

Sub-fund of Irish domiciled open-ended investment company

Fund owner: Legg Mason Investments

Fund manager: ClearBridge Advisors

Named portfolio manager(s):

Scott Glasser (since launch), Michael Kagan (since August 2009), Harry Cohen (since launch)

Peer group: US Mainstream Equities

Location: New York

Launch date: April 2007

Fund size (October 2009): US\$63m

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



Report date May 2010

Investment style

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

Performance statistics

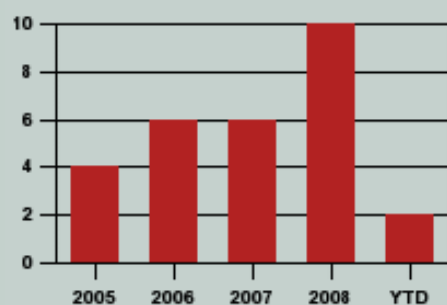
	3 Years
Fund	-9.2%
Standard & Poor's peer median	-17.2%
Index**	-15.5%
Fund rank	237/1398

Note: returns are cumulative

Three-year risk characteristics

Maximum drawdown (%)	Medium	-42.6
Volatility	Medium	16.1
Correlation	High	1.0
Beta	Medium	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.

Performance Data Source - © 2009 Morningstar Inc. All Rights Reserved. All statistical data on this report has been run to 30/09/2009 on NAV to NAV basis, with gross income reinvested, in US Dollars.

Standard & Poor's opinion (November 2009)

This fund is currently managed by a team of three co-portfolio managers. Harry 'Hersh' Cohen who has been responsible for the strategy since 1979 has announced that in December 2009 he will be moving to concentrate fully on income strategies. Scott Glasser who has worked with him on this fund since 1995 (co-manager since 2001) will remain in place and has been joined by co-manager Michael Kagan. Kagan was selected as he is an experienced investor who should be able to fully contribute to idea generation on this lower risk strategy. His Growth and Value fund is currently A-rated by S&P.

In a welcome move, Glasser has been relieved of his duties as co-head of the research team, allowing him to focus purely on this mandate.

The philosophy is not going to alter with the change of co-manager, and will continue to focus on established, quality growth companies, buying them when they have temporarily fallen out of favour. Assessments are made in terms of upside and downside potential, with the managers usually keen to avoid highly rated names, momentum plays and volatile stocks. The team conducts its own research but also takes considerable input from the analyst team of 21. The portfolio will continue to exhibit lower risk characteristics than the S&P 500 index.

The longer term track record of the strategy illustrates this approach with outperformance generally seen during weak market conditions.

Despite the loss of a longstanding manager, the continuity offered by Glasser and the addition of an experienced manager in Kagan, allows the retention of the S&P A rating.

Fund manager & team

Harry "Hersh" Cohen (CIO of ClearBridge Advisors) is moving off this strategy with effect from December 2009. His co-manager Scott Glasser remains in place and has been joined by Michael Kagan. The three have jointly managed the product from August 2009. The team draws on the stock research of the US sector analyst team of 21.

Scott Glasser - BA (Middlebury College), MBA, joined the organisation in 1993. He became part of the appreciation team in 1995 and co-portfolio manager in 2001. He is currently co-director of research.

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.

Harry Cohen - BA (Case Western Reserve University), PhD (Tufts University), joined the predecessor organisation in 1969. He became portfolio manager for the appreciation strategy in 1979. He is currently CIO of ClearBridge Advisors.

Management style

The fund aims to outperform the S&P 500 over a full market cycle while showing lower levels of risk.

The managers have a bias to quality looking for companies that have a competitive advantage, high margins and a consistent record of cashflow generation. They look to buy these stocks at times when they have temporarily fallen out of favour with investors.

Analysis makes use of the considerable experience within the management team as well as taking input from the analyst team. They look to assess potential downside as well as upside using traditional ratios (price/earnings, cashflow/price, price/assets). Valuation criteria may be relaxed to allow high growth names into the fund if they have a clearly dominant market position and strong future growth. Sales occur when targets are approached or when momentum builds to extreme levels.

The portfolio is primarily built bottom-up, although themes may occasionally have an influence. Overseas stocks may be held but these will be global competitors. Sector deviations are generally +/-5% and stocks are usually trimmed at 5%. In future the fund will target 75-80 stocks (from 90). Cash is 3-9% depending on the availability of ideas.

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

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Portfolio & performance analysis (October 2009)

At our portfolio snapshot the fund had 88 holdings. There are however plans to reduce this number towards the 75-80 level through a reduction in the number of small sub-50bps positions.

