143 3.5% 10/10/2008	13,693,103	3.66
US Treasury Note 4.75% 15/08/2017	11,389,866	3.04
Government of France Oat 4% 25/10/2013	11,234,157	3.00

# Report to Unitholders

For the half year ended 30 September 2009

## Exposure to Derivatives

	Market value in SGD	% of NAV
Forward foreign exchange, futures and options contracts as at 30 September 2009	(748,946)	(0.20)
Net gains/(losses) on contracts realised for the period 1 April 2009 to 30 September 2009	(193,944)	
Net gains/(losses) on outstanding contracts marked to market as at 30 September 2009	(748,946)	

## Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 30 September 2009

## Borrowings

Nil as at 30 September 2009

## Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 30 September 2009

	SGD
Redemptions	\$113,281,676
Subscriptions	\$104,693,312

## Related Party Transactions

For the period 1 April 2009 to 30 September 2009

Refer to Note 12 of the "Notes to the Financial Statements".

## Performance

	Legg Mason Global Bond Trust*	Benchmark
3-month	+ 1.74%	+ 2.35%
6-month	+ 0.00%	+ 1.16%
1-year	+ 8.58%	+ 8.60%
3-year	+ 2.72%	+ 3.94%
5-year	+ 2.30%	+ 3.07%
10-year	+ 2.84%	+ 4.80%
Since inception	+ 2.17%	+ 4.58%

\* Average Annual Compounded Return for periods above one year, bid to bid with dividends reinvested

Benchmark : Citigroup World Government Bond Index (S\$) ex Japan

The inception date was 2 November 1998

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

## Report to Unitholders

For the half year ended 30 September 2009

### Expense Ratio

For the period 1 October 2008 to 30 September 2009	0.95%
For the period 1 October 2007 to 30 September 2008	0.94%

*The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.*

*The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.*

### Turnover Ratio

For the period 1 April 2009 to 30 September 2009	143.30%
For the period 1 April 2008 to 30 September 2008	67.14%

*The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.*

*The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.*

### Other Material Information

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

### Soft Dollar Commission/Arrangements

The Investment Manager did not receive any soft dollar commission or enter into any soft dollar arrangement in the management of the Fund.

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**Legg Mason Asian Enterprise Trust**

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund
- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

**Legg Mason Asian Bond Trust**

Legg Mason Singapore Bond Fund

# Statement of Total Return (Unaudited)

For the half year ended 30 September 2009

	Note	30/9/2009 \$	30/9/2008 \$
<b>Income</b>			
Dividends		711	-
Interest income	12	666	4,199
		<b>1,377</b>	<b>4,199</b>
<b>Less: Expenses</b>			
Audit fee		4,821	5,133
Commission fee		2,641	1,231
Custody fee	12	2,055	4,926
Management fee	12	235,800	232,558
Trustee fee	12	14,421	14,135
Registration fee	12	8,264	9,800
Printing expenses		4,353	5,407
Professional fees		3,489	12,962
Valuation fee	12	9,091	8,948
Goods & services tax		10,394	18,337
Other expenses		2,360	2,222
		<b>297,689</b>	<b>315,659</b>
<b>Net investment loss</b>		<b>(296,312)</b>	<b>(311,460)</b>
<b>Net gains or losses on value of investments</b>			
Net realised gains on investments		545,011	164,509
Net change in fair value on investments		4,204,309	(1,514,338)
Net realised gains/(losses) on financial derivatives		2,064,040	(698,399)
Net change in fair value on financial derivatives		1,211,338	(1,064,740)
Net foreign exchange gains/(losses)		(122,744)	(416,810)
<b>Net gains/(losses) on value of investments</b>		<b>7,901,954</b>	<b>(3,529,778)</b>
<b>Total return/(deficit) for the half year before income tax</b>		<b>7,605,642</b>	<b>(3,841,238)</b>
<b>Less: Income tax</b>	3	<b>(12,488)</b>	<b>(56,303)</b>
<b>Total return/(deficit) for the half year</b>		<b>7,593,154</b>	<b>(3,897,541)</b>

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

**Balance Sheet (Unaudited)**

As at 30 September 2009

	Notes	30/9/2009 \$	31/3/2009 \$
<b>ASSETS</b>			
Portfolio of investments		<b>50,835,174</b>	36,964,096
Cash and bank balances	5	<b>2,295,975</b>	3,667,062
Margin accounts	6	<b>362,536</b>	446,121
Receivables	7	<b>147,147</b>	230,662
Fair value of financial derivatives	8	<b>1,532,920</b>	1,078,412
<b>Total assets</b>		<b>55,173,752</b>	42,386,353
<b>LIABILITIES</b>			
Payables	9	<b>178,054</b>	77,033
Purchases awaiting settlement		<b>1,095,416</b>	1,170,532
Fair value of financial derivatives	8	<b>321,582</b>	317,450
Net assets attributable to unitholders	10	<b>53,578,700</b>	40,821,338
<b>Total liabilities</b>		<b>55,173,752</b>	42,386,353

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

# Portfolio Statement (Unaudited)

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b>By Geography - Quoted Investments</b>			
<b>Australia</b>			
Leighton Finance 7.875% 16/05/2011	200,000	273,601	0.51
<b>Bermuda</b>			
Asia Aluminum Holdings 8% 23/12/2011	100,000	22,721	0.04
Qtel International Finance 7.875% 10/06/2019	100,000	159,265	0.30
Qtel International Finance 6.5% 10/06/2014	100,000	154,273	0.29
		336,259	0.63
<b>British Virgin Islands</b>			
Galaxy Entertainment Finance FRN 15/12/2010	400,000	546,712	1.02
Henson Finance Limited 5.5% 17/09/2019	500,000	688,652	1.29
		1,235,364	2.31
<b>Canada</b>			
Sino-Forest Corporation 10.25% 28/07/2014	150,000	222,982	0.42
<b>Cayman Islands</b>			
Guangdong Alliance Limited <sup>^</sup>	5,812	-	-
Hong Kong Property Co Limited <sup>^</sup>	5,812	-	-
OCBC Capital Corporation 5.1% PERP	750,000	734,587	1.37
Parkson Retail Group Limited 7.125% 30/05/2012	200,000	285,333	0.53
Sun Hung Kai Properties Series EMTN (BR) 5.375% 08/03/2017	500,000	735,179	1.37
Swire Pacific MTN Financing Ltd EMTN 5.625% 30/03/2016	400,000	590,820	1.11
		2,345,919	4.38

<sup>^</sup> *There is no readily available market quotation as the shares are not traded on any 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.*

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Investments (continued)</u></b>			
<b>Hong Kong</b>			
Agile Property Holdings Limited 9% 22/09/2013	100,000	140,377	0.26
GH Water Supply Holdings Limited <sup>^</sup>	2,208	-	-
Hk Land Finance EMTN 5.5% 28/04/2014	400,000	598,333	1.11
HKCG Finance Limited 6.25% 07/08/2018	150,000	231,709	0.43
Hutchison Whampoa Finance 4.625% 11/09/2015	420,000	588,807	1.10
Hutchison Whampoa International Limited 7.45% 24/11/2033	300,000	486,266	0.91
Kowloon Canton Railway Corporation 5.125% 20/05/2019	410,000	604,574	1.13
Wing Hang Bank VAR PERP	200,000	245,865	0.46
		2,895,931	5.40
<b>India</b>			
Government of India 7.37% 16/04/2014	50,000,000	1,481,537	2.77
<b>Indonesia</b>			
Ciliandra Perkasa 10.75% 08/12/2011	200,000	289,915	0.54
Indo Integrated Energy 8.5% 01/06/2012	200,000	279,443	0.52
Republic of Indonesia 7.25% 20/04/2015	600,000	927,859	1.73
Republic of Indonesia 6.625% 17/02/2037	1,800,000	2,498,246	4.66
Republic of Indonesia 8.5% 12/10/2035	1,010,000	1,714,884	3.20
Republic of Indonesia 6.875% 09/03/2017	900,000	1,356,915	2.54
MGTI Finance Company Limited 8.375% 15/09/2010	100,000	142,314	0.27
		7,209,576	13.46

<sup>^</sup> *There is no readily available market quotation as the shares are not traded on any 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.*

