

Legg Mason Investments
Sub-fund of Irish domiciled open-ended investment company

Report Issued: January 2009

Peer Group:
Global Mainstream Equities

Group Contact No:
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Fund Manager/Adviser:
Paul Ehrlichman (since October 2006)

Website:
www.leggmason.co.uk
S&P ID Number: OS221085

Location:
Wilmington, Delaware

Share class screened:
A

Launch Date: September 2006

Fund Size (May 2008):
US\$74m

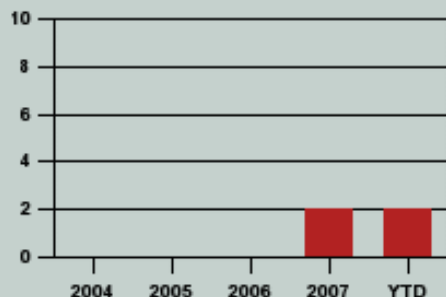


INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

AS THE FUND IS UNDER THREE YEARS OLD THERE IS INSUFFICIENT PERFORMANCE DATA FOR RISK/RETURN ANALYSIS.

CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Further information on S&P's fund coverage can be found at www.funds.standardandpoors.com

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STANDARD & POOR'S OPINION (AUGUST 2008)

GC Global Equity Fund was formerly Brandywine Global Equity Fund. It continues to be run by the same manager and team, now trading as Global Currents Investment Management, an autonomous investment entity within Legg Mason. Led by Michael Dieschbourg (CEO) and Paul Ehrlichman (CIO), the firm employs over 25 people, 10 of whom are investment professionals.

to its global equity portfolios consistently since 2002. This longer track record gives us the confidence to assess the mandate's performance rather than solely that of this Dublin-domiciled fund, whose short track record has suffered since launch as it was driven by value considerations in momentum-driven markets.

Legg Mason is highly experienced in this form of business relationship. By centralising the key administrative duties, each subsidiary is free to focus on its own individual style of investment.

Ranked within our global universe, the longer-term track record of the team's other global funds has proved volatile, ranging from bottom-decile relative returns in 2002 to top decile in 2004.

For Global Currents Investment Management, this involves a value-oriented approach based on a disciplined combination of quantitative and qualitative assessments. The team has applied this

We are disappointed to see the fund almost 11% behind the sector median since launch. However, in the context of the team's longer track record, its experience and its value approach to investing, this fund is able to retain its S&P A rating.

FACT FILE

Group: Legg Mason Investments is part of Legg Mason Inc, a global asset management company with a history stretching to 1899, and listed on the NYSE since 1983. After acquiring the asset management part of Citigroup in December 2005, Legg Mason became the fifth-largest money manager in the US.

responsibilities. He has 24 years' experience and before 1988 worked at Provident Capital Management.

Team: Global Currents Investment Management's investment team has 10 members with an average of 20 years' industry experience. Two members joined in the second quarter of 2008.

Style: This portfolio of 50-100 names is constructed on a bottom-up value approach, using a quant screen followed through with detailed fundamental analysis. Turnover is usually around 60% a year.

Fund Manager: Global equity CIO Paul Erlichman manages this fund and has specific global research

Performance: Since launch to 30/04/2008, the fund has returned 3.4%, compared with 14.5% for the sector median and 15.4% for the index**, ranking 2216/2355.

FUND MANAGER & TEAM

Global Currents Investment Management was formerly the global equity value team at another Legg Mason subsidiary, Brandywine Investment Management. It is an autonomous affiliate within Legg Mason and its expertise is in global equity mandates run with a clear value bias and an emphasis on bottom-up stock selection. With over \$9.5bn assets under management, the investment team comprises four portfolio managers, four research analysts and two traders, providing an average investment experience in excess of 17 years.

Paul Ehrlichman - global equity CIO - finance and quant analysis (La Salle University), has been an analyst and manager of US and international equity portfolios since 1983 when he was at First Pennsylvania Bank. In 1984 he moved to Provident Capital Management, then to Brandywine in 1988.

Sean Bogda - finance (University of Colorado), began his career in 1990 as an analyst at Brandywine and is now a senior portfolio manager in the global equities team.

