

# Audited Annual Report

Legg Mason  
**Global Funds FCP**  
**(Luxembourg)**

A Mutual Fund constituted under the Luxembourg Law as a "fonds commun de placement" with multiple compartments (Sub-Funds)

For the Year Ended 31 March 2010



Legg Mason Global Funds FCP (Luxembourg)  
*A Mutual Fund under Luxembourg Law*  
*Audited Annual Report for the year ended 31 March 2010*

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## Table of Contents

<b>Legg Mason Global Funds FCP (Luxembourg)</b>	
<b>General Information on the Fund</b>	<b>2</b>
<b>Information to Unitholders</b>	<b>3</b>
<b>Report of the Directors of the Management Company to Unitholders</b>	<b>4</b>
<b>Audit Report</b>	<b>5</b>
<b>Schedule of Investments and Other Net Assets and Industrial Classification</b>	
<i>Legg Mason Global Equity Fund</i>	<b>6</b>
<i>Legg Mason US Growth and Value Fund</i>	<b>9</b>
<i>Legg Mason US Large Cap Growth Fund <sup>αβ</sup></i>	<b>11</b>
<i>Legg Mason US Aggressive Growth Fund <sup>β</sup></i>	<b>12</b>
<i>Legg Mason US Fundamental Value Fund <sup>αβ</sup></i>	<b>14</b>
<i>Legg Mason Pan-Europe Equity Fund <sup>β</sup></i>	<b>16</b>
<i>Legg Mason Japan Equity Fund <sup>β</sup></i>	<b>18</b>
<i>Legg Mason Asia Pacific (ex Japan) Fund <sup>β</sup></i>	<b>19</b>
<i>Legg Mason Emerging Markets Equity Fund</i>	<b>22</b>
<i>Legg Mason US\$ Core Bond Fund <sup>β</sup></i>	<b>25</b>
<i>Legg Mason US\$ High Yield Bond Fund <sup>αβ</sup></i>	<b>28</b>
<i>Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup></i>	<b>29</b>
<b>Financial Statements</b>	
<i>Statement of Net Assets</i>	<b>32</b>
<i>Statement of Operations and Changes in Net Assets</i>	<b>34</b>
<i>Net Assets Information</i>	<b>39</b>
<b>Notes to the Financial Statements as of 31 March 2010</b>	<b>49</b>

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

<sup>β</sup> Please see note 18.

No subscription can be received on the basis of financial reports. Subscriptions are only valid if made on the basis of the current prospectus.

## General Information on the Fund

### Management Company

Legg Mason Investments (Luxembourg) S.A.  
145, rue du Kiem  
L-8030 Strassen, Grand Duchy of Luxembourg

### Incorporation

Legg Mason Investments (Luxembourg) S.A., (the "Management Company") was established in Luxembourg on 26 May 1988 as a Société Anonyme under the laws of Luxembourg for an unlimited period of time.

Its Articles of Incorporation were deposited with the "Registre de Commerce et des Sociétés" of Luxembourg and published in the "Mémorial" on 25 July 1988 with the last amendment on 31 March 2008.

Its objective is the creation, administration, marketing and management of one or several Luxembourg and/or foreign collective investments funds in transferable securities authorised according to the directive 85/611/EEC and to provide services to UCI (Undertakings for Collective Investment).

### Board of Directors of the Management Company

#### Chairman

Joseph P. LaRocque  
Legg Mason & Co. LLC  
Managing Director  
100 International Drive  
Baltimore, MD 21202, U.S.A.

#### Directors

John Alldis  
Director  
Legg Mason Investments (Luxembourg) S.A.  
145, rue du Kiem  
L-8030 Strassen, Grand Duchy of Luxembourg

Brian Collins <sup>5</sup>  
Consultant  
Festina Lente  
Herbert Road  
Bray, Co. Wicklow, Ireland  
(effective 6 November 2009)

Joseph M. Keane  
Consultant  
15 Rathasker Heights  
Nass. Co. Kildare, Ireland

### Investment Managers

The Management Company has, at its own expense appointed the following Investment Managers to support the Management of the Fund's assets:

Batterymarch Financial Management, Inc.  
John Hancock Tower  
200 Clarendon Street  
Boston, MA 02116, U.S.A.

ClearBridge Advisors LLC  
620 Eighth Avenue, 48th Floor  
New York, NY 10018, U.S.A.

Legg Mason Asset Management Hong Kong Ltd.  
12/F., York House, the Landmark  
15 Queen's Road Central  
Hong Kong

Legg Mason International Equities Ltd.  
(trading as "Esemplia Emerging Markets")  
10 Exchange Square  
Primrose Street, 9th Floor  
London, EC2A 2EN, United Kingdom

Western Asset Management Company  
385 East Colorado Boulevard  
Pasadena, CA 91101, U.S.A.

Western Asset Management Company Ltd.  
The Center Building  
1-1-3 Otermache  
Chiyoda-ku, Tokyo 400-100004

### Investment Advisor

The Investment Managers and the Board of Directors of the Management Company have appointed the following Investment Advisor:

Legg Mason International Equities (Singapore) Pte Limited  
1 George Street #23-02  
Singapore 049145

### Custodian Bank, Administrator, Transfer Agent and Registrar

Citibank International plc (Luxembourg Branch)  
Atrium Business Park  
31, Z.A. Bourmicht  
L-8070 Bertrange, Grand Duchy of Luxembourg

### Auditor

PricewaterhouseCoopers S.à r.l.  
400, Route d'Esch  
L-1471 Luxembourg, Grand Duchy of Luxembourg

<sup>5</sup> Please see note 17.

## General Information on the Fund – *(continued)*

### **Regarding the Distribution of the Fund in Germany**

The Articles of Incorporation, the prospectus and the simplified prospectus, the annual and semi-annual reports as well as the changes in the investment portfolios during the reporting year can be obtained free of charge at the registered office of the representative and paying agent for Germany which is:

Marcard, Stein & Co. AG  
Ballindamm 36  
20095 Hamburg, Germany

### **Regarding the Distribution of the Fund in Switzerland**

The Articles of Incorporation, the prospectus and the simplified prospectus, the annual and semi-annual reports as well as the changes in the investment portfolios during the reporting year can be obtained free of charge at the registered office of the Information, distribution and paying agent for Switzerland which is:

BNP Paribas Securities Services S.A., Paris  
Zweigniederlassung Zürich  
Selnaustrasse 16, P.O. Box,  
8022 Zürich, Switzerland

## Information to Unitholders

Audited annual reports are available for inspection by Unitholders at the registered office of the Management Company and at the paying agents and distributors within four months after the close of the accounting year. Unaudited semi-annual reports are also made available in the same manner within two months after the end of the period to which they refer.

# Report of the Directors of the Management Company to Unitholders

## Fixed Income Markets

Bond markets rose by 10.23% over the 12 months ending 31 March, 2010, according to the Barclays Capital Global Aggregate Index. The riskier sectors of the global bond market, in particular, made a strong showing on the back of improvements in both economic conditions and the functioning of the financial system. Following tentative signs of improvement in economic data that emerged over the second quarter of 2009, the remainder of the year saw further progress. However, while improvements were significant, central bankers warned against overreacting to positive economic data.

Interest rates in the major developed economies remained unchanged at low levels. With rates already close to zero in the US, the Federal Reserve maintained its focus on other, more innovative, measures, including the purchase of agency mortgage assets and Treasuries to add cash to the financial system (quantitative easing). The Bank of England moved its key policy rate to a record low of 0.50% and left it there for the remainder of the period, while the European Central Bank lowered its policy rate to 1.00% in May.

In 2010, political developments took centre stage, overshadowing the impact of economic releases and central bank activity on investor expectations. In Europe, concerns increased over the growing budget deficit in Greece and the risks embedded in lending to a country that is struggling under the common currency framework. In the US, meanwhile, President Obama's proposed reforms of the US banking industry led to concerns about the profitability of the banks as well as the longer term impact on the economic recovery.

Against this backdrop, the non-government bond sectors recorded broad-based gains over the period, with bonds issued by financials and high yield corporate bonds performing particularly well. Developed government bond markets largely recorded modest gains over the period, as investors scaled back their expectations for interest rate increases by the major central banks.

## Equities

After a tumultuous start to 2009, the 12-month reporting period to the end of March 2010 proved far more positive for global equity markets than initially expected. Indeed, global equities, as measured by the MSCI World Index, rose by 52.37% in US dollar terms over the period as the rally that began last spring gained momentum over the summer months and, with the exception of slight fall backs in October and January, continued to rise for the 12 months to the end of March 2010.

The unprecedented fiscal and monetary stimulus initiated by the world's central banks helped to stimulate this rebound and continued to support it as the global recovery gained traction. By the third quarter, GDP growth in both the US and the Eurozone had ticked up, although the UK economy remained in recession. Investors' aversion to risk, meanwhile, declined as the worst of the credit crisis appeared to be over.

In the UK, the stock market was helped by companies with an international dimension, which performed strongly in the rally, despite the difficulties experienced domestically where consumer confidence remained weak and retail sales were low. The market rose by 61.18% in US dollar terms, as measured by the FTSE All Share Index. In continental Europe, manufacturing output grew, suggesting a faster economic recovery than previously expected. The top performing sectors in Europe included banks and financials ex-banks, together with the industrials and materials sectors, which all benefited from the government stimulus packages. Here, the MSCI Europe ex-UK Index rose by 54.51% in US dollar terms.

In Asia, cyclical industry groups such as automobiles & components, retailing and materials were among the leading performers over the period while more defensive groups such as utilities and telecoms lagged behind. More generally, while domestic consumption and infrastructure projects continued to support Asian markets, exports within the region and to emerging markets in other regions continued to grow in importance. This helped to reduce the region's dependence on the US and Europe and it rose by 73.26% in US dollar terms over the period, as measured by the MSCI Asia ex-Japan Index.

In the US, the S&P 500 Index rose by 48.80% in US dollar terms over the twelve months with some of the largest contributions to performance coming from the technology and financials sectors.

Luxembourg, 20 July 2010

The Board of Directors

### Note:

The information provided in this report by the Board of Directors represents opinions that are based on present conditions and is not intended to be a forecast of future events or an offer or solicitation with respect to the purchase or sale of any security and is subject to change without notice.

Past investment results are not necessarily indicative of future investment results. This publication is for informational purposes only. Information contained herein is believed to be accurate, but cannot be guaranteed.

Statements in this material should not be considered investment advice. Portfolio holdings and breakdowns are as of 31 March 2010 and are subject to change.



## Audit Report

To the Unitholders of  
**Legg Mason Global Funds FCP (Luxembourg)**

**PricewaterhouseCoopers**

Société à responsabilité limitée  
400, Route d'Esch  
B.P. 1443  
L-1014 Luxembourg  
Telephone +352 494848-1  
Facsimile +352 494848-2900  
www.pwc.com/lu  
info@lu.pwc.com

Following our appointment by the Board of Directors of the Management Company dated 9 June 2009, we have audited the accompanying financial statements of Legg Mason Global Funds FCP (Luxembourg) and of each of its Sub-Funds, which comprise the statement of net assets and the schedule of investments and other net assets as of 31 March 2010 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

**Board of Directors of the Management Company's responsibility for the financial statements**

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Responsibility of the "Réviseur d'entreprises agréé"**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, these financial statements give a true and fair view of the financial position of Legg Mason Global Funds FCP (Luxembourg) and of each of its Sub-Funds as of 31 March 2010, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

**Other matters**

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

PricewaterhouseCoopers S.à r.l.  
Represented by

Luxembourg, 20 July 2010

Valérie Arnold

Cabinet de révision agréé  
Expert comptable (autorisation gouvernementale n°95992)  
R.C.S. Luxembourg B 65 477 – Capital social EUR 516 950 – TVA LU17564447