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to nitholders at 30/9/2009 %
<b>By Geography - Quoted Investments (continued)</b>			
<b>Malaysia</b>			
BNM Sukuk Treasury Bills 1209 08/12/2009 (Amortise)	2,700,000	1,095,520	2.05
Petronas Capital Limited 5.25% 12/08/2019	2,300,000	3,288,131	6.14
Petronas Capital Limited 7.875% 22/05/2022	500,000	862,768	1.61
Sarawak International 5.5% 03/08/2015	1,050,000	1,517,067	2.83
Telekom Malaysia 7.875% 01/08/2025	200,000	348,957	0.65
Tesco Stores Malaysia Series MTN 4.05% 12/11/2010	1,500,000	611,993	1.14
		7,724,436	14.42
<b>Philippines</b>			
Land Bank of Philippines VAR 19/10/2016	100,000	146,444	0.27
National Power Corporation 6.875% 02/11/2016	2,000,000	2,966,755	5.54
National Power Corporation FRN 23/08/2011	200,000	282,162	0.52
Republic of Philippines 10.625% 16/03/2025	920,000	1,814,856	3.39
Republic of Philippines 9.5% 02/02/2030	1,320,000	2,469,078	4.61
Republic of Philippines 6.375% 15/01/2032	1,150,000	1,583,948	2.96
Republic of Philippines 7.75% 14/01/2031	520,000	831,622	1.55
		10,094,865	18.84
<b>Qatar</b>			
Ras Laffan LNG III 6.75% 30/09/2019	250,000	388,369	0.72
<b>Singapore</b>			
DBS Bank Limited VAR 16/05/2017	300,000	424,799	0.79
Stats Chippac Limited 7.5% 19/07/2010	100,000	143,195	0.27
United Overseas Bank Limited VAR 03/09/2019	500,000	699,361	1.30
		1,267,355	2.36

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b>By Geography - Quoted Investments (continued)</b>			
<b>South Korea</b>			
Export-Import Bank Korea 5.875% 14/01/2015	2,000,000	2,973,096	5.55
Hana Bank 6.5% 09/04/2012	650,000	980,205	1.83
Industrial Bank of Korea 7.125% 23/04/2014	700,000	1,067,501	1.99
Kookmin Bank 7.25% 14/05/2014	300,000	467,049	0.87
Kookmin Bank EMTN 5.875% 11/06/2012	140,000	205,469	0.38
Republic of Korea 7.125% 16/04/2019	400,000	657,863	1.23
Korea Development Bank 8% 23/01/2014	800,000	1,280,725	2.39
Korea Electric Power Corporation 5.375% 18/04/2013	400,000	580,292	1.08
Korea Hydro & Nuclear Power 6.25% 17/06/2014	170,000	251,216	0.47
Korea Monetary Stab Bond Series 9075 0% 20/10/2009	600,000,000	716,640	1.34
Korea National Oil Corporation 5.375% 30/07/2014	210,000	304,514	0.57
National Agricultural Company 5% 30/09/2014	270,000	381,056	0.71
Shinhan Bank 6% 29/06/2012	640,000	942,481	1.76
Shinsegae Co Limited 6.125% 27/06/2011	150,000	217,504	0.41
SK Telecom Co Limited 4.25% 01/04/2011	600,000	857,562	1.60
SK Telecom Co Limited 6.625% 20/07/2027	700,000	1,039,745	1.94
Small Business Corporation 5.75% 14/09/2016	200,000	237,292	0.44
Woori Bank 7% 02/02/2015	120,000	183,240	0.34
		13,343,450	24.90
<b>Sri Lanka</b>			
Sri Lanka Telecom Limited EMTN 6.875% 30/11/2009	180,000	247,966	0.46
<b>Thailand</b>			
Government of Thailand 5.125% 13/03/2018	12,000,000	547,209	1.02
<b>United States of America</b>			
CII Carbon LLC 11.125% 15/11/2015	250,000	332,007	0.62
CII Carbon LLC (144A) 11.125% 15/11/2015	100,000	132,803	0.25
		464,810	0.87

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Investments (continued)</u></b>			
Quoted Investments		50,079,629	93.47
Accrued interest on fixed income securities		755,545	1.41
Portfolio of investments		50,835,174	94.88
Other net assets		2,743,526	5.12
Net assets attributable to unitholders		53,578,700	100.00

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Geography (Summary)</b>		
<b>Quoted Investments</b>		
Australia	0.51	-
Bermuda	0.63	0.05
British Virgin Islands	2.31	1.17
Canada	0.42	0.96
Cayman Islands	4.38	5.49
China	-	0.49
Hong Kong	5.40	6.05
India	2.77	3.76
Indonesia	13.46	13.47
Malaysia	14.42	8.97
Netherlands	-	0.99
Philippines	18.84	24.14
Qatar	0.72	-
Singapore	2.36	6.40
South Korea	24.90	12.63
Sri Lanka	0.46	-
Thailand	1.02	3.97
United States of America	0.87	0.48
	<hr/> 93.47	<hr/> 89.02
<b>Accrued interest on fixed income securities</b>	1.41	1.53
	<hr/> 94.88	<hr/> 90.55
<b>Portfolio of investments</b>	94.88	90.55
<b>Other net assets</b>	5.12	9.45
<b>Net assets attributable to unitholders</b>	<hr/> 100.00	<hr/> 100.00

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Industry</b>			
Agriculture	289,915	0.54	-
Bank	9,918,823	18.50	14.64
Diversified resource	1,077,086	2.02	2.49
Electrical and electronic	3,690,242	6.89	7.28
Energy	279,443	0.52	0.57
Finance	3,302,765	6.17	2.26
Foods	611,993	1.14	1.51
Forestry	222,982	0.42	0.96
Government	16,837,949	31.44	38.78
Metal products	132,803	0.25	-
Miscellaneous	3,700,282	6.90	9.65
Oil and gas	4,843,782	9.04	2.54
Property	735,179	1.37	1.79
Public utility	348,957	0.65	0.73
Real estate	738,710	1.37	1.71
Retail	285,333	0.53	0.60
Telecommunication	2,458,811	4.59	2.38
Transport - Railway	604,574	1.13	-
Wholesale	-	-	1.13
	<b>50,079,629</b>	<b>93.47</b>	<b>89.02</b>
<b>Accrued interest on fixed income securities</b>	<b>755,545</b>	<b>1.41</b>	<b>1.53</b>
<b>Portfolio of investments</b>	<b>50,835,174</b>	<b>94.88</b>	<b>90.55</b>
<b>Other net assets</b>	<b>2,743,526</b>	<b>5.12</b>	<b>9.45</b>
<b>Net assets attributable to unitholders</b>	<b>53,578,700</b>	<b>100.00</b>	<b>100.00</b>

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

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

### 1. General

Legg Mason Asian Bond Trust (the "Fund") is an open-ended Unit Trust constituted pursuant to the Trust Deed dated 26 November 1996, as amended by various Supplemental Deeds between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason Asset Management (Asia) Pte Ltd. A Supplemental Deed dated 28 September 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

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

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

### 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 Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Fund.

#### (b) Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from actual results. The estimates and assumptions that the management adopts are outlined below:

##### *Fair value of investments*

The Fund may, from time to time, hold investments that are not quoted in active markets. Fair values of such investments are determined by the Manager after taking into accounts all relevant information to make certain estimates and assumptions. The actual proceeds that could be realised from the sale of these shares could be different from the estimated fair value.

All the Fund's financial assets and financial liabilities are held for the purpose of being traded.

#### (c) Income recognition

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

#### (d) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial period are converted into Singapore dollars at the rates of exchange ruling on the transaction dates.

# Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

(e) Financial assets at fair value through profit or loss

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 period 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 net of transaction costs, and taken up in the Statement of Total Return.

(f) Basis of valuation of investments

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price for the investments held by the Fund is the current market quoted bid price or dealer's quote as applicable. Accrued interest is included in the fair value of the fixed income instruments.

(g) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

### 3. Income Tax

	30/9/2009	30/9/2008
	\$	\$
Overseas income tax	<u>12,488</u>	56,303

(a) The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act); and
  - (iii) distribution from foreign unit trusts and dividends 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.

#### 4. Distribution to unitholders

The Manager did not propose any distribution to unitholders for the financial period ended 30 September 2009 (31 March 2009: \$Nil).

#### 5. Cash and bank balances

	30/9/2009 \$	31/3/2009 \$
Held with a related company of the Trustee:		
- Cash and bank balances	1,295,782	1,496,627
	<u>1,295,782</u>	<u>1,496,627</u>
Held with other financial institutions:		
- Fixed deposits	1,000,193	2,170,435
Total	<u>2,295,975</u>	<u>3,667,062</u>

The fixed deposits have the following average maturity from the end of the financial period:

	30/9/2009 days	31/3/2009 days
Singapore dollar	5	1
United States dollar	-	1

The fixed deposits have the following weighted average effective interest rates at the balance sheet date:

	30/9/2009 %	31/3/2009 %
Singapore dollar	0.16	0.20
United States dollar	-	0.20

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 6. Margin accounts

	30/9/2009	31/3/2009
	\$	\$
Margin accounts	362,536	446,121

Margin accounts represent the margin deposit amounts held with brokers.

