STANDARD & POOR'S

STANDARD & POOR'S A FUND MANAGEMENT RATING

December 2011

LEGG MASON GLOBAL FUNDS PLC - LEGG MASON CLEARBRIDGE US APPRECIATION FUND

Sub-fund of Irish domiciled open-ended investment company
Fund owner: Legg Mason Investments
Fund manager/adviser: ClearBridge Advisors
Named portfolio manager/adviser(s): Scott Glasser (since launch), Michael Kagan (since August 2009)
Peer group: US Mainstream Equities

Location: New York
Launch date: April 2007
Fund size (October 2011): US$190.7m
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

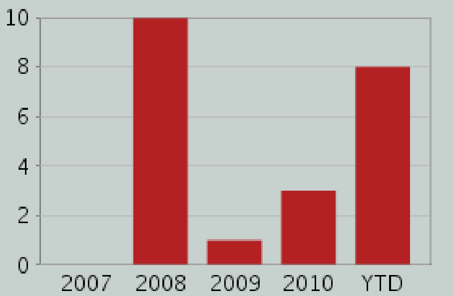
	Three years
Fund	-1.6%
Standard & Poor's peer median	-1.2%
Index**	3.7%
Fund rank	1164/2250

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

Risk characteristics

	Three years
Maximum monthly drawdown (%)	-13.3
Volatility	17.5
Correlation	1.0
Beta	0.8

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.

 All statistical data on this report has been run to 1 October 2011 on NAV to NAV basis, with gross income reinvested, in USD.

Please see page three for required research analyst certification disclosure.

Standard & Poor's opinion (November 2011)

Scott Glasser and Michael Kagan continue to take a relatively conservative approach to managing this fund. They believe that by continually focusing on high-quality companies in dominant market positions, they can balance participation in up-markets with capital protection in down-markets, thereby producing consistent and competitive risk-adjusted returns over the long term. As a result, they tend to favour blue-chip companies (nearly 75% of the portfolio was invested in companies capitalised above $25bn at the time of review) when constructing the well-diversified portfolio of 75-100 names, split across value, growth and Garp ideas.

While Glasser and Kagan have only co-managed the fund together since August 2009, their working relationship at ClearBridge goes back many more years and, as former co-heads of research, both are well-placed to leverage the group's considerable analytical resources. It is therefore no surprise that they appear to be building a good partnership on this fund and have provided a seamless transition in management from their longstanding predecessor Harry Cohen.

After some lacklustre returns in 2009 (largely explained by the high-quality bias) and 2010 (due to being too defensive), we are reassured to see an improvement in performance in 2011, and although the fund is now just behind the median over three years, it is comfortably ahead since launch in April 2007.

This, together with the fund managers' experience, their consistency of approach and solid analytical resources, sees the fund retain an S&P A rating.

Fund manager & team

Harry Cohen (CIO of ClearBridge Advisors) stepped down as lead manager of this strategy in December 2009. Scott Glasser, his co-manager since the fund's launch in April 2007, took over the lead manager role, assisted by another experienced fund manager, Michael Kagan. This team manages approximately $5.6bn in the appreciation strategy and draws on the stock research of the firm's 22 US analysts based in New York and San Francisco, and led by Chris Eades and Thomas Hudson.

Scott Glasser - BA political science & Spanish (Middlebury College), MBA finance (Pennsylvania State University), joined Clearbridge in 1993. He became part of the appreciation team in 1995 and a portfolio co-manager in 2001.

Michael Kagan - economics (Harvard College), was an equity analyst at Zweig Advisors and a portfolio manager at Fidelity Investments, before joining in 1994 what became part of Citigroup Asset Management.

Management style

The fund aims to beat the S&P 500 index over a market cycle, producing long-term capital appreciation with below peer-group average volatility.

The focus is on buying into high-quality, typically large-cap, blue-chip companies that have temporarily fallen out of favour, yet still offer a competitive advantage, high margins and sustainable cashflow generation.

Analysis makes use of the managers' considerable experience, as well as input from the 22-strong analyst team. In the absence of any pre-set style bias, each position's upside and downside potential is assessed using a wide range of fundamental ratios.

These criteria may be relaxed, however, to allow exposure to exceptional growth opportunities involving companies with dominant market share. Sales occur when the reasons for purchase change or the target price is approached.

