

# Western Asset Liquidity Funds plc

(A company with variable share capital and limited liability established as an umbrella fund with segregated liability between sub-funds)

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## General Information

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The English language financial statements may be translated into other languages and such translations shall contain only the same information as the English language financial statements. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with the laws of Ireland.

Directors of the Company:	Joseph Carrier – USA Fionnuala Doris – Ireland (Independent) William Jackson – United Kingdom Joseph Keane – Ireland (Independent) Joseph LaRocque – USA Jaspal Sagger – United Kingdom Jane Trust – USA
Company Secretary:	Bradwell Limited Ten Earlsfort Terrace, Dublin 2 Ireland
Registered Office:	Riverside Two Sir John Rogerson’s Quay Grand Canal Dock, Dublin 2 Ireland
Administrator, Transfer Agent and Registrar:	BNY Mellon Fund Services (Ireland) Designated Activity Company One Dockland Central Guild Street IFSC, Dublin 1 Ireland
Manager and Promoter:	Franklin Templeton International Services S.à r.l 8A, rue Albert Borschette, L-1246 Luxembourg Grand Duchy of Luxembourg
Investment Manager:	Western Asset Management Company, LLC 385 East Colorado Boulevard Pasadena, California 91101 USA
Sub-Investment Manager:	Western Asset Management Company Limited 10 Exchange Square Primrose Street, London EC2A 2EN United Kingdom
Depositary	The Bank of New York Mellon SA/NV, Dublin Branch Riverside Two Sir John Rogerson’s Quay Grand Canal Dock, Dublin 2 Ireland
Irish Counsel:	Arthur Cox LLP Ten Earlsfort Terrace, Dublin 2 Ireland
Independent Auditors:	PricewaterhouseCoopers Chartered Accountants and Registered Auditors One Spencer Dock North Wall Quay, Dublin 1 Ireland
Master Distributor:	Franklin Distributors, LLC One Franklin Parkway San Mateo, CA 94403 USA
Distributors:	Western Asset Management Company Limited 10 Exchange Square Primrose Street, London EC2A 2EN United Kingdom

**General Information – (continued)**

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Shareholder Servicing Agent: Western Asset Management Company Limited  
10 Exchange Square  
Primrose Street, London EC2A 2EN  
United Kingdom

**Distributor Status (relevant to United Kingdom (“U.K.”) Shareholders only)**

UK shareholders can identify which share classes of the funds (the “Funds”) of Western Asset Liquidity Funds plc (the “Company”) have been accepted into the UK reporting fund regime, by checking the HM Revenue and Customs’ Reporting Fund list at the website <http://www.hmrc.gov.uk/collective/cis-centre.htm>. This list is updated on a monthly basis by the HM Revenue and Customs.

## Investment Manager's Report – for the period ended 28 February 2023

### WESTERN ASSET US DOLLAR LIQUIDITY FUND (the "Fund")

#### Global Economic Review

The global economy was impacted by a number of factors during the reporting period, including elevated and persistent inflation, aggressive monetary policy tightening, supply chain issues, the impact from COVID-19, and the repercussions from the war in Ukraine. In its January 2023 *World Economic Outlook Update*, the International Monetary Fund (the "IMF") modestly increased its growth projections versus its update in October 2022. The IMF said, "The balance of risks remains tilted to the downside, but adverse risks have moderated since the October 2022 *World Economic Outlook*. On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation are plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia's war in Ukraine could escalate, and tighter global financing conditions could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress." All told, the IMF expects global growth to moderate from 3.4% in 2022 to 2.9% in 2023. From a regional perspective, the IMF projects 2023 GDP in the Eurozone will be 0.7% (versus +3.5% in 2022), -0.6% in the UK (versus 4.1% in 2022), and 1.8% in Japan (versus 1.4% in 2022).

#### Market Review – Fixed Income<sup>i</sup>

The overall global fixed income market generated weak results during the reporting period. In the US, Treasury yields rose sharply, as inflation hit a multi-decade high. Against this backdrop, the US Federal Reserve Board ("Fed") raised the federal funds rate four times during the reporting period, with the February 2023 rate hike pushing the fed funds rate to its highest level since 2007. US 10-year Treasury yields began the reporting period at 3.15% and ended the period at 3.92%. Rising yields also occurred in developed market countries outside the US. All told, US Treasuries and investment-grade<sup>ii</sup> corporate bonds<sup>iii</sup> posted negative returns. Lower-rated US corporate bonds and US dollar-denominated emerging market sovereign debt posted positive, albeit modest gains, during the reporting period.

#### Portfolio Review / Outlook:

**Over the six-month period Western Asset US Dollar Liquidity Fund returned 2.00% (gross) versus 1.78% for the FTSE 1-month US Treasury Bill Index benchmark.**

#### Q. What were the leading contributors to performance during the reporting period?

A. The Fund's performance was positively impacted by its short maturity stance and holdings in floating rate securities, which allowed it to respond well to the Fed's rate hikes.

#### Q. What were the leading detractors from performance during the reporting period?

A. There were no meaningful detractors from performance during the reporting period.

#### Q. Were there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. The Fund continued to maintain a defensive maturity posture into the beginning of 2023, as the Fed indicated that it would continue to raise rates in order to combat inflation. However, the Fed did gradually reduce the size of its rate increases over the period, perhaps indicating that its ultimate target rate might be growing closer. Towards the end of the period, we modestly extended the average maturity of the portfolio, based on our view the markets had fully priced in the likely tightening actions by the Fed over the remainder of 2023.