### 7. Receivables

	30/9/2009	31/3/2009
	\$	\$
Amount due from unitholders	136,602	230,648
Interest receivable	4	14
Others	10,541	-
	<u>147,147</u>	<u>230,662</u>

The carrying amounts of receivables approximate their fair values.

### 8. Fair value of financial derivatives

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

As at financial period end, commitments under forward foreign exchange, spot foreign exchange and futures contracts are due for settlement within 3 months (31 March 2009: 5 months). Swap contracts will mature in financial years 2011, 2014 and 2019.

30/9/2009	Notional amount	Fair value assets	Fair value liabilities
	\$	\$	\$
Forward foreign exchange contracts	57,702,787	1,207,089	(87,470)
Spot foreign exchange contracts	1,095,416	-	(1,458)
Futures contracts	14,895,977	7,761	(169,075)
Swap contracts	8,988,028	318,070	(63,579)
		<u>1,532,920</u>	<u>(321,582)</u>
31/3/2009			
Forward foreign exchange contracts	58,482,376	1,053,372	(230,716)
Futures contracts	8,845,041	2,257	(54,214)
Swap contracts	2,819,524	22,783	(32,520)
		<u>1,078,412</u>	<u>(317,450)</u>

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

All financial derivatives are stated at their fair values on the balance sheet.

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 9. Payables

	30/9/2009	31/3/2009
	\$	\$
Amount due to unitholders	96,850	2,633
Accrued management fee	43,656	33,908
Accrued trustee fee	5,194	2,120
Other payables and accruals	32,354	38,372
	178,054	77,033

The carrying amounts of payables approximate their fair values.

### 10. Net assets attributable to unitholders

	30/9/2009	31/3/2009
	\$	\$
<b>At the beginning of the financial period/year</b>	<b>40,821,338</b>	<b>48,800,416</b>
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	7,593,154	(5,583,602)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	10,099,420	2,746,955
Cancellation of units	(4,935,212)	(5,142,431)
Change in net assets attributable to unitholders resulting from net (cancellation)/creation of units	5,164,208	(2,395,476)
Total (decrease)/increase in net assets attributable to unitholders	12,757,362	(7,979,078)
<b>At the end of the financial period</b>	<b>53,578,700</b>	<b>40,821,338</b>
<b>Units in issue (Note 11)</b>	<b>45,928,168</b>	<b>41,224,296</b>
<b>Net assets attributable to unitholders per unit</b>	<b>1.17</b>	<b>0.99</b>

### 11. Units in issue

	30/9/2009	31/3/2009
Units at beginning of the financial period/year	41,224,296	43,514,643
Units created	9,278,351	2,664,241
Units cancelled	(4,574,479)	(4,954,588)
Units at end of the financial period/year	45,928,168	41,224,296

# Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

## 12. Related party transactions

As at 30 September 2009, the Manager of the Fund is Legg Mason International Equities (Singapore) Pte Ltd and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) 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.

In addition to related party information disclosed elsewhere in the financial statements, the following transactions took place during the financial period between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	30/9/2009	30/9/2008
	\$	\$
Interest income received and receivable from a bank which is a related company of the Trustee	4	4,199
Interest expenses incurred with a bank which is a related company of the Trustee	3	34

## 13. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, interest rate risk and other 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 debt securities, 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.

### (a) Market risk

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

The Legg Mason Asian Bond Trust aims to maximise returns over the long term by investing mainly in the bond markets of Asia's developing economies.

The Fund distinguishes market risk as follows:

- Price risk
- Interest rate risk
- Currency risk

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

(i) Price risk

Price risk primarily results from exposure to volatility of equities prices. The Fund does not hold any equities as of 30 September 2009 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.

As the Fund invests in primarily debt 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 debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager will regularly assess 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 tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

As at 30/9/2009	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	-	2,354,134	12,999,034	35,482,006	-	50,835,174
Cash and bank balances	1,295,782	1,000,193	-	-	-	2,295,975
Margin accounts	-	-	-	-	362,536	362,536
Receivables	-	-	-	-	147,147	147,147
Fair value of financial derivatives	-	-	-	-	1,532,920	1,532,920
<b>Total assets</b>	1,295,782	3,354,327	12,999,034	35,482,006	2,042,603	55,173,752
<b>Liabilities</b>						
Payables	-	-	-	-	178,054	178,054
Purchases awaiting settlement	-	-	-	-	1,095,416	1,095,416
Fair value of financial derivatives	-	-	-	-	321,582	321,582
Net assets attributable to unitholders	-	-	-	-	53,578,700	53,578,700
<b>Total liabilities</b>	-	-	-	-	55,173,752	55,173,752

# Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

As at 31/3/2009	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	5,103,588	261,653	5,780,571	25,194,640	623,644	36,964,096
Cash and bank balances	1,496,627	2,170,435	-	-	-	3,667,062
Margin accounts	-	-	-	-	446,121	446,121
Receivables	-	-	-	-	230,662	230,662
Fair value of financial derivatives	-	-	-	-	1,078,412	1,078,412
<b>Total assets</b>	<b>6,600,215</b>	<b>2,432,088</b>	<b>5,780,571</b>	<b>25,194,640</b>	<b>2,378,839</b>	<b>42,386,353</b>
<b>Liabilities</b>						
Payables	-	-	-	-	77,033	77,033
Purchases awaiting settlement	-	-	-	-	1,170,532	1,170,532
Fair value of financial derivatives	-	-	-	-	317,450	317,450
Net assets attributable to unitholders	-	-	-	-	40,821,338	40,821,338
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,386,353</b>	<b>42,386,353</b>

As at 30 September 2009, should interest rates have lowered or risen by 50 basis points ("bps") (31 March 2009: 50 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the period would be as follows:

	30/9/2009		31/3/2009	
	+ 50 bps \$'000	- 50 bps \$'000	+ 50 bps \$'000	- 50 bps \$'000
Effect on net assets attributable to unitholders	(1,186)	1,261	(1,080)	1,137

(iii) Currency risk

The Fund holds securities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulators 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 (Unaudited)

For the half year ended 30 September 2009

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

As at 30/9/2009	INR \$	KRW \$	MYR \$	SGD \$	USD \$	Others \$	Total \$
<b>Assets</b>							
<b>(excluding foreign exchange derivatives)</b>							
Portfolio of investments	1,531,009	716,640	1,716,989	735,740	45,585,432	549,364	50,835,174
Cash and bank balances	-	-	13,075	2,127,177	154,913	810	2,295,975
Margin accounts	-	37,572	-	-	324,964	-	362,536
Receivables	-	-	-	147,147	-	-	147,147
<b>Total assets</b>	<b>1,531,009</b>	<b>754,212</b>	<b>1,730,064</b>	<b>3,010,064</b>	<b>46,065,309</b>	<b>550,174</b>	<b>53,640,832</b>
<b>Liabilities</b>							
<b>(excluding foreign exchange derivatives)</b>							
Payables	-	-	-	159,612	18,442	-	178,054
Purchases awaiting settlement	-	-	1,095,416	-	-	-	1,095,416
Net assets attributable to unitholders	-	-	-	53,578,700	-	-	53,578,700
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,095,416</b>	<b>53,738,312</b>	<b>18,442</b>	<b>-</b>	<b>54,852,170</b>
<b>Net</b>	<b>1,531,009</b>	<b>754,212</b>	<b>634,648</b>	<b>(50,728,248)</b>	<b>46,046,867</b>	<b>550,174</b>	<b>(1,211,338)</b>
Add/(Less): Financial derivatives	(1,021,500)	325,479	(37,529)	50,792,229	(49,357,141)	509,800	1,211,338
<b>Currency exposure</b>	<b>509,509</b>	<b>1,079,691</b>	<b>597,119</b>	<b>63,981</b>	<b>(3,310,274)</b>	<b>1,059,974</b>	<b>-</b>

# Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

As at 31/3/2009	INR	KRW	MYR	SGD	USD	Others	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>							
<b>(excluding foreign exchange derivatives)</b>							
Portfolio of investments	1,585,669	1,132,425	1,068,370	663,072	31,888,236	626,324	36,964,096
Cash and bank balances	-	-	61,529	838,512	2,739,902	27,119	3,667,062
Margin accounts	-	367,116	-	-	79,005	-	446,121
Receivables	-	-	-	230,651	11	-	230,662
<b>Total assets</b>	<b>1,585,669</b>	<b>1,499,541</b>	<b>1,129,899</b>	<b>1,732,235</b>	<b>34,707,154</b>	<b>653,443</b>	<b>41,307,941</b>
<b>Liabilities</b>							
<b>(excluding foreign exchange derivatives)</b>							
Payables	-	-	-	57,205	19,828	-	77,033
Purchases awaiting settlement	-	-	-	-	1,170,532	-	1,170,532
Net assets attributable to unitholders	-	-	-	40,821,338	-	-	40,821,338
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,878,543</b>	<b>1,190,360</b>	<b>-</b>	<b>42,068,903</b>
<b>Net</b>	<b>1,585,669</b>	<b>1,499,541</b>	<b>1,129,899</b>	<b>(39,146,308)</b>	<b>33,516,794</b>	<b>653,443</b>	<b>(760,962)</b>
Add/(Less): Financial derivatives	(1,489,418)	(1,594,767)	(1,103,050)	34,377,218	(29,179,312)	(249,709)	760,962
<b>Currency exposure</b>	<b>96,251</b>	<b>(95,226)</b>	<b>26,849</b>	<b>(4,769,090)</b>	<b>4,337,482</b>	<b>403,734</b>	<b>-</b>

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

Currency	Currency risen / lowered by 5%	
	Increase / (decrease) in net assets attributable to unitholders	
	30/9/2009	31/3/2009
	\$'000	\$'000
INR	25,475	4,813
KRW	53,985	(4,761)
MYR	29,856	-
THB	-	1,342
USD	(165,514)	216,874

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

### (b) Liquidity risk

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

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances). At 30 September 2009, there are no investments in unlisted or unquoted securities (31 March 2009:\$Nil).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The 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.

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 balance sheet 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 30/9/2009	Due on Demand \$	Less than 3 months \$	3 months - 1 year \$	1-5 years \$	Above 5 years \$
<b>Liabilities</b>					
Payables	-	178,054	-	-	-
Purchases awaiting settlement	-	1,095,416	-	-	-
Fair value of financial derivatives	-	250,393	7,610	63,579	-
Net assets attributable to unitholders	<b>53,578,700</b>	-	-	-	-

As at 31/3/2009

<b>Liabilities</b>					
Payables	-	77,033	-	-	-
Purchases awaiting settlement	-	1,170,532	-	-	-
Fair value of financial derivatives	-	204,477	80,453	-	32,520
Net assets attributable to unitholders	<b>40,821,338</b>	-	-	-	-

### (c) Credit risk

Credit risk is the risk that 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.

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

As such, the Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

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 tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 30 September 2009 and 31 March 2009.

	Amount \$	Credit Rating	Source of Credit Rating
<b>As at 30/9/2009</b>			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	50,835,174	Aa1	Moody's
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	1,295,782	Aa1	Moody's
UBS AG	1,000,193	Aa2	Moody's
<b>As at 31/3/2009</b>			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	36,964,096	Aa1	Moody's
<u>Bank</u>			
JP Morgan Chase	650,031	Aa3	Moody's
Oversea-Chinese Banking Corporation	760,107	Aa1	Moody's
The Hongkong and Shanghai Banking Corporation Limited	1,496,627	Aa1	Moody's
UBS AG	760,297	Aa2	Moody's

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

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 14. Secured credit facility

The Fund has a credit facility with HSBC at 30 September 2009 and 31 March 2009.

	30/9/2009	31/3/2009
	\$	\$
<u>Facility</u>		
Overdraft	<b>2 million</b>	2 million

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at period end.

### 15. Financial ratios

	30/9/2009	31/3/2009
	%	%
Expense ratio <sup>1</sup>	<b>1.29</b>	1.33
Portfolio turnover ratio <sup>2</sup>	<b>22.80</b>	27.61

<sup>1</sup> Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, 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 Funds do not pay any performance fees.

<sup>2</sup> Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

# Report to Unitholders

For the half year ended 30 September 2009

## Investment Allocation as at 30 September 2009

<b>By Country</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Australia	273,601	0.51
Bermuda	336,259	0.63
British Virgin Islands	1,235,364	2.31
Canada	222,982	0.42
Cayman Islands	2,345,919	4.38
Hong Kong	2,895,931	5.40
India	1,481,537	2.77
Indonesia	7,209,576	13.46
Malaysia	7,724,436	14.42
Philippines	10,094,865	18.84
Qatar	388,369	0.72
Singapore	1,267,355	2.36
South Korea	13,343,450	24.90
Sri Lanka	247,966	0.46
Thailand	547,209	1.02
United States of America	464,810	0.87
	<b>50,079,629</b>	<b>93.47</b>
<b>Accrued interest on fixed income securities</b>	<b>755,545</b>	<b>1.41</b>
<b>Portfolio of investments</b>	<b>50,835,174</b>	<b>94.88</b>
<b>Other net assets</b>	<b>2,743,526</b>	<b>5.12</b>
<b>Total</b>	<b>53,578,700</b>	<b>100.00</b>

<b>By Industry</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Agriculture	289,915	0.54
Bank	9,918,823	18.50
Diversified resource	1,077,086	2.02
Electrical and electronic	3,690,242	6.89
Energy	279,443	0.52
Finance	3,302,765	6.17
Foods	611,993	1.14
Forestry	222,982	0.42
Government	16,837,949	31.44
Metal products	132,803	0.25
Miscellaneous	3,700,282	6.90
Oil and gas	4,843,782	9.04
Property	735,179	1.37
Public utility	348,957	0.65
Real estate	738,710	1.37
Retail	285,333	0.53
Telecommunication	2,458,811	4.59
Transport - Railway	604,574	1.13
	<b>50,079,629</b>	<b>93.47</b>
<b>Accrued interest on fixed income securities</b>	<b>755,545</b>	<b>1.41</b>
<b>Portfolio of investments</b>	<b>50,835,174</b>	<b>94.88</b>
<b>Other net assets</b>	<b>2,743,526</b>	<b>5.12</b>
<b>Total</b>	<b>53,578,700</b>	<b>100.00</b>

## Report to Unitholders

For the half year ended 30 September 2009

<b>By Asset Class</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Fixed Income securities	50,079,629	93.47
	<b>50,079,629</b>	<b>93.47</b>
<b>Accrued interest on fixed income securities</b>	<b>755,545</b>	<b>1.41</b>
<b>Portfolio of investments</b>	<b>50,835,174</b>	<b>94.88</b>
<b>Other net assets</b>	<b>2,743,526</b>	<b>5.12</b>
<b>Total</b>	<b>53,578,700</b>	<b>100.00</b>

<b>By Credit Rating *</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
AA +	604,574	1.13
AA	467,049	0.87
A +	424,799	0.79
A	11,676,519	21.78
A-	13,396,461	25.02
A1	231,709	0.43
A3	245,865	0.46
BBB +	598,333	1.11
BB +	143,195	0.27
BB	922,293	1.72
Ba2	1,481,537	2.77
BB-	16,588,639	30.97
B +	247,966	0.46
B	546,712	1.02
B2	569,358	1.06
CCC +	464,810	0.87
Unrated	1,469,810	2.74
	<b>50,079,629</b>	<b>93.47</b>
<b>Accrued interest on fixed income securities</b>	<b>755,545</b>	<b>1.41</b>
<b>Portfolio of investments</b>	<b>50,835,174</b>	<b>94.88</b>
<b>Other net assets</b>	<b>2,743,526</b>	<b>5.12</b>
<b>Total</b>	<b>53,578,700</b>	<b>100.00</b>

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

# Report to Unitholders

For the half year ended 30 September 2009

## Top 10 Holdings

Holdings as at 30 September 2009	Market Value in SGD	% of NAV
Petronas Capital Limited 5.25% 12/08/2019	3,288,131	6.14
Export-Import Bank Korea 5.875% 14/01/2015	2,973,096	5.55
National Power Corporation 6.875% 02/11/2016	2,966,755	5.54
Republic of Indonesia 6.625% 17/02/2037	2,498,246	4.66
Republic of Philippines 9.5% 02/02/2030	2,469,078	4.61
Republic of Philippines 10.625% 16/03/2025	1,814,856	3.39
Republic of Indonesia 8.5% 12/10/2035	1,714,884	3.20
Republic of Philippines 6.375% 15/01/2032	1,583,948	2.96
Sarawak International 5.5% 03/08/2015	1,517,067	2.83
Government of India 7.37% 16/04/2014	1,481,537	2.77

Holdings as at 30 September 2008	Market Value in SGD	% of NAV
Government of Malaysia Series 5/07 3.7% 15/05/2013	3,696,102	8.76
National Power Corporation 6.875% 02/11/2016	2,670,365	6.33
Republic of Philippines 9.5% 02/02/2030	2,315,411	5.49
Republic of Philippines 6.375% 15/01/2032	2,208,618	5.23
Republic of Indonesia 6.625% 17/02/2037	2,084,503	4.94
Indoesia Retail Bond 3 9.4% 12/09/2011	2,009,334	4.76
Republic of Philippines 10.625% 16/03/2025	1,753,458	4.15
Government of India 7.37% 16/04/2014	1,437,341	3.41
Republic of Indonesia 8.5% 12/10/2035	1,411,507	3.34
Sarawak International 5.5% 03/08/2015	1,361,395	3.22

## Exposure to Derivatives

	Market value in SGD	% of NAV
Forward foreign exchange, spot foreign exchange, futures and swap contracts as at 30 September 2009	1,211,338	2.26
Net gains/(losses) on contracts realised for the period 1 April 2009 to 30 September 2009	2,064,040	
Net gains/(losses) on outstanding contracts marked to market as at 30 September 2009	1,211,338	

## Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 30 September 2009

## Report to Unitholders

For the half year ended 30 September 2009

### Borrowings

Nil as at 30 September 2009

### Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 30 September 2009

	SGD
Redemptions	\$4,935,212
Subscriptions	\$10,099,420

### Related Party Transactions

For the period 1 April 2009 to 30 September 2009

Refer to Note 12 of the "Notes to the Financial Statements".