The portfolio is built bottom up, although top-down themes may have an influence. Overseas stocks may be held, but these tend to be global competitors. Sector deviations have a +/-5% limit; stocks are trimmed at 5%. The trend is towards fewer stocks (75-80) in normal market conditions. Cash will vary 3-9%, depending on the availability of ideas.

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Portfolio & performance analysis (October 2011)

The portfolio was relatively defensively positioned at the time of review (a beta of 0.9), and the managers had been taking advantage of the recent market volatility to add to a number of quality names that they felt had been previously overvalued, such as retailer TJX. Overall, sector deviations from the S&P 500 remained moderate, with the largest active positions a 3.3% overweight to materials and a 2.8% underweight to financials.

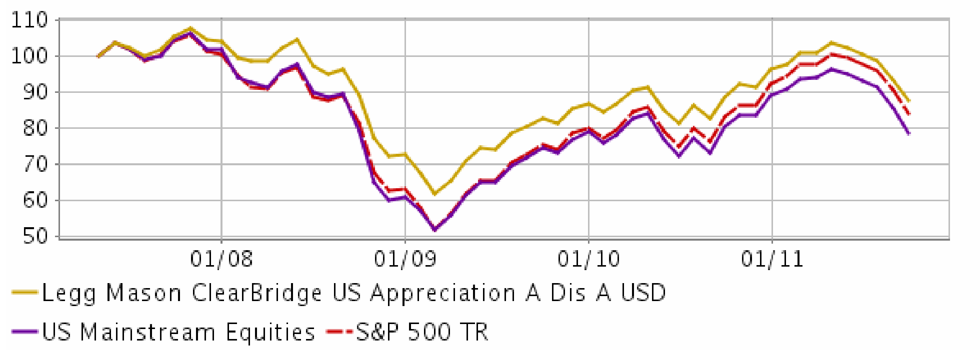
The biggest difference in sector exposures over the year was a reduction in industrials (enacted in late June/early July) over concerns about emerging markets growth. The managers also reduced the cyclicality within materials exposure, while moving from the gold ETF (a legacy holding) into gold equity holding Newmont Mining, which they felt was undervalued relative to the gold price.

Within financials, the managers sold out of Charles Schwabb after the Fed announcement to maintain low interest rates which they felt would limit the company's earnings from its significant money market funds. Within IT, Hewlett Packard was exited due to the change in CEO.

At the time of review, the active share of the top 30 stocks stood at around 30%, and the managers felt that this was likely to increase over the next six months as confidence increased. Exposure to companies capitalised above $50bn was overweight (55% versus the benchmark's 47%) largely at the cost of those between $3bn and $10bn (3.5% against 11.4%).

The fund is broadly in line with the sector median over three years, but still comfortably ahead since launch in April 2007. Performance attribution over the 12 months to October 2011 shows positive stock selection from within energy and materials. The 12 months to October 2010 shows positives from consumer staples, materials and the underweight in financials outweighed by net negatives elsewhere. The fund's defensive positioning and quality bias added value in 2008 but detracted in 2009.

Cumulative performance



Calendar year performance

	2007		2008		2009		2010		YTD October 2011	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	-		-30.1	86/2034	19.2	2155/2335	10.9	1803/2565	-9.0	632/2762
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: S&P 500 index
Share class screened: IE00B19ZB219 (A USD Inc)

Portfolio characteristics (October 2011)

No. of holdings	98
% in top 10	25.1
Turnover ratio (%)	N/A

Top 10 holdings

	%
ExxonMobil *	3.4
Travelers Cos. *	3.3
Apple *	3.1
Microsoft *	2.7
Procter & Gamble *	2.4
Comcast (A) *	2.1
AT&T *	2.1
Wal-Mart Stores *	2.1
Walt Disney Co. *	2.0
Johnson & Johnson *	1.9

** In top 10 holdings a year ago*

Sector allocation

	%
Consumer discretionary	10.2
Consumer staples	12.0
Energy	10.3
Financials	10.7
Healthcare	11.3
Industrials	11.2
Information technology	18.8
Materials	6.7
Telecoms	4.0
Utilities	1.4
Cash	3.4

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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.