# Legg Mason Global Equity Fund

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>							
<b>AUD Equities</b>							
5,150	Australia & New Zealand Banking Group Limited	120,405	0.45	10,848	Portugal Telecom SGPS SA – Reg.	119,583	0.45
3,858	Commonwealth Bank of Australia	201,201	0.75	2,830	Publicis Groupe	120,714	0.45
14,672	Downer EDI Limited	99,201	0.37	1,620	Red Electrica de Espana SA	87,355	0.33
26,370	Incitec Pivot Limited	84,787	0.32	2,497	Repsol Ypf SA	59,187	0.22
3,517	National Australia Bank Limited	89,496	0.34	10,113	Royal Dutch Shell PLC – A	290,748	1.09
4,351	QBE Insurance Group Limited	84,138	0.32	5,987	Royal KPN NV	94,300	0.35
5,907	United Group Limited	79,986	0.30	1,148	RWE AG	101,434	0.38
				2,409	Sanofi-Aventis SA	179,096	0.67
		759,214	2.85	3,282	Siemens AG – Reg.	321,968	1.20
				25,552	Snam Rete Gas SpA	128,781	0.48
				4,737	Telefonica SA	112,664	0.42
				2,964	ThyssenKrupp AG	100,213	0.38
				5,238	Total SA	301,466	1.13
				2,774	Valeo SA	98,182	0.37
						4,695,930	17.60
<b>BRL Equities</b>							
6,900	Banco Itau Holding Financeira SA – Pfd	148,191	0.56	<b>GBP Equities</b>			
<b>CAD Equities</b>							
6,000	Alimentation Couche Tard Inc.	109,498	0.41	2,353	Anglo American PLC	100,736	0.38
2,100	Bank of Montreal	127,541	0.48	4,467	AstraZeneca PLC	198,495	0.74
3,000	Bank of Nova Scotia	150,913	0.56	21,970	Aviva PLC	128,674	0.48
1,600	First Quantum Minerals Limited	135,008	0.51	19,461	Barclays PLC	105,248	0.39
4,500	Manulife Financial Corp.	88,172	0.33	15,400	BHP Billiton PLC	527,744	1.98
1,500	National Bank of Canada	90,792	0.34	31,826	BP PLC	300,006	1.13
1,800	Research In Motion Limited	134,682	0.51	27,388	BT Group PLC	51,303	0.19
1,550	Royal Bank of Canada	90,868	0.34	5,780	Burberry Group PLC	62,824	0.24
1,900	Suncor Energy Inc.	61,332	0.23	9,903	GlaxoSmithKline PLC	189,019	0.71
4,500	Teck Cominco Limited	195,021	0.73	3,357	Imperial Tobacco Group PLC	102,946	0.39
1,500	Toronto Dominion Bank	111,926	0.42	258,667	Inchcape PLC	112,538	0.42
		1,295,753	4.86	26,490	Kingfisher PLC	87,037	0.33
				5,747	Rio Tinto PLC	338,326	1.27
				12,500	Standard Chartered PLC	333,664	1.25
<b>CHF Equities</b>							
1,189	Baloise Holding AG – Reg.	103,845	0.39	106,806	Vodafone Group PLC	245,569	0.92
3,719	Crédit Suisse Group AG – Reg.	190,562	0.71			2,884,129	10.82
2,808	Nestlé SA – Reg.	142,171	0.53	<b>HKD Equities</b>			
6,330	Novartis AG – Reg.	338,296	1.28	117,000	Bank of China Limited – H	62,083	0.23
		774,874	2.91	31,000	BOC Hong Kong Holdings Limited	75,619	0.28
				12,500	China Shenhua Energy Company Limited – H	55,139	0.21
						192,841	0.72
<b>DKK Equities</b>							
5,000	H Lundbeck A/S	93,927	0.35	<b>JPY Equities</b>			
<b>EUR Equities</b>							
1,424	Akzo Nobel NV	80,379	0.30	19,000	Fujitsu Limited	125,237	0.47
1,620	Allianz SE – Reg.	202,411	0.76	36,000	Hitachi Limited	135,871	0.51
1,491	Andritz AG	89,915	0.34	15,000	Itochu Corp.	130,968	0.49
7,104	Banco Bilbao Vizcaya Argentaria SA	97,448	0.37	3,600	Kansai Electric Power Company Inc.	82,103	0.31
23,547	Banco Santander SA	314,814	1.18	3,600	Mitsubishi Corp.	95,303	0.36
3,046	BASF SE	186,939	0.70	12,200	Mitsui & Company Limited	205,169	0.77
2,193	Bayerische Motoren Werke AG	99,444	0.37	400	Nintendo Company Limited	136,344	0.51
2,433	BNP Paribas	190,350	0.71	11,700	Nissan Motor Company Limited	100,771	0.38
2,107	DCC PLC	54,128	0.20	23	NTT Data Corp.	75,183	0.28
987	Delhaize Group SA	79,419	0.30	305	SBI Holdings Inc.	59,983	0.22
2,685	E.ON AG	98,456	0.37	47,000	Showa Denko KK	107,140	0.40
9,300	ENI SpA	217,444	0.82	119,724	Sumitomo Corp.	119,724	0.45
2,234	Fomento de Construcciones y Contratas SA	82,173	0.31	7,800	Sumitomo Electric Industries Limited	97,626	0.37
2,041	Gdf Suez	79,307	0.30	4,600	Tohoku Electric Power Company Inc.	97,144	0.36
15,700	Infineon Technologies AG	106,185	0.40				
1,108	LVMH Moët Hennessy Louis Vuitton SA	129,219	0.48				
1,159	Metro AG	69,559	0.26				
1,889	MTU Aero Engines Holding AG	105,727	0.40				
837	Muenchener Rueckversicherungs-Gesellschaft AG – Reg.	134,474	0.50				
1,121	Nexans SA	97,679	0.37				
2,907	OPAP SA	64,769	0.24				

# Legg Mason Global Equity Fund

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
3,000	Tokio Marine Holdings Inc.	84,129	0.32	1,600	Kimberly-Clark Corp.	101,024	0.38
1,210	Yamada Denki Company Limited	87,823	0.33	6,300	Kraft Foods Inc.	192,150	0.72
11,000	Yamaguchi Financial Group Inc.	121,000	0.45	4,800	Limited Brands	124,224	0.47
		1,861,518	6.98	1,400	Lorillard Inc.	104,944	0.39
	<b>KRW Equities</b>			3,500	Mattel Inc.	80,920	0.30
1,430	LG Corp.	91,626	0.34	3,100	MeadWestvaco Corp.	80,507	0.30
	<b>NOK Equities</b>			1,000	Medco Health Solutions Inc.	65,200	0.24
15,800	Aceryg SA	285,860	1.08	7,000	Merck & Company Inc.	263,620	0.99
	<b>SGD Equities</b>			1,600	Metlife Inc.	68,592	0.26
14,000	Keppel Corp. Limited	93,703	0.35	14,600	Micron Technology Inc.	157,534	0.59
	<b>USD Equities</b>			17,300	Microsoft Corp.	515,021	1.93
2,550	Abbott Laboratories	133,901	0.50	1,200	Mobile Telesystems OJSC – ADR	65,856	0.25
3,150	Aerostale Inc.	90,500	0.34	1,500	National Oilwell Varco Inc.	60,690	0.23
9,400	AES Corp. (The)	104,058	0.39	2,300	Navistar International Corp.	101,752	0.38
2,300	Aflac Inc.	123,717	0.46	4,800	Newell Rubbermaid Inc.	73,776	0.28
900	Alliant Techsystems Inc.	74,727	0.28	4,900	News Corp. Inc.	70,805	0.27
2,700	Allstate Corp.	86,562	0.32	4,200	Noble Corp.	171,990	0.64
14,808	Altria Group Inc.	305,786	1.15	2,500	Nordstrom Inc.	103,400	0.39
2,450	America Movil SAB De CV – ADR	124,485	0.47	1,000	Northrop Grumman Corp.	65,720	0.25
1,000	American Express Company	41,290	0.15	1,000	Occidental Petroleum Corp.	84,270	0.32
4,600	American Financial Group Inc. / OH	131,146	0.49	9,500	Oracle Corp.	242,630	0.91
3,200	Amgen Inc.	192,288	0.72	1,800	PepsiCo Inc.	120,186	0.45
900	Apple Inc.	212,261	0.80	1,300	Petroleo Brasileiro SA – ADR	57,174	0.21
3,900	Arrow Electronics Inc.	117,858	0.44	6,500	Pfizer Inc.	112,190	0.42
12,200	AT&T Inc.	316,590	1.19	5,308	Philip Morris International Inc.	278,617	1.04
1,700	Avery Dennison Corp.	61,489	0.23	3,580	Procter & Gamble Company	227,903	0.85
2,800	Avnet Inc.	85,484	0.32	3,200	Prudential Financial Inc.	190,943	0.72
11,000	Bank Of America Corp.	195,360	0.73	1,500	Raytheon Company	86,175	0.32
5,500	Bristol-Myers Squibb Company	147,180	0.55	18,195	Rosneft Oil Company – GDR	144,650	0.54
7,400	CBS Corp.	104,710	0.39	2,300	Ross Stores Inc.	122,544	0.46
2,700	Celanese Corp.	87,561	0.33	2,400	Target Corp.	128,976	0.48
3,544	Chevron Corp.	266,863	1.00	4,400	Texas Instruments Inc.	108,284	0.41
9,000	Cisco Systems Inc.	239,850	0.90	3,000	TJX Companies Inc.	129,599	0.49
2,600	Coach Inc.	103,766	0.39	2,000	Torchmark Corp.	105,600	0.40
1,200	Coca-Cola Company	65,844	0.25	4,300	Tyco International Limited	164,346	0.62
4,200	Computer Associates International Inc.	98,406	0.37	2,700	UGI Corp.	71,982	0.27
2,600	Computer Sciences Corp.	142,974	0.54	6,300	UnitedHealth Group Inc.	208,278	0.78
2,300	ConocoPhillips	117,898	0.44	1,500	URS Corp.	74,490	0.28
3,200	Dean Foods Company	50,592	0.19	3,500	Verizon Communications Inc.	109,305	0.41
5,800	Del Monte Foods Company	84,564	0.32	2,160	Wal-Mart Stores Inc.	120,766	0.45
12,600	Dell Inc.	188,622	0.71	1,500	WellPoint Inc.	97,035	0.36
2,500	eBay Inc.	67,850	0.25	5,750	Wells Fargo & Company	177,330	0.67
1,900	Eli Lilly & Company	68,210	0.26	8,700	Williams Companies Inc.	201,231	0.75
6,400	Exxon Mobil Corp.	429,121	1.61	1,500	XTO Energy Inc.	70,800	0.27
4,400	Gap Inc.	102,300	0.38			13,125,013	49.22
1,300	General Dynamics Corp.	100,737	0.38		<b>Total Equities</b>	<b>26,302,579</b>	<b>98.64</b>
14,215	General Electric Capital Corp.	260,135	0.98		<b>JPY Funds</b>		
600	Goldman Sachs Group Inc.	102,828	0.39	11	Nippon Building Fund Inc.	94,979	0.36
400	Google Inc.	226,684	0.85		<b>USD Funds</b>		
1,900	Herbalife Limited	88,255	0.33	5,600	Annaly Capital Management Inc.	95,760	0.36
4,900	Hewitt Associates Inc.	195,069	0.73		<b>Total Funds</b>	<b>190,739</b>	<b>0.72</b>
5,192	Hewlett-Packard Company	276,526	1.04		<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>	<b>26,493,318</b>	<b>99.36</b>
3,832	International Business Machines Corp.	493,446	1.85				
4,900	International Paper Company	123,774	0.46				
5,100	Johnson & Johnson	330,990	1.24				
4,692	JPMorgan Chase & Company	209,169	0.78				
2,250	KBR Inc.	50,558	0.19				

# Legg Mason Global Equity Fund

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities USD Equities</b>			
3,152	Sistema JSFC – GDR – Reg.	85,545	0.32
<b>Total Equities</b>		<b>85,545</b>	<b>0.32</b>
<b>Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>			
		<b>85,545</b>	<b>0.32</b>
<b>Total Investments in Securities</b>		<b>26,578,863</b>	<b>99.68</b>
<b>Other Net Assets</b>		<b>86,604</b>	<b>0.32</b>
<b>Total Net Assets</b>		<b>26,665,467</b>	<b>100.00</b>

## Industrial Classification as of 31 March 2010

	% NAV
Banks	12.40
Oil and gas producers	9.85
Pharmaceuticals	7.04
Insurance	5.75
Computers and peripherals	5.65
Mining (non precious)	5.07
Telecommunication services	4.97
Retail	4.53
Software	3.21
Tobacco	2.97
Oil and gas services	2.81
Miscellaneous machinery	2.80
Distribution and wholesale	2.49
Electrical utilities	2.44
Food services	2.13
Chemicals	2.05
Aerospace and defence	1.62
Engineering and construction	1.45
Semiconductors	1.40
Healthcare supplies and equipment	1.24
Diversified companies	1.18
Healthcare services	1.14
Auto manufacturers	1.13
Internet software and services	1.10
Telecommunication equipment	0.90
Electrical equipment	0.88
Cosmetics and personal care	0.85
Toys and games	0.81
Forest products and paper	0.77
Electronic equipment	0.76
Automobile parts and equipment	0.73
Employment services	0.73
Biotechnology	0.72
Real estate investment trust	0.72
Beverages	0.70
Broadcasting, radio and television	0.66
Household products	0.66
Apparel	0.62
IT Consulting and services	0.54
Advertising	0.45
Financial services	0.38
Iron and steel	0.38
Machinery	0.34
Leisure and entertainment	0.24
Business and office equipment	0.23
Food	0.19
<b>Total Investments in Securities</b>	<b>99.68</b>
<b>Other Net Assets</b>	<b>0.32</b>
<b>Total Net Assets</b>	<b>100.00</b>