### Performance

	Legg Mason Asian Bond Trust*	Benchmark
3-month	+ 8.03%	+ 8.51%
6-month	+ 17.69%	+ 17.09%
1-year	+ 13.03%	+ 18.62%
3-year	+ 2.54%	+ 6.69%
5-year	+ 3.04%	+ 6.19%
10-year	+ 3.69%	+ 7.57%
Since inception	+ 1.48%	N/A

\* Average Annual Compounded Return for periods above one year, bid to bid with dividends reinvested

Benchmark : From Nov 06, benchmark is Customised JP Morgan Asian Credit Index, Sovereign & Quasi Sovereign, fully hedged into SGD. From Oct 02 to Oct 06, benchmark was JP Morgan Asian Credit Index - Sovereign and Quasi Sovereign (Hedged in S\$). Since Jan 99 to Sep 02, benchmark was JP Morgan Asian Credit Index Sovereign (Hedged in S\$).

The inception date was 23 December 1996

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

### Expense Ratio

For the period 1 October 2008 to 30 September 2009	1.29%
For the period 1 October 2007 to 30 September 2008	1.33%

The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.

The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

# Report to Unitholders

For the half year ended 30 September 2009

## Turnover Ratio

For the period 1 April 2009 to 30 September 2009	22.80%
For the period 1 April 2008 to 30 September 2008	27.61%

*The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.*

*The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.*

## Other Material Information

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

## Soft Dollar Commission/Arrangements

The Investment Manager did not receive any soft dollar commission or enter into any soft dollar arrangement in the management of the Fund.

**Legg Mason Asian Enterprise Trust**

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund
- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

**Legg Mason Singapore Bond Fund**

# Statement of Total Return (Unaudited)

For the half year ended 30 September 2009

	Note	30/9/2009 \$	30/9/2008 \$
<b>Income</b>			
Dividend income		28,624	-
Interest income	10	113	6,005
		<b>28,737</b>	<b>6,005</b>
<b>Less: Expenses</b>			
Audit fees		7,939	11,741
Custody fee	10	12,251	19,993
Management fee	10	187,901	181,665
Trustee fee	10	19,507	19,702
Registration fee	10	5,448	7,505
Printing expenses		3,510	11,542
Professional fees		9,288	20,740
Valuation fee	10	11,262	11,342
Goods and services tax		15,124	14,368
Other expenses		3,564	3,391
		<b>275,794</b>	<b>301,989</b>
<b>Net investment loss</b>		<b>(247,057)</b>	<b>(295,984)</b>
<b>Net gains or losses on value of investments</b>			
Net realised gains on investments		2,151,146	630,238
Net change in fair value on investments		(712,004)	(1,393,222)
Net realised gains/(losses) on financial derivatives		69,995	(138,804)
Net change in fair value on financial derivatives		94,629	-
Net foreign exchange gains/(losses)		2,762	(2,487)
<b>Net gains/(losses) on value of investments</b>		<b>1,606,528</b>	<b>(904,275)</b>
<b>Total return/(deficit) for the half year before income tax</b>		<b>1,359,471</b>	<b>(1,200,259)</b>
<b>Less: Income tax</b>	3	-	-
<b>Total return/(deficit) for the half year</b>		<b>1,359,471</b>	<b>(1,200,259)</b>

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

**Balance Sheet (Unaudited)**

As at 30 September 2009

	Notes	30/9/2009 \$	31/3/2009 \$
<b>ASSETS</b>			
Portfolio of investments		<b>73,553,068</b>	64,861,780
Cash and bank balances	4	<b>2,383,775</b>	598,438
Receivables	5	<b>452,423</b>	166,810
Fair value of financial derivatives	6	<b>94,629</b>	2,857
<b>Total assets</b>		<b>76,483,895</b>	65,629,885
<b>LIABILITIES</b>			
Payables	7	<b>132,501</b>	222,444
Purchase awaiting settlement		<b>1,748,800</b>	-
Net assets attributable to unitholders	8	<b>74,602,594</b>	65,407,441
<b>Total liabilities</b>		<b>76,483,895</b>	65,629,885

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Investments</u></b>			
<b>Cayman Islands</b>			
DBS Capital Funding Pref Shares	7,500	747,248	1.00
Jackson National Life Fund EMTN 3.92% 08/03/2011	2,000,000	2,037,182	2.73
OCBC Capital Corporation 5.1% PERP	1,250,000	1,224,311	1.64
Swire Pacific MTN Finance Series EMTN 5.5% 19/08/2019	290,000	410,750	0.55
		4,419,491	5.92
<b>Germany</b>			
Deutsche Bank EMTN 3.25% 10/10/2012	1,800,000	1,862,100	2.50
<b>Hong Kong</b>			
Hutchison Whampoa Finance 4.625% 11/09/2015	240,000	336,461	0.45
<b>India</b>			
ICICI Bank Limited EMTN (BR) 3.92% 15/02/2012	750,000	732,630	0.98
<b>Malaysia</b>			
Petronas Capital Limited 5.25% 12/08/2019	300,000	428,887	0.58
<b>Singapore</b>			
Ascendas Pte Limited MTN (BR) 3.66% 14/05/2010	750,000	756,178	1.01
CapitaCommercial Trust MTN 3.15% 24/01/2011	500,000	502,052	0.67
CapitaLand Commercial Limited Series MTN 3.98% 07/05/2010	750,000	757,721	1.02
CapitaLand Treasury Limited Series MTN 3.8% 30/10/2014	500,000	483,662	0.65
CCT MTN Pte Limited Series MTN 3.85% 20/08/2010	500,000	498,901	0.67
City Developments Limited (MTN) (BR) 4.85% 16/04/2012	750,000	755,556	1.01
HK Land Treasury (BR) 3.01% 04/10/2010	1,000,000	1,001,257	1.34
HK Land Treasury (BR) 3.65% 05/10/2015	250,000	230,693	0.31
Housing & Development Board MTN (BR) 2.82% 06/10/2010	1,500,000	1,523,601	2.04
Housing & Development Board MTN (BR) 1.795% 03/07/2012	250,000	248,524	0.33
Housing & Development Board MTN (BR) 3.455% 15/07/2013	250,000	264,169	0.35
Balance carried forward		7,022,314	9.40