PORTFOLIO CHARACTERISTICS

No. of holdings	68
Turnover ratio (%)	N/A
% in top 10	26

TOP 10 HOLDINGS (01/05/08)

	%
Cheung Kong Holdings Ltd	3.6
Total	2.8
Lonza Group	2.6
Teva Pharmaceutical Industries	2.6
Jardine Matheson	2.5
Johnson & Johnson	2.5
Microsoft	2.4
Sanofi-Aventis SA	2.3
Vivendi Universal	2.3
Devon Energy Corp	2.2

* In top 10 holdings a year ago

ALLOCATION BREAKDOWN (01/05/08)

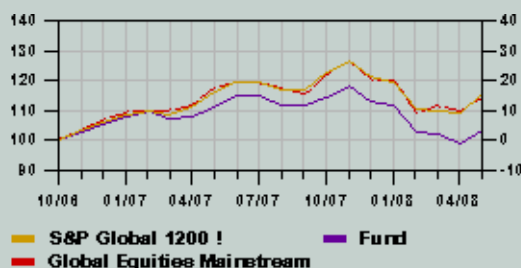
	Fund %
North America	36.0
Europe (ex-UK)	30.0
Cash	4.0
China	8.0
Pacific (ex-Japan)	6.0
Hong Kong	9.0
Others	7.0

Units III permits net fund exposure to be less or greater than 100%.

PERFORMANCE STATISTICS

	Launch
Fund	3.4%
Standard & Poor's Peer Median	14.5%
Index**	15.4%
Fund Rank	2216/ 2355
Standard Deviation	-
Relative Standard Deviation	-
Volatility Adjusted Ranking	-

CUMULATIVE PERFORMANCE



LEGG MASON GLOBAL FUNDS PLC GC GLOBAL EQUITY FUND

Peer Group: Global Mainstream Equities



MANAGEMENT STYLE

- From a universe of 17,000 companies, a liquidity screen establishes an investable universe of companies capitalised above \$100m. A second screen uses basic value criteria to identify companies that are trading at or below historic values. From this, the research team works to eliminate those with poor financial characteristics, deteriorating competitive position, weak management or poor industry conditions.
- Research focuses on the resulting list and on the industries in which the companies are engaged to establish the intrinsic value of each business. The investment horizon is long term, but the research also seeks a

shorter-term catalyst for recovery and growth. From around 125 focus stocks, the portfolio will typically hold 50-100.

- The portfolio managers have the final say on what stocks enter or leave the portfolio, although the stock weights are set using a team approach, based on upside potential, downside risk, level of conviction and the impact on diversification.

- Risk is controlled using formal maximums of 5% for stocks, 15% for industries and 35% for sectors. US exposure cannot exceed 75%, Europe and Asia 50% and emerging markets 15%.

PORTFOLIO REVIEW

The number of holdings has been reduced in the last 12 months from 75 to the manager's 68 highest-conviction names. The capitalisation tilt towards sub-\$10bn companies - currently 25% of total assets - is largely a product of market decline.

The focus is on cash-generative companies (such as Cisco, SAP and Silicon Motion), strong franchises (Barclays and US Bancorp), growth potential (Siemens and Linde) and the best of the consumer stocks (Nestlé, Cadbury and Teva). This has produced sector overweights in consumer staples, healthcare and IT and underweights in energy, materials, telecoms and utilities.

Surprisingly, Style Research shows the fund to be underweight most value criteria. This in part reflects the fund's big underweight in financials and partly the focus on quality at a time when the market's appetite for beta is generally low, forcing up the price of higher-quality stocks.

There is a 7% in position in emerging markets against a maximum 15%.

PERFORMANCE ANALYSIS (MAY 2008)

This fund's track record dates from September 2006 when it was launched as Brandywine Global Equity Fund. Relative returns against other mainstream global equity funds over this period have been disappointing, resulting in bottom quartile in 2007 and again in 2008.

four out of seven calendar years on a gross basis.

However, the strategy has been in place for longer. A composite of global equity funds managed by the same manager since 2002 has produced above-average performance in

The reason for poor performance in 2007 and 2008 is largely explained by the fund's strict valuation approach. This has kept it underweight the leading momentum-driven areas of the market - energy, materials and utilities. At the same time, it has held more financials than many of the peer group, although it has stayed underweight the benchmark.

DISCRETE PERFORMANCE (CALENDAR YEARS)

Fund	2004		2005		2006		2007		YTD 30/04/2008	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Index**	14.9	/	10.2	/	21.5	/	3.5	2016/2293	-7.5	2115/2486
Median	13.5		9.0		20.9		10.3		-5.1	

** S&P Global 1200

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