



Annual Report | August 31, 2020

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# WESTERN ASSET INSTITUTIONAL CASH RESERVES, LTD.

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FRANKLIN  
TEMPLETON

INVESTMENT PRODUCTS: NOT INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

## Fund objective

The Fund's investment objective is to provide shareholders with liquidity and as high a level of current income as is consistent with preservation of capital.

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## Letter from the president



### Dear Shareholder,

We are pleased to provide the annual report of Western Asset Institutional Cash Reserves, Ltd. for the twelve-month reporting period ended August 31, 2020. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

### Special shareholder notice

On July 31, 2020, Franklin Resources, Inc. ("Franklin Resources") acquired Legg Mason, Inc. ("Legg Mason") in an all-cash transaction. As a result of the transaction, the Fund's manager, Legg Mason Partners Fund Advisor, LLC ("LMPFA") and subadvisor, Western Asset Management Company, LLC, became indirect, wholly-owned subsidiaries of Franklin Resources.

Franklin Resources, whose principal executive offices are at One Franklin Parkway, San Mateo, California 94403, is a global investment management organization operating, together with its subsidiaries, as Franklin Templeton. As of August 31, 2020, after giving effect to the transaction described above, Franklin Templeton's asset management operations had aggregate assets under management of approximately \$1.4 trillion.

We look forward to helping you meet your financial goals.

Sincerely,

Jane Trust, CFA  
President and Chief Executive Officer

September 30, 2020

# Fund overview

## Q. What is the Fund's investment strategy?

**A.** The Fund seeks to provide shareholders with liquidity and as high a level of current income as is consistent with preservation of capital. The Fund seeks to maintain a constant share price at \$1.00 (although no assurance can be given that this will be so on a continuing basis) and will employ specific investment strategies and procedures to accomplish this result. The Fund seeks to invest its assets in a manner consistent with the rules as to the credit quality, maturity and liquidity of investments that are applicable to U.S. money market funds under Rule 2a-7 under the U.S. Investment Company Act of 1940 Act (the "1940 Act"). However, the Fund is not subject to the 1940 Act.

The Fund may invest in all types of high quality, short-term money market instruments denominated in U.S. dollars, including obligations of U.S. and non-U.S. banks and other U.S. and non-U.S. private issuers, commercial paper and asset-backed securities, obligations of the U.S. government and its agencies, instrumentalities and subdivisions, obligations issued or guaranteed by non-U.S. governments, and repurchase agreements. These securities may pay interest at fixed, floating or adjustable rates, or may be issued at a discount. The Fund may invest without limit in bank obligations, such as certificates of deposit, fixed time deposits and bankers' acceptances.

The Fund generally limits its investments in non-U.S. securities to U.S. dollar-denominated obligations of issuers, including banks and non-U.S. governments, located in the major industrialized countries, although with respect to bank obligations, the branches of the banks issuing the obligations may be located in The Bahamas or the Cayman Islands. The Fund may invest in instruments specifically structured so that they are eligible for purchase by money market funds, including securities that have demand, tender or put features, or interest rate reset features. The Fund invests in securities that, at the time of purchase, are rated by one or more rating agencies in the highest short-term rating category or, if not rated, that we determined to be of equivalent quality.

At Western Asset Management Company, LLC ("Western Asset"), the Fund's subadviser, we utilize a fixed income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset's senior management personnel, research analysts and an in-house economist. Under this team approach, management of client fixed income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization.

## Q. What were the overall market conditions during the Fund's reporting period?

**A.** Both short- and long-term Treasury yields moved sharply lower during the twelve-month reporting period ended August 31, 2020. The yield for the two-year Treasury note began the reporting period at 1.50% and rose as high as 1.79% on September 13, 2019. The low for the period of 0.11% occurred several times toward the end of July 2020 and the beginning of August 2020, and ended the period at 0.14%. The yield for the ten-year Treasury began the reporting period at 1.50% and moved as high as 1.94% on November 8, 2019. The low for the period of 0.52% occurred on August 4, 2020, and ended the period at 0.72%.

## Fund overview (cont'd)

The Federal Reserve Board (the “Fed”)<sup>1</sup> took a number of actions to support the economy during the reporting period. At its meeting that concluded on July 31, 2019, prior to the beginning of the reporting period, the Fed reduced the federal funds rate<sup>2</sup> from a range between 2.25% and 2.50% to a range between 2.00% and 2.25%. This represented the Fed’s first rate cut since 2008. The Fed then again lowered rates in September and October 2019 and ended calendar year 2019 with rates between 1.50% and 1.75%. After several months on hold, the Fed aggressively responded to the repercussions from the COVID-19 pandemic by cutting rates to a range between 1.00% and 1.25% on March 3, 2020, and then to a range between 0.00% and 0.25% on March 15, 2020. Finally, on August 27, 2020, the Fed announced a revision to its “Statement on Longer-Run Goals and Monetary Policy Strategy”. Fed Chair Jerome Powell said, “Our revised statement reflects our appreciation for the benefits of a strong labor market ... and that a robust job market can be sustained without causing an unwelcome increase in inflation”, as he explained the changes. As such, the Fed’s new approach to setting U.S. monetary policy will entail letting inflation and employment run higher, which could mean interest rates remain lower for longer than previously anticipated.