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b><u>By Geography - Quoted Investments (continued)</u></b>			
<b>Singapore (continued)</b>			
Balance brought forward		7,022,314	9.40
Housing & Development Board MTN (BR) 3.56% 23/02/2014	1,500,000	1,577,576	2.11
Housing & Development Board MTN (BR) 3.73% 07/03/2016	500,000	532,735	0.71
Midpoint Prop MIDSP 3.88% 17/01/2011	500,000	504,125	0.68
National Uni of Singapore Series MTN (BR) 3.2% 12/06/2014	750,000	757,665	1.02
Oversea-Chinese Banking 5% 06/09/2011	980,000	1,002,579	1.34
Oversea-Chinese Banking Corporation Limited PFD	2,800	283,528	0.38
Oversea-Chinese Banking Series MTN 3.78% 28/11/2017	500,000	511,594	0.69
Sembcorp Financial Services MTN (BR) 5% 21/04/2014	750,000	789,181	1.06
Singapore Government SIGB 2.625% 01/04/2012	100,000	104,719	0.14
Singapore Government SIGB 2.5% 01/10/2012	700,000	733,963	0.98
Singapore Government SIGB 3.625% 01/07/2014	1,000,000	1,103,712	1.48
Singapore Government SIGB 2.875% 01/07/2015	690,000	733,543	0.98
Singapore Government SIGB 3.75% 01/09/2016	9,350,000	10,359,976	13.89
Singapore Government SIGB 4% 01/09/2018	1,633,000	1,855,433	2.49
Singapore Government SIGB 2.5% 01/06/2019	2,890,000	2,922,657	3.92
Singapore Government SIGB 3.25% 01/09/2020	3,885,000	4,099,118	5.49
Singapore Government SIGB 3.125% 01/09/2022	3,440,000	3,521,987	4.72
Singapore Government SIGB 3.5% 01/03/2027	7,680,000	8,016,013	10.74
Singapore Treasury Bill Series 91 17/12/2009	4,000,000	3,997,185	5.36
Singapore Treasury Bill Series 91 31/12/2009 (For Amortization)	1,500,000	1,498,872	2.01
SMRT Corporation Limited Series MTN 2.42% 07/10/2014	250,000	249,998	0.34
ST Treasury Services Limited 3.98% 02/04/2014	750,000	767,082	1.03
United Overseas Bank Limited 4.95% 30/09/2016	1,250,000	1,294,755	1.74
United Overseas Land Limited (BR) 3.34% 15/05/2012	1,250,000	1,242,845	1.67
		55,483,155	74.37

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

# Portfolio Statement (Unaudited)

As at 30 September 2009

	Nominal holdings as at 30/9/2009	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %
<b>By Geography - Quoted Investments (continued)</b>			
<b>South Korea</b>			
Export-Import Bank of Korea 5.875% 14/01/2015	450,000	668,946	0.90
Export-Import Bank of Korea EMTN 6% 21/01/2010	500,000	504,115	0.67
Kookmin Bank 7.25% 14/05/2014	200,000	311,366	0.42
Kookmin Bank EMTN 5.875% 11/06/2012	120,000	176,117	0.24
Republic of Korea 5.75% 16/04/2014	150,000	228,444	0.31
Korea Development Bank 8% 23/01/2014	450,000	720,408	0.96
Korea Hydro & Nuclear Power 6.25% 17/06/2014	220,000	325,103	0.43
Korea National Oil Corporation 5.375% 30/07/2014	210,000	304,514	0.41
National Agricultural Company 5% 30/09/2014	330,000	465,735	0.62
Woori Bank 7% 02/02/2015	150,000	229,050	0.31
		3,933,798	5.27
<b>Supra-National</b>			
Asian Development Bank MTN (BR) 3.27% 08/02/2012	750,000	763,554	1.02
Central American BK CABEL 2.64% 06/07/2010	500,000	493,755	0.66
International Finance Corporation Series GMTN 1.1% 25/09/2012	2,000,000	1,989,000	2.67
		3,246,309	4.35
<b>United States</b>			
Citigroup Inc EMTN 4.98% 20/06/2013	800,000	797,840	1.07
General Electric Capital Corporation EMTN (BR) 3.03% 11/02/2013	2,000,000	1,894,500	2.54
		2,692,340	3.61
<b>Quoted Investments</b>		<b>73,135,171</b>	<b>98.03</b>
<b>Accrued interest on fixed income securities</b>		<b>417,897</b>	<b>0.56</b>
<b>Portfolio of investments</b>		<b>73,553,068</b>	<b>98.59</b>
<b>Other net assets</b>		<b>1,049,526</b>	<b>1.41</b>
<b>Net assets attributable to unitholders</b>		<b>74,602,594</b>	<b>100.00</b>

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

**Portfolio Statement (Unaudited)**

As at 30 September 2009

	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Geography (Summary)</b>		
<b>Quoted Investments</b>		
Cayman Islands	5.92	5.67
Germany	2.50	2.84
Hong Kong	0.45	-
India	0.98	0.94
Malaysia	0.58	-
Singapore	74.37	78.53
South Korea	5.27	1.84
Supra-National	4.35	1.92
United Arab Emirates	-	0.38
United States	3.61	6.42
	<hr/> 98.03	<hr/> 98.54
<b>Accrued interest on fixed income securities</b>	<b>0.56</b>	<b>0.63</b>
	<hr/> 98.59	<hr/> 99.17
<b>Portfolio of investments</b>		
<b>Other net assets</b>	<b>1.41</b>	<b>0.83</b>
	<hr/> 100.00	<hr/> 100.00
<b>Net assets attributable to unitholders</b>		

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

## Portfolio Statement (Unaudited)

As at 30 September 2009

	Fair value as at 30/9/2009 \$	Percentage of total net assets attributable to unitholders at 30/9/2009 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
<b>By Industry</b>			
Bank	12,872,367	17.25	13.67
Finance	5,476,733	7.34	9.34
Government	38,947,178	52.20	58.68
Hotel	755,556	1.01	-
Miscellaneous	3,685,619	4.95	3.50
Oil & gas	733,401	0.99	-
Real estate	9,123,086	12.22	12.58
Real estate investment trust	502,052	0.67	0.77
Shipbuilding	789,181	1.06	-
Transportation	249,998	0.34	-
	<hr/> 73,135,171	98.03	98.54
<b>Accrued interest on fixed income securities</b>	<b>417,897</b>	<b>0.56</b>	<b>0.63</b>
	<hr/> 73,553,068	98.59	99.17
<b>Portfolio of investments</b>	<b>73,553,068</b>	<b>98.59</b>	<b>99.17</b>
<b>Other net assets</b>	<b>1,049,526</b>	<b>1.41</b>	<b>0.83</b>
	<hr/> 74,602,594	100.00	100.00
<b>Net assets attributable to unitholders</b>	<b>74,602,594</b>	<b>100.00</b>	<b>100.00</b>

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

# Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

## 1. General

Legg Mason Singapore Bond Fund (the "Fund") is a Unit Trust constituted by a Trust Deed dated 1 October 1997 as amended by Supplementary and the Amending and Restating Deed between Legg Mason International Equities (Singapore) Pte. Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed, subsequent Supplementary Deed and Amending and Restating Deeds are governed in accordance with the laws of the Republic of Singapore.

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.

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

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

## 2. Significant accounting policies

### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of financial assets of fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trust" issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore Dollars, which is the functional currency of the Fund.

### (b) Income recognition

Dividend income is recorded gross in the financial statements in the accounting period which the security is quoted ex-dividend.

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

### (c) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore Dollars at the rates of exchange ruling at the date of the balance sheet. Foreign currency transactions during the financial period are converted into Singapore dollars 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 balance sheet date are taken to the Statement of Total Return.

### (d) Financial assets at fair value through profit or loss

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

#### (i) Initial recognition

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

# Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

(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 period 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 net of transaction costs, and are taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price for the investments held by the Fund is the current market quoted bid price or dealer's quote as applicable. Accrued interest is included in the fair value of the fixed income instruments.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

### 3. Income Tax

The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act); and
- (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore.

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 4. Cash and bank balances

	30/9/2009	31/3/2009
	\$	\$
Held with a related company of the Trustee:		
- Cash and bank balances	1,383,712	598,438
Held with other financial institutions:		
- Fixed deposits	1,000,063	-
<b>Total</b>	<b>2,383,775</b>	<b>598,438</b>

As at 30 September 2009, the fixed deposits had an average maturity of 4 days (31 March 2009: 1 day) from the end of the financial period with a weighted average effective interest rate of 0.1075% (31 March 2009: 0.6070%) per annum.

The exposure of cash and cash equivalents to interest rate risks is disclosed in note 11.

### 5. Receivables

	30/9/2009	31/3/2009
	\$	\$
Amount due from unitholders	452,414	166,670
Interest receivable	9	140
	<b>452,423</b>	<b>166,810</b>

The carrying amounts of receivables approximate their fair values.

### 6. Fair value of financial derivatives

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

As at financial period end, commitments under forward foreign exchange contracts due for settlement within 3 months (31 March 2009: 3 months) are as follows:

	Notional amount	Fair value assets	Fair value liabilities
	\$	\$	\$
<b>30/9/2009</b>			
Forward foreign exchange	4,684,775	94,629	-
<b>31/3/2009</b>			
Forward foreign exchange	459,240	2,857	-

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

All financial derivatives are stated at their fair value on the balance sheet.

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 7. Payables

	30/9/2009	31/3/2009
	\$	\$
Amount due to unitholders	22,853	114,128
Accrued management fee	16,644	31,665
Accrued trustee fee	6,318	3,327
Amount due to the Manager	33	203
Other payables and accruals	86,653	73,121
	132,501	222,444

The carrying amounts of payables approximate their fair values.