Overall the shape of the portfolio has not changed substantially over the past year. There has been a slight increase in IT where the managers were finding good opportunities with cash on the balance sheets and attractive valuations. Additions included Hewlett-Packard and Nvidia. Industrials has seen a slight decline with GE being sold down together with 3M.

Cash was put to work in early 2009 with purchases such as Juniper Networks and American Tower, taking levels down towards 3%. Cash has since crept higher (8.47%) as stocks were trimmed during the market rally.

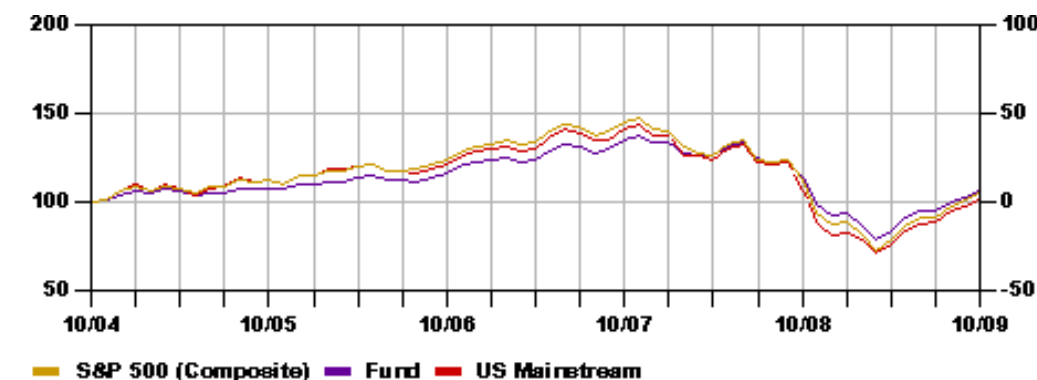
The portfolio continues to show its characteristic low beta and a market-cap breakdown close to the S&P 500 index.

Returns over the past year have been variable, with initial strength due to a lack of banks and the allocation to cash, giving way to weakness in 2009 as the market rallied. Cash levels were raised from low levels causing a drag on returns, while the low beta and underweight financials turned into a negative. Stock selection was mixed, with strength in energy and financials, but weakness in consumer sectors, healthcare and materials.

During 2008, strength was seen in stock selection within consumer staples (Wal-Mart, General Mills), financials (JPM, Hudson City Bancorp) and IT (IBM). Negatives included GE and Newfield Exploration.

This fund was officially launched in April 2007. However, the track record for the fund goes back further, reflecting the returns of a predecessor fund managed by the same team, the assets of which were transferred to this fund at launch. The track record stretches back to 2005 and shows variable performance, but clearly illustrates the lower-risk characteristics of the fund which tend to result in outperformance during weak market conditions.

Cumulative performance



Discrete performance (calendar years)

	2005		2006		2007		2008		YTD 30/09/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	2.5	777/1108	13.5	586/1261	7.3	644/1483	-30.1	52/1697	13.9	1697/1882
Index**	4.9		15.8		5.5		-37.0		19.1	
Median	4.7		13.0		6.5		-40.2		22.8	

** S&P 500 (Composite)
Fund benchmark:

Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
A USD Inc	5.00	-	-				IE00B19ZB219
Registered for sale							Austria, Belgium, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Singapore, Spain, Sweden, Switzerland, United Kingdom

STANDARD & POOR'S



Portfolio characteristics

No. of holdings	88
Turnover ratio (%)	N/A
% in top 10	24

Asset allocation (01/10/09)

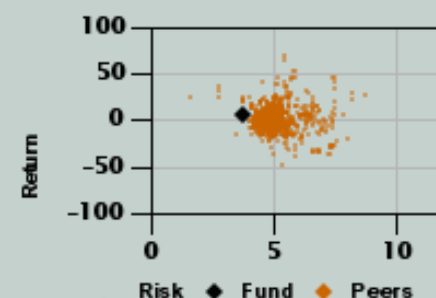
	%
Cash	8.5
Consumer discretionary	6.9
Consumer staples	11.0
Energy	12.3
Financials	13.2
Healthcare	8.9
Industrials	12.4
Information technology	16.4
Materials	6.0
Other	0.0
Telecoms	3.2
Utilities	1.2

Top 10 holdings (01/10/09)

	%
Travelers Cos	3.5
Johnson & Johnson	3.2
Wal-Mart	2.9
Exxon Mobil	2.3
AT&T	2.2
Cisco Systems	2.1
Microsoft	2.1
Newfield Exploration	2.1
Procter & Gamble	2.0
United Technologies	2.0

* In top 10 holdings a year ago

Risk return (standard deviation) over five years



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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.

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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.

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.