

Named portfolio manager(s):
Edward Moody (since launch) / Team
Peer group: US Fixed Interest

Location: Pasadena
Launch date: September 2002
Fund size (March 2009): US\$24m

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



Report date May 2009

Investment Style

	Inv Grade	Blend	Sub Inv Grade
Govt			
Corp			
Emerging			
ABS/MBS			

Performance Statistics

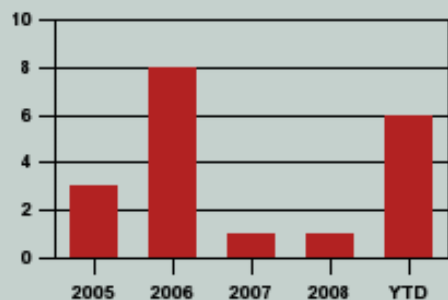
	3 Years
Fund	-16.1%
Standard & Poor's Peer Median	10.9%
Index**	23.6%
Fund Rank	194/200

Note: returns are cumulative

3 Year Risk Characteristics

Maximum Drawdown (%)	Medium	-22.7
Volatility	Low	7.4
Correlation	Low	0.2
Beta	Low	0.3

Calendar Year Decile Ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank 9, with tenth decile as rank 1.

Performance Data Source - © 2009 Morningstar, Inc. All Rights Reserved. All statistical data on this report has been run to 27/02/2009 on NAV to NAV basis, with gross income reinvested, in US Dollars.

Standard & Poor's opinion (April 2009)

The fund is managed against the Barclays Capital US Aggregate index but, in common with many other Western funds, is structurally underweight Treasuries.

The fund was been overweight non-agency MBS throughout 2008. It also held non-agency floating-rate MBS as a proxy for cash when buying agency TBA bonds. The fund was overweight investment-grade corporate credit, particularly subordinated financials, and had about 6% in high yield.

The general spread widening meant these positions dragged the fund's returns down against the peer group and the benchmark. It was bottom decile in our peer group in 2007 and 2008 and is bottom decile over three and five years cumulatively.

It underperformed the benchmark by about 360bps gross in 2007 and 22.2% gross in 2008. The fund has underperformed the benchmark by over 4% annualised gross since inception in August 2002 and Western's relevant composite has underperformed the same benchmark by about 30bps annualised gross since inception in 1989.

The first two months of 2009 have been better, as spread product has outperformed Treasuries. Nevertheless, the scale of the underperformance and the effect it has had on the long-term track record raises important questions about the effectiveness of Western's risk management process. They recognise this and have hired a couple of senior risk managers to help revise it.

We welcome Western's efforts to improve their process but understand this is likely to take some time to come to fruition. We have therefore made the fund Not Rated by S&P.

Fund manager & team

Western Asset Management, based in Pasadena, is owned by Legg Mason. It is a specialist fixed-income manager with over 80 investment professionals managing over \$630bn. The team involved in the fund includes the government team of 13, the ABS/MBS team of 15 and the credit team of 27.

Edward Moody - BSc mathematics (Northern Michigan University), began his career in 1976 at the National Bank of Detroit managing core/core plus fixed income portfolios for institutional investors. He moved to Western in 1985.

Ken Leech - CIO - MBA (The Wharton School, University of Pennsylvania), began his career in 1977 as a portfolio manager at National Bank of Detroit, moving to The First Boston Corporation as a fixed income manager in 1980. He joined Greenwich Capital Markets in 1988 as a portfolio manager, before joining Western Asset Management as CIO in 1990.

Stephen Walsh - CIO - BS finance (University of Colorado), started his career in 1981 as a portfolio manager at Atlantic Richfield, running limited-duration portfolios, and moved to Security Pacific Investment Managers in 1988. He joined Western Asset Management in 1991.

Management style

The fund aims to outperform both the BarCap US Aggregate index and the peer group and to deliver an information ratio of one. It aims to have a broadly diversified portfolio with some exposure to governments, credit, asset-backed and mortgage-backed securities and may invest up to 5% in high yield and emerging markets debt.

The investment process is team based. The global strategy team of nine senior managers sets broad top-down themes and individual specialist teams make recommendations on sector and security allocation. Key are duration (within a year of the benchmark), term structure weighting and asset allocation. Strategy meetings are held twice a month.

Moody implements the team's ideas in line with the fund's guidelines. He has some discretion as to the amount of risk he takes on each trade.

Credit research combines top-down sector views with bottom-up issuer analysis. For mortgage-backed securities, the team focuses on agency pass-throughs. It has a bias to high-quality issues and typically takes less prepayment risk than some competitors.

The fund is Ucits III-compliant and the team implements strategies using derivatives where appropriate, particularly swaps.

LEGG MASON GLOBAL FUNDS PLC WESTERN ASSET US CORE BOND FUND

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



Portfolio & performance analysis (March 2009)

The fund continued to be underweight Treasuries and overweight spread product throughout 2008.