### 8. Net assets attributable to unitholders

	30/9/2009	31/3/2009
	\$	\$
<b>At the beginning of the financial period/year</b>	<b>65,407,441</b>	<b>71,312,459</b>
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	1,359,471	1,514,746
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	32,285,565	20,293,299
Cancellation of units	(24,449,883)	(27,713,063)
Change in net assets attributable to unitholders resulting from net (cancellation)/creation of units	7,835,682	(7,419,764)
Total (decrease)/increase in net assets attributable to unitholders	9,195,153	(5,905,018)
<b>At the end of the financial period</b>	<b>74,602,594</b>	<b>65,407,441</b>
<b>Units in issue (Note 9)</b>		
<b>Class A</b>	<b>24,205,045</b>	<b>13,131,827</b>
<b>Class B</b>	<b>25,543,863</b>	<b>30,979,565</b>
<b>Net assets attributable to unitholders per unit</b>		
<b>Class A</b>	<b>1.46</b>	<b>1.43</b>
<b>Class B</b>	<b>1.54</b>	<b>1.51</b>

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 9. Units in issue

	30/9/2009	31/3/2009
<b>Class A</b>		
Units at beginning of the financial period/year	13,131,827	13,901,603
Units created	13,960,871	3,212,745
Units cancelled	(2,887,653)	(3,982,521)
Units at end of the financial period/year	24,205,045	13,131,827
<b>Class B</b>		
Units at beginning of the financial period/year	30,979,565	35,503,700
Units created	7,938,618	10,696,468
Units cancelled	(13,374,320)	(15,220,603)
Units at end of the financial period/year	25,543,863	30,979,565

### 10. Related party transactions and balances

As at 30 September 2009, the Manager of the Fund is Legg Mason International Equities (Singapore) Pte Ltd and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) Limited. The management fee, trustee fee and custody fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

In 2009, the Manager of the Fund has agreed to reimburse the expenses if expense ratio of the Fund exceeds 1.15%. Both the expense ratios for Class A and Class B are within 1.15% for the period ended 30 September 2009

In addition to related party information disclosed elsewhere in the financial statements, the following transaction took place during the financial period between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	30/9/2009	30/9/2008
	\$	\$
Interest income received and receivable from a bank which is a related company of the Trustee	9	3,618

### 11. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, interest rate risk and other 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 debt securities, 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 (Unaudited)

For the half year ended 30 September 2009

(a) Market risk

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

The Legg Mason Singapore Bond Fund seeks to achieve yield enhancement by aiming to outperform the benchmark in Singapore dollar terms via active but prudent management of a portfolio comprising Singapore bonds, cash and cash equivalent instruments.

The Fund distinguishes market risk as follows:

- Price risk
- Interest rate risk
- Currency risk

(i) Price risk

Price risk primarily results from exposure to volatility of equities prices. The Fund does not hold any equities as of 30 September 2009 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.

As the Fund invests in primarily debt 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 debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager will regularly assess 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.

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

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

As at 30/9/2009	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Portfolio of investments	-	8,540,557	25,726,625	38,255,110	1,030,776	73,553,068
Cash and bank balances	1,383,712	1,000,063	-	-	-	2,383,775
Receivables	-	-	-	-	452,423	452,423
Fair value of financial derivatives	-	-	-	-	94,629	94,629
<b>Total assets</b>	<b>1,383,712</b>	<b>9,540,620</b>	<b>25,726,625</b>	<b>38,255,110</b>	<b>1,577,828</b>	<b>76,483,895</b>
<b>Liabilities</b>						
Payables	-	-	-	-	132,501	132,501
Purchases awaiting settlement	-	-	-	-	1,748,800	1,748,800
Net assets attributable to unitholders	-	-	-	-	74,602,594	74,602,594
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,483,895</b>	<b>76,483,895</b>
As at 31/3/2009						
<b>Assets</b>						
Portfolio of investments	952,598	3,247,175	28,099,862	31,951,556	610,589	64,861,780
Cash and bank balances	598,438	-	-	-	-	598,438
Receivables	-	-	-	-	166,810	166,810
Fair value of financial derivatives	-	-	-	-	2,857	2,857
<b>Total assets</b>	<b>1,551,036</b>	<b>3,247,175</b>	<b>28,099,862</b>	<b>31,951,556</b>	<b>780,256</b>	<b>65,629,885</b>
<b>Liabilities</b>						
Payables	-	-	-	-	222,444	222,444
Net assets attributable to unitholders	-	-	-	-	65,407,441	65,407,441
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,629,885</b>	<b>65,629,885</b>

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

As at 30 September 2009, should interest rates have lowered or risen by 50 basis points ("bps") (31 March 2009: 50 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the period would be as follows:

	30/9/2009		31/3/2009	
	Parallel shift in interest rates by			
	+ 50 bps \$'000	- 50 bps \$'000	+ 50 bps \$'000	- 50 bps \$'000
Effect on net assets attributable to unitholders	(1,925)	2,021	(1,808)	1,900

(iii) Currency risk

The Fund holds securities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulators 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 30/9/2009	SGD \$	USD \$	Total \$
<b>Assets</b>			
<b>(excluding foreign exchange derivatives)</b>			
Portfolio of investments	68,895,982	4,657,086	73,553,068
Cash and bank balances	2,381,604	2,171	2,383,775
Receivables	452,423	-	452,423
<b>Total assets</b>	<b>71,730,009</b>	<b>4,659,257</b>	<b>76,389,266</b>
<b>Liabilities</b>			
<b>(excluding foreign exchange derivatives)</b>			
Payables	131,416	1,085	132,501
Purchases awaiting settlement	1,748,800	-	1,748,800
Net assets attributable to unitholders	74,602,594	-	74,602,594
<b>Total liabilities</b>	<b>76,482,810</b>	<b>1,085</b>	<b>76,483,895</b>
<b>Net</b>	<b>(4,752,801)</b>	<b>4,658,172</b>	<b>(94,629)</b>
Add/(Less): Financial derivatives	94,629	-	94,629
<b>Currency exposure</b>	<b>(4,658,172)</b>	<b>4,658,172</b>	<b>-</b>

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

As at 31/3/2009	SGD \$	USD \$	Total \$
<b>Assets</b> (excluding foreign exchange derivatives)			
Portfolio of investments	64,149,977	711,803	64,861,780
Cash and bank balances	598,438	-	598,438
Receivables	166,810	-	166,810
<b>Total assets</b>	<b>64,915,225</b>	<b>711,803</b>	<b>65,627,028</b>
<b>Liabilities</b> (excluding foreign exchange derivatives)			
Payables	222,216	228	222,444
Net assets attributable to unitholders	65,407,441	-	65,407,441
<b>Total liabilities</b>	<b>65,629,657</b>	<b>228</b>	<b>65,629,885</b>
<b>Net</b>	<b>(714,432)</b>	<b>711,575</b>	<b>(2,857)</b>
Add/(Less): Financial derivatives	459,240	(456,383)	2,857
<b>Currency exposure</b>	<b>(255,192)</b>	<b>255,192</b>	<b>-</b>

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

Currency	Currency risen / lowered by 5% Increase / (decrease) in net assets attributable to unitholders	
	30/9/2009 \$'000	31/3/2009 \$'000
USD	<b>232,909</b>	12,760

(b) Liquidity risk

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

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value (depends on actual circumstances). At 30 September 2009, there are no investments in unlisted or unquoted securities (31 March 2009: \$Nil).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The 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.

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

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

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 balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<b>As at 30/9/2009</b>	<b>Due on Demand \$</b>	<b>Less than 3 months \$</b>
<b>Liabilities</b>		
Payables	-	132,501
Purchase awaiting settlement	-	1,748,800
Net assets attributable to unitholders	74,602,594	-
<b>As at 31/3/2009</b>	<b>Due on Demand \$</b>	<b>Less than 3 months \$</b>
<b>Liabilities</b>		
Payables	-	222,444
Net assets attributable to unitholders	65,407,441	-

(c) Credit risk

Credit risk is the risk that 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.

As such, the Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

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 tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 30 September 2009 and 31 March 2009.

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

	Amount \$	Credit Rating	Source of Credit Rating
<b>As at 30/9/2009</b>			
<u>Custodian</u>			
HSBC Institutional Trust Services (Singapore) Limited	73,553,068	Aa1	Moody's
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	1,383,712	Aa1	Moody's
Australia & New Zealand Bank	1,000,063	Aa1	Moody's
	Amount \$	Credit Rating	Source of Credit Rating

As at 31/3/2009

Custodian

HSBC Institutional Trust Services (Singapore) Limited	64,861,780	Aa1	Moody's
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Bank

The Hongkong and Shanghai Banking Corporation Limited	598,438	Aa1	Moody's
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The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

### 12. Secured credit facility

The Fund has a credit facility with HSBC at 30 September 2009

	30/9/2009 \$	31/3/2009 \$
<u>Facility</u>		
Overdraft	3.5 million	3.5 million

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at period end.