# Legg Mason US Growth and Value Fund

(expressed in USD)

## Schedule of Investments and Other Net Assets

as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>				5,740	Walt Disney Company	201,474	1.37
				17,990	Wells Fargo & Company	554,813	3.78
<b>USD Equities</b>						14,717,336	100.11
5,250	Abbott Laboratories	275,678	1.88				
2,040	Air Products & Chemicals Inc.	151,144	1.03				
4,000	American Express Company	165,160	1.12				
2,720	American Tower Corp. – A	116,362	0.79				
8,580	AmerisourceBergen Corp.	251,222	1.71				
1,950	Apple Inc.	459,897	3.13				
8,675	ASML Holding NV – Reg.	305,013	2.07				
6,480	Autodesk Inc.	190,512	1.30				
23,740	Bank Of America Corp.	421,622	2.87				
1	Berkshire Hathaway Inc.	122,459	0.83				
2,080	Boeing Company	152,942	1.04				
10,150	Bristol-Myers Squibb Company	271,614	1.85				
3,870	Celgene Corp.	241,836	1.65				
9,570	Charles Schwab Corp. (The)	179,438	1.22				
15,110	Corning Inc.	304,768	2.07				
1,690	Diamond Offshore Drilling Inc.	144,343	0.98				
6,130	Dolby Laboratories Inc. – A	362,099	2.46				
2,590	Eaton Corp.	197,928	1.35				
2,060	Edwards Lifesciences Corp.	206,247	1.40				
4,460	Exelon Corp.	196,062	1.33				
5,490	Exxon Mobil Corp.	368,105	2.50				
1,690	First Solar Inc.	206,484	1.40				
960	Freeport-McMoRan Copper & Gold Inc.	80,314	0.55				
20,627	General Electric Capital Corp.	377,473	2.57				
260	Google Inc.	147,345	1.00				
4,550	Halliburton Company	136,500	0.93				
3,310	Hewlett-Packard Company	176,291	1.20				
1,670	Honeywell International Inc.	75,067	0.51				
7,500	International Paper Company	189,450	1.29				
4,430	Johnson & Johnson	287,507	1.96				
8,738	JPMorgan Chase & Company	389,540	2.65				
8,780	Juniper Networks Inc.	271,039	1.84				
5,940	Kellogg Company	319,275	2.17				
1,160	Kimberly-Clark Corp.	73,242	0.50				
26,390	Masco Corp.	406,406	2.76				
5,910	McCormick & Company Inc.	226,294	1.54				
16,239	Microsoft Corp.	483,435	3.29				
2,360	Monsanto Company	168,527	1.15				
4,660	Moody's Corp.	140,872	0.96				
4,140	National Oilwell Varco Inc.	167,504	1.14				
9,490	Newell Rubbermaid Inc.	145,862	0.99				
3,410	Newfield Exploration Company	172,648	1.17				
5,520	Newmont Mining Corp.	280,085	1.91				
16,916	News Corp. Limited – ADR	288,079	1.96				
3,920	Norfolk Southern Corp.	220,304	1.50				
6,500	Novartis AG – ADR	348,725	2.37				
12,300	Orbital Sciences Corp.	235,422	1.60				
5,029	PepsiCo Inc.	335,786	2.28				
3,830	Petroleo Brasileiro SA – ADR	168,443	1.15				
5,823	Philip Morris International Inc.	305,649	2.08				
4,660	Procter & Gamble Company	296,656	2.02				
18,495	Staples Inc.	436,482	2.97				
5,790	Texas Instruments Inc.	142,492	0.97				
14,770	Toll Brothers Inc.	310,318	2.11				
3,410	Total SA – ADR	196,723	1.34				
1,870	United Parcel Service Inc.	120,671	0.82				
3,680	Verizon Communications Inc.	114,926	0.78				
1,380	Visa Inc.	125,580	0.85				
5,530	Wal-Mart Stores Inc.	309,182	2.10				
<b>Total Equities</b>						<b>14,717,336</b>	<b>100.11</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>						<b>14,717,336</b>	<b>100.11</b>
<b>Total Investments in Securities</b>						<b>14,717,336</b>	<b>100.11</b>
<b>Other Net Liabilities</b>						<b>(16,416)</b>	<b>(0.11)</b>
<b>Total Net Assets</b>						<b>14,700,920</b>	<b>100.00</b>

The accompanying notes form an integral part of the Financial Statements

# Legg Mason US Growth and Value Fund

Industrial Classification as of 31 March 2010

	%
	<b>NAV</b>
Banks	9.30
Pharmaceuticals	7.81
Oil and gas producers	7.15
Retail	5.08
Telecommunication equipment	4.71
Software	4.58
Miscellaneous machinery	4.42
Computers and peripherals	4.33
Food services	3.71
Healthcare supplies and equipment	3.36
Broadcasting, radio and television	3.33
Semiconductors	3.04
Building materials	2.76
Aerospace and defence	2.64
Electronic equipment	2.46
Financial services	2.34
Transportation	2.32
Beverages	2.28
Chemicals	2.17
Home builders	2.11
Tobacco	2.08
Oil and gas services	2.07
Cosmetics and personal care	2.02
Precious metals	1.91
Commercial services	1.81
Biotechnology	1.65
Household products	1.49
Energy – alternate sources	1.40
Electrical utilities	1.33
Forest products and paper	1.29
Internet software and services	1.00
Insurance	0.83
Telecommunication services	0.78
Mining (non precious)	0.55
<b>Total Investments in Securities</b>	<b>100.11</b>
<b>Other Net Liabilities</b>	<b>(0.11)</b>
<b>Total Net Assets</b>	<b>100.00</b>

# Legg Mason US Large Cap Growth Fund <sup>αβ</sup>

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010

## Industrial Classification as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>CHF Equities</b>			
1,350	Roche Holding AG	216,319	2.72
<b>USD Equities</b>			
9,833	Akamai Technologies Inc.	310,821	3.91
2,993	Amazon.com Inc.	408,781	5.15
4,134	Amgen Inc.	248,412	3.12
2	Berkshire Hathaway Inc.	244,918	3.08
3,792	Biogen Idec Inc.	218,836	2.75
1,260	Blackrock Inc. / NY	276,103	3.47
4,350	Celgene Corp.	271,832	3.42
9,810	Charles Schwab Corp. (The)	183,938	2.31
9,630	Cisco Systems Inc.	256,639	3.23
5,689	Coca Cola Company	312,156	3.94
7,180	CVS/ Caremark Corp.	265,875	3.34
7,990	eBay Inc.	216,849	2.73
8,616	Electronic Arts Inc.	161,895	2.04
1,360	First Solar Inc.	166,165	2.09
9,280	General Electric Capital Corp.	169,824	2.14
560	Google Inc.	317,358	3.99
7,887	Home Depot Inc.	257,826	3.24
7,158	Intel Corp.	159,910	2.01
4,186	Johnson & Johnson	271,671	3.42
7,600	Juniper Networks Inc.	234,612	2.95
6,213	Microsoft Corp.	184,961	2.33
1,590	Monsanto Company	113,542	1.43
9,146	Nasdaq Stock Market Inc. (The)	192,615	2.42
13,860	Nvidia Corp.	244,352	3.07
3,847	Pepsico Inc.	256,864	3.23
3,284	Procter & Gamble Company	209,059	2.63
6,067	Qualcomm Inc.	255,603	3.22
7,803	Red Hat Inc.	225,740	2.84
1,450	Sears Holdings Corp.	158,514	1.99
3,130	Texas Instruments Inc.	77,029	0.97
5,085	Vertex Pharmaceuticals Inc.	207,773	2.61
7,145	Walt Disney Company	250,790	3.15
7,500	Yahoo! Inc.	124,575	1.57
		7,455,838	93.79
	<b>Total Equities</b>	<b>7,672,157</b>	<b>96.51</b>
	<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>	<b>7,672,157</b>	<b>96.51</b>
	<b>Total Investments in Securities</b>	<b>7,672,157</b>	<b>96.51</b>
	<b>Other Net Assets</b>	<b>277,516</b>	<b>3.49</b>
	<b>Total Net Assets</b>	<b>7,949,673</b>	<b>100.00</b>

	% NAV
Internet software and services	17.35
Biotechnology	11.91
Telecommunication equipment	9.39
Retail	8.58
Financial services	8.21
Software	7.20
Beverages	7.16
Semiconductors	6.05
Healthcare supplies and equipment	3.42
Broadcasting, radio and television	3.15
Insurance	3.08
Pharmaceuticals	2.72
Cosmetics and personal care	2.63
Miscellaneous machinery	2.14
Energy – alternate sources	2.09
Chemicals	1.43
<b>Total Investments in Securities</b>	<b>96.51</b>
<b>Other Net Assets</b>	<b>3.49</b>
<b>Total Net Assets</b>	<b>100.00</b>

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.<sup>β</sup> Please see note 18.



# Legg Mason US Aggressive Growth Fund <sup>β</sup>

Industrial Classification as of 31 March 2010

	%
	<b>NAV</b>
Biotechnology	19.52
Broadcasting, radio and television	14.33
Oil and gas services	9.63
Oil and gas producers	8.97
Pharmaceuticals	7.26
Semiconductors	6.74
Miscellaneous machinery	5.96
Computers and peripherals	5.23
Healthcare services	4.47
Healthcare supplies and equipment	3.63
Aerospace and defence	3.55
Electronic equipment	2.89
Software	2.21
Internet software and services	1.39
Telecommunication equipment	1.24
Leisure and entertainment	0.94
Financial services	0.50
Mining (non precious)	0.35
Iron and steel	0.33
Retail	0.24
Engineering and construction	0.14
<b>Total Investments in Securities</b>	<b>99.52</b>
<b>Other Net Assets</b>	<b>0.48</b>
<b>Total Net Assets</b>	<b>100.00</b>

<sup>β</sup> Please see note 18.

# Legg Mason US Fundamental Value Fund <sup>αβ</sup>

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV		
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>				92,230	Telefonaktiebolaget LM Ericsson – ADR	943,513	1.99		
<b>GBP Equities</b>				41,480	Texas Instruments Inc.	1,020,823	2.15		
22,530	Unilever PLC	650,748	1.37	9,860	Tutor Perini Corp.	220,963	0.47		
<b>JPY Equities</b>				15,240	Unilever PLC – ADR	441,198	0.93		
56,600	Mitsubishi UFJ Financial Group Inc.	302,475	0.64	15,410	United States Steel Corp.	982,696	2.06		
<b>USD Equities</b>				12,130	United Technologies Corp.	899,196	1.89		
7,900	AGCO Corp.	289,535	0.61	31,862	Vodafone Group PLC – ADR	738,880	1.56		
8,090	Allied World Assurance Company Holdings Limited	358,306	0.75	30,710	Walt Disney Company	1,077,921	2.26		
14,060	Anadarko Petroleum Corp.	1,017,241	2.14	37,780	Weatherford International Limited	600,702	1.26		
78,980	Applied Materials Inc.	1,062,281	2.24	12,460	Weyerhaeuser Company	563,815	1.19		
21,540	AT&T Inc.	558,963	1.18			45,843,616	96.51		
16,600	Baker Hughes Inc.	762,770	1.61	<b>Total Equities</b>			<b>46,796,839</b>	<b>98.52</b>	
75,040	Bank Of America Corp.	1,332,710	2.81	<b>USD Funds</b>					
6,570	BHP Billiton Limited – ADR	532,893	1.12	9,660	LaSalle Hotel Properties	224,209	0.47		
8,670	Boeing Company	637,505	1.34	<b>Total Funds</b>				<b>224,209</b>	<b>0.47</b>
11,770	Carnival Corp.	461,267	0.97	<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>				<b>47,021,048</b>	<b>98.99</b>
17,470	Chubb Corp.	910,187	1.92	<b>Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>					
45,930	Cisco Systems Inc.	1,224,034	2.58	<b>USD Equities</b>					
7,340	Citrix Systems Inc.	352,247	0.74	41	Teton Advisors Inc.	492	0.00		
15,550	ConocoPhillips	797,093	1.68	<b>Total Equities</b>				<b>492</b>	<b>0.00</b>
18,700	Deere & Company	1,142,757	2.41	<b>Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>				<b>492</b>	<b>0.00</b>
12,210	Devon Energy Corp.	786,446	1.66	<b>Total Other transferable securities and money market instruments</b>				<b>492</b>	<b>0.00</b>
9,450	Dover Corp.	445,284	0.94	<b>Total Investments in Securities</b>				<b>47,021,540</b>	<b>98.99</b>
54,820	eBay Inc.	1,487,815	3.12	<b>Other Net Assets</b>				<b>480,801</b>	<b>1.01</b>
48,196	Enzo Biochem Inc.	291,104	0.61	<b>Total Net Assets</b>				<b>47,502,341</b>	<b>100.00</b>
9,310	Fluor Corp.	438,315	0.92						
5,900	Franklin Resources Inc.	659,030	1.39						
22,650	Gap Inc.	526,613	1.11						
11,550	GlaxoSmithKline PLC – ADR	441,557	0.93						
30,380	Halliburton Company	911,400	1.92						
14,750	Hess Corp.	916,270	1.93						
40,180	Home Depot Inc.	1,313,484	2.76						
16,000	Honeywell International Inc.	719,200	1.51						
11,700	Illinois Tool Works Inc.	554,931	1.17						
3,320	Jacobs Engineering Group Inc.	150,761	0.32						
10,950	Johnson & Johnson	710,655	1.50						
10,410	Jones Lang Lasalle Inc.	764,406	1.61						
33,820	JPMorgan Chase & Company	1,507,696	3.17						
58,240	Keycorp	451,942	0.95						
37,200	Lawson Software Inc.	249,612	0.53						
5,550	Lockheed Martin Corp.	466,700	0.98						
4,435	Marriott International Inc.	140,951	0.30						
21,590	Mattel Inc.	499,161	1.05						
40,960	McDermott International Inc.	1,094,041	2.30						
30,500	Merck & Company Inc.	1,148,630	2.42						
40,980	Microsoft Corp.	1,219,974	2.57						
32,700	Morgan Stanley	955,167	2.01						
1,630	Murphy Oil Corp.	89,878	0.19						
13,040	Northrop Grumman Corp.	856,989	1.80						
18,440	Novartis AG – ADR	989,306	2.08						
10,800	Nucor Corp.	492,048	1.04						
7,470	Parker Hannifin Corp.	489,434	1.03						
3,800	Robert Half International Inc.	117,876	0.25						
57,190	Safeway Inc.	1,422,887	3.00						
4,300	Samsung Electronics Company Limited – GDR	1,556,599	3.27						
13,850	Schlumberger Limited	873,243	1.84						
25,660	State Street Corp.	1,174,715	2.47						