#### Western Asset Management Company, LLC

March 2023

These views are not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the Investment Manager as a whole. The Investment Manager may from time to time elect to decrease or increase the total annual expenses of any class of shares by waiving or increasing the investment management fee payable to it by the Company. The level of such waivers will vary from time to time and vary between funds. The utilisation of fee waivers is designed to ensure that the fund's returns, net of fees, remain competitive compared to benchmarks and similar funds available to investors in the marketplace. Portfolio holdings and breakdowns as of 28 February 2023 are subject to change. Please refer to pages 5 and 6 for a list and percentage breakdown of Western Asset US Dollar Liquidity Fund holdings.

*Please note that investment in a money market fund is not in the nature of a deposit in a bank account and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency in any other country. Although a money market fund seeks to preserve the value of your investment at \$1.00 per share for non-accumulating shares, it is possible to lose money by investing in such a fund.*

*Offshore fund units may not be sold to citizens or residents of any other jurisdiction where it could be unlawful to offer solicit or sell the units.*

<sup>i</sup> Fixed income – bonds.

<sup>ii</sup> Investment grade – a credit rating that means a government or corporate bond has a relatively low risk of default.

<sup>iii</sup> Corporate bond – a bond issued by a corporation to raise money effectively in order to expand its business.

WESTERN ASSET LIQUIDITY FUNDS PLC

**Portfolio of Investments as at 28 February 2023**

**WESTERN ASSET US DOLLAR LIQUIDITY FUND**

Nominal	Issuer*	Coupon Rate/Yield %	Due On	Valuation \$	% of Net Assets
<b>CERTIFICATES OF DEPOSIT: 24.21% (31 August 2022: 24.26%)</b>					
5,000,000	*** Banco Santander S.A.	4.830	9-Aug-23	5,000,097	0.22
25,000,000	Bank of Montreal (Chicago)	5.400	13-Oct-23	25,018,732	1.07
20,000,000	*** Bank of Nova Scotia (The)	5.120	28-Mar-23	20,004,831	0.86
20,000,000	*** Bank of Nova Scotia (The)	5.190	21-Apr-23	20,013,269	0.86
25,000,000	*** Bank of Tokyo-Mitsubishi UFJ Ltd	5.050	2-Mar-23	25,000,234	1.07
25,000,000	*** BNP Paribas (NY)	4.890	3-Nov-23	25,021,366	1.07
35,000,000	Canadian Imperial Bank of Commerce (NY)	3.720	13-Mar-23	34,990,866	1.50
15,000,000	*** Canadian Imperial Bank of Commerce (NY)	5.250	2-Jun-23	15,023,443	0.64
20,000,000	*** Citibank	5.010	12-Apr-23	20,005,509	0.86
25,000,000	Citibank	5.100	16-Jun-23	25,003,328	1.07
30,000,000	Credit Agricole CIB (NY)	4.900	1-Jun-23	29,997,903	1.28
25,000,000	*** Fortis Bank (NY)	5.070	16-Mar-23	25,002,018	1.07
25,000,000	KBC Bank (NY)	4.560	2-Mar-23	25,000,000	1.07
20,000,000	KBC Bank (NY)	4.560	3-Mar-23	20,000,000	0.86
15,000,000	*** Mizuho Bank Ltd (NY)	5.330	26-Apr-23	15,015,202	0.65
15,000,000	*** MUFG Bank	5.070	6-Apr-23	15,004,510	0.64
25,000,000	*** MUFG Bank	4.840	16-Jun-23	25,009,136	1.07
15,000,000	Natixis (NY)	5.370	7-Dec-23	14,987,881	0.64
25,000,000	*** Nordea Bank AB	5.160	19-Apr-23	25,016,245	1.07
25,000,000	Norinchukin Bank (NV)	5.200	10-May-23	25,015,191	1.07
25,000,000	Oversea-Chinese Banking Corp (NY)	5.180	30-May-23	25,016,288	1.07
10,000,000	Oversea-Chinese Banking Corp (NY)	5.130	14-Jul-23	10,004,653	0.43
10,000,000	*** Oversea-Chinese Banking Corp (NY)	4.900	7-Nov-23	10,004,369	0.43
25,000,000	*** Sumitomo Mitsui Trust Bank (NY)	4.800	24-May-23	25,009,217	1.07
15,000,000	Svenska Handelsbanken (NY)	5.160	1-Nov-23	14,981,024	0.64
20,000,000	Swedbank AB	5.010	25-Jul-23	19,989,996	0.86
25,000,000	Toronto Dominion Bank	5.250	8-Jun-23	25,029,860	1.07
				<b>565,165,168</b>	<b>24.21</b>
<b>COMMERCIAL PAPER: 25.05% (31 August 2022: 23.69%)</b>					
15,000,000	** Australia and New Zealand Banking Group	4.690	22-May-23	14,839,622	0.64
15,000,000	** Banco Santander S.A.	4.490	1-Mar-23	14,998,128	0.64
25,000,000	** Banco Santander S.A.	4.750	16-May-23	24,748,514	1.06
10,000,000	** Banco Santander S.A.	5.380	10-Nov-23	9,633,111	0.41
25,000,000	** Barclays Bank UK Plc	4.570	7-Mar-23	24,977,785	1.07
50,000,000	** BNG Bank N.V.	4.550	1-Mar-23	49,993,681	2.14
10,000,000	** BNG Bank N.V.	4.550	6-Mar-23	9,992,416	0.43
25,000,000	** BNG Bank N.V.	4.570	13-Mar-23	24,958,833	1.07
25,000,000	** BPCE	4.770	18-May-23	24,741,192	1.06
15,000,000	** DBS Bank Ltd	4.470	1-Mar-23	14,998,136	0.64
25,000,000	** DBS Bank Ltd	4.850	16-Jun-23	24,641,104	1.06
20,000,000	** DBS Bank Ltd	5.010	26-Jul-23	19,596,730	0.84
15,000,000	** Export Development Canada	4.750	6-Jun-23	14,808,708	0.63
25,000,000	** Goldman Sachs International	4.750	4-May-23	24,787,318	1.06
25,000,000	** ING U.S. Funding LLC	5.150	22-Aug-23	24,389,550	1.04
25,000,000	** JPMorgan Securities LLC	4.830	13-Jun-23	24,652,972	1.06
15,000,000	** Mitsubishi UFJ Trust and Banking (Singapore)	4.610	22-Mar-23	14,957,834	0.64
10,000,000	** Mitsubishi UFJ Trust and Banking (Singapore)	4.540	3-Apr-23	9,957,305	0.43
20,000,000	** Mizuho Bank Ltd (SG)	5.010	17-Jul-23	19,620,270	0.84
25,000,000	** National Bank of Canada	4.760	1-Jun-23	24,696,017	1.06
25,000,000	** Scharf	4.810	13-Jul-23	24,556,683	1.05
15,000,000	** Skandinaviska Enskilda Banken	4.680	10-May-23	14,862,817	0.64
15,000,000	** Skandinaviska Enskilda Banken	5.110	17-Aug-23	14,646,579	0.62
15,000,000	** Sumitomo Mitsui Banking Corp (NY)	4.490	6-Mar-23	14,988,779	0.64
15,000,000	** Sumitomo Mitsui Trust Bank Ltd	4.180	21-Mar-23	14,963,490	0.64
25,000,000	** Total Capital Canada Ltd	4.550	1-Mar-23	24,996,840	1.07
15,000,000	** Total Capital Canada Ltd	4.550	2-Mar-23	14,996,208	0.64
45,000,000	** Total Capital Canada Ltd	4.550	7-Mar-23	44,960,188	1.93
				<b>584,960,810</b>	<b>25.05</b>
<b>GOVERNMENT BONDS AND NOTES: 5.12% (31 August 2022: - %)</b>					
75,000,000	United States Treasury Bill	0.000	9-Mar-23	74,923,817	3.21
20,000,000	United States Treasury Bill	0.000	13-Jul-23	19,647,319	0.84
25,000,000	*** United States Treasury Bill	4.837	31-Jul-23	24,990,038	1.07
				<b>119,561,174</b>	<b>5.12</b>

