



Report date June 2010

LEGG MASON FUNDS ICVC - LEGG MASON GLOBAL EQUITY INCOME FUND

UK-domiciled ICVC

Fund owner: Legg Mason Investments

Fund manager: Global Currents Investment Management

Named portfolio manager(s):

Paul Ehrlichman (since launch), George Foley (since launch)

Peer group: Global Mainstream Equities

Location: Wilmington, Delaware

Launch date: May 2008

Fund size (June 2009): £0.517m

Contact group: +1 302 476 3800 or www.globalcurrents.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

	3 Years
Fund	%
Standard & Poor's peer median	-17.5%
Index**	-19.6%
Fund rank	/

Note: returns are cumulative

Three-year risk characteristics

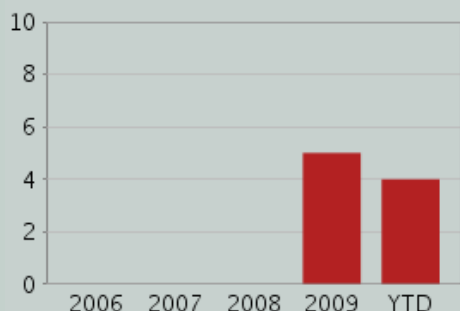
Maximum drawdown (%)

Volatility

Correlation

Beta

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 - © 2010 Lipper Inc. All Rights Reserved. All statistical data on this report has been run to 31/03/2010 on NAV to NAV basis, with gross income reinvested, in US Dollars.

Standard & Poor's opinion (July 2009)

This fund follows a disciplined dividend strategy that is distinct from but highly compatible with the team's core quality/value approach. Income delivery is its prime responsibility and the managers emphasise protection of income over capital growth. The fund has a gross historic yield of 3.72%.

The fund is run by Global Currents, an autonomous business within the Legg Mason Group. It split off from Brandywine (another Legg Mason subsidiary) in October 2006; CIO Paul Ehrlichman and Sean Bodga worked together at Brandywine for 18 years, before setting up Global Currents with other team members. This fund is co-managed by Paul Ehrlichman and George Foley, with Foley responsible for day-to-day fund positioning.

The approach uses a quant model to guide fundamental research. In this fund the team's dedication to quality as well as value is reflected in focus on dividend growth in addition to well-covered high dividend stocks.

These value characteristics are distinct from those apparent in the team's core approach, targeting dividend yield in favour of cashflow yield and having a more focused list of stocks. Tracking error is large and stock selection can lead to aggressive regional and sector bets. At present, for example, the fund has 13% in Asia and an off-benchmark position of 11% in emerging markets.

Highly volatile markets have led the team to reconfigure their quant model. However, the yield prerequisite on this strategy means it is less affected by these changes. The fund has made a good start, outperforming the peer group and benchmark by over 4% since launch. This is an encouraging start and the fund retains its S&P A (New) rating.

Fund manager & team

Global Currents Investment Management was set up in May 2008 by the global equity value team at another Legg Mason subsidiary, Brandywine. 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 \$4.5bn assets under management, the investment team comprises five portfolio managers, seven research analysts and two traders.

Paul Ehrlichman - global equity CIO - finance & 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.

George Foley - Portfolio Manager - B.S. Science (Lasalle University), MBA Finance (Drexel University). CFA. Began his career as an analyst at Cigna Corporation in 1980, moving to SEI Corporation, Walnut Asset Management and then Glenmede Trust Company in portfolio management roles. Joined Global Currents Investment Management as a portfolio manager in early 2008, with responsibility for the financial, energy and utility sectors.

Management style

The fund aims to outperform the MSCI World index by an average of 3% pa over a full market cycle and provide a yield of at least 3-4%.

The universe of over 17,000 stocks is screened for liquidity (minimum \$300m market cap). A quantitative model, run monthly, compares and scores each stock's P/E, P/B and P/CF ratios relative to sector, country and historic levels over rolling 60-month periods. For this product, the emphasis is on stocks with a dividend yield above 1.5%. Companies with deteriorating fundamentals are eliminated. Further in-depth fundamental analysis focuses on stocks ranked in the top half of the screen. Company visits and meetings with suppliers and competitors help develop an understanding of the business.

The portfolio is built in a collegial fashion and consensus is sought. Stock weights tend to be within 1-3%, 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%. Tracking error ranges between 6-8%. Turnover is expected to be around 40-70%.

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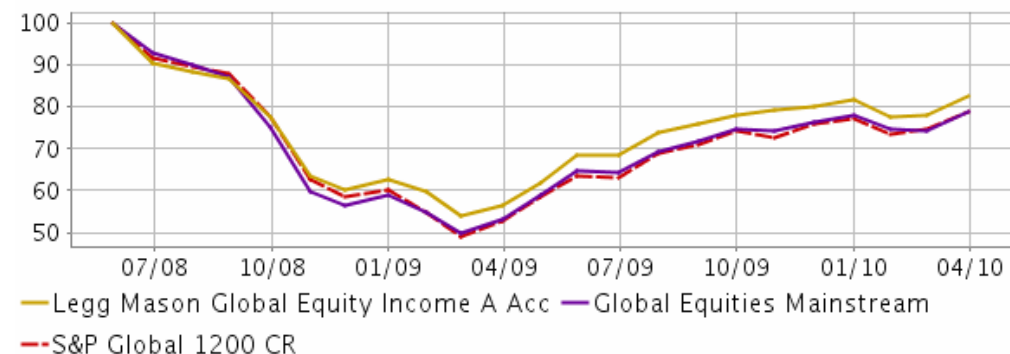
Fund manager: Global Currents Investment Management

STANDARD & POOR'S



Portfolio & performance analysis (June 2009)

Cumulative performance



Portfolio characteristics

No. of holdings	71
Turnover ratio (%)	N/A
% in top 10	22

Basic materials	8.7
Cash	6.4
Consumer discretionary	7.1
Consumer staples	8.6
Energy	10.2
Financials	22.2
Healthcare	6.0
Industrials	8.3
Information technology	7.2
Others	0.0
Telecoms	5.3
Utilities	10.0

Top 10 holdings (01/06/09)

Company	%
Total	2.8
Lorillard	2.5
Taiwan Semiconductor	2.5
BNP Paribas	2.4
Diamond Offshore Drilling	2.1
EnCana	2.1
Gold Fields	2.1
Bristol-Myers Squibb	2.0
PARK24	2.0
Schering Plough Corporation	1.9

* In top 10 holdings a year ago

Risk return (standard deviation) over five years

Discrete performance (calendar years)

Fund	2009				YTD 31/03/2010					
	%	Rank	%	Rank	%	Rank	%	Rank		
Index**	18.8	/	7.7	/	-41.9	/	30.2	1911/3228	0.9	2049/3328
Median	21.6		10.3		-43.1		32.5		1.4	

** S&P Global 1200 (Industry)
Fund benchmark:

Share class information

Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
A Acc						GB00B2R8FL62
Registered for sale	United Kingdom					

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-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.

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Specialist Fund Ratings

AAA The fund demonstrates the highest standards of quality based on its investment process and management's consistency of performance relative to its own objectives.

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A The fund demonstrates high standards of quality based on its investment process and management's 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.

Tenure Review

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 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 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.