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.<sup>β</sup> Please see note 18.

The accompanying notes form an integral part of the Financial Statements

# Legg Mason US Fundamental Value Fund <sup>αβ</sup>

Industrial Classification as of 31 March 2010

	%
	<b>NAV</b>
Banks	12.06
Semiconductors	7.66
Oil and gas producers	7.59
Oil and gas services	6.63
Aerospace and defence	6.02
Pharmaceuticals	5.43
Food services	5.29
Miscellaneous machinery	4.65
Telecommunication equipment	4.56
Engineering and construction	4.01
Retail	3.87
Software	3.84
Internet software and services	3.13
Iron and steel	3.10
Machinery	3.02
Telecommunication services	2.73
Insurance	2.67
Broadcasting, radio and television	2.27
Real estate	1.61
Healthcare supplies and equipment	1.50
Financial services	1.39
Leisure and entertainment	1.27
Forest products and paper	1.19
Mining (non precious)	1.12
Toys and games	1.05
Biotechnology	0.61
Real estate investment trust	0.47
Employment services	0.25
<b>Total Investments in Securities</b>	<b>98.99</b>
<b>Other Net Assets</b>	<b>1.01</b>
<b>Total Net Assets</b>	<b>100.00</b>

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

<sup>β</sup> Please see note 18.

# Legg Mason Pan-Europe Equity Fund <sup>β</sup>

(expressed in EUR)

## Schedule of Investments and Other Net Assets as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>				46,015	ING Groep NV	339,039	0.48
<b>CHF Equities</b>				18,717	Koninklijke Philips Electronics NV	444,248	0.62
19,964	ABB Limited – Reg.	320,618	0.45	77,188	Mediaset SpA	494,389	0.69
6,100	Baloise Holding AG – Reg.	396,930	0.56	36,525	Mediobanca SpA	291,470	0.41
22,228	Crédit Suisse Group AG – Reg.	848,579	1.19	12,188	Metro AG	544,986	0.77
660	Givaudan SA – Reg.	426,469	0.60	7,941	Metso OYJ	197,334	0.28
33,470	Logitech International SA – Reg.	403,317	0.57	12,200	MTU Aero Engines Holding AG	508,740	0.71
40,551	Nestlé SA – Reg.	1,529,668	2.15	5,988	Muenchener Rueckversicherungs-Gesellschaft AG – Reg.	716,764	1.01
17,859	Nobel Biocare Holding AG – Reg.	355,053	0.50	5,154	Nexans SA	334,598	0.47
36,318	Novartis AG – Reg.	1,446,101	2.03	57,284	Nokia OYJ	658,193	0.92
10,131	Roche Holding AG	1,209,473	1.70	9,725	OMV AG	267,632	0.38
1,500	Syngenta AG – Reg.	306,492	0.43	22,527	OPAP SA	373,948	0.53
18,536	UBS AG – Reg.	221,289	0.31	51,868	Portugal Telecom SGPS SA – Reg.	425,992	0.60
		7,463,989	10.49	32,163	Prosieben Sat. 1 Media AG – Pfd – Pfd	394,962	0.56
<b>DKK Equities</b>				25,600	Prysmian SpA	373,504	0.52
7,189	Carlsberg A/S	446,117	0.63	15,053	Publicis Groupe	478,384	0.67
13,097	Danske Bank A/S	241,007	0.34	7,824	Rheinmetall AG	411,620	0.58
6,300	H Lundbeck A/S	88,175	0.12	51,625	Royal Dutch Shell PLC – A	1,105,808	1.55
		775,299	1.09	31,869	Royal KPN NV	373,983	0.53
<b>EUR Equities</b>				10,230	RWE AG	673,441	0.95
61,492	Aegon NV	311,027	0.44	17,500	Sampo OYJ	339,675	0.48
13,024	Akzo Nobel NV	547,724	0.77	18,516	Sanofi-Aventis SA	1,025,601	1.44
8,748	Allianz SE – Reg.	814,350	1.14	7,372	SAP AG	262,517	0.37
7,578	Anheuser-Busch InBev NV	285,387	0.40	27,500	Scor SE	522,363	0.73
12,104	Arcelormittal	394,651	0.55	16,695	Siemens AG – Reg.	1,220,238	1.71
33,499	Atlantia SpA	582,547	0.82	67,300	Snam Rete Gas SpA	252,712	0.36
13,552	AXA SA	223,269	0.31	5,315	Solvay SA	403,834	0.57
35,501	Banco Bilbao Vizcaya Argentaria SA	362,820	0.51	28,435	STMicroelectronics NV	207,405	0.29
101,667	Banco Santander SA	1,012,705	1.42	7,953	Technip SA	479,883	0.67
50,200	Bank of Cyprus Public Company Limited	239,956	0.34	475,017	Telecom Italia SpA	512,068	0.72
13,809	BASF SE	631,416	0.89	48,544	Telefonica SA	860,200	1.21
10,094	Bayer AG	506,719	0.71	23,039	Tenaris SA	368,854	0.52
17,746	Bayerische Motoren Werke AG	599,549	0.84	88,133	Terna Rete Elettrica Nazionale SpA	284,670	0.40
9,200	Bilfinger Berger AG	451,720	0.63	21,033	ThyssenKrupp AG	529,821	0.74
18,274	BNP Paribas	1,065,191	1.50	26,867	Total SA	1,152,057	1.62
13,277	Bolsas y Mercados Espanoles SA	267,332	0.38	283,911	UniCredit SpA	627,443	0.88
15,017	Carrefour SA	537,909	0.76	8,852	Unilever NV	196,780	0.28
6,715	CNP Assurances	468,103	0.66	21,400	Valeo SA	564,318	0.79
36,516	Commerzbank AG	232,826	0.33	11,300	Vinci SA	494,940	0.70
4,612	Continental AG	174,818	0.25	30,253	Vivendi SA	597,648	0.84
13,388	Daimler AG – Reg.	462,689	0.65	22,800	Voestalpine AG	680,125	0.96
21,552	DCC PLC	412,505	0.58			38,536,829	54.16
14,468	Deutsche Bank AG – Reg.	839,723	1.18	<b>GBP Equities</b>			
23,154	Deutsche Telekom AG – Reg.	231,216	0.32	19,184	Anglo American PLC	611,907	0.86
30,111	E.ON AG	822,632	1.16	46,278	Associated British Foods PLC	508,620	0.71
53,503	Enel SpA	223,375	0.31	31,902	AstraZeneca PLC	1,056,169	1.48
76,199	Energias de Portugal SA	226,387	0.32	33,300	Atkins WS PLC	232,371	0.33
33,967	ENI SpA	591,705	0.83	83,305	Aviva PLC	363,508	0.51
7,414	Erste Bank der Oesterreichischen Sparkassen AG	229,760	0.32	225,515	Barclays PLC	908,668	1.28
17,195	France Telecom SA	305,211	0.43	41,801	BG Group PLC	532,103	0.75
26,254	Gdf Suez	760,053	1.07	50,649	BHP Billiton PLC	1,293,172	1.82
14,616	Hannover Rueckversicherung AG – Reg.	541,815	0.76	281,466	BP PLC	1,976,775	2.77
12,399	Heineken Holding NV	407,369	0.57	29,283	British American Tobacco PLC	752,268	1.06
14,390	Henkel AG & Company KGaA – Pfd	567,398	0.80	233,300	BT Group PLC	325,599	0.46
33,135	Iberdrola SA	209,579	0.29	23,017	Eurasian Natural Resources Corp.	306,983	0.43
17,885	Imtech NV	426,200	0.60	67,439	Firstgroup PLC	284,332	0.40
114,508	Infineon Technologies AG	577,006	0.81	156,117	GKN PLC	241,601	0.34
				100,511	GlaxoSmithKline PLC	1,429,340	2.01

# Legg Mason Pan-Europe Equity Fund <sup>β</sup>

(expressed in EUR)

## Schedule of Investments and Other Net Assets as of 31 March 2010 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV
213,365	HSBC Holdings PLC	1,608,957	2.26
91,058	IG Group Holdings PLC	423,677	0.60
64,964	IMI PLC	486,960	0.68
15,198	Imperial Tobacco Group PLC	347,240	0.49
80,442	Kingfisher PLC	196,920	0.28
322,700	Legal & General Group PLC	319,616	0.45
597,635	Lloyds TSB Group PLC	412,732	0.58
68,796	National Grid PLC	497,876	0.70
16,574	Next PLC	402,368	0.57
27,159	Rio Tinto PLC	1,191,217	1.67
35,979	Royal Dutch Shell PLC – B	735,380	1.03
39,430	Standard Chartered PLC	784,170	1.10
96,076	Standard Life PLC	218,538	0.31
45,523	Tate & Lyle PLC	232,357	0.33
65,769	Tesco PLC	324,370	0.46
23,700	Unilever PLC	510,015	0.72
914,001	Vodafone Group PLC	1,565,698	2.19
25,977	Weir Group PLC	273,514	0.38
19,199	Xstrata PLC	265,785	0.37
		21,620,806	30.38
<b>NOK Equities</b>			
31,800	Acergy SA	428,653	0.60
32,800	Aker Solutions ASA	379,058	0.53
27,400	DnB NOR ASA	226,789	0.32
54,400	Norsk Hydro ASA	300,833	0.42
24,400	Petroleum Geo-Services ASA	233,998	0.33
14,650	Yara International ASA	469,532	0.66
		2,038,863	2.86
<b>SEK Equities</b>			
56,383	Nordea Bank AB	413,682	0.58
<b>Total Equities</b>		<b>70,849,468</b>	<b>99.56</b>
<b>EUR Rights</b>			
18,717	Royal Philips Dutch Rights – Right 28/Apr/2010	0	0.00
<b>Total Rights</b>		<b>0</b>	<b>0.00</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>			
		<b>70,849,468</b>	<b>99.56</b>
<b>Total Investments in Securities</b>		<b>70,849,468</b>	<b>99.56</b>
<b>Other Net Assets</b>		<b>313,327</b>	<b>0.44</b>
<b>Total Net Assets</b>		<b>71,162,795</b>	<b>100.00</b>

## Industrial Classification as of 31 March 2010

	% NAV
Banks	14.44
Oil and gas producers	9.52
Pharmaceuticals	8.79
Insurance	7.83
Telecommunication services	6.46
Food services	5.83
Mining (non precious)	5.58
Electrical utilities	5.20
Chemicals	4.63
Engineering and construction	2.91
Iron and steel	2.77
Miscellaneous machinery	2.40
Broadcasting, radio and television	2.09
Oil and gas services	1.96
Beverages	1.60
Tobacco	1.55
Auto manufacturers	1.49
Automobile parts and equipment	1.38
Financial services	1.38
Machinery	1.24
Transportation	1.22
Semiconductors	1.10
Electrical equipment	1.00
Telecommunication equipment	0.92
Retail	0.84
Household products	0.80
Aerospace and defence	0.71
Advertising	0.67
Electronic equipment	0.62
Computers and peripherals	0.57
Leisure and entertainment	0.53
Healthcare supplies and equipment	0.50
Software	0.37
Commercial services	0.33
Food	0.33
<b>Total Investments in Securities</b>	<b>99.56</b>
<b>Other Net Assets</b>	<b>0.44</b>
<b>Total Net Assets</b>	<b>100.00</b>

<sup>β</sup> Please see note 18.