The accompanying notes are an integral part of the Financial Statements.

WESTERN ASSET LIQUIDITY FUNDS PLC

**Portfolio of Investments as at 28 February 2023 – (continued)**

**WESTERN ASSET US DOLLAR LIQUIDITY FUND – (continued)**

Nominal	Issuer*	Coupon Rate/Yield %	Due On	Valuation \$	% of Net Assets
<b>VARIABLE RATE NOTES: 15.65% (31 August 2022: 13.41%)</b>					
20,000,000	*** Australia and New Zealand Banking Group	5.240	2-Jun-23	20,027,615	0.86
15,000,000	*** Bank of America Securities Inc	5.070	12-Apr-23	15,005,324	0.64
15,000,000	*** Bank of America Securities Inc	5.270	5-Jun-23	15,020,697	0.64
25,000,000	*** Bank of Nova Scotia (The)	4.920	16-Oct-23	25,015,203	1.07
25,000,000	*** JP Morgan Securities LLC	5.110	2-Jun-23	25,024,460	1.07
25,000,000	*** National Bank of Canada	4.950	16-Mar-23	25,001,445	1.07
20,000,000	*** Natixis (NY)	5.220	4-May-23	20,021,902	0.86
15,000,000	*** Nordea Bank AB	4.850	13-Jul-23	15,009,618	0.64
10,000,000	*** Oversea-Chinese Banking Corp	4.920	17-Apr-23	10,001,711	0.43
20,000,000	*** Royal Bank of Canada	5.200	28-Jun-23	20,028,741	0.86
25,000,000	*** Skandinaviska Enskilda Banken	5.130	17-Apr-23	25,014,484	1.07
15,000,000	*** Skandinaviska Enskilda Banken	5.250	2-Jun-23	15,022,289	0.65
20,000,000	*** Svenska Handelsbanken AB	5.160	20-Apr-23	20,011,432	0.86
25,000,000	*** Svenska Handelsbanken AB	5.210	28-Jun-23	25,041,653	1.07
25,000,000	*** Swedbank AB	5.060	12-Apr-23	25,009,460	1.07
15,000,000	*** Swedbank AB	4.880	17-Aug-23	15,012,399	0.64
25,000,000	*** Toronto Dominion Bank	5.280	8-Aug-23	25,066,715	1.08
25,000,000	*** UBS AG	5.138	22-Jun-23	25,006,608	1.07
				<b>365,341,756</b>	<b>15.65</b>
<b>TOTAL TRANSFERABLE SECURITIES</b>				<b>1,635,028,908</b>	<b>70.03</b>
<b>TIME DEPOSITS: 30.11% (31 August 2022: 40.33%)†</b>					
50,000,000	ABN AMRO Bank N.V.	4.580	6-Mar-23	50,000,000	2.14
18,278,000	Banco Santander S.A. (NY)	4.550	1-Mar-23	18,278,000	0.78
50,000,000	Canadian Imperial Bank	4.550	1-Mar-23	50,000,000	2.14
50,000,000	Credit Agricole CIB (NY)	4.550	1-Mar-23	50,000,000	2.14
65,000,000	Mizuho Bank Ltd (NY)	4.570	1-Mar-23	65,000,000	2.79
50,000,000	National Bank of Canada Montreal	4.550	1-Mar-23	50,000,000	2.14
50,000,000	Nordea Bank AB (NY)	4.540	1-Mar-23	50,000,000	2.14
35,000,000	NRW.Bank	4.550	1-Mar-23	35,000,000	1.50
75,000,000	NRW.Bank	4.550	2-Mar-23	75,000,000	3.21
50,000,000	Rabobank Nederland NV (NY)	4.550	1-Mar-23	50,000,000	2.14
69,794,000	Royal Bank of Canada	4.560	1-Mar-23	69,794,000	2.99
25,000,000	Skandinaviska Enskilda Banken (NY)	4.560	1-Mar-23	25,000,000	1.07
50,000,000	Svenska Handelsbanken (NY)	4.530	1-Mar-23	50,000,000	2.14
25,000,000	Swedbank AB (NY)	4.540	1-Mar-23	25,000,000	1.07
40,000,000	Toronto Dominion Bank	4.560	1-Mar-23	40,000,000	1.72
				<b>703,072,000</b>	<b>30.11</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				<b>2,338,100,908</b>	<b>100.14</b>
Liabilities in Excess of Other Assets				(3,378,219)	(0.14)
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES</b>				<b>2,334,722,689</b>	<b>100.00%</b>
* All securities, except deposits with credit institutions, are transferable securities dealt in on a regulated market.					
** Rate reflects yield to maturity as at 28 February 2023.					
*** Reflects variable rate security as at 28 February 2023.					
† Deposits with credit institutions.					
<b>ANALYSIS OF TOTAL ASSETS</b>					<b>% of Total Assets</b>
Transferable securities admitted to an official exchange listing or traded on a regulated market					20.69
Other transferable securities dealt in on another regulated market					49.07
Deposits with credit institutions					30.00
Other assets					0.24
<b>TOTAL ASSETS</b>					<b>100.00</b>

