



Report date June 2011

Investment style

Region: Global

Strategy: Multi-strategy

Performance statistics (annualised)

	Launch
Fund	3.8%
Index**	N/A%
Interest rate ^	0.3%
R-Squared vs Index	N/A
Beta vs Index	N/A

^ Citi USD 3m Eurodeposit USD

** N/A

Risk statistics

	Launch
Standard deviation	3.9
Downside deviation	N/A
Maximum monthly drawdown (%)	-2.5
Gaining months (%)	64.7
Sharpe ratio	0.9
Sortino ratio	1.4

Performance Data Source - © 2010 Lipper Inc. All rights reserved. All statistical data on this report has been run to 28/02/2011 on NAV to NAV basis, with gross income reinvested, in .

LEGG MASON GLOBAL FUNDS PLC - LEGG MASON PERMAL GLOBAL ABSOLUTE FUND

Sub-fund of Legg Mason Global Funds plc, an Irish domiciled open-ended investment company

Fund owner: Legg Mason Investments

Fund manager/adviser: Permal

Named portfolio manager(s):

Christopher Zuehlsdorff (since launch), Alex

Pillersdorf (since launch)

Peer group: Specialist Asset Allocation in USD

Location: New York

Launch date: September 2009

Fund size (March 2011): US\$106m

Contact group: +44 20 7070 7444 or
www.permal.com

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

Standard & Poor's opinion (April 2011)

Permal has made some changes to its management structure recently. Jim Hodge has become president and chairman of the investment committee of Permal Asset Management, Robert Kaplan is now CIO and Javier Dyer and Christopher Zuehlsdorff are deputy CIOs. Omar Kodmani has been appointed president of Permal Group and Isaac Souede remains chairman and CEO. The responsibility for making investment decisions is unchanged at present.

This fund is a much purer asset allocation vehicle than most of Permal's products, with no more than 40% in alternative strategies. The balance is invested in ETFs and currencies, in line with Permal's top-down views. It aims to return 8-10% annualised over the cycle but has been well below that from inception in October 2009 to the time of review, returning an annualised 3.7% from end-September 2009 to end-April 2011. Over the same period, the HFRX Macro index lost 0.6% pa and Permal Macro Holdings NV (one of Permal's flagship fund-of-hedge-funds) delivered 5.9% pa.

The Permal team is one of the most stable and experienced in the business and its process is very well-resourced and consistent. While the short-term track record of this fund is disappointing, relative to its stated objective, Permal has a long track record of adding value through asset allocation. We have therefore retained the S&P AA rating.

Fund manager & team

At end-December 2010, Permal had about \$22bn funds under management with nine offices and about 200 employees worldwide. This includes four senior investment committee members (CEO Isaac Souede, chairman of the investment committee Jim Hodge, CIO Robert Kaplan, and executive vice-president Judy Tchou), eight portfolio managers and 10 analysts. Permal has a separate risk management team of four led by Julian Shaw and an operational due diligence team of five.

Christopher Zuehlsdorff - Deputy CIO, portfolio manager - MBA (Carnegie Mellon University), worked in IT consulting before undertaking his MBA. In July 2003 he joined Permal as an analyst.

Alex Pillersdorf - portfolio manager - MBA (Wharton Business School), started as a financial analyst in 2003 with Houlihan Lokey Howard & Zukin, advising on M&A, before joining Permal in 2005.

Jim Hodge - President and Chairman of the Investment Committee - MBA (Harvard Business School), CPA, held a senior position at the New York Stock Exchange before moving to Permal in 1987. He is responsible for asset allocation as well as performance monitoring, and research and analysis of fund managers.

Robert Kaplan - CIO - accounting (State University of New York at Albany), MBA (Columbia University), CPA, was an audit manager at Ernst & Young before joining Permal in 1996. He became CIO in 2011 and is responsible for asset allocation, performance monitoring and research.

LEGG MASON GLOBAL FUNDS PLC - LEGG MASON PERMAL GLOBAL ABSOLUTE FUND

Sub-fund of Legg Mason Global Funds plc, an Irish domiciled open-ended investment company

Fund owner: Legg Mason Investments

Fund manager/adviser: Permal

Management style

The fund aims to return 8-10% annualised over a market cycle of three to five years with 6-8% volatility through a global macro investment approach.

Portfolio allocation is flexible, with no requirement to maintain exposure to any particular asset class. Approximate ranges for the broad asset classes are equities 0-40%, fixed income 20-80%, real assets (commodities, real estate and infrastructure) 0-40%, alternatives 0-40%, and cash 0-20%.

ETFs and Ucits III funds are the main vehicles used to construct the portfolio. However, listed closed-end funds and a variety of derivatives may also be included.

The process begins with a systematic strategy allocation based on modelling the main factors behind the historic returns series of Permal Macro Holdings.

Within regular meetings Permal's investment committee provides a macroeconomic view and recommended strategy allocations.

Lead manager Christopher Zuehlsdorff and co-manager Alex Pillersdorf combine the guideline systematic strategy allocation with the discretionary view from the investment committee to construct the portfolio from Ucits-eligible assets.

Fund selection favours managers with strong track records, based on some understandable edge, and those with tight risk control systems in place.