# Legg Mason Japan Equity Fund <sup>β</sup>

(expressed in JPY)

## Schedule of Investments and Other Net Assets as of 31 March 2010

## Industrial Classification as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>JPY Equities</b>			
53,900	Alpine Electronics Inc.	61,338,200	2.98
33,100	Asahi Breweries Limited	58,024,300	2.82
12,500	Canon Inc.	54,125,000	2.63
106,000	Denki Kagaku Kogyo K K	42,612,000	2.07
20,600	Fancl Corp.	36,503,200	1.77
13,100	Fujifilm Holdings Corp.	42,182,000	2.05
435,000	Haseko Corp.	37,845,000	1.84
41,000	Hitachi Metals Limited	40,303,000	1.96
293,000	Isuzu Motors Limited	74,129,000	3.60
61,000	Kanto Denka Kogyo Company Limited	44,530,000	2.16
22,600	Keihin Corp.	40,815,600	1.98
156,200	Leopalace21 Corp.	75,757,000	3.67
29,200	Mitsubishi Corp.	71,540,000	3.47
22,000	Mitsubishi Estate Company Limited	33,660,000	1.63
124,300	Mitsubishi UFJ Financial Group Inc.	60,907,000	2.96
264,000	Mitsui Matsushima Company Limited	49,368,000	2.40
19,000	NGK Insulators Limited	36,233,000	1.76
24,500	Nikon Corp.	50,004,500	2.43
76,000	Nippon Denko Company Limited	52,972,000	2.57
116,000	Nippon Steel Corp.	42,572,000	2.07
17,400	Nitto Denko Corp.	63,162,000	3.07
541	NTT DoCoMo Inc.	77,038,400	3.73
75,000	Sharp Corp.	87,675,000	4.25
21,500	Shinko Electric Industries Company Limited	31,089,000	1.51
35,300	Shiseido Company Limited	71,659,000	3.48
5,900	Stella Chemifa Corp.	23,423,000	1.14
20,600	Sumitomo Mitsui Financial Group Inc.	63,654,000	3.09
31,800	Takeuchi Manufacturing Company Limited	41,530,800	2.02
20,833	Tanaka Chemical Corp.	32,978,639	1.60
173,000	Toshiba Corp.	83,559,000	4.05
35,600	Toyota Boshoku Corp.	63,937,600	3.10
35,200	Toyota Motor Corp.	131,824,000	6.40
19,000	Ulvac Inc.	46,113,000	2.24
		1,823,064,239	88.50
	<b>Total Equities</b>	<b>1,823,064,239</b>	<b>88.50</b>
	<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>	<b>1,823,064,239</b>	<b>88.50</b>
<b>Undertakings for collective investments in transferable securities</b>			
<b>JPY Funds</b>			
23,895	Legg Mason Global Funds PLC – Congruix Japan Equity Fund <sup>(1)</sup>	209,011,285	10.15
	<b>Total Funds</b>	<b>209,011,285</b>	<b>10.15</b>
	<b>Total Undertakings for collective investments in transferable securities</b>	<b>209,011,285</b>	<b>10.15</b>
	<b>Total Investments in Securities</b>	<b>2,032,075,524</b>	<b>98.65</b>
	<b>Other Net Assets</b>	<b>27,829,310</b>	<b>1.35</b>
	<b>Total Net Assets</b>	<b>2,059,904,834</b>	<b>100.00</b>

	% NAV
Open-ended funds	10.15
Chemicals	10.02
Auto manufacturers	10.00
Electronic equipment	8.05
Home furnishings	7.23
Banks	6.05
Real estate	5.31
Cosmetics and personal care	5.25
Automobile parts and equipment	5.09
Mining (non precious)	4.97
Miscellaneous machinery	4.48
Iron and steel	4.02
Telecommunication services	3.74
Distribution and wholesale	3.47
Beverages	2.82
Business and office equipment	2.63
Machinery	2.02
Home builders	1.84
Semiconductors	1.51
<b>Total Investments in Securities</b>	<b>98.65</b>
<b>Other Net Assets</b>	<b>1.35</b>
<b>Total Net Assets</b>	<b>100.00</b>

<sup>(1)</sup> Fair Valued security<sup>β</sup> Please see note 18.

# Legg Mason Asia Pacific (ex Japan) Fund <sup>β</sup>

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>				496,500	Semen Gresik Persero Tbk PT	395,023	0.89
				320,500	United Tractors Tbk PT	638,366	1.44
						2,568,929	5.80
<b>HKD Equities</b>				<b>INR Equities</b>			
188,000	Agile Property Holdings Limited	256,683	0.58	18,100	Adani Power Limited	46,508	0.10
342,000	Air China Limited – H	353,292	0.80	106,200	Apollo Tyres Limited	166,200	0.38
262,000	Ajisen China Holdings Limited	257,489	0.58	13,100	Central Bank of India	42,772	0.10
1,063,000	Bank of China Limited – H	565,478	1.28	25,640	Crompton Greaves Limited	148,377	0.33
259,100	Bawang International Group Holding Limited	194,567	0.44	4,400	Infosys Technologies Limited	256,331	0.58
152,500	BOC Hong Kong Holdings Limited	363,784	0.82	17,300	Jindal Steel & Power Limited – B	267,386	0.60
17,500	Cheung Kong Holdings Limited	225,409	0.51	39,800	Mahindra & Mahindra Limited	488,544	1.10
1,145,000	China Construction Bank – H	936,510	2.11	29,900	Prakash Industries Limited	148,292	0.33
129,000	China Life Insurance Company Limited – H	618,110	1.40	29,934	Reliance Industries Limited	715,915	1.63
35,000	China Merchants Bank Company Limited – H	94,672	0.21	31,992	Sterlite Industries India Limited	598,211	1.35
83,100	China Minsheng Banking Corp. Limited – H	85,308	0.19	9,079	Sun Pharmaceuticals Industries Limited	359,603	0.81
92,500	China Mobile Hong Kong Limited	890,010	2.01	30,271	Tata Consultancy Services Limited	531,330	1.20
44,000	China Overseas Land & Investment Limited	99,293	0.22	14,306	Tata Steel Limited – B	200,498	0.45
132,500	China Shenhua Energy Company Limited – H	570,026	1.29	25,888	Thermax Limited	390,745	0.88
744,000	China Southern Airlines Company Limited – H	332,533	0.75	60,300	Volta Limited	232,279	0.52
61,000	China Taiping Insurance Holdings Company Limited	212,535	0.48	72,300	Yes Bank Limited	409,348	0.92
151,000	China Yurun Food Group Limited	460,955	1.04			5,002,339	11.28
237,000	CNOOC Limited	388,911	0.88	<b>KRW Equities</b>			
172,000	Comba Telecom Systems Holdings Limited	220,215	0.50	24,800	Daegu Bank	332,136	0.75
282,000	Dongfeng Motor Group Company Limited – H	459,123	1.04	3,800	Daelim Industrial Company Limited	251,941	0.57
56,500	Esprit Holdings Limited	446,109	1.01	4,500	Dongbu Insurance Company Limited	128,489	0.29
725,000	Geely Automobile Holdings Limited – H	381,939	0.86	2,780	GS Engineering & Construction Corp.	239,608	0.54
98,000	Golden Eagle Retail Group Limited	195,655	0.44	17,180	Halla Climate Control Corp.	206,545	0.47
183,000	Great Wall Motor Company Limited – H	384,212	0.87	4,800	Hana Financial Group Inc.	148,724	0.34
140,800	Guangzhou R&F Properties Company Limited – H	230,687	0.52	6,700	Hyundai Hyscompany	113,125	0.26
73,000	Hang Lung Group Limited	386,454	0.87	4,100	Hyundai Mobis	543,660	1.23
12,600	Hong Kong Exchanges and Clearing Limited	210,333	0.47	24,300	Industrial Bank of Korea	317,922	0.72
941,000	Industrial & Commercial Bank of China – H	718,750	1.62	11,800	KH Vatec Company Limited	221,663	0.50
388,000	Intime Department Store Group Company Limited	375,822	0.85	3,100	Korea Line Corp.	172,645	0.39
79,500	Kerry Properties Limited	426,496	0.96	1,200	Korea Zinc Company Limited	214,282	0.48
275,200	Lee & Man Paper Manufacturing Limited	215,164	0.49	9,850	LG Corp.	618,226	1.40
78,000	Li & Fung Limited	383,285	0.87	4,610	LG Display Company Limited	162,806	0.37
128,000	Minth Group Limited	214,661	0.48	2,275	LG Electronics Inc.	231,277	0.52
108,000	New World Development Limited	211,168	0.48	9,920	LG Insurance Company Limited	192,924	0.44
225,000	Nine Dragons Paper Holdings Limited	374,436	0.85	2,801	POSCO	1,307,373	2.94
350,000	PetroChina Company Limited – H	409,342	0.92	2,311	Samsung Electronics Company Limited	1,671,112	3.76
440,000	Renhe Commercial Holdings Company Limited	102,014	0.23	2,250	Shinhan Financial Group Company Limited	88,411	0.20
174,500	Sino-Ocean Land Holdings Limited	153,739	0.35	15,200	Technosemichem Company Limited	270,080	0.61
30,000	Sun Hung Kai Properties Limited	451,333	1.02	26,500	Woori Finance Holdings Company Limited	388,873	0.88
38,000	Swire Pacific Limited – A	456,910	1.03			7,821,822	17.66
143,600	TCL Multimedia Technology Holdings Limited	149,451	0.34	<b>MYR Equities</b>			
18,800	Tencent Holdings Limited	377,033	0.85	104,300	Genting BHD	211,120	0.48
22,000	Tsingtao Brewery Company Limited – H	110,515	0.25	<b>PHP Equities</b>			
24,000	VTech Holdings Limited	260,753	0.59	167,500	Banco de Oro Unibank Inc.	153,518	0.35
26,000	Weichai Power Company Limited – H	217,680	0.49	607,500	Robinsons Land Corp.	194,541	0.44
240,000	Yanzhou Coal Mining Company Limited – H	575,603	1.29			348,059	0.79
		16,004,447	36.13	<b>SGD Equities</b>			
<b>IDR Equities</b>				55,000	City Developments Limited	422,201	0.95
743,500	Bank Mandiri Tbk PT	424,277	0.96	33,001	DBS Group Holdings Limited	339,498	0.77
885,500	Bumi Resources Tbk PT	221,073	0.50	44,000	Fraser and Neave Limited	151,929	0.34
40,000	Gudang Garam Tbk PT	108,423	0.24				
19,800	Indo Tambangraya Megah PT	82,894	0.19				
392,000	Indocement Tunggal Prakarsa Tbk PT	595,800	1.35				
221,000	Perusahaan Gas Negara PT	103,073	0.23				



# Legg Mason Asia Pacific (ex Japan) Fund <sup>β</sup>

## Industrial Classification as of 31 March 2010

	%
	<b>NAV</b>
Banks	12.10
Semiconductors	8.33
Real estate	7.58
Mining (non precious)	6.43
Electronic equipment	4.80
Diversified companies	4.66
Automobile parts and equipment	4.36
Iron and steel	4.26
Insurance	4.19
Oil and gas producers	3.42
Auto manufacturers	3.01
Retail	2.88
Telecommunication services	2.81
Machinery	2.32
Real estate investment trust	2.32
Financial services	2.30
Building materials	2.24
Engineering and construction	1.97
Transportation	1.94
Computers and peripherals	1.93
Food services	1.75
Leisure and entertainment	1.43
Forest products and paper	1.33
IT Consulting and services	1.20
Internet software and services	1.13
Telecommunication equipment	1.09
Distribution and wholesale	0.87
Electrical equipment	0.86
Pharmaceuticals	0.81
Agriculture	0.72
Chemicals	0.61
Beverages	0.59
Software	0.58
Cosmetics and personal care	0.44
Home furnishings	0.34
Investment companies	0.33
Tobacco	0.24
Oil and gas services	0.23
Other	0.10
<b>Total Investments in Securities</b>	<b>98.50</b>
<b>Other Net Assets</b>	<b>1.50</b>
<b>Total Net Assets</b>	<b>100.00</b>

<sup>β</sup> Please see note 18.