The accompanying notes are an integral part of the Financial Statements.

## Statement of Financial Position

Western Asset US Dollar Liquidity Fund and Company Total		As at 28 February 2023	As at 31 August 2022
		\$	\$
<b>Current Assets</b>			
Cash		597	8,184
Financial Assets at Fair Value through Profit or Loss			
– Transferable Securities		1,635,028,908	1,441,723,159
– Deposits with Credit Institutions		703,072,000	947,520,000
– Reverse Repurchase Agreements	15	–	23,000,000
Interest Receivable		5,701,322	1,603,835
Receivable from Investment Manager	7,8	–	10,255
Other Assets		39,682	13,355
<b>Total Current Assets</b>		<b>2,343,842,509</b>	<b>2,413,878,788</b>
<b>Current Liabilities</b>			
Dividend Distributions Payable to Holders of Redeemable Participating Shares	5	8,674,715	4,004,411
Payable for Investments Purchased		–	59,941,916
Investment Manager's Fee Payable	7,8	87,274	–
Administration, Transfer Agent Services and Depositary Fees Payable	7	48,326	61,315
Distribution Fee Payable	7,8	84,482	78,622
Accrued Expenses		225,023	204,347
<b>Total Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Participating Shares)</b>		<b>9,119,820</b>	<b>64,290,611</b>
<b>Total Net Assets Attributable to Holders of Redeemable Participating Shares</b>		<b>2,334,722,689</b>	<b>2,349,588,177</b>
<b>Number of Redeemable Participating Shares in issue</b>			
Class D	6	2,184,325,293	2,146,845,773
Class S	6	51,099	51,080
Class C	6	7	7
Class WA (Distributing)	6	149,743,927	202,629,687
<b>Net Asset Value per Share</b>			
Class D	13	1.00	1.00
Class S	13	1.00	1.00
Class C	13	\$146.0788	\$143.3017
Class WA (Distributing)	13	1.00	1.00

The accompanying notes are an integral part of the Financial Statements.

## Statement of Comprehensive Income

Western Asset US Dollar Liquidity Fund and Company Total	For the six months ended 28 February 2023	For the six months ended 28 February 2022
	\$	\$
<b>Income</b>		
Investment Income	42,793,228	1,222,377
<b>Net Gain/(Loss) on Financial Assets at Fair Value through Profit or Loss</b>		
Net Unrealised Gain/(Loss) on Investments	540,714	(460,682)
<b>Total Net Gain/(Loss) on Financial Assets at Fair Value through Profit or Loss</b>	<b>540,714</b>	<b>(460,682)</b>
<b>Net Investment Income</b>	<b>43,333,942</b>	<b>761,695</b>
<b>Expenditure</b>		
Distribution Fee	7,8 (472,580)	(357,881)
Investment Manager's Fee	7,8 (1,323,194)	(1,000,427)
Administration, Transfer Agent Services and Depository Fees	7 (274,387)	(228,905)
Audit Fees	7 (9,078)	(10,238)
Other Expenses	(142,301)	(157,167)
<b>Total Operating Expenses</b>	<b>(2,221,540)</b>	<b>(1,754,618)</b>
Less: Expenses reimbursed and Fees waived by Investment Manager	7,8 850,529	751,750
<b>Net Expenses before Finance Costs</b>	<b>(1,371,011)</b>	<b>(1,002,868)</b>
<b>Net Income/(Loss) from Operations</b>	<b>41,962,931</b>	<b>(241,173)</b>
<b>Finance Costs</b>		
Dividend Distributions to Holders of Redeemable Participating Shares	5 (41,422,198)	(219,510)
<b>Total Finance Costs</b>	<b>(41,422,198)</b>	<b>(219,510)</b>
<b>Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations</b>	<b>540,733</b>	<b>(460,683)</b>

Gains and losses are solely from continuing operations. There were no other gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes are an integral part of the Financial Statements.