The portfolio is reviewed monthly for re-balancing by Permal's managers and investment committee.

Legg Mason Global Asset Allocation (LMGAA) implements the actual subscriptions, redemptions and new portfolio allocations (upon instructions from Permal).

The LMGAA also performs monitoring for compliance and regulatory requirements in conjunction with Permal's investment and risk committee.

The fund provides daily liquidity.

Portfolio & performance analysis (March 2011)

This fund is a Ucits product and invests a high proportion (typically around 75%) in ETFs to profit from Permal's asset allocation skills with some allocation to Ucits alternative strategies products.

The fund has had a smaller allocation to alternative strategies than expected since inception as the team is finding it difficult to source products of the quality that it requires. Those it does have are primarily macro and CTA funds, with the largest allocation to Brevan Howard's closed-end fund.

The portfolio had 22% in equities at the time of review, primarily in developed markets with a small allocation to emerging markets. There was about 14% in commodities, of which about two-thirds were in precious metals. Fixed income was the largest allocation, a roughly even split between credit and government bonds. The team had reduced the allocation to fixed income and also to credit somewhat over the last few months.

Cash is held for asset allocation purposes and as collateral for trades implemented using financial derivative instruments. For example, included in the cash balance is a 10% notional short position in the euro and Australian dollar (a hedge for a hard landing in China).

The fund aims to return 8-10% over a market cycle but was well below this from inception in October 2009 to the time of review. While equities and commodities had made money, currencies had been mixed. The alternative strategies also held returns back, struggling in 2010's volatile markets.

STANDARD & POOR'S



Portfolio characteristics

(1 March 2011)

No. of holdings	23
Turnover ratio (%)	N/A
% in top 10	49

Key holdings

	%
Gold Bullion Securities *	7.1
ETFs All Commodities DJ-UBSCISM *	4.8
iShares MSCI Japan	4.8
LCDS CDSI Series15 5 year *	4.8
iShares BG Treasury Bond 7-10	4.7
iShares S&P500 Index Fund *	4.7
iShares DAX	4.6
iShares USD Corporate Bond *	4.6
BH Macro USD *	4.6
iShares Euro Government Bond 1-3 years *	4.5

* In key holdings a year ago

Allocation breakdown

	%
Commodities	14.4
Equities	22.0
Fixed income	21.5
Hedge funds	12.5
Cash	29.5

Discrete performance (calendar years)

	2010			YTD 28/02/2011		
	%	%	%	%	%	%
Fund				3.2		1.4
Interest rate ^				0.3		0.0
Index**				N/A		N/A

^ Citi USD 3m Eurodeposit USD

** N/A

Share class screened: IE00B465X304 (Class A Distribution USD)

0950110603-F04CB532A

S&P's fund management research reports are, based mainly on public information, we don't audit the information and we may rely on unaudited information when we prepare the reports which are for institutional use only. A report is not investment advice, a financial promotion, or a recommendation to purchase, hold, sell or trade any security. A report should not be relied on when making an investment decision as the report is for information purposes only and not tailored to a specific investor. Past fund performance is no guarantee of future performance and we accept no responsibility if, in reliance on a report you act or fail to act in a particular way. We are paid for our fund management reports normally by the fund issuer. Our fees are based upon the analysis and time involved in the research process and are not conditional on awarding a fund a rating. Fund companies select the funds they want us to rate and may elect not to have published the rating they are subsequently awarded. Our fund management reports are continuously monitored and updated reports are posted to www.fundinsights.com. The funds described in this report are generally not available to US investors and are only available to US investors, if at all, who are "accredited investors" as that term is defined in Section 501 of Regulation D of the Securities Act of 1933, as amended or to investors who are deemed to be "qualified purchasers" as that term is used in Rule 2a51-1 under the Investment Company Act of 1940.

S&P and our affiliates provide a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services we rate, include in model portfolios, evaluate or otherwise address. The views expressed in a report reflect our committee's views and the committee's compensation is not related to specific rating or to the views expressed in a report. The trade marks of "Standard & Poor's" and "S&P" are the property of Standard & Poor's Financial Services LLC and are protected by registration in several countries. All rights in those marks are reserved. Copyright © 2011 The McGraw Hill Companies, Ltd 20 Canada Square, Canary Wharf, London, E14 5LH and all of its licensor sources. All rights reserved. No part of this publication shall be reproduced, stored in any retrieval system or transmitted in any form electronic or otherwise without the prior written consent of S&P. Any part of the publication by S&P of which this page is a part is made accessible subject to the terms and conditions which are accessible at the url address below ("S&P Terms") - by accessing and viewing this page and/or and pages associated with or attached to it you accept the S&P Terms. Go to <http://www.fundinfo.standardandpoors.com>. This report is issued subject to the laws of England and all matters arising from it or its use shall be subject to the exclusive jurisdiction of the Courts of England. Because of the possibility of human or mechanical error by our sources, S&P or others, we can't guarantee the accuracy of any information and are not responsible for any errors.

Performance Data Source - © 2010 Lipper Inc. All rights reserved. The performance information contained herein: (1) is proprietary to Lipper and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Lipper nor its content providers are responsible for any damages or losses arising from any use of this information.

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 LTFMR 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.