### **Q. How did we respond to these changing market conditions?**

**A.** During the early part of the period, the Fund’s portfolio maintained an extended average maturity, as the Fed shifted to an easing bias. This was done in response to inflation remaining well below their targeted level of 2.0%, along with a relatively modest pace of economic growth. The portfolio maintained a neutral maturity stance towards year-end 2019 and into early 2020. In early March, the COVID-19 crisis required a shift towards maintaining higher liquidity levels and investors flocked towards the larger cash positions available in money market funds. After the Fed lowered rates to a range between 0.0% to 0.25% and put in place several programs to support market liquidity conditions, we sought to extend the average maturity of the portfolio, as it was clear that the low policy rate would remain in place for an extended period.

### **Q. What were the most significant factors affecting Fund performance?**

**A.** The maturity positioning of the portfolio and its holdings of higher-yielding floating-rate securities positively impacted performance over the reporting period as yields declined. There were no meaningful detractors from performance during the period.

**You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by any government agency. The Fund’s sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.**

**To obtain performance data current to the most recent month-end, please call the U.S. Service Desk at 1-877-721-1926 or 1-203-703-6002 between 8:30 a.m. and 5:30 p.m. (New York City time).**

Thank you for your investment in Western Asset Institutional Cash Reserves, Ltd. As always, we appreciate that you have chosen us to manage your assets and we remain focused on seeking to achieve the Fund's investment goals.

Sincerely,

Western Asset Management Company, LLC

September 30, 2020

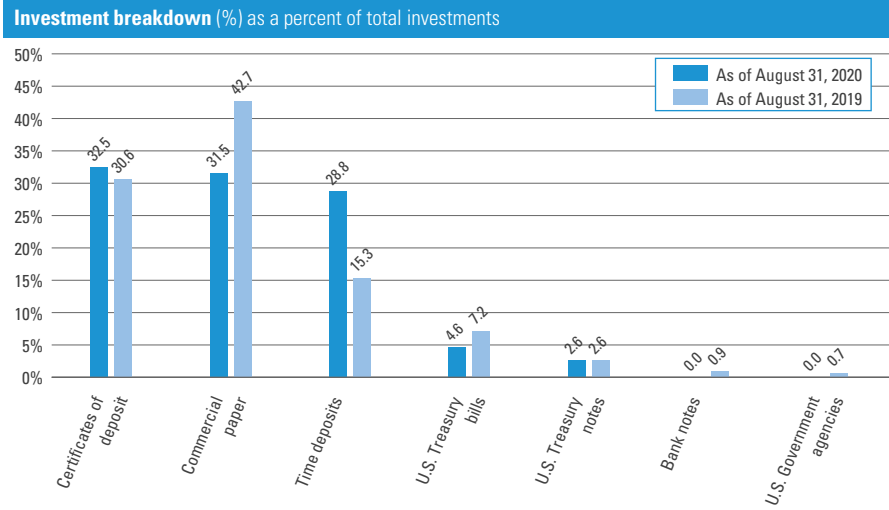
***RISKS:** You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by any government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time. The Fund will be more susceptible to negative events affecting the worldwide financial services sector as a significant portion of its assets may be invested in obligations that are issued or backed by U.S. and non-U.S. banks and other financial services companies. Please see the Fund's offering circular for a more complete discussion of these and other risks and the Fund's investment strategies. Investors should consider the Fund's investment objective, risks, charges and expenses carefully before investing. The offering circular contains this and other important information about the Fund.*

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results.

The information provided is 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 firm as a whole.

- i The Federal Reserve Board (the "Fed") is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- ii The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

# Fund at a glance<sup>†</sup> (unaudited)



† The bar graph above represents the composition of the Fund's investments as of August 31, 2020 and August 31, 2019. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