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

Western Asset US Dollar Liquidity Fund and Company Total	For the six months ended 28 February 2023	For the six months ended 28 February 2022
	\$	\$
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>		
Beginning of period	2,349,588,177	2,066,181,173
<b>Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations</b>	<b>540,733</b>	<b>(460,683)</b>
<b>REDEEMABLE PARTICIPATING SHARE TRANSACTIONS</b>		
Proceeds from Redeemable Participating Shares Subscribed	6 9,429,561,845	8,844,329,551
Net Asset Value of Redeemable Participating Shares Issued for Reinvestment of Distributions	6 30,733,099	87,613
Cost of Redeemable Participating Shares Redeemed	6 (9,475,701,165)	(9,098,118,426)
<b>Decrease in Net Assets from Redeemable Participating Share Transactions</b>	<b>(15,406,221)</b>	<b>(253,701,262)</b>
Decrease in Net Assets Attributable to Holders of Redeemable Participating Shares	(14,865,488)	(254,161,945)
<b>End of period</b>	<b>13 2,334,722,689</b>	<b>1,812,019,228</b>

The accompanying notes are an integral part of the Financial Statements.

## Notes to Financial Statements

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### 1. Organisation

Western Asset Liquidity Funds plc (the “Company”) was incorporated in Ireland on 19 February 1996 under registration number 244870 and is an investment company with variable capital and is authorised by the Central Bank of Ireland (the “Central Bank”) pursuant to the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the “Central Bank UCITS Regulations”). The Company commenced trading on 19 April 1996.

The Company is constituted as an umbrella fund insofar as the share capital of the Company (the “Shares” or “Redeemable Participating Shares”) is divided into different classes of shares, with each class relating to a portfolio of assets which comprise a separate fund (a “Fund”). Shares in any particular Fund may be divided into different classes to accommodate different subscriptions and/or redemption provisions and/or charges and/or fee arrangements. The liability of each Fund is segregated. As such, as a matter of Irish Law, the assets of each of the Funds will not be exposed to the liabilities of the other Funds. Notwithstanding the foregoing there can be no assurance that should an action be brought against the Company in the court of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

As at 28 February 2023, one active Fund is in existence, Western Asset US Dollar Liquidity Fund.

### 2. Investment Objectives

The investment objective of Western Asset US Dollar Liquidity Fund is to maintain capital value while seeking to produce a return to investors in line with money market rates. There is no guarantee that the capital will be maintained.

### 3. Significant Accounting Policies

The significant accounting policies and estimation techniques applied in the preparation of these financial statements are consistent with those adopted by the Company for the annual audited financial statements for the year ended 31 August 2022.

#### Statement of Compliance

The financial statements for the financial period ended 28 February 2023 have been prepared in accordance with Financial Reporting Standard (“FRS”) 104: “Interim Financial Reporting”, European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the “UCITS Regulations”) and the Central Bank UCITS Regulations. The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 August 2022, which have been prepared in accordance with FRS 102: “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and Irish statute.

#### Basis of Preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

The format and certain wordings of the financial statements have been adapted from those contained in Irish statute so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company’s business as an investment fund.

The Company has availed of the exemption available to open-ended investment funds under Section 7 “Statement of Cash Flows” of FRS 102 not to prepare a cash flow statement on the basis that substantially all of the Company’s investments are highly liquid and carried at fair value, and the Company provides a statement of changes in net assets attributable to holders of redeemable participating shares.

### 4. Exchange Rates

Items included in the Fund’s financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The Company has adopted the functional currency of the Fund as the presentation currency for these financial statements. The financial statements of the Company are presented in US Dollars (\$). The functional currency of the Fund is US Dollars (\$).

## Notes to Financial Statements – (continued)

### 5. Dividends and Distributions Payable

	<b>Western Asset US Dollar Liquidity Fund</b> <b>For the period ended 28 February 2023</b> <b>\$</b>
Dividend distributions payable at beginning of period - Class D	3,597,951
Dividend distributions payable at beginning of period - Class S	99
Dividend distributions payable at beginning of period - Class WA (Distributing)	406,361
Total dividend distributions payable at beginning of period	<b>4,004,411</b>
Dividend distributions to holders of Redeemable Participating Shares accrued during the period - Class D	36,649,347
Dividend distributions to holders of Redeemable Participating Shares accrued during the period - Class S	973
Dividend distributions to holders of Redeemable Participating Shares accrued during the period - Class WA (Distributing)	4,771,878
Total dividend distributions to holders of Redeemable Participating Shares accrued during the period	<b>41,422,198</b>
Dividend distributions paid in the period - Class D	32,457,537
Dividend distributions paid in the period - Class S	888
Dividend distributions paid in the period - Class WA (Distributing)	4,293,469
Total dividend distributions paid in the period	<b>36,751,894</b>
Dividend distributions payable at end of period - Class D	7,789,761
Dividend distributions payable at end of period - Class S	184
Dividend distributions payable at end of period - Class WA (Distributing)	884,770
Total dividend distributions payable at end of period	<b>8,674,715</b>

For Class D, Class S, Class P and Class WA (Distributing) shares, dividends are declared daily and distributed monthly. Dividends are distributed in the form of additional shares in those classes, or in cash, at the election of the shareholder.

Class D, Class S, Class P and Class WA (Distributing) shares seek to maintain a constant Net Asset Value per Redeemable Participating Share of 1 unit per 1.00 of the base currency but there is no assurance that they will be able to do so. Class C and Class WA (Accumulating) shares do not distribute dividends and any net investment income attributable to these shares will be retained by such class within the Fund and the Net Asset Value per Redeemable Participating Share will accordingly reflect such net investment income.

