

Legg Mason Martin Currie Southeast Asia Trust

Fund performance

Annualised (%) ¹	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since inception
Class A Acc SGD	-0.47	4.39	4.39	-6.19	0.71	-5.43	6.27
Class A Acc SGD (inclusive of sales charge)	-5.44	-0.83	-0.83	-10.88	-1.00	-6.39	6.00
Benchmark: MSCI AC ASEAN Index ²	-0.12	4.42	4.42	-2.37	6.72	3.55	4.74

Past performance is not a reliable indicator of future results

Monthly review

What happened in the market? The MSCI ASEAN index was down 0.1% in Singapore dollar terms in March. There were somewhat greater differences in individual markets, the Philippines delivering the strongest returns, with Singapore and Indonesia also up over the month. Malaysia was the worst performer, while Thailand was also weak.

What happened in the fund? The portfolio declined 0.47% in Singapore-dollar terms during the month. In sector terms, materials, communication services and financials contributed most to returns. The key detractor at a sector level was consumer discretionary, while consumer staples also detracted to a less degree.

Cement company Semen Indonesia was the top performer over the month, rising on the view that margins are likely to improve due to a combination of lower coal prices and a stronger rupiah. Thai telecommunications company Intouch also fared well, benefiting from an increased allocation within the MSCI indices after a rebalancing. Philippine bank BDO Unibank was another positive, following a strong set of 2018 results that included a higher net interest margin and lower provisioning.

The most significant detractor in March was Indonesian retailer Matahari Department Store. The company continued to feel the fallout of weak fourth-quarter 2018 results. Its management has also finally acknowledged the structural pressures it is facing. Despite this, we continue to believe that the market has overreacted, so we are minded not to sell the stock at current levels. Casino operator Genting Berhad was also weak due to profit-taking in March. The company had seen share-price strength in the first two months of the year following a reasonable FY18 result and special dividend announcement.

What did the portfolio manager do? We sold the portfolio's position in Cemex during the month. This cement company had scored poorly on our screens and delivered some disappointing results. The sale also helped enhance the fund's cash position. There were no new purchases over the period.

What is the outlook? Thailand voted in its first general election in eight years on 24 March. The political situation is likely to continue to be a source of risk for Thai companies – although it is worth noting that this has been the case for most of the past 20 years. In Indonesia, inflation has dropped to its lowest level since 2009. At the same time, the rupiah continues to be relatively stable. Meanwhile, although the policy focus is primarily on external stability, there may be some easing to boost domestic demand – particularly given the general election taking place later in April. The market is not expecting Bank Indonesia to act on rates in the immediate future, given the more stable economic context. However, combined with the more dovish stance adopted by the US Federal Reserve, there is potential for cuts later in the year.

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

The market is expecting March inflation figures in the Philippines to maintain the declining trend seen in recent months, following the highs experienced in 2018. Given wider concerns around the pace of credit growth and the current account deficit, the market will be watching closely for any changes in direction.

Investment Aim: The objective of the Fund is to achieve medium to long-term capital appreciation by investing at least 70% of the Fund in securities issued by companies that are incorporated, domiciled or listed, or have a significant economic interest, in South and South-East Asia countries.

PLEASE REFER TO THE IMPORTANT INFORMATION ON THE FINAL PAGE.

IMPORTANT INFORMATION:

The managers of the Fund are Legg Mason Asset Management Singapore Pte. Limited.
Martin Currie Investment Management Limited has been appointed as the sub-manager of the Fund.

¹ Source: Legg Mason. Performance is calculated on NAV to NAV basis (in SGD terms), with net income and dividends reinvested, if any, without initial charges but reflecting annual management fees. Performance for periods above one year is annualised. **Investment involves risks. Past performance is not indicative of future results.** Inception date: 2 March 1998.

² With effect from January 2017, the benchmark was rebranded from MSCI South East Asia Index to MSCI AC ASEAN Index. Prior to 1 October 2013, the benchmark was MSCI AC Far East ex Japan, ex China, ex Hong Kong, ex Taiwan, ex Korea (S\$).

IMPORTANT INFORMATION

The Fund may invest in derivatives for hedging and/or efficient portfolio management purposes, and transferable securities embedding a financial derivative may be used for the purposes of hedging, efficient portfolio management and/or optimising returns. The Fund's net asset value may have higher volatility characteristics as a result of its portfolio management style.

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The views expressed are opinions of the portfolio managers as of the date of this document and are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice.

The minimum CPF interest rate for the Ordinary Account (OA) is 2.5% per annum. As announced in September 2018, the Government will maintain a 4% per annum minimum rate for interest earned on all Special Account and Medisave Account (SMA) and Retirement Account (RA) monies until 31 December 2019. Thereafter, interest rates on all CPF account monies will be subject to a minimum rate of 2.5% per annum unless otherwise announced by the Government. The first S\$60,000 of your combined CPF accounts earns an extra 1% interest. To enable members to earn extra interest, only monies in excess of S\$20,000 in your OA and S\$40,000 in your Special Account can be invested. Please visit the CPF Board website for information on how the CPF interest rate is calculated.

Investors should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time. Subscriptions using CPF monies shall at all times be subject to inter alia regulations and such directions or requirements imposed by the CPF Board from time to time.

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SG190429