# Schedule of investments

August 31, 2020

## Western Asset Institutional Cash Reserves, Ltd.

Security	Rate	Maturity Date	Face Amount	Value
<b>Short-Term Investments — 100.0%</b>				
<b>Certificates of Deposit — 32.5%</b>				
Bank of Montreal (1 mo. USD LIBOR + 0.110%)	0.280%	8/27/21	\$ 40,000,000	\$ 40,000,000 <sup>(a)</sup>
Barclays Bank PLC	1.300%	10/22/20	35,000,000	35,000,000
Canadian Imperial Bank of Commerce	0.500%	2/1/21	50,000,000	50,000,000
Credit Agricole Corporate and Investment Bank (3 mo. USD LIBOR + 0.160%)	0.437%	7/8/21	40,000,000	40,000,000 <sup>(a)</sup>
Credit Suisse AG	0.500%	4/1/21	30,000,000	30,000,000
Credit Suisse AG	0.460%	8/10/21	25,000,000	25,000,000
KBC Bank NV	0.100%	9/2/20	65,000,000	65,000,000
KBC Bank NV	0.100%	9/8/20	40,000,000	40,000,000
Landesbank Hessen-Thüringen Girozentrale	0.120%	9/1/20	65,000,000	65,000,000
Landesbank Hessen-Thüringen Girozentrale	0.110%	9/3/20	25,000,000	25,000,000
Landesbank Hessen-Thüringen Girozentrale	0.110%	9/4/20	50,000,000	50,000,000
Landesbank Hessen-Thüringen Girozentrale	0.110%	9/8/20	50,000,000	50,000,000
Lloyds Bank Corporate Markets PLC	0.400%	11/27/20	20,000,000	20,000,000
Lloyds Bank Corporate Markets PLC	0.400%	4/8/21	25,000,000	25,000,000
Mitsubishi UFJ Trust & Banking Corp.	0.370%	1/25/21	50,000,000	50,000,000
Mizuho Bank Ltd.	0.310%	9/18/20	25,000,000	25,000,000
Mizuho Bank Ltd.	0.500%	10/30/20	50,000,000	50,000,000
Mizuho Bank Ltd.	0.380%	11/24/20	30,000,000	30,000,000
Mizuho Bank Ltd. (1 mo. USD LIBOR + 0.180%)	0.354%	2/26/21	50,000,000	50,000,000 <sup>(a)</sup>
MUFG Bank Ltd.	0.450%	11/4/20	15,000,000	15,000,000
MUFG Bank Ltd.	0.400%	11/30/20	25,000,000	25,000,000
Natixis SA	0.570%	12/2/20	25,000,000	25,000,000
Norinchukin Bank	0.380%	11/16/20	35,000,000	35,000,000
Norinchukin Bank	0.380%	12/1/20	30,000,000	30,000,000
Norinchukin Bank	0.400%	12/10/20	20,000,000	20,000,000
Norinchukin Bank	0.380%	1/8/21	25,000,000	25,000,000
Royal Bank of Canada (3 mo. USD LIBOR + 0.070%)	0.340%	7/29/21	35,000,000	35,000,000 <sup>(a)</sup>
Societe Generale	0.120%	9/1/20	75,000,000	75,000,000
Standard Chartered Bank	1.400%	10/8/20	15,000,000	15,000,000
Standard Chartered Bank	1.430%	10/13/20	15,000,000	15,000,000
Standard Chartered Bank	1.250%	10/16/20	35,000,000	35,000,000
Standard Chartered Bank (1 mo. USD LIBOR + 0.210%)	0.371%	11/19/20	35,000,000	35,000,000 <sup>(a)</sup>
Standard Chartered Bank	0.410%	4/7/21	25,000,000	25,000,000
Standard Chartered Bank (1 mo. USD LIBOR + 0.180%)	0.363%	4/23/21	35,000,000	35,000,000 <sup>(a)</sup>
Sumitomo Mitsui Banking Corp.	0.380%	11/20/20	50,000,000	50,000,000

[See Notes to Financial Statements.](#)

# Schedule of investments (cont'd)

August 31, 2020

## Western Asset Institutional Cash Reserves, Ltd.

Security	Rate	Maturity Date	Face Amount	Value
<b>Certificates of Deposit — continued</b>				
Sumitomo Mitsui Banking Corp. (1 mo. USD LIBOR + 0.200%)	0.355%	1/4/21	\$ 30,000,000	\$ 30,000,000 <sup>(a)</sup>
Sumitomo Mitsui Banking Corp. (1 mo. USD LIBOR + 0.120%)	0.291%	2/18/21	50,000,000	50,000,000 <sup>(a)</sup>
Sumitomo Mitsui Banking Corp. (3 mo. USD LIBOR + 0.100%)	0.370%	4/29/21	25,000,000	25,000,000 <sup>(a)</sup>
Sumitomo Mitsui Trust Bank Ltd.	0.550%	10/26/20	15,000,000	15,000,000
Sumitomo Mitsui Trust Bank Ltd.	0.450%	11/9/20	25,000,000	25,000,000
Sumitomo Mitsui Trust Bank Ltd. (1 mo. USD LIBOR + 0.260%)	0.422%	11/16/20	35,000,000	35,000,000 <sup>(a)</sup>
Svenska Handelsbanken NY (3 mo. USD LIBOR + 0.120%)	0.424%	7/6/21	85,000,000	85,000,000 <sup>(a)</sup>
Toronto Dominion Bank	0.400%	3/16/21	40,000,000	40,000,000
UBS AG	1.400%	10/8/20	15,000,000	15,000,000
<b>Total Certificates of Deposit</b>				<b>1,580,000,000</b>
<b>Commercial Paper — 31.5%</b>				
ABN AMRO Funding USA LLC	0.412%	11/5/20	35,000,000	34,974,090 <sup>(b)(c)</sup>
ABN AMRO Funding USA LLC	0.416%	3/3/21	15,000,000	14,968,738 <sup>(b)(c)</sup>
ABN AMRO Funding USA LLC	0.416%	3/5/21	15,000,000	14,968,396 <sup>(b)(c)</sup>
ABN AMRO Funding USA LLC	0.355%	3/29/21	25,000,000	24,949,201 <sup>(b)(c)</sup>
Australia & New Zealand Banking Group Ltd. (1 mo. USD LIBOR + 0.140%)	0.296%	11/2/20	25,000,000	25,000,000 <sup>(a)(b)</sup>
Banco Santander SA	0.948%	11/13/20	42,500,000	42,418,990 <sup>(b)(c)</sup>
Bank of New York Mellon	0.000%	9/1/20	80,855,000	80,855,000 <sup>(c)</sup>
Barclays Bank PLC	0.000%	9/1/20	70,000,000	70,000,000 <sup>(b)(c)</sup>
Barclays Bank PLC	0.061%	9/2/20	75,000,000	74,999,750 <sup>(b)(c)</sup>
BNG Bank NV	0.076%	9/4/20	75,000,000	74,999,375 <sup>(b)(c)</sup>
BNG Bank NV	0.581%	9/8/20	100,000,000	99,987,337 <sup>(b)(c)</sup>
BNP Paribas SA	0.404%	12/7/20	50,000,000	49,946,111 <sup>(c)</sup>
BPCE SA	0.407%	6/21/21	30,000,000	29,902,333 <sup>(b)(c)</sup>
Credit Suisse AG	1.222%	10/16/20	35,000,000	34,946,625 <sup>(c)</sup>
Credit Suisse AG	0.484%	12/1/20	30,000,000	29,963,600 <sup>(c)</sup>
DNB Bank ASA (3 mo. USD LIBOR + 0.060%)	0.328%	7/30/21	50,000,000	50,000,000 <sup>(a)(b)</sup>
ExxonMobil Corp.	0.410%	2/1/21	50,000,000	49,913,938 <sup>(c)</sup>
ING (US) Funding USA LLC (1 mo. USD LIBOR + 0.330%)	0.486%	2/2/21	40,000,000	40,000,000 <sup>(a)</sup>
Natixis SA	0.719%	10/15/20	52,000,000	51,954,240 <sup>(c)</sup>
Natixis SA	0.391%	11/4/20	11,100,000	11,092,304 <sup>(c)</sup>
NRW Bank	0.068%	9/3/20	75,000,000	74,999,583 <sup>(b)(c)</sup>
NRW Bank	0.076%	9/4/20	75,000,000	74,999,375 <sup>(b)(c)</sup>