### 6. Paid in Capital

#### Authorised Redeemable Participating Shares

The authorised share capital of the Company is comprised of €38,092.14 divided into 30,000 subscriber shares of €1.269738 each and 500,000,000,000 shares of no par value initially designated as unclassified Redeemable Participating Shares, which have subsequently been classified as Class D, S, C, P, WA (Accumulating) and WA (Distributing) shares. The subscriber shares do not form part of the Net Asset Value of the Company.

## Notes to Financial Statements – (continued)

### 6. Paid in Capital – (continued)

Details of share transactions for the financial period ended 28 February 2023 were as follows:

	<b>Western Asset US Dollar Liquidity Fund For the period ended 28 February 2023</b>
Class D - Balance beginning of period	2,146,845,773
Redeemable Participating Shares subscribed	7,993,761,153
Redeemable Participating Shares reinvested	29,836,741
Redeemable Participating Shares redeemed	(7,986,118,374)
Balance end of period	<b>2,184,325,293</b>
Class S - Balance beginning of period	51,080
Redeemable Participating Shares subscribed	–
Redeemable Participating Shares reinvested	19
Redeemable Participating Shares redeemed	–
Balance end of period	<b>51,099</b>
Class C - Balance beginning of period	7
Redeemable Participating Shares subscribed	–
Redeemable Participating Shares reinvested	–
Redeemable Participating Shares redeemed	–
Balance end of period	<b>7</b>
Class WA (Distributing) - Balance beginning of period	202,629,687
Redeemable Participating Shares subscribed	1,435,800,692
Redeemable Participating Shares reinvested	896,339
Redeemable Participating Shares redeemed	(1,489,582,791)
Balance end of period	<b>149,743,927</b>

The shares issued by the Company are freely transferable and are entitled to participate equally in the profits and dividends of the relevant Fund and its assets upon liquidation. The liability of each Fund is segregated. As such, as a matter of Irish Law, the assets of each of the Funds will not be exposed to the liabilities of the other Funds. Notwithstanding the foregoing there can be no assurance that should an action be brought against the Company in the court of another jurisdiction, the segregated nature of the Funds would necessarily be upheld. The shares, which are of no par value and which must be fully paid-up on issue, carry no preferential or pre-emptive rights. All shares of each Fund rank pari passu. Holders of redeemable participating shares are entitled to one vote or a poll at general meetings in respect of each redeemable participating share held.

The shares are redeemable at the shareholder's option and are therefore classified as a financial liability.

### 7. Operating Expenses

BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") acts as Transfer Agent and Administrator of the Company. The Bank of New York Mellon SA/NV, Dublin Branch acts as Depositary (the "Depositary"). The Administrator and the Depositary receive from the Fund a combined monthly fee calculated at an annual rate not to exceed 0.0251875% of the daily net asset value of the Fund. This fee encompasses the Administrator's and the Depositary's combined services as transfer agent, administrator and depositary, excluding out-of-pocket expenses.

The Fund's operating expenses are based on a percentage of the average Net Asset Value of the specific share class on a daily basis. Operating expenses are inclusive of portfolio management, depositary, administration, distribution and all other services and out-of-pocket expenses associated with the Fund's operation. General Fund expenses are allocated on the basis of relative Net Asset Value.

Pursuant to the management agreement between the Company and Franklin Templeton International Services S.à r.l ("FTIS" or the "Manager"), FTIS acts as the Manager to the Company. The Manager is organised under the laws of Luxembourg and is authorized and regulated by the Commission de Surveillance du Secteur Financier.

Pursuant to the investment management agreement (the "Investment Management Agreement"), the Manager has delegated its investment management functions to Western Asset Management Company, LLC. Pursuant to the sub-investment management agreement (the "Sub-Investment Management Agreement"), Western Asset Management Company, LLC has appointed Western Asset Management Company Limited as sub-investment manager.

## Notes to Financial Statements – (continued)

### 7. Operating Expenses – (continued)

The fees payable to the Sub-Investment Manager are paid by the Investment Manager out of its fee. For the financial period ended 28 February 2023, the maximum Investment Manager's Fees borne by the shares of the Fund (expressed as a percentage of the average daily Net Asset Value of the Fund on an annual basis) did not exceed 0.14% for Class D shares, 0.16% for Class S shares and 0.11% for Class C shares. No Investment Manager's Fees were charged on Class WA (Distributing) shares. If the total operating expenses borne by each class, on any day, exceeds the maximum expense ratio, the Investment Manager waives its investment management fee to maintain the maximum expense ratio. The Investment Manager will further reimburse expenses to the Fund if the other operating costs exceed the maximum expense ratio, for each class, on a daily basis.

The total operating expenses borne by the shares of the Fund will not exceed 0.20% for Class C shares, 0.16% for Class D shares, 0.12% for Class P shares, 0.20% for Class S shares and 0.10% for Class WA (Accumulating) and Class WA (Distributing) shares, of the average daily Net Asset Value of the Fund on an annual basis.

There have been no reimbursements of expenses by the Investment Manager in the financial period ended 28 February 2023.

### 8. Related Party Transactions

Investment management fees charged for the financial period ended 28 February 2023 and amounts payable as at 28 February 2023 in respect of these services are detailed below:

	<b>Western Asset US Dollar Liquidity Fund</b> <b>For the period ended 28 February 2023</b> <b>\$</b>
Investment Manager's Fee charged	1,323,194
Less:	
Expenses reimbursed by Investment Manager	–
Fees waived by Investment Manager	(850,529)
<b>Total net Investment Manager's Fee charged</b>	<b>472,665</b>
Investment Manager's Fee payable at period end	87,274
<b>Distribution Fee charged</b>	<b>472,580</b>
Distribution Fee payable at period end	84,482

Transactions with the Investment Manager and the Distributor have been entered into in the normal course of business and on normal commercial terms.