# Legg Mason Emerging Markets Equity Fund

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>				13,240,500	Telekomunikasi Indonesia Tbk PT	11,624,100	1.12
				14,816,000	XL Axiata Tbk	5,650,030	0.54
						41,166,594	3.95
<b>BRL Equities</b>				<b>ILS Equities</b>			
227,200	Amil Participacoes SA	1,772,084	0.18	2,007,830	Bank Hapoalim BM	8,934,534	0.86
768,600	Banco Indusval SA	3,643,996	0.35	<b>INR Equities</b>			
555,400	BRF – Brasil Foods SA	14,728,578	1.41	337,772	Axis Bank Limited	8,744,947	0.84
892,400	Cyrela Brazil Realty SA	10,291,481	0.98	827,685	Bank of India	6,288,579	0.60
167,000	Estacio Participacoes SA	1,981,728	0.19	1,737,181	Cairn India Limited	11,636,442	1.12
136,200	Iguatemi Empresa de Shopping Centers SA	2,276,388	0.22	1,623,252	Indian Bank	6,313,989	0.61
578,000	Klabin SA	1,706,678	0.16	745,400	IVRCL Infrastructures & Projects Limited	2,751,617	0.26
371,700	Log-in Logistica Intermodal SA	1,667,003	0.16	124,448	Jammu & Kashmir Bank Limited	1,882,790	0.18
1,030,192	Petroleo Brasileiro SA – Pfd	19,973,096	1.92	3,985,087	JSW Energy Limited	9,948,442	0.96
239,845	Rodobens Negocios Imobiliarios SA	1,656,915	0.16	179,862	Oil India Limited	4,601,662	0.44
426,211	Tam SA – Pfd	6,743,587	0.66	512,870	Reliance Industries Limited	12,266,022	1.18
200,300	Tegma Gestao Logistica	1,697,298	0.16	642,361	Sterlite Industries India Limited	12,011,358	1.15
		68,138,832	6.55	223,180	Sun Pharmaceuticals Industries Limited	8,839,759	0.85
						11,822,805	1.14
						97,108,412	9.33
<b>CAD Equities</b>				<b>KRW Equities</b>			
629,104	Gammon Gold Inc.	4,863,953	0.47	91,143	Celltrion Inc.	1,599,323	0.15
526,300	Pacific Rubiales Energy Corp.	10,327,711	0.99	284,030	Dongbu Corp. <sup>(1)</sup>	1,760,088	0.17
638,297	Transatlantic Petroleum Limited	2,191,955	0.21	217,979	KB Financial Group Inc.	10,521,062	1.01
		17,383,619	1.67	1,151,500	Korea Life Insurance Company Limited	8,917,032	0.86
				150,780	LG Display Company Limited	5,324,916	0.51
<b>GBP Equities</b>				134,727	LG Electronics Inc.	13,696,346	1.32
351,958	African Minerals Limited	1,945,968	0.19	11,345	LG Innotek Company Limited	1,288,724	0.12
1,212,769	Cadogan Petroleum PLC	293,131	0.03	30,241	POSCO	14,115,048	1.36
14,453,665	Polo Resources Limited	971,632	0.09	55,564	Samsung Electronics Company Limited	40,178,996	3.86
7,308,594	Sunkar Resources PLC	2,842,987	0.27	552,463	Shinhan Financial Group Company Limited	21,708,370	2.08
		6,053,718	0.58			119,109,905	11.44
				<b>MXN Equities</b>			
<b>HKD Equities</b>				2,934,600	Asea SAB de CV	3,083,751	0.30
1,132,000	AAC Acoustic Technologies Holdings Inc.	1,892,578	0.18	695,800	Gruma SAB de CV	1,514,434	0.15
26,902,000	China Construction Bank – H	22,003,463	2.11	3,032,956	Grupo Financiero Banorte SAB de CV	13,315,022	1.28
2,250,000	China High Precision Automation Group Limited	1,483,834	0.14	1,810,700	Grupo Mexico SAB de CV	4,846,492	0.47
2,625,955	China Mengniu Dairy Company Limited	8,185,314	0.79	3,690,252	Urbi Desarrollos Urbanos SAB de CV	8,828,332	0.85
2,724,900	China Mobile Hong Kong Limited	26,218,261	2.52			31,588,031	3.05
2,521,000	China Pacific Insurance Group Company Limited – H	11,202,750	1.07	<b>MYR Equities</b>			
17,190,000	China Petroleum & Chemical Corp. – H	14,059,903	1.35	2,032,800	Genting BHD	4,114,708	0.40
11,282,000	China Railway Group Limited – H	8,094,202	0.79	<b>PLN Equities</b>			
2,218,500	China Shenhua Energy Company Limited – H	9,544,180	0.91	445,854	Powszechna Kasa Oszczednosci Bank Polski SA	6,179,780	0.59
2,700,000	China South Locomotive and Rolling Stock Corp. – H	2,104,030	0.20	<b>SGD Equities</b>			
4,263,000	China Yurun Food Group Limited	13,013,569	1.26	9,929,500	China Hongxing Sports Limited	1,062,584	0.10
8,884,000	Evergrande Real Estate Group	3,707,544	0.36	6,541,000	China Milk Products Group Limited	1,119,954	0.11
5,902,000	Huaneng Power International Inc. – H	3,428,534	0.33	1,928,000	Straits Asia Resources Limited	2,971,019	0.29
21,889,000	Industrial & Commercial Bank of China – H	16,719,117	1.61			5,153,557	0.50
1,424,000	Ju Teng International Holdings Limited	1,375,637	0.13	<b>THB Equities</b>			
8,061,000	KWG Property Holding Limited	5,814,464	0.56	21,209,700	Asian Property Development PCL	3,473,288	0.34
7,218,000	PCD Stores Limited	2,389,366	0.23	7,291,400	Asian Property Development PCL – Foreign	1,194,035	0.11
1,008,000	Real Gold Mining Limited	1,508,688	0.14	1,014,000	Bumrungrad Hospital PCL	986,913	0.09
1,911,000	Shanghai Industrial Holdings Limited	8,762,810	0.84	15,058,900	Italian-Thai Development PCL	1,191,142	0.11
2,091,000	SJM Holdings Limited	1,381,669	0.13	19,677,900	Italian-Thai Development PCL – Foreign	1,556,500	0.15
4,690,000	Uni-President China Holdings Limited	2,857,371	0.27				
8,292,400	Wynn Macau Limited	11,941,387	1.15				
		177,688,671	17.07				
<b>IDR Equities</b>							
2,321,500	Astra International Tbk PT	10,699,980	1.02				
43,167,000	Delta Dunia Petroindo Tbk PT	5,068,747	0.49				
1,546,000	Indocement Tunggal Prakarsa Tbk PT	2,349,764	0.23				
9,851,000	Indofood Sukses Makmur Tbk PT	4,080,959	0.39				
3,300,000	International Nickel Indonesia Tbk PT	1,693,014	0.16				

# Legg Mason Emerging Markets Equity Fund

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
3,984,500	Kasikornbank PCL	12,095,860	1.16	23,2918	WSP Holdings Limited – ADR	661,487	0.06
630,060	Kasikornbank PCL – Foreign	1,912,691	0.18			202,995,210	19.50
15,463,000	Land & Houses PCL	3,009,987	0.29				
2,410,900	LPN Development PCL	584,762	0.06				
5,465,800	LPN Development PCL – Foreign	1,351,058	0.13				
1,360,000	Phatra Securities PCL	806,809	0.08				
1,290,600	PTT PCL – Foreign	10,487,640	1.01				
3,550,200	Siam Commercial Bank PCL – Reg.	10,146,702	0.98				
6	Thai Oil PCL – Foreign	9	0.00				
		48,797,396	4.69				
	<b>TRY Equities</b>				<b>ZAR Equities</b>		
645,318	Turkcell Iletisim Hizmet AS	3,837,416	0.37	505,151	ABSA Group Limited	9,719,285	0.93
2,035,989	Turkiye Garanti Bankasi AS	9,446,207	0.91	356,884	African Bank Investments Limited	1,765,124	0.17
636,099	Turkiye Is Bankasi AS	1,937,022	0.19	1,318,947	Aveng Limited	6,755,764	0.65
1,379,270	Turkiye Is Bankasi AS – C	4,416,406	0.42	456,300	Impala Platinum Holdings Limited	13,200,904	1.27
1,690,000	Turkiye Sinai Kalkinma Bankasi AS	2,495,852	0.24	965,285	MTN Group Limited	14,636,626	1.41
		22,132,903	2.13	1,216,867	Murray & Roberts Holdings Limited	7,192,570	0.69
				989,890	Standard Bank Group Limited / South Africa	15,257,861	1.46
						68,528,134	6.58
					<b>Total Equities</b>	<b>1,012,751,386</b>	<b>97.33</b>
					<b>SGD Funds</b>		
				3,415,000	Ascendas India Trust	2,375,418	0.23
					<b>Total Funds</b>	<b>2,375,418</b>	<b>0.23</b>
					<b>HKD Certificate on Equity</b>		
				14,360,000	Certificate on Evergrande Real Estate Group Limited	6,062,564	0.58
					<b>Total Certificate on Equity</b>	<b>6,062,564</b>	<b>0.58</b>
					<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>	<b>1,021,189,368</b>	<b>98.14</b>
					<b>Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>		
					<b>TWD Equities</b>		
				1,380,000	Prime View International Company Limited	2,497,621	0.24
					<b>USD Equities</b>		
				29,650	Gazprom Neft – ADR	769,714	0.07
					<b>Total Equities</b>	<b>3,267,335</b>	<b>0.31</b>
					<b>Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>	<b>3,267,335</b>	<b>0.31</b>
					<b>Other transferable securities and money market instruments</b>		
					<b>CAD Equities</b>		
				5,171,500	Cap Link Ventures Ltd <sup>(1)</sup>	1,826,668	0.18
					<b>Total Equities</b>	<b>1,826,668</b>	<b>0.18</b>
					<b>CAD Warrants Equity</b>		
				5,171,500	Cap Link Ventures Ltd Warrant	50,741	0.00
					<b>Total Warrants Equity</b>	<b>50,741</b>	<b>0.00</b>
					<b>Total Other transferable securities and money market instruments</b>	<b>15,284,010</b>	<b>1.47</b>
					<b>Total Investments in Securities</b>	<b>1,026,334,112</b>	<b>98.63</b>
					<b>Other Net Assets</b>	<b>14,220,101</b>	<b>1.37</b>
					<b>Total Net Assets</b>	<b>1,040,554,213</b>	<b>100.00</b>

<sup>(1)</sup> Illiquid security

# Legg Mason Emerging Markets Equity Fund

Industrial Classification as of 31 March 2010

	%
	<b>NAV</b>
Banks	18.44
Oil and gas producers	12.25
Mining (non precious)	8.53
Telecommunication services	8.45
Semiconductors	5.62
Financial services	4.16
Electronic equipment	3.83
Real estate	3.06
Iron and steel	2.85
Engineering and construction	2.82
Food services	2.52
Food	2.46
Computers and peripherals	2.15
Insurance	1.93
Precious metals	1.89
Electrical equipment	1.68
Home builders	1.59
Retail	1.55
Transportation	1.45
Building materials	1.39
Electrical utilities	1.29
Forest products and paper	1.16
Advertising	1.15
IT Consulting and services	1.14
Chemicals	0.93
Pharmaceuticals	0.85
Diversified companies	0.84
Apparel	0.59
Leisure and entertainment	0.53
Real estate investment trust	0.45
Healthcare services	0.27
Commercial services	0.19
Broadcasting, radio and television	0.18
Biotechnology	0.15
Machinery	0.14
Other	0.15
<b>Total Investments in Securities</b>	<b>98.63</b>
<b>Other Net Assets</b>	<b>1.37</b>
<b>Total Net Assets</b>	<b>100.00</b>