See Notes to Financial Statements.



## Western Asset Institutional Cash Reserves, Ltd.

Security	Rate	Maturity Date	Face Amount	Value
<b>Commercial Paper — continued</b>				
Royal Bank of Canada (SOFR + 0.550%)	0.640%	3/10/21	\$ 25,000,000	\$ 25,000,000 <sup>(a)</sup>
Royal Bank of Canada (3 mo. USD LIBOR + 0.120%)	0.422%	7/1/21	40,000,000	40,000,000 <sup>(a)</sup>
Societe Generale	0.066%	9/2/20	50,000,000	49,999,820 <sup>(b)(c)</sup>
Societe Generale (1 mo. USD LIBOR + 0.170%)	0.341%	10/21/20	40,000,000	40,000,000 <sup>(a)(b)</sup>
Societe Generale	0.843%	10/26/20	22,500,000	22,471,125 <sup>(b)(c)</sup>
Sumitomo Mitsui Trust Bank Ltd.	0.349%	9/21/20	25,000,000	24,995,000 <sup>(b)(c)</sup>
Svenska Handelsbanken AB (3 mo. USD LIBOR + 0.080%)	0.350%	7/28/21	15,000,000	15,000,000 <sup>(a)(b)</sup>
Swedbank AB	0.000%	9/1/20	15,210,000	15,210,000 <sup>(c)</sup>
Swedbank AB	0.068%	9/3/20	50,000,000	49,999,722 <sup>(c)</sup>
Swedbank AB	0.355%	3/29/21	50,000,000	49,898,403 <sup>(c)</sup>
Toronto Dominion Bank	0.056%	9/2/20	65,000,000	64,999,801 <sup>(b)(c)</sup>
Toronto Dominion Bank	0.068%	9/3/20	75,000,000	74,999,583 <sup>(b)(c)</sup>
<b>Total Commercial Paper</b>				<b>1,528,412,440</b>
<b>Time Deposits — 28.8%</b>				
ABN AMRO Bank NV	0.110%	9/1/20	50,000,000	50,000,000
ABN AMRO Bank NV	0.110%	9/3/20	50,000,000	50,000,000
BNP Paribas SA	0.070%	9/1/20	25,000,000	25,000,000
Canadian Imperial Bank of Commerce	0.080%	9/1/20	125,000,000	125,000,000
Credit Agricole Corporate and Investment Bank	0.080%	9/1/20	162,478,000	162,478,000
DNB Bank ASA	0.080%	9/1/20	100,000,000	100,000,000
Mizuho Bank Ltd.	0.090%	9/1/20	49,664,000	49,664,000
National Bank of Canada	0.080%	9/1/20	100,000,000	100,000,000
National Bank of Canada	0.110%	9/3/20	75,000,000	75,000,000
Nordea Bank ABP	0.070%	9/1/20	200,000,000	200,000,000
Rabobank Netherland NV	0.070%	9/1/20	75,000,000	75,000,000
Royal Bank of Canada	0.080%	9/1/20	125,000,000	125,000,000
Skandinaviska Enskilda Banken AB	0.080%	9/1/20	64,416,000	64,416,000
Svenska Handelsbanken AB	0.080%	9/1/20	100,000,000	100,000,000
Swedbank AB	0.080%	9/1/20	75,000,000	75,000,000
Toronto Dominion Bank	0.080%	9/1/20	25,000,000	25,000,000
<b>Total Time Deposits</b>				<b>1,401,558,000</b>
<b>U.S. Treasury Bills — 4.6%</b>				
U.S. Treasury Bills	0.216%	9/15/20	75,000,000	74,993,365 <sup>(c)</sup>
U.S. Treasury Bills	0.145%	10/27/20	100,000,000	99,977,444 <sup>(c)</sup>
U.S. Treasury Bills	0.182%	2/25/21	50,000,000	49,955,750 <sup>(c)</sup>
<b>Total U.S. Treasury Bills</b>				<b>224,926,559</b>

See Notes to Financial Statements.