Distribution fees are payable by the Fund at:

- a rate of 0.05% per annum of the Net Asset Value, with respect to Class C and Class D shares;
- a rate of 0.10% per annum of the Net Asset Value, with respect to Class S shares; and
- no compensation with respect to Class WA (Accumulating) and Class WA (Distributing) shares.

The aggregate compensation and expenses shall be payable in monthly instalments, and shall be calculated at the end of each calendar month in respect of the Fund and each class by applying a daily distribution calculation based on the daily net assets of the Fund at the applicable rate. Franklin Distributors, LLC will receive these fees only in respect of net assets of the Fund which are distributed or sold by Franklin Distributors, LLC or its appointed distributors or any appointed sub-distributors or selling agents. The sum of such calculations shall be payable during the course of the next calendar month.

Additionally, certain operating expenses, including but not limited to, fees payable to subsidiaries of Franklin Templeton for the provision of governance support and reporting to the Board, insurance services to the Board and ongoing registration services for jurisdictions where the Fund is publicly offered. For the financial period ended 28 February 2023, these expenses amounted to \$40,138.

Jane Trust, Jaspal Sagger and William Jackson are Directors of the Company and have also been directors and/or executives of certain affiliates of the Manager, the Investment Manager, the Distributor and the Shareholder Servicing Agent. Joseph Carrier is a Director of the Company and, up to the date of cessation of his employment with Franklin Templeton Investments on 3 October 2022, has also been a director and/or executive of certain affiliates of the Manager, the Investment Manager, the Distributor and the Shareholder Servicing Agent. William Jackson and Jane Trust are also Directors of FTIS. The remaining Directors of the Company, as listed above, are all or have been employees of either FTIS or one of its affiliates. Save as disclosed above, none of the Directors has or has had any interest, direct or indirect, in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company. Details of Directors' fees and out-of-pocket expenses accrued for Independent Directors are disclosed in Note 12 of these Financial Statements.

#### *Other Related Party Transactions*

Significant shareholders are defined as those shareholders that hold more than 20% of the issued share capital. As at 28 February 2023, there were no significant shareholders with aggregate percentage ownership of 20% of the Fund.

## Notes to Financial Statements – (continued)

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### 8. Related Party Transactions – (continued)

At any point in time, shares in the Fund may be held by other collective investment schemes which have appointed the same Manager, Investment Manager, or Sub-Investment Manager as the Fund, or have appointed a related party of that Manager, Investment Manager or Sub-Investment Manager.

The Board of Directors (the "Board") is not aware of any transactions with related parties during the financial period ended 28 February 2023 other than those disclosed in these financial statements.

#### *Connected Person Transactions*

Regulation 43(1) of the Central Bank UCITS Regulations states that a "responsible person shall ensure that any transaction between a UCITS and a connected person is (a) conducted at arm's length; and (b) in the best interests of the unit-holders of the UCITS".

As required under Regulation 81(4) of the Central Bank UCITS Regulations, the Board is satisfied that (a) there are arrangements in place, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 43(1) are applied to all transactions with connected persons; and (b) all transactions with connected persons that were entered into during the period complied with the obligations that are prescribed by Regulation 43(1).

### 9. Taxation

Under current Irish law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997 (as amended). On that basis, the Company will not generally be liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or on the ending of a 'Relevant Period', a 'Relevant Period' being an eight year period beginning with the acquisition of the shares by the Shareholders and each subsequent period of eight years beginning immediately after the preceding Relevant Period.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- (i) a shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided an appropriate valid declaration is in place, or the Company has been authorised by Irish Revenue to make gross payments in the absence of appropriate declarations; and
- (ii) certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations.

In addition, any transaction (which might otherwise be a chargeable event) in relation to shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners will not constitute a chargeable event.

In the absence of an appropriate declaration, the Company will be liable to Irish tax on the occurrence of a chargeable event.

### 10. Commitments and Contingent Liabilities

At the Statement of Financial Position date, there were no significant commitments or contingent liabilities.

### 11. Soft Commission Arrangements

There were no soft commissions paid during the current financial period.

### 12. Directors' Remuneration

Directors' fees and out-of-pocket expenses accrued in the Statement of Comprehensive Income under Other Expenses and which pertain to the financial period ended 28 February 2023 were \$26,822.

Directors' fees are not payable in respect of Jane Trust, Jaspal Sagger and William Jackson who are employees of the Manager or its affiliates. Directors' fees were not payable in respect of Joseph Carrier up to 3 October 2022, the date of cessation of his full-time employment with Franklin Templeton Investments. Mr. Carrier shall continue to act as a non-executive Director of the Company and shall from 3 October 2022 be remunerated in line with the other non-executive Directors of the Company.

## Notes to Financial Statements – (continued)

### 13. Net Asset Values Attributable to Holders of Redeemable Participating Shares

Fund	Class	Period Ended	Total Net Asset Value	Net Asset Value Per Share
Western Asset US Dollar Liquidity	- Class D	28/02/2023	\$2,184,881,397	1.00
	- Class S	28/02/2023	\$51,103	1.00
	- Class C	28/02/2023	\$1,094	\$146.0788
	- Class WA (Distributing)	28/02/2023	\$149,789,095	1.00
	<b>Total</b>			<b>\$2,334,722,689</b>

### 14. Fair Value Estimation

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

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

An investment is always categorised as level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in these securities.

All financial assets at fair value through profit or loss are classified as level 2 as at 28 February 2023.