# Legg Mason US\$ Core Bond Fund $\beta$

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>				<b>Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>			
<b>EUR Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				<b>USD Supranationals, Governments and Local Public Authorities, Debt Instruments</b>			
60,000	Greece (Govt of) 6.100% 20/Aug/2015	80,866	0.32	600,000	Fannie Mae Discount Note 0.000% 3/May/2010	599,923	2.38
<b>USD Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				240,000	Federal National Mortg. Association 5.250% 1/Aug/2012	258,310	1.03
10,500	Federal Home Loan Mortg. Corp. 8.375% 31/Dec/2049	13,545	0.05	710,000	United States Treasury Bill 0.000% 18/Nov/2010	708,842	2.81
8,050	Federal National Mortg. Association 8.250% 31/Dec/2049	10,385	0.04	100,000	United States Tsy Inflation Indexed Bonds 2.184% 15/Jan/2026	107,969	0.43
39,480	Russia (Govt of) FRN 31/Mar/2030	45,505	0.18	180,000	United States Tsy Inflation Indexed Bonds 2.552% 15/Jan/2027	199,974	0.79
		69,435	0.27	120,000	United States Tsy Inflation Indexed Bonds 2.130% 15/Feb/2040	117,226	0.47
				50,000	United States Tsy N/B 1.000% 31/Dec/2011	50,069	0.20
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				825,000	United States Tsy N/B 0.875% 29/Feb/2012	822,715	3.27
		<b>150,301</b>	<b>0.59</b>	140,000	United States Tsy N/B 1.375% 15/Mar/2013	138,972	0.55
<b>USD Bonds</b>				30,000	United States Tsy N/B 2.375% 31/Oct/2014	29,909	0.12
70,000	Allied Waste North America 7.125% 15/May/2016	76,038	0.30	810,000	United States Tsy N/B 2.625% 31/Dec/2014	814,560	3.23
30,000	America Movil 5.625% 15/Nov/2017	31,623	0.13	380,000	United States Tsy N/B 2.250% 31/Jan/2015	375,131	1.49
560,000	American Express Company FRN 1/Sep/2066	545,999	2.17	453,000	United States Tsy N/B 2.375% 28/Feb/2015	449,036	1.78
290,000	American International Grp 5.850% 16/Jan/2018	268,084	1.06	910,000	United States Tsy N/B 2.500% 31/Mar/2015	905,520	3.60
170,000	Anadarko Petroleum Corp. 5.950% 15/Sep/2016	184,710	0.73	110,000	United States Tsy N/B 3.125% 15/May/2019	104,448	0.41
160,000	Bear Stearns Companies (The) 5.550% 22/Jan/2017	165,738	0.66	30,000	United States Tsy N/B 3.625% 15/Aug/2019	29,550	0.12
220,000	Chesapeake Energy Corp. 6.875% 15/Nov/2020	213,950	0.86	20,000	United States Tsy N/B 3.375% 15/Nov/2019	19,241	0.08
30,000	Citigroup 5.500% 15/Oct/2014	30,948	0.12	190,000	United States Tsy N/B 3.625% 15/Feb/2020	186,230	0.74
410,000	Citigroup 6.125% 21/Nov/2017	420,611	1.67	90,000	United States Tsy N/B 4.250% 15/May/2039	82,814	0.33
220,000	Energy Transfer Partners 6.700% 1/Jul/2018	239,710	0.95	50,000	United States Tsy N/B 4.500% 15/Aug/2039	47,969	0.19
90,000	Exelon Corp. 5.625% 15/Jun/2035	83,103	0.33	50,000	United States Tsy N/B 4.375% 15/Nov/2039	46,953	0.19
70,000	FirstEnergy Corp. 7.375% 15/Nov/2031	72,095	0.29	250,000	United States Tsy N/B 4.625% 15/Feb/2040	244,765	0.97
250,000	Ford Motor Credit Company 12.000% 15/May/2015	299,045	1.19			6,340,126	25.18
215,000	General Electric Cap. Corp. 4.375% 21/Nov/2011	224,669	0.89	<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>			
90,000	General Electric Cap. Corp. 5.625% 1/May/2018	93,683	0.37			<b>6,340,126</b>	<b>25.18</b>
450,000	Goldman Sachs Grp 5.950% 18/Jan/2018	469,683	1.86	<b>USD Mortgage and Asset Backed Securities</b>			
450,000	JPMorgan Chase & Company 6.125% 27/Jun/2017	483,035	1.92	12,651	Asset Backed Securities Corp. Home Equity FRN 15/Nov/2031	9,630	0.04
170,000	Kinder Morgan Energy Partners 6.750% 15/Mar/2011	178,643	0.71	506,626	Bank of America Mortg. Securities FRN 25/Apr/2033	155,194	0.62
110,000	Pemex Project Fdg Master Trust 6.625% 15/Jun/2035	107,797	0.43	58,109	Countrywide Home Loan Mortg. Pass Through Trust FRN 19/May/2033	52,651	0.21
130,000	PPG Industries 6.650% 15/Mar/2018	144,342	0.57	220,150	Crédit Suisse First Boston Mortg. Securities Corp. FRN 25/Oct/2035	148,017	0.59
170,000	Shinsei Fin. Cayman Limited FRN 29/Jan/2049	117,629	0.47	54,418	Fannie Mae No.648555 FRN 1/Jun/2032	55,946	0.22
100,000	SunTrust Cap. VIII FRN 15/Dec/2036	82,650	0.33	282,210	Fannie Mae Remics FRN 25/Jan/2032	305,342	1.21
260,000	Telecom Italia Cap. 5.250% 1/Oct/2015	265,637	1.05	243,400	Freddie Mac (Gold) Structured Pass Through Securities FRN 25/May/2043	245,206	0.97
170,000	Time Warner Cable 8.250% 14/Feb/2014	199,190	0.79	53,341	Freddie Mac Gold Pool No.C57752 8.000% 1/Sep/2031	61,399	0.24
190,000	Transocean 5.250% 15/Mar/2013	204,852	0.81	8,172	Ginnie Mae I Pool No.781335 7.000% 15/Feb/2012	8,218	0.03
200,000	Wachovia Cap. Trust III FRN 29/Mar/2049	169,500	0.67				
235,000	Wachovia Corp. 5.750% 1/Feb/2018	249,156	0.99				
80,000	Wyeth 5.950% 1/Apr/2037	83,302	0.33				
280,000	XTO Energy 7.500% 15/Apr/2012	313,494	1.25				
		6,018,916	23.90				
<b>Total Bonds</b>							
		<b>6,018,916</b>	<b>23.90</b>				
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>							
		<b>6,169,217</b>	<b>24.49</b>				



## Legg Mason US\$ Core Bond Fund <sup>β</sup>

(expressed in USD)

### Schedule of Investments and Other Net Assets as of 31 March 2010 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV
110,000	Nordea Bank 3.700% 13/Nov/2014	110,618	0.44
230,000	Resona Preferred Global Securities Cayman Limited – Pfd FRN 29/Dec/2049	215,167	0.85
		655,702	2.60
	<b>Total Bonds</b>	<b>655,702</b>	<b>2.60</b>
	<b>Total Other transferable securities and money market instruments</b>	<b>1,133,670</b>	<b>4.50</b>
	<b>Total Investments in Securities</b>	<b>22,835,737</b>	<b>90.67</b>
	<b>Other Net Assets</b>	<b>2,349,419</b>	<b>9.33</b>
	<b>Total Net Assets</b>	<b>25,185,156</b>	<b>100.00</b>

<sup>(1)</sup> Illiquid security<sup>(2)</sup> The interests accrued are nil, these instruments are considered as defaulted.

### Industrial Classification as of 31 March 2010

	% NAV
Government and guaranteed bonds	26.00
Mortgage and asset backed securities	17.61
Banks	12.34
Financial services	9.11
Electrical utilities	4.90
Oil and gas producers	4.69
Insurance	3.53
Broadcasting, radio and television	2.24
Telecommunication services	2.03
Oil and gas services	1.66
Healthcare services	1.53
Airlines	0.78
Transportation	0.69
Food services	0.63
Chemicals	0.57
Aerospace and defence	0.44
Mining (non precious)	0.35
Pharmaceuticals	0.33
Food	0.32
Environment control and services	0.30
Beverages	0.29
Auto manufacturers	0.25
Other	0.08
<b>Total Investments in Securities</b>	<b>90.67</b>
<b>Other Net Assets</b>	<b>9.33</b>
<b>Total Net Assets</b>	<b>100.00</b>

<sup>β</sup> Please see note 18.

# Legg Mason US\$ High Yield Bond Fund <sup>αβ</sup>

(expressed in USD)

## Schedule of Investments and Other Net Assets as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>USD Bonds</b>			
39,631	CCH II LLC / CCH II Cap. Corp. 13.500% 30/Nov/2016	47,310	10.63
<b>Total Bonds</b>		<b>47,310</b>	<b>10.63</b>
<b>USD Equities</b>			
2,194	Charter Communications Inc.	75,583	16.99
<b>Total Equities</b>		<b>75,583</b>	<b>16.99</b>
<b>USD Rights</b>			
5,554	Provisory Right	191,335	43.00
<b>Total Rights</b>		<b>191,335</b>	<b>43.00</b>
<b>Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>		<b>314,228</b>	<b>70.62</b>
<b>Other transferable securities and money market instruments</b>			
<b>USD Warrants Equity</b>			
177	Charter Communications Inc. <sup>(1)</sup>	708	0.16
<b>Total Warrants Equity</b>		<b>708</b>	<b>0.16</b>
<b>Total Other transferable securities and money market instruments</b>		<b>708</b>	<b>0.16</b>
<b>Total Investments in Securities</b>		<b>314,936</b>	<b>70.78</b>
<b>Other Net Assets</b>		<b>130,040</b>	<b>29.22</b>
<b>Total Net Assets</b>		<b>444,976</b>	<b>100.00</b>

<sup>(1)</sup> Illiquid security

## Industrial Classification as of 31 March 2010

	% NAV
Financial services	43.00
Internet software and services	16.99
Broadcasting, radio and television	10.63
Internet software and services	0.16
<b>Total Investments in Securities</b>	<b>70.78</b>
<b>Other Net Assets</b>	<b>29.22</b>
<b>Total Net Assets</b>	<b>100.00</b>

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.<sup>β</sup> Please see note 18.

# Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup>

(expressed in EUR)