# Schedule of investments (cont'd)

August 31, 2020

## Western Asset Institutional Cash Reserves, Ltd.

Security	Rate	Maturity Date	Face Amount	Value
<b>U.S. Treasury Notes — 2.6%</b>				
U.S. Treasury Notes (3 mo. U.S. Treasury Money Market Yield + 0.114%)	0.219%	4/30/22	\$125,000,000	<b>125,039,939</b> <sup>(a)</sup>
<b>Total Investments — 100.0% (Cost — \$4,859,936,938#)</b>				<b>4,859,936,938</b>
Other Assets in Excess of Liabilities — 0.0%††				758,439
<b>Total Net Assets — 100.0%</b>				<b>\$4,860,695,377</b>

†† Represents less than 0.1%.

# Aggregate cost for federal income tax purposes is substantially the same.

<sup>(a)</sup> Variable rate security. Interest rate disclosed is as of the most recent information available. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.

<sup>(b)</sup> Commercial paper exempt from registration under Section 4(2) of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.

<sup>(c)</sup> Rate shown represents yield-to-maturity.

### Abbreviation(s) used in this schedule:

LIBOR — London Interbank Offered Rate  
 SOFR — Secured Overnight Financing Rate  
 USD — United States Dollar

See Notes to Financial Statements.

# Statement of assets and liabilities

August 31, 2020

## Assets:

Investments, at value	\$ 4,859,936,938
Interest receivable	1,590,824
Prepaid expenses	42,867
<b>Total Assets</b>	<b>4,861,570,629</b>

## Liabilities:

Investment management fee payable	702,296
Distributions payable	70,307
Due to custodian	13,994
Directors' fees payable	700
Accrued expenses	87,955
<b>Total Liabilities</b>	<b>875,252</b>

**Total Net Assets** **\$ 4,860,695,377**

## Net Assets:

Par value (Note 6)	\$ 486,100
Paid-in capital in excess of par value	4,860,512,189
Total distributable earnings (loss)	(302,912)
<b>Total Net Assets</b>	<b>\$ 4,860,695,377</b>

## Net Assets:

Class 1	\$4,448,370,661
Class 4	\$412,324,716

## Shares Outstanding:

Class 1	4,448,670,502
Class 4	412,325,000

## Net Asset Value:

Class 1	\$1.00
Class 4	\$1.00

See Notes to Financial Statements.

# Statement of operations

For the Year Ended August 31, 2020

## Investment Income:

<i>Interest</i>	<b>\$60,529,635</b>
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## Expenses:

Investment management fee (Note 2)	11,132,350
Fund accounting fees	108,125
Transfer agent fees (Note 4)	96,916
Legal fees	66,470
Audit and tax fees	32,450
Insurance	30,466
Custody fees	17,477
Directors' fees	931
Registration fees	230
Interest expense	92
Shareholder reports	(496)
Miscellaneous expenses	45,318
<b>Total Expenses</b>	<b>11,530,329</b>
Less: Fee waivers and/or expense reimbursements (Notes 2 and 4)	(3,513,950)
<b>Net Expenses</b>	<b>8,016,379</b>
<b>Net Investment Income</b>	<b>52,513,256</b>
<b>Net Realized Loss From Investment Transactions</b>	<b>(573,791)</b>
<b>Increase in Net Assets From Operations</b>	<b>\$51,939,465</b>

See Notes to Financial Statements.

# Statements of changes in net assets

For the Years Ended August 31,	2020	2019
<b>Operations:</b>		
Net investment income	\$ 52,513,256	\$ 88,081,430
Net realized loss	(573,791)	(59,923)
<b><i>Increase in Net Assets From Operations</i></b>	<b><i>51,939,465</i></b>	<b><i>88,021,507</i></b>
<b>Distributions to Shareholders From (Notes 1 and 5):</b>		
Total distributable earnings	(52,513,256)	(88,078,524)
<b><i>Decrease in Net Assets From Distributions to Shareholders</i></b>	<b><i>(52,513,256)</i></b>	<b><i>(88,078,524)</i></b>
<b>Fund Share Transactions (Note 6):</b>		
Net proceeds from sale of shares	43,699,910,688	36,764,746,088
Reinvestment of distributions	41,155,141	65,538,155
Cost of shares repurchased	(42,399,709,322)	(37,762,784,420)
Capital contributions	2,787	—
<b><i>Increase (Decrease) in Net Assets From Fund Share Transactions</i></b>	<b><i>1,341,359,294</i></b>	<b><i>(932,500,177)</i></b>
<b><i>Increase (Decrease) in Net Assets</i></b>	<b><i>1,340,785,503</i></b>	<b><i>(932,557,194)</i></b>
<b>Net Assets:</b>		
Beginning of year	3,519,909,874	4,452,467,068
<b>End of year</b>	<b>\$ 4,860,695,377</b>	<b>\$ 3,519,909,874</b>

See Notes to Financial Statements.