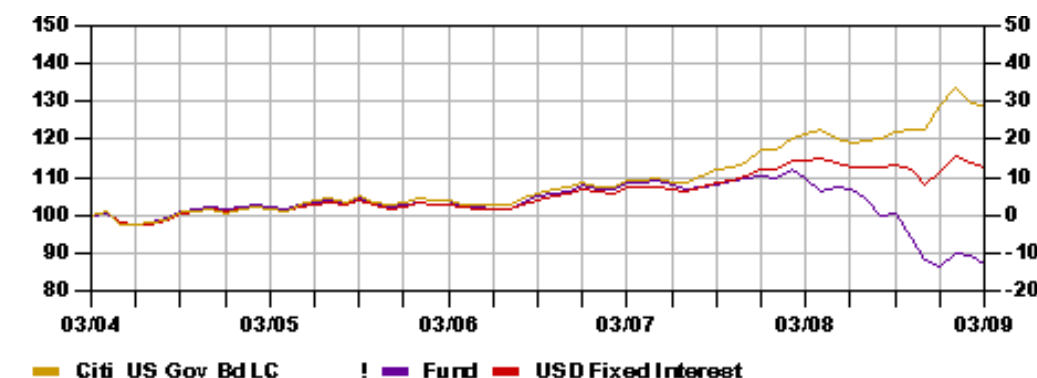
It was 10% overweight mortgage-backed, primarily through super senior Alt-A products. It also had large holdings of non-agency floating-rate securities as a near-cash reserve against the holdings of agency TBAs. All these performed extremely poorly in 2007/2008 due to forced selling and deterioration in the housing market generally.

The fund was also overweight investment-grade corporate credit, especially subordinated financials (Tier I was 2% compared to 0.2% in the benchmark) and had a 6% off-benchmark position in high yield. The fund had some positions in Icelandic banks, Washington Mutual and Lehman debt which cost over 400bps in total.

While it was long duration and bought some TIPS when they cheapened up in the fourth quarter, this was not enough to offset the impact of spread widening.

The fund was bottom decile in our peer group in 2007 and 2008. It underperformed the benchmark by more than 22% gross in 2008 and has underperformed its benchmark by more than 4% gross annualised since inception in August 2002. It has outperformed by about 120bps gross in 2009 to date as spreads have narrowed.

Cumulative performance



Discrete Performance (calendar years)

	2005		2006		2007		2008		YTD 27/02/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	1.0	140/187	3.6	48/200	2.2	193/202	-18.1	197/203	-2.7	101/203
Index**	2.8		3.1		9.0		13.9		-3.6	
Median	1.9		2.8		5.9		2.5		-2.8	

** BarCap US Gov Bd LC

Fund Benchmark: Barclays Capital US Aggregate

Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
A	5.00	0	0.95	3.34			IE0031615739

Registered for sale: Austria, Belgium, France, Germany, Hong Kong, Ireland, Italy, Luxembourg, Netherlands, Norway, Other Products, Spain, Sweden, Switzerland, United Kingdom,

Sources of return (01/03/09)

	Low	Average	High
Portfolio Duration			
Credit Spreads			
Country / Sectors			
Yield Curve Positioning			
Currency Exposure			
Derivatives			

Portfolio characteristics

Effective duration (years) 4.41

Credit rating breakdown by CTD*

(01/03/09)

	Long	Short	Net
AAA	1.33	0	1.33
AA	1.05	-0.13	0.92
A	1.19	-0.06	1.13
BBB	0.62	0	0.62
BB	0.07	0	0.07
B	0.04	0	0.04
CCC & below	0.03	0	0.03
Unrated securities	0	0	0

Duration breakdown (01/03/09)

	Long	Short	Net
0-3 years	0.82	-0.24	0.57
3-5 years	3.05	0	3.05
5-10 years	1.19	-1.7	0.5
10+ years	1.29	0	1.29

Asset allocation by CTD

(01/03/09)

	Long	Short	Net
Treasuries	2.63	-1.7	0.93
Agencies/Sovs/Supras	0.24	0	0.24
Corporate Bonds	1.9	0	1.9
ABS/MBS/covered	1.51	-0.24	1.27
Emerging market debt	0.06	0	0.06

* CTD = Contribution to duration. Credit rating exposures are expressed in spread duration terms.

Symbols and Definitions

Long-Only Fund Ratings

AAA The fund demonstrates the highest standards of quality in its sector based on its investment process and performance consistency of the management team and/or approach as compared to funds with similar objectives.

AA The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

A The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Fund-of-Hedge-Fund Ratings

AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

Absolute Return Fund Ratings

AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

All Fund Ratings

NR Funds designated as NR (Not Rated) currently do not meet the requisite performance standards and/or the minimum qualitative criteria.

UR Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.

New Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.

Bond Fund Volatility Ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

V1 Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprised of government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprised of the highest quality fixed-income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.

V2 Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.

V3 Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.

V4 Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.

V5 Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or liquid securities.

V6 Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

Absolute Return Fund N Ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.

10/14/2008

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