



January 2012

LEGG MASON GLOBAL FUNDS PLC - LEGG MASON CLEARBRIDGE US FUNDAMENTAL VALUE FUND

Sub-fund of Dublin IFSC domiciled umbrella unit trust

Fund owner: Legg Mason Investments

Fund manager/adviser: ClearBridge Advisors

Named portfolio manager/adviser(s):

John Goode (since launch), Peter Hable (since launch)

Peer group: US Mainstream Equities

Location: San Francisco

Launch date: April 2007

Fund size (October 2011): US\$103m

Contact group: +1 800 691 6960 or www.clearbridgeadvisors.com

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

Investment style

	Value	Blend	Growth
Large-cap			
Mid-cap			
Small-cap			

Performance statistics

	Three years
Fund	-8.8%
Standard & Poor's peer median	-1.2%
Index**	3.7%
Fund rank	1858/2250

** S&P 500 TR
Note: returns are cumulative

Risk characteristics

	Three years
Maximum monthly drawdown (%)	-17.8
Volatility	23.9
Correlation	1.0
Beta	1.1

Calendar-year decile ranks



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

Performance Data Source - © 2011 Lipper inc. All rights reserved. All statistical data on this report has been run to 1 October 2011 on NAV to NAV basis, with gross income reinvested, in USD.

Standard & Poor's opinion (November 2011)

Following a strong 2010, the fund has suffered since the turn of the year largely because the managers anticipated a slow but steady recovery in the US and stayed true to their value-based investment beliefs.

John Goode and Peter Hable are both highly experienced fund managers. They have worked together since 1986 and are supported by five analysts with experience ranging from five to 15 years. Research is split along sector lines, guided by top-down themes but with the stock selection based firmly on detailed value-based company analysis. A multi-factor quantitative screen is used to help define industry valuation ranges and obtain a broad definition of value which allows the managers to match relative-value with deep-value opportunities, as conditions dictate. Technical analysis assists the timing of the buy/sell decisions.

Relative returns in 2011 have been hurt by the managers' expectation of steady economic recovery in the US, hence the pro-cyclical bias in the portfolio. This worked well when share prices rallied, but despite being implemented cautiously, via companies with strong underlying fundamentals, all gains were erased when the market slumped. Exposure to utilities, consumer staples and healthcare helped returns but these were always underweight positions given the valuations in those more defensive sectors.

Understanding the cause of the underperformance and placing it in context of the firm's strong long-term track record, and the managers' consistency of approach, allows this conservatively managed fund to retain its S&P A rating.

Fund manager & team

The fund is run by Davis Skaggs Asset Management, part of ClearBridge Advisors and thus a subsidiary of Legg Mason. Based in San Francisco, it has over \$9bn under management and adopts a value-driven, though not deeply contrarian, investment approach.

Senior fund managers John Goode and Peter Hable have worked together since 1983 and are supported by five analysts with an average experience of over 11 years. All team members have sector research responsibilities. Since early 2008, Goode has listed each analyst as a named portfolio manager on one of the small-cap mandates to encourage them to think of stocks in terms of portfolio construction.

John Goode - CIO, joint MD - economics graduate, MBA (Stanford University), has over 40 years' investment experience, having joined Davis Skaggs in 1969.

Peter Hable - joint MD - economics (Southern Methodist University) and MBA (Wharton Business School), joined Davis Skaggs in 1983 and is a senior portfolio manager.

Mark Bourguignon - BA criminology & law, BS finance (Marquette University), joined the firm in 2003 with six years' experience gained with Option Advantage Partners, Thomas Weisel & Partners and Donaldson, Lufkin & Jenrette.

Management style

The investment approach combines a variety of inputs to produce a value-aware portfolio whose concentration depends on its capitalisation tilt.

The team combines top-down thematic views with technical and fundamental research using quantitative screens to help focus the research effort. Of these various elements, the most important by far is fundamental research.

Using this as the basis for investment, the team looks to identify the three- to five-year themes that may act as a catalyst to drive undervalued businesses forward. A multi-factor quantitative screen, led by four standard price metrics - price/book, price/cashflow, price/sales and price/earnings ratios - helps define valuation ranges within different industries. It also helps obtain a broad definition of value. Technical analysis is used to assist with timing buy/sell decisions and to confirm changes in relative performance.

The portfolio is built with reference to the Russell 3000 Value index, using a flexible definition of value, varying between relative value and deep value, but with a concern to preserve capital. Sector bets may vary between a half and twice the benchmark weight. Stocks have a 5% upper limit.