# Financial highlights

For a share of each class of capital stock outstanding throughout each year ended August 31:					
Class 1 Shares <sup>1,1</sup>	2020	2019	2018	2017	2016 <sup>2</sup>
<b>Net asset value, beginning of year</b>	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
<b>Income (loss) from operations:</b>					
Net investment income	0.012	0.023	0.016	0.009	0.003
Net realized gain (loss) <sup>3</sup>	(0.000)	(0.000)	(0.000)	0.000	0.000
<b>Total income from operations</b>	<b>0.012</b>	<b>0.023</b>	<b>0.016</b>	<b>0.009</b>	<b>0.003</b>
<b>Less distributions from:</b>					
Net investment income	(0.012)	(0.023)	(0.016)	(0.009)	(0.003)
<b>Total distributions</b>	<b>(0.012)</b>	<b>(0.023)</b>	<b>(0.016)</b>	<b>(0.009)</b>	<b>(0.003)</b>
<b>Capital contributions</b>	0.000 <sup>3</sup>	—	—	—	—
<b>Net asset value, end of year</b>	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
<b>Total return<sup>4</sup></b>	<b>1.18%<sup>5</sup></b>	<b>2.36%</b>	<b>1.61%</b>	<b>0.89%</b>	<b>0.34%</b>
<b>Net assets, end of year (millions)</b>	\$4,448	\$3,507	\$4,278	\$4,120	\$3,159
<b>Ratios to average net assets:</b>					
Gross expenses	0.26%	0.31%	0.37%	0.36%	0.47% <sup>6,7</sup>
Net expenses <sup>8,9</sup>	0.18	0.17	0.14	0.13	0.12 <sup>6</sup>
Net investment income	1.19	2.33	1.59	0.90	0.33

<sup>†</sup> Class 1 shares of the Fund may not be offered or sold, directly or indirectly, in the United States of America, its territories and its possessions or to or for the benefit of any U.S. Person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended.

<sup>1</sup> Per share amounts have been calculated using the average shares method.

<sup>2</sup> Prior to August 29, 2016, Western Asset Institutional Cash Reserves, Ltd. invested, as a feeder fund, in Prime Cash Reserves Portfolio. Per share data and ratios include Western Asset Institutional Cash Reserves, Ltd. information as a stand-alone and feeder fund for the respective periods.

<sup>3</sup> Amount represents less than \$0.0005 per share.

<sup>4</sup> Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results.

<sup>5</sup> Includes the effect of a capital contribution. Absent the capital contribution, the total return would have been unchanged.

<sup>6</sup> Includes the Fund's share of Prime Cash Reserves Portfolio's allocated expenses prior to August 29, 2016.

<sup>7</sup> The gross expenses do not reflect the reduction of the Fund's management fee, pursuant to the Fund's investment management agreement, by the amount paid by the Fund for its allocable share of the management fee paid by Prime Cash Reserves Portfolio prior to August 29, 2016.

<sup>8</sup> As a result of a voluntary expense limitation arrangement, effective March 7, 2019, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class 1 shares did not exceed 0.18%. This expense limitation arrangement may be changed or terminated at any time. Additional amounts may be voluntarily waived and/or reimbursed from time to time. Prior to March 7, 2019, the expense limitation was 0.25%.

<sup>9</sup> Reflects fee waivers and/or expense reimbursements.

[See Notes to Financial Statements.](#)

**For a share of each class of capital stock outstanding throughout each year ended August 31, unless otherwise noted:**

Class 4 Shares <sup>†,1</sup>	2020	2019	2018 <sup>2</sup>
<b>Net asset value, beginning of year</b>	\$1.000	\$1.000	\$1.000
<b>Income (loss) from operations:</b>			
Net investment income	0.010	0.023	0.017
Net realized gain (loss)	0.002 <sup>3</sup>	(0.000) <sup>4</sup>	(0.003)
<b>Total income from operations</b>	<b>0.012</b>	<b>0.023</b>	<b>0.014</b>
<b>Less distributions from:</b>			
Net investment income	(0.012)	(0.023)	(0.014)
<b>Total distributions</b>	<b>(0.012)</b>	<b>(0.023)</b>	<b>(0.014)</b>
<b>Net asset value, end of year</b>	\$1.000	\$1.000	\$1.000
<b>Total return<sup>5</sup></b>	<b>1.18%</b>	<b>2.36%</b>	<b>1.43%</b>
<b>Net assets, end of year (000s)</b>	\$412,325	\$12,699	\$174,298
<b>Ratios to average net assets:</b>			
Gross expenses	0.27%	0.33%	0.37% <sup>6</sup>
Net expenses <sup>7,8</sup>	0.18	0.16	0.14 <sup>6</sup>
Net investment income	1.04	2.34	1.94 <sup>6</sup>

† Class 4 shares of the Fund are available only to a limited number of qualified investors in private placements exempt from registration pursuant to Regulation D under the U.S. Securities Act of 1933, as amended.

<sup>1</sup> Per share amounts have been calculated using the average shares method.

<sup>2</sup> For the period October 25, 2017 (inception date) to August 31, 2018.

<sup>3</sup> Calculation of the net realized gain per share does not correlate to the aggregate realized loss presented in the Statement of Operations due to the timing of sales and repurchases of Class 4 shares of the Fund.

<sup>4</sup> Amount represents less than \$0.0005 per share.

<sup>5</sup> Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

<sup>6</sup> Annualized.