## Notes to The Financial Statements (Unaudited)

For the half year ended 30 September 2009

### 13. Financial ratios

	30/9/2009	30/9/2008
	%	%
Ratio of expenses to average net assets <sup>1</sup>		
Class A	1.03	1.15
Class B	0.77	0.85
Portfolio turnover rate <sup>2</sup>	57.80	44.63

<sup>1</sup> Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, 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 Funds do not pay any performance fees.

<sup>2</sup> Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

## Report to Unitholders

For the half year ended 30 September 2009

### Investment Allocation as at 30 September 2009

<b>By Country</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Cayman Islands	4,419,491	5.92
Germany	1,862,100	2.50
Hong Kong	336,461	0.45
India	732,630	0.98
Malaysia	428,887	0.58
Singapore	55,483,155	74.37
South Korea	3,933,798	5.27
Supra-National	3,246,309	4.35
United States	2,692,340	3.61
	<b>73,135,171</b>	<b>98.03</b>
<b>Accrued interest on Fixed Income Securities</b>	<b>417,897</b>	<b>0.56</b>
<b>Portfolio of investments</b>	<b>73,553,068</b>	<b>98.59</b>
<b>Other net assets</b>	<b>1,049,526</b>	<b>1.41</b>
<b>Total</b>	<b>74,602,594</b>	<b>100.00</b>

<b>By Industry</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Bank	12,872,367	17.25
Finance	5,476,733	7.34
Government	38,947,178	52.20
Hotel	755,556	1.01
Miscellaneous	3,685,619	4.95
Oil & gas	733,401	0.99
Real estate	9,123,086	12.22
Real estate investment trust	502,052	0.67
Shipbuilding	789,181	1.06
Transportation	249,998	0.34
	<b>73,135,171</b>	<b>98.03</b>
<b>Accrued interest on Fixed Income Securities</b>	<b>417,897</b>	<b>0.56</b>
<b>Portfolio of investments</b>	<b>73,553,068</b>	<b>98.59</b>
<b>Other net assets</b>	<b>1,049,526</b>	<b>1.41</b>
<b>Total</b>	<b>74,602,594</b>	<b>100.00</b>

# Report to Unitholders

For the half year ended 30 September 2009

<b>By Asset Class</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Fixed income securities	73,135,171	98.03
	<b>73,135,171</b>	<b>98.03</b>
<b>Accrued interest on Fixed Income Securities</b>	<b>417,897</b>	<b>0.56</b>
<b>Portfolio of investments</b>	<b>73,553,068</b>	<b>98.59</b>
<b>Other net assets</b>	<b>1,049,526</b>	<b>1.41</b>
<b>Total</b>	<b>74,602,594</b>	<b>100.00</b>

<b>By Credit Rating *</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
AAA	35,963,545	48.20
Aaa	757,665	1.02
AAAe	1,989,000	2.67
AA +	1,894,500	2.54
AA	2,348,548	3.15
Aa2	1,002,579	1.34
A +	1,862,100	2.50
A	5,450,064	7.30
A-	4,701,497	6.31
BBB +	1,231,950	1.65
Baa3	1,000,953	1.34
BBB-	732,630	0.98
Unrated	14,200,140	19.03
	<b>73,135,171</b>	<b>98.03</b>
<b>Accrued interest on Fixed Income Securities</b>	<b>417,897</b>	<b>0.56</b>
<b>Portfolio of investments</b>	<b>73,553,068</b>	<b>98.59</b>
<b>Other net assets</b>	<b>1,049,526</b>	<b>1.41</b>
<b>Total</b>	<b>74,602,594</b>	<b>100.00</b>

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

## Report to Unitholders

For the half year ended 30 September 2009

### Top 10 Holdings

<b>Holdings as at 30 September 2009</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Singapore Government SIGB 3.75% 01/09/2016	10,359,976	13.89
Singapore Government SIGB 3.5% 01/03/2027	8,016,013	10.74
Singapore Government SIGB 3.25% 01/09/2020	4,099,118	5.49
Singapore Treasury Bill Series 91 17/12/2009	3,997,185	5.36
Singapore Government SIGB 3.125% 01/09/2022	3,521,987	4.72
Singapore Government SIGB 2.5% 01/06/2019	2,922,657	3.92
Jackson National Life Fund EMTN 3.92% 08/03/2011	2,037,182	2.73
International Finance Corporation Series GMTN 1.1% 25/09/2012	1,989,000	2.67
General Electric Capital Corporation EMTN (BR) 3.03% 11/02/2013	1,894,500	2.54
Deutsche Bank EMTN 3.25% 10/10/2012	1,862,100	2.50

<b>Holdings as at 30 September 2008</b>	<b>Market Value in SGD</b>	<b>% of NAV</b>
Singapore Government SIGB 4% 01/09/2018	9,341,113	15.09
Singapore Government SIGB 2.25% 01/07/2013	6,535,573	10.56
Singapore Government SIGB 3.75% 01/09/2016	4,247,662	6.86
Singapore Government SIGB 3.5% 01/03/2027	3,302,218	5.33
Singapore Government SIGB 3.25% 01/09/2020	3,101,020	5.01
Housing & Development Board MTN 3.455% 01/03/2011	2,564,200	4.14
General Electric Capital Corporation EMTN 3.65% 06/04/2009	2,478,100	4.00
Singapore Government SIGB 2.5% 01/10/2012	2,221,039	3.59
Singapore Government SIGB 2.875% 01/07/2015	2,116,323	3.42
Jackson National Life Fund EMTN 3.92% 08/03/2011	2,019,300	3.26

### Exposure to Derivatives

	<b>Market Value in SGD</b>	<b>% of NAV</b>
Forward foreign exchange contracts as at 30 September 2009	94,629	0.13
Net gains/(losses) on contracts realised for the period 1 April 2009 to 30 September 2009	69,995	
Net gains/(losses) on outstanding contracts marked to market as at 30 September 2009	94,629	

### Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 30 September 2009

# Report to Unitholders

For the half year ended 30 September 2009

## Borrowings

Nil as at 30 September 2009

## Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 30 September 2009

	<b>SGD</b>
Redemptions	\$24,449,883
Subscriptions	\$32,285,565

## Related Party Transactions

For the period 1 April 2009 to 30 September 2009

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

## Performance

	Legg Mason Singapore Bond Fund*		Benchmark
	Class A	Class B	
3-month	+ 2.17%	+ 2.19%	+ 0.88%
6-month	+ 2.10%	+ 2.19%	+ 0.11%
1-year	+ 6.56%	+ 6.86%	+ 6.69%
3-year	+ 3.94%	+ 4.30%	+ 4.76%
5-year	+ 2.74%	+ 3.19%	+ 3.79%
10-year	+ 2.95%	+ 3.43%	+ 3.02%
Since inception	+ 3.26%	+ 3.70%	+ 3.05%

\* Average Annual Compounded Return for periods above one year, bid-to-bid with dividends reinvested  
Benchmark : UOB Singapore Government Bond Index All (S\$) w.e.f. 1 October 2006. Prior to 1 October 2006, the benchmark was 70% 3-month SIBID and 30% UOB SGS Index.

The inception dates were 15 November 1997 and 21 April 1998 respectively for Class A and Class B.

Benchmark since inception performance is for Class A only.

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

Source : Legg Mason Asset Management Singapore Pte. Limited

## Report to Unitholders

For the half year ended 30 September 2009

### Expense Ratio

#### Class A

For the period 1 October 2008 to 30 September 2009	1.03%
For the period 1 October 2007 to 30 September 2008	1.15%

#### Class B

For the period 1 October 2008 to 30 September 2009	0.77%
For the period 1 October 2007 to 30 September 2008	0.85%

*The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.*

*The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.*

### Turnover Ratio

For the period 1 April 2009 to 30 September 2009	57.80%
For the period 1 April 2008 to 30 September 2008	44.63%

*The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.*

*The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.*

### Other Material Information

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

### Soft Dollar Commission/Arrangements

The Investment Manager did not receive any soft dollar commission or enter into any soft dollar arrangement in the management of the Fund.

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GLOBAL ASSET MANAGEMENT

Issued by Legg Mason Asset Management Singapore Pte. Limited (Registration no.(UEN): 200007942R)

1 George Street, #23-02, Singapore 049145. Hotline +65 6536 8000 and Fax +65 6317 8947

Website : <http://www.leggmason.com.sg>