### 15. Efficient Portfolio Management

Subject to the conditions and within the limits from time to time laid down by the Central Bank, and except as otherwise stated in the investment objective and policies of the Fund, for efficient portfolio management purposes only and in accordance with the terms of the prospectus, the Fund may utilise repurchase agreements and reverse repurchase agreements with counterparties approved by the Investment Manager, futures, swaps and options.

For UCITS which have engaged in efficient portfolio management techniques, disclosures are required under the Central Bank UCITS Regulations. A UCITS is required to disclose the revenues arising from repurchase agreements and reverse repurchase agreements and stock lending transactions for the entire reporting period together with the direct and indirect operational costs and fees incurred.

During the current financial period, reverse repurchase agreements were entered into for the purpose of efficient portfolio management.

The revenue earned from reverse repurchase agreements during the financial period ended 28 February 2023 was \$41,626.

There were no stock lending transactions on the Fund for the financial period ended 28 February 2023.

### 16. Significant Events

From 3 October 2022, Joseph Carrier ceased full-time employment with Franklin Templeton Investments. Mr. Carrier shall continue to act as a non-executive Director of the Company and shall from 3 October 2022 be remunerated in line with the other non-executive Directors of the Company.

On 24 February 2022, Russia began military operations in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and other impacted countries within the region. Due to the sanctions, actions by governments, developments in Ukraine itself and other circumstances, the Manager continues to assess the impact on valuation and liquidity and will take any potential actions needed, in accordance with the Fund's valuation policies and procedures.

There have been no other material significant events impacting the financial statements of the Company for the financial period ended 28 February 2023.

### 17. Subsequent Events

There have been no material subsequent events since the period end impacting the financial statements of the Company for the financial period ended 28 February 2023.

**Notes to Financial Statements – (continued)**

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**18. Securities Financing Transactions Regulation**

As at 28 February 2023, the Company did not hold any instruments requiring disclosure under the Securities Financing Transactions Regulation.

**19. Approval of the Financial Statements**

On 18 April 2023, the Semi-Annual Report and unaudited interim financial statements were presented to and noted by the Board of Directors and were approved for filing with the Central Bank and for circulation to the shareholders.

## Statements of Portfolio Changes for the period ended 28 February 2023

In accordance with the UCITS Regulations, a statement of largest changes in the composition of the Portfolio of Investments during the reporting period is provided to ensure that shareholders can identify changes in the investments held by the Fund. These statements present the aggregate purchases and sales of transferable securities (including maturities but excluding financial derivative instruments and deposits with credit institutions), exceeding 1.00% of the total value of purchases and sales for the period. At a minimum the largest 20 purchases and 20 sales are listed. If a Fund entered into less than twenty purchases or sales during the reporting period, then all transactions are present.

### Western Asset US Dollar Liquidity Fund

MAJOR PURCHASES	COST (in 000's) \$	MAJOR SALES	PROCEEDS (in 000's) \$
Automatic Data Processing, 0.000%, due 08/02/2023	114,979	Automatic Data Processing, 0.000%, due 08/02/2023	115,000
Automatic Data Processing, 0.000%, due 07/09/2022	104,974	Automatic Data Processing, 0.000%, due 07/09/2022	105,000
Automatic Data Processing, 0.000%, due 22/09/2022	99,994	Automatic Data Processing, 0.000%, due 09/11/2022	100,000
Automatic Data Processing, 0.000%, due 14/09/2022	99,993	Automatic Data Processing, 0.000%, due 29/11/2022	100,000
Automatic Data Processing, 0.000%, due 03/11/2022	99,992	Automatic Data Processing, 0.000%, due 18/01/2023	100,000
Automatic Data Processing, 0.000%, due 16/11/2022	99,989	Automatic Data Processing, 0.000%, due 14/09/2022	100,000
Automatic Data Processing, 0.000%, due 18/01/2023	99,988	Automatic Data Processing, 0.000%, due 03/11/2022	100,000
Automatic Data Processing, 0.000%, due 14/02/2023	99,987	Automatic Data Processing, 0.000%, due 20/09/2022	100,000
Automatic Data Processing, 0.000%, due 28/09/2022	99,987	Automatic Data Processing, 0.000%, due 16/11/2022	100,000
Automatic Data Processing, 0.000%, due 02/11/2022	99,987	Automatic Data Processing, 0.000%, due 22/09/2022	100,000
Automatic Data Processing, 0.000%, due 20/09/2022	99,984	Automatic Data Processing, 0.000%, due 06/12/2022	100,000
Automatic Data Processing, 0.000%, due 25/01/2023	99,979	Automatic Data Processing, 0.000%, due 26/09/2022	100,000
Automatic Data Processing, 0.000%, due 26/09/2022	99,975	Automatic Data Processing, 0.000%, due 25/01/2023	100,000
Automatic Data Processing, 0.000%, due 06/12/2022	99,974	Automatic Data Processing, 0.000%, due 28/09/2022	100,000
Automatic Data Processing, 0.000%, due 29/11/2022	99,973	Automatic Data Processing, 0.000%, due 14/02/2023	100,000
Automatic Data Processing, 0.000%, due 09/11/2022	99,968	Automatic Data Processing, 0.000%, due 02/11/2022	100,000
Automatic Data Processing, 0.000%, due 26/10/2022	89,975	Automatic Data Processing, 0.000%, due 26/10/2022	90,000
Automatic Data Processing, 0.000%, due 11/01/2023	89,965	Automatic Data Processing, 0.000%, due 11/01/2023	90,000
Automatic Data Processing, 0.000%, due 28/12/2022	88,978	Automatic Data Processing, 0.000%, due 28/12/2022	89,000
Automatic Data Processing, 0.000%, due 13/09/2022	84,985	Automatic Data Processing, 0.000%, due 13/09/2022	85,000