<sup>7</sup> As a result of a voluntary expense limitation arrangement, effective March 7, 2019, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class 4 shares did not exceed 0.18%. This expense limitation arrangement may be changed or terminated at any time. Additional amounts may be voluntarily waived and/or reimbursed from time to time. Prior to March 7, 2019, the expense limitation was 0.30%.

<sup>8</sup> Reflects fee waivers and/or expense reimbursements.

[See Notes to Financial Statements.](#)

# Notes to financial statements

## 1. Organization and significant accounting policies

Western Asset Institutional Cash Reserves, Ltd. (the "Fund"), a Cayman Islands exempted company, is an open-end, diversified mutual fund and prepares its financial statements in accordance with investment company accounting.

The Fund seeks to maintain a constant share price of \$1.00 and will employ specific investment strategies and procedures to accomplish this result. The Fund seeks to invest its assets in a manner consistent with the rules as to the credit quality, maturity and liquidity of investments that are applicable to U.S. money market funds under Rule 2a-7 under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"). However, the Fund is not subject to the 1940 Act.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles ("GAAP"). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through October 20, 2020, the date the financial statements were issued.

**(a) Investment valuation.** In accordance with Rule 2a-7, money market instruments are valued at amortized cost, which approximates market value. This method involves valuing portfolio securities at their cost and thereafter assuming a constant amortization to maturity of any discount or premium. The Fund's use of amortized cost is subject to its compliance with certain conditions as specified by Rule 2a-7.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (the "Valuation Committee"). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.



GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

- Level 1 — quoted prices in active markets for identical investments
- Level 2 — other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund’s assets carried at fair value:

<b>ASSETS</b>				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Short-Term Investments†	—	\$4,859,936,938	—	\$4,859,936,938

† See Schedule of Investments for additional detailed categorizations.

**(b) Credit and market risk.** Investments in securities that are collateralized by real estate mortgages are subject to certain credit and liquidity risks. When market conditions result in an increase in default rates of the underlying mortgages and the foreclosure values of underlying real estate properties are materially below the outstanding amount of these underlying mortgages, collection of the full amount of accrued interest and principal on these investments may be doubtful. Such market conditions may significantly impair the value and liquidity of these investments and may result in a lack of correlation between their credit ratings and values.

**(c) Security transactions and investment income.** Security transactions are accounted for on a trade date basis. Interest income (including interest income from payment-in-kind securities), adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. The cost of investments sold is determined by use of the specific identification method.

**(d) Distributions to shareholders.** Distributions from net investment income on the shares of the Fund are declared each business day and are paid monthly. Distributions of net realized gains, if any, will be distributed to the Fund’s investors at such times and in such amounts as Legg Mason Partners Fund Advisor, LLC (“LMPFA”) determines to be in the best interests of the Fund. Distributions to shareholders of the Fund are recorded on the

## Notes to financial statements (cont'd)

ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

**(e) Share class accounting.** Investment income, common expenses and realized gains (losses) on investments are allocated to the various classes of the Fund on the basis of daily net assets of each class. Fees relating to a specific class are charged directly to that share class.

**(f) Compensating balance arrangements.** The Fund has an arrangement with its custodian bank whereby a portion of the custodian's fees is paid indirectly by credits earned on the Fund's cash on deposit with the bank.

**(g) Income taxes.** Under current laws of the Cayman Islands, there are no income, estate, transfer, sales or other Cayman Islands taxes payable by the Fund.

The Fund intends to invest principally in securities whose income is exempt from U.S. withholding taxes and to conduct its affairs such that income realized will not be subject to U.S. federal income taxation.

In accordance with ASC 740, Income Taxes, management has concluded that there has been no impact on the operations of the Fund and no provisions for income tax is required in the Fund's financial statements.

### 2. Management and service provider fees

LMPFA is the Fund's investment manager and Western Asset Management Company, LLC ("Western Asset") is the Fund's subadviser. As investment manager of the Fund, LMPFA performs administrative services, including the supervision of the overall administration of the Fund and the monitoring of performance of the service providers to the Fund. LMPFA may, at the request of the Fund's Board of Directors, provide investment management services to the Fund. As of July 31, 2020, LMPFA and Western Asset are indirect, wholly-owned subsidiaries of Franklin Resources, Inc. ("Franklin Resources"). Prior to July 31, 2020, LMPFA and Western Asset were wholly-owned subsidiaries of Legg Mason, Inc. ("Legg Mason"). As of July 31, 2020, Legg Mason is a subsidiary of Franklin Resources.

Under the investment management agreement, the Fund pays an investment management fee, calculated daily and paid monthly, at an annual rate of 0.25% of the Fund's average daily net assets.

For its services relating to the Fund, Western Asset receives such compensation as is from time to time agreed upon by it and LMPFA. LMPFA delegates to the subadviser the day-to-day portfolio management of the Fund. For its services, LMPFA pays Western Asset monthly 70% of the net management fee it receives from the Fund.

LM (BVI) Limited (the "Record Shareholder"), a British Virgin Islands Company, is the shareholder of record for the Fund. All Fund shares will be owned by the Record Shareholder, and investors will acquire beneficial interests in the shares held of record by

the Record Shareholder. LM (BVI) Limited is a wholly-owned subsidiary of Legg Mason, which as of July 31, 2020 is a wholly-owned subsidiary of Franklin Resources.