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STANDARD & POOR'S

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FUND MANAGEMENT RATING

Portfolio & performance analysis (October 2011)

There has been relatively limited change to this portfolio over the past 12 months. Turnover (24%) has come mainly from topping and tailing positions, reflecting the managers' evolutionary approach to portfolio change.

In terms of portfolio structure, the number of holdings has held at 62, with a top-10 concentration of 30% and uninvested cash under 1%. The market-cap breakdown shows a bias to the \$20bn - \$100bn range and an underweight in sub-\$2bn companies, although small-cap exposure could well grow in the coming months as the asset class now looks good value on most measures other than P/E ratios. Being low in small-caps has helped returns year to date.

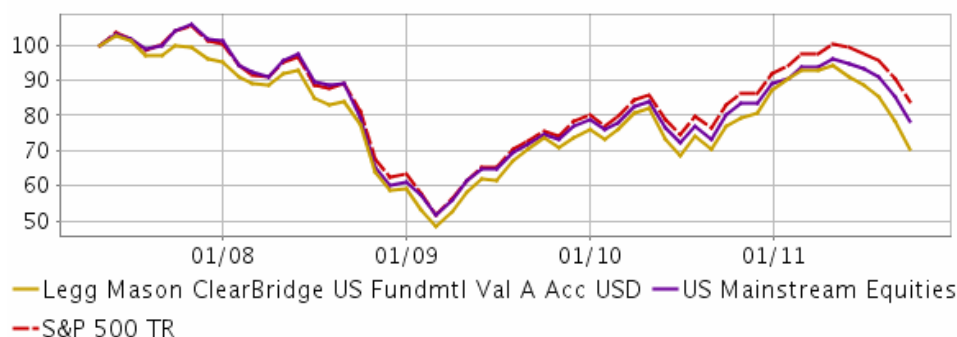
Throughout the portfolio, the focus is on cashflow-generative companies with strong balance sheets and above-average returns on equity and cash. Exposure to the more defensive sectors - utilities, consumer staples and healthcare - has been low all year on valuation grounds, hence the fund's underperformance whenever investors have sought relative safety in falling markets.

The portfolio is positioned cautiously pro-cyclical with overweights in IT, industrials, materials, energy and selected financials. The "cautious" part of the equation is exemplified in the IT exposure, which is split between mega-cap companies with strong cashflows (Cisco) and the smaller more cyclical growth semi-conductor names such as Texas Instruments.

Similarly, the fund's financials' coverage ranges from the more defensive insurance names (Chubb) through to asset managers (BlackRock and Franklyn), with banking exposure limited to JPMorgan Chase and Citibank and the regional player US Bancorp. Last year's holdings in Bank of America and Bank of New York Mellon were both sold earlier this year. Exposure to energy was eased back during the first quarter 2011 but increased again recently with key positions in Hess, Schlumberger and Devon Energy.

Non-US exposure is under 15%, all mega-cap and biased towards Swiss and UK pharmaceuticals.

Cumulative performance



Calendar year performance

	2007		2008		2009		2010		YTD October 2011	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	-		-38.1	644/2034	28.5	1294/2335	15.0	754/2565	-19.0	2595/2762
Index**	5.5		-37.0		26.5		15.1		-8.7	
Median	6.7		-40.1		29.5		12.9		-11.8	

** S&P 500 TR

Fund benchmark: Russell 3000 Value

Share class screened: IE00B1BXJ635 (A USD Acc)

Portfolio characteristics (October 2011)

No. of holdings	62
% in top 10	29.8
Turnover ratio (%)	24

Top 10 holdings

	%
JPMorgan Chase & Co. *	3.7
Home Depot *	3.3
Microsoft *	3.1
Texas Instruments *	3.1
Allied World Assurance Company Holdings *	2.9
Novartis ADS *	2.8
Chubb *	2.8
eBay *	2.7
Merck & Co *	2.7
U.S. Bancorp *	2.7

* In top 10 holdings a year ago

Sector allocation

	%
Consumer discretionary	10.0
Consumer staples	5.0
Energy	13.0
Financials	24.0
Healthcare	9.0
Industrials	11.0
Information technology	20.0
Materials	3.0
Telecoms	4.0
Utilities	0.0
Cash	1.0

STANDARD & POOR'S

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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 management's consistency of performance 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-funds ratings

Absolute return fund ratings

Specialist 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.

Ucits III flexible beta fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

All fund ratings

- Not Rated (NR) Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.
- Under Review (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.
- Tenure Review (TR) The fund manager/team involved in the management of the fund does not currently have the minimum 12 months relevant investment management experience required to be eligible to be considered for a rating.
- Long-term fund management rating The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

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 comprising 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 comprising 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 less 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.