As a result of voluntary expense limitation arrangements, effective March 7, 2019, between the Fund and LMPFA, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class 1 and Class 4 shares did not exceed 0.18% and 0.18%, respectively. These expense limitation arrangements may be changed or terminated at any time. Additional amounts may be voluntarily waived and/or reimbursed from time to time.

LMPFA may, subject to any then applicable expense limitation, seek reimbursement for any such expenses or fees from the Fund in future years. During the year ended August 31, 2020, fees waived and/or expenses reimbursed amounted to \$3,513,950.

### 3. Derivative instruments and hedging activities

During the year ended August 31, 2020, the Fund did not invest in derivative instruments.

### 4. Class specific expenses, waivers and/or expense reimbursements

Legg Mason Investor Services, LLC ("LMIS" or the "Placement Agent") serves as the sole Placement Agent to the Fund. The Placement Agent is responsible for accepting purchase orders for shares of the Fund and placement-related activities for the Fund. As of July 31, 2020, LMIS is an indirect, wholly-owned broker-dealer subsidiary of Franklin Resources. Prior to July 31, 2020, LMIS was a wholly-owned broker-dealer subsidiary of Legg Mason.

For the year ended August 31, 2020, class specific expenses were as follows:

	Transfer Agent Fees
Class 1	\$69,547
Class 4	27,369
<b>Total</b>	<b>\$96,916</b>

For the year ended August 31, 2020, waivers and/or expense reimbursements by class were as follows:

	Waivers/Expense Reimbursements
Class 1	\$3,247,891
Class 4	266,059
<b>Total</b>	<b>\$3,513,950</b>

# Notes to financial statements (cont'd)

## 5. Distributions to shareholders by class

	Year Ended August 31, 2020	Year Ended August 31, 2019
<b>Net Investment Income:</b>		
Class 1	\$49,291,335	\$84,460,132
Class 4	3,221,921	3,618,392
<b>Total</b>	<b>\$52,513,256</b>	<b>\$88,078,524</b>

## 6. Share capital

The authorized share capital of the Fund of \$10 million is comprised of 100 billion shares having a par value of \$0.0001 per share.

Transactions in shares of each class were as follows:

	Year Ended August 31, 2020	Year Ended August 31, 2019
<b>Class 1</b>		
Shares sold	28,462,115,688	34,710,024,088
Shares issued on reinvestment	41,155,141	65,538,155
Shares repurchased	(27,561,540,322)	(35,546,464,420)
<b>Net increase (decrease)</b>	<b>941,730,507</b>	<b>(770,902,177)</b>
<b>Class 4</b>		
Shares sold	15,237,795,000	2,054,722,000
Shares issued on reinvestment	—	—
Shares repurchased	(14,838,169,000)	(2,216,320,000)
<b>Net increase (decrease)</b>	<b>399,626,000</b>	<b>(161,598,000)</b>

Because the Fund has maintained a \$1.00 net asset value per share from inception, the number of shares sold, shares issued on reinvestment of dividends declared, and shares repurchased, is equal to the dollar amount shown in the Statements of Changes in Net Assets, excluding capital contributions, for the corresponding fund share transactions.

## 7. Other matters

The outbreak of the respiratory illness COVID-19 (commonly referred to as “coronavirus”) has continued to rapidly spread around the world, causing considerable uncertainty for the global economy and financial markets. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known. The COVID-19 pandemic could adversely affect the value and liquidity of the Fund’s investments, impair the Fund’s ability to satisfy redemption requests, and negatively impact the Fund’s performance. In addition, the outbreak of COVID-19, and measures taken to mitigate its effects, could result in disruptions to the services provided to the Fund by its service providers.

\*\*\*

The Fund's investments, payment obligations, and financing terms may be based on floating rates, such as the London Interbank Offered Rate, or "LIBOR," which is the offered rate for short-term Eurodollar deposits between major international banks. Plans are underway to phase out the use of LIBOR by the end of 2021. There remains uncertainty regarding the nature of any replacement rate and the impact of the transition from LIBOR on the Fund's transactions and the financial markets generally. As such, the potential effect of a transition away from LIBOR on the Fund or the Fund's investments cannot yet be determined.

# Report of independent auditors

## To the Board of Directors of Western Asset Institutional Cash Reserves, Ltd.

We have audited the accompanying financial statements of Western Asset Institutional Cash Reserves, Ltd. (the “Fund”), which comprise the statement of assets and liabilities, including the schedule of investments, as of August 31, 2020, the related statement of operations for the year ended August 31, 2020, the statement of changes in net assets for each of the two years in the period ended August 31, 2020, and the financial highlights for each of the periods ended August 31, 2020, August 31, 2019, and August 31, 2018. These financial statements and financial highlights are hereafter collectively referred to as “financial statements.”

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors’ Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Asset Institutional Cash Reserves, Ltd. as of August 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended August 31, 2020 and the financial highlights for each of the periods ended August 31, 2020, August 31, 2019, and August 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

The financial statements of the Fund as of and for the year ended August 31, 2017 and the financial highlights for each of the periods ended on or prior to August 31, 2017 (not presented herein, other than the financial highlights) were audited by other auditors whose report dated October 19, 2017 expressed an unmodified opinion on those financial statements and financial highlights.

/s/PricewaterhouseCoopers LLP

Baltimore, Maryland  
October 20, 2020