## Schedule of Investments and Other Net Assets as of 31 March 2010

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>				60,000	Dong Energy 4.000% 16/Dec/2016	61,229	0.28
<b>EUR Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				140,000	E.ON Finance 5.125% 7/May/2013	152,204	0.69
				150,000	EDF 4.625% 11/Sep/2024	154,146	0.70
1,192,221	France (Govt of) OAT 4.750% 25/Apr/2035	1,323,142	5.97	200,000	ELM for Swiss Life Insurance & Pension Grp FRN 12/Apr/2049	154,000	0.69
540,000	France (Govt of) OAT 4.000% 25/Apr/2055	532,960	2.41	50,000	ELM for Swiss Reinsurance Company FRN 25/May/2049	45,064	0.20
440,000	France (Govt of) OAT 4.000% 25/Apr/2060	432,848	1.95	189,000	Fortis Hybrid Fin. FRN 29/Jun/2049	141,793	0.64
1,380,000	Germany (Govt of) 4.000% 13/Apr/2012	1,463,939	6.61	150,000	Generali Finance FRN 29/Jun/2049	141,797	0.64
150,000	Germany (Govt of) 4.500% 4/Jan/2013	162,914	0.74	404,000	Goldman Sachs Grp 4.750% 12/Oct/2021	372,492	1.68
1,110,000	Germany (Govt of) 3.750% 4/Jan/2019	1,172,481	5.29	200,000	Groupama FRN 29/Oct/2049	161,000	0.73
20,825	Germany (Govt of) 5.500% 4/Jan/2031	25,680	0.12	100,000	Groupe BPCE FRN 29/Mar/2049	103,705	0.47
1,144,251	Germany (Govt of) 4.000% 4/Jan/2037	1,166,807	5.27	360,000	HSH Nordbank FRN 14/Feb/2017	251,331	1.13
60,000	Germany (Govt of) 4.250% 4/Jul/2039	64,287	0.29	250,000	Hypo Real Estate Intl Trust I FRN 14/Jun/2049	98,125	0.44
190,000	Germany (Govt of) 4.750% 4/Jul/2040	220,193	0.99	110,000	Imperial Tobacco Finance 7.250% 15/Sep/2014	127,606	0.58
270,000	Germany (Govt of) Bundesobligation 4.250% 12/Oct/2012	290,658	1.31	120,000	Imperial Tobacco Finance 8.375% 17/Feb/2016	147,870	0.67
970,000	Greece (Govt of) 3.700% 20/Jul/2015	876,440	3.96	50,000	Intesa Sanpaolo 8.375% 29/Oct/2049	53,441	0.24
590,000	Greece (Govt of) 2.300% 25/Jul/2030	453,041	2.04	21,333	Korredren 11.000% 1/Aug/2014	9,280	0.04
		8,185,390	36.95	200,000	Lloyds TSB Bank 6.500% 24/Mar/2020	200,788	0.91
<b>GBP Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				100,000	Mapfre FRN 24/Jul/2037	90,042	0.41
1	United Kingdom Gilt 5.000% 7/Mar/2012	1	0.00	118,000	Millipore Corp. 5.875% 30/Jun/2016	130,390	0.59
<b>NOK Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				50,000	Munich Re Finance FRN 29/Jun/2049	47,744	0.22
6,250,000	Norway (Govt of) 4.250% 19/May/2017	813,890	3.67	215,000	Ntl Australia Bank FRN 26/Jun/2023	248,056	1.12
6,040,000	Norway (Govt of) 4.250% 22/May/2019	794,374	3.58	218,000	Pemex Project Fdg Master Trust 5.500% 24/Feb/2025	215,854	0.97
		1,608,264	7.25	149,000	Resona Bank FRN 29/Sep/2049	142,668	0.64
<b>PLN Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				150,000	Royal Bank of Scotland 6.934% 9/Apr/2018	154,178	0.70
5,404,000	Poland (Govt of) 5.750% 23/Sep/2022	1,408,123	6.35	250,000	Royal Bank of Scotland 5.375% 30/Sep/2019	249,082	1.12
<b>SEK Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				110,000	Royal KPN 4.750% 17/Jan/2017	115,936	0.53
6,080,000	Swedish (Govt of) 3.500% 30/Mar/2039	601,725	2.72	50,000	Shinsei Bank Limited FRN 23/Feb/2016	44,500	0.20
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				100,000	SLM Corp. 4.750% 17/Mar/2014	93,917	0.42
		11,803,503	53.27	200,000	Standard Chartered Bank 5.875% 26/Sep/2017	216,849	0.98
<b>EUR Mortgage and Asset Backed Securities</b>				140,000	Standard Life Finance FRN Perp.	119,000	0.54
96,579	Eurosail FRN 17/Oct/2040	83,592	0.38	100,000	Telecom Italia 5.250% 17/Mar/2055	82,077	0.37
101,648	Italfinance Securitisation Vehicle FRN 14/Jan/2026	96,762	0.43	140,000	Thames Water Utilities Cayman Finance 6.125% 4/Feb/2013	152,447	0.69
		180,354	0.81	150,000	UBS / London 6.000% 18/Apr/2018	166,480	0.75
<b>Total Mortgage and Asset Backed Securities</b>				162,000	Xstrata Fin. Canada 5.250% 13/Jun/2017	170,403	0.77
		180,354	0.81			6,933,627	31.30
<b>EUR Bonds</b>							
240,000	Allied Irish Banks 12.500% 25/Jun/2019	274,164	1.24				
250,000	Anglian Water Services Finance 4.625% 7/Oct/2013	265,707	1.20				
250,000	Aviva FRN 22/May/2038	256,876	1.16				
155,000	AXA FRN 29/Oct/2049	145,795	0.66				
33,000	Banca Italease FRN 8/Feb/2012	31,757	0.14				
350,000	Bank of America 7.000% 15/Jun/2016	397,558	1.79				
50,000	Bayerische Landesbank 5.750% 23/Oct/2017	50,839	0.23				
150,000	BNP Paribas FRN 13/Apr/2049	132,519	0.60				
100,000	British Telecommunications 5.250% 23/Jun/2014	105,173	0.47				
260,000	Citigroup 7.375% 4/Sep/2019	295,583	1.33				
150,000	Commonwealth Bank of Australia 5.500% 6/Aug/2019	162,162	0.73				

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

# Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup>

(expressed in EUR)

## Schedule of Investments and Other Net Assets as of 31 March 2010 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
<b>USD Bonds</b>				<b>Undertakings for collective investments in transferable securities</b>			
20,000	SLM Corp. FRN 1/Oct/2013	14,215	0.06	<b>EUR Funds</b>			
115,000	SLM Corp. 5.375% 15/May/2014	81,018	0.37	551	Legg Mason Institutional Funds PLC – WA Euro High Yield Bond Fund	611,518	2.75
30,000	SLM Corp. 5.050% 14/Nov/2014	20,645	0.09	<b>USD Funds</b>			
20,000	SLM Corp. FRN 1/Aug/2033	11,440	0.05	422	Legg Mason Institutional Funds PLC – WA US\$ High Yield Bond Fund	426,575	1.93
		127,318	0.57	<b>Total Funds</b>			
<b>Total Bonds</b>						<b>1,038,093</b>	<b>4.68</b>
<b>EUR Bonds – convertibles</b>				<b>Total Undertakings for collective investments in transferable securities</b>			
59,000	Hollandwide Parent 0.000% 1/Aug/2014	1,770	0.01			<b>1,038,093</b>	<b>4.68</b>
<b>Total Bonds – convertibles</b>				<b>Total Investments in Securities</b>			
		<b>1,770</b>	<b>0.01</b>			<b>20,870,025</b>	<b>94.18</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>				<b>Other Net Assets</b>			
		<b>19,046,572</b>	<b>85.96</b>			<b>1,288,971</b>	<b>5.82</b>
<b>Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>				<b>Total Net Assets</b>			
<b>CAD Supranationals, Governments and Local Public Authorities, Debt Instruments</b>						<b>22,158,996</b>	<b>100.00</b>
700,000	Canada (Govt of) 6.000% 1/Jun/2011	540,731	2.44				
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>							
		<b>540,731</b>	<b>2.44</b>				
<b>USD Bonds</b>							
100,000	Crédit Agricole FRN 13/Dec/2049	80,775	0.36				
240,832	Energy Future Hldgs Corp. 11.250% 1/Nov/2017	123,807	0.56				
52,000	Petrobras International Fin. Company 5.750% 20/Jan/2020	39,647	0.18				
		244,229	1.10				
<b>Total Bonds</b>							
		<b>244,229</b>	<b>1.10</b>				
<b>Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>							
		<b>784,960</b>	<b>3.54</b>				
<b>Other transferable securities and money market instruments</b>							
<b>EUR Bonds</b>							
100,000	Lehman Brothers Hldgs 4.625% 14/Mar/2019 <sup>(1) (2)</sup>	400	0.00				
<b>Total Bonds</b>							
		<b>400</b>	<b>0.00</b>				
<b>Total Other transferable securities and money market instruments</b>							
		<b>400</b>	<b>0.00</b>				

<sup>(1)</sup> Illiquid security<sup>(2)</sup> The interests accrued are nil, these instruments are considered as defaulted.<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.<sup>β</sup> Please see note 18.

# Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup>

Industrial Classification as of 31 March 2010

	%
	<b>NAV</b>
Government and guaranteed bonds	55.71
Banks	16.68
Insurance	5.24
Open-ended funds	4.68
Financial services	2.98
Electrical utilities	1.94
Oil and gas producers	1.43
Telecommunication services	1.37
Tobacco	1.24
Mortgage and asset backed securities	0.81
Investment companies	0.77
Water utilities	0.69
Biotechnology	0.59
Other	0.05
<b>Total Investments in Securities</b>	<b>94.18</b>
<b>Other Net Assets</b>	<b>5.82</b>
<b>Total Net Assets</b>	<b>100.00</b>

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

<sup>β</sup> Please see note 18.

## Statement of Net Assets as of 31 March 2010

	Legg Mason Global Equity Fund USD	Legg Mason US Growth and Value Fund USD	Legg Mason US Large Cap Growth Fund <sup>a</sup> USD	Legg Mason US Aggressive Growth Fund <sup>β</sup> USD
<b>Assets</b>				
Investments at cost	23,638,441	12,525,474	6,444,794	22,781,829
Unrealised appreciation/(depreciation) (note 2b)	2,940,422	2,191,862	1,227,363	3,152,238
Investments at market value (note 2b)	26,578,863	14,717,336	7,672,157	25,934,067
Net unrealised appreciation on forward foreign exchange contracts (notes 2f, 8)	-	-	-	-
Liquid assets	134,579	77,363	323,236	212,721
Dividends receivable (note 2d)	53,447	24,211	3,630	1,062
Subscriptions receivable	14,204	-	17,231	69,405
Receivable from securities sold	-	-	3,470	-
Accrued securities lending income	-	-	-	-
Interest receivable (note 2c)	-	-	-	-
Futures margins and options deposits (note 2f)	-	-	-	-
Other receivables	-	-	2,832	969
<b>Total assets</b>	<b>26,781,093</b>	<b>14,818,910</b>	<b>8,022,556</b>	<b>26,218,224</b>
<b>Liabilities</b>				
Options at market value (notes 2f, 10)	-	-	-	-
Net unrealised depreciation on forward foreign exchange contracts (notes 2f, 8)	-	-	-	-
Net unrealised depreciation on future contracts (notes 2f, 9)	-	-	-	-
Net unrealised depreciation on swap agreements (notes 2f, 11)	-	-	-	-
Accrued expenses	83,060	82,784	51,085	82,964
Redemptions payable	32,566	35,206	21,798	75,856
Payable for securities purchased	-	-	-	-
Accrued interest on swap agreements	-	-	-	-
<b>Total liabilities</b>	<b>115,626</b>	<b>117,990</b>	<b>72,883</b>	<b>158,820</b>
<b>Net assets</b>	<b>26,665,467</b>	<b>14,700,920</b>	<b>7,949,673</b>	<b>26,059,404</b>

<sup>β</sup> Please see note 18.

	Legg Mason US Fundamental Value Fund <sup>a</sup> USD	Legg Mason Pan-Europe Equity Fund <sup>β</sup> EUR	Legg Mason Japan Equity Fund <sup>β</sup> JPY	Legg Mason Asia Pacific (ex Japan) Fund <sup>β</sup> USD
<b>Assets</b>				
Investments at cost	40,361,921	63,653,687	1,838,175,587	37,995,574
Unrealised appreciation/(depreciation) (note 2b)	6,659,619	7,195,781	193,899,937	5,645,529
Investments at market value (note 2b)	47,021,540	70,849,468	2,032,075,524	43,641,103
Net unrealised appreciation on forward foreign exchange contracts (notes 2f, 8)	-	-	-	-
Liquid assets	491,892	409,231	77,822,678	691,230
Dividends receivable (note 2d)	69,109	124,768	9,471,040	74,378
Subscriptions receivable	61,933	1,239	2,126,466	13,422
Receivable from securities sold	72	5,042,224	10,084,551	-
Accrued securities lending income	-	-	-	-
Interest receivable (note 2c)	-	-	-	-
Futures margins and options deposits (note 2f)	-	-	-	-
Other receivables	-	-	-	-
<b>Total assets</b>	<b>47,644,546</b>	<b>76,426,930</b>	<b>2,131,580,259</b>	<b>44,420,133</b>
<b>Liabilities</b>				
Options at market value (notes 2f, 10)	-	-	-	-
Net unrealised depreciation on forward foreign exchange contracts (notes 2f, 8)	-	-	-	-
Net unrealised depreciation on future contracts (notes 2f, 9)	-	-	-	-
Net unrealised depreciation on swap agreements (notes 2f, 11)	-	-	-	-
Accrued expenses	125,449	209,068	7,837,533	96,988
Redemptions payable	16,756	12,843	373	16,321
Payable for securities purchased	-	5,042,224	63,837,519	-
Accrued interest on swap agreements	-	-	-	-
<b>Total liabilities</b>	<b>142,205</b>	<b>5,264,135</b>	<b>71,675,425</b>	<b>113,309</b>
<b>Net assets</b>	<b>47,502,341</b>	<b>71,162,795</b>	<b>2,059,904,834</b>	<b>44,306,824</b>

<sup>β</sup> Please see note 18.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

The accompanying notes form an integral part of the Financial Statements

## Statement of Net Assets as of 31 March 2010 – (continued)

	Legg Mason Emerging Markets Equity Fund USD	Legg Mason US\$ Core Bond Fund <sup>β</sup> USD	Legg Mason US\$ High Yield Bond Fund <sup>αβ</sup> USD	Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup> EUR
<b>Assets</b>				
Investments at cost	876,003,705	25,920,655	535,750	20,899,500
Unrealised appreciation/(depreciation) (note 2b)	150,330,407	(3,084,918)	(220,814)	(29,475)
Investments at market value (note 2b)	1,026,334,112	22,835,737	314,936	20,870,025
Net unrealised appreciation on forward foreign exchange contracts (notes 2f, 8)	–	1,244	–	–
Liquid assets	13,962,185	2,241,172	150,711	611,847
Dividends receivable (note 2d)	1,621,395	–	–	–
Subscriptions receivable	1,300,937	1,095	–	221
Receivable from securities sold	7,407,171	–	–	–
Accrued securities lending income	30,061	–	–	–
Interest receivable (note 2c)	–	251,798	669	555,272
Futures margins and options deposits (note 2f)	–	41	–	308,216
Other receivables	–	–	–	–
<b>Total assets</b>	<b>1,050,655,861</b>	<b>25,331,087</b>	<b>466,316</b>	<b>22,345,581</b>
<b>Liabilities</b>				
Options at market value (notes 2f, 10)	–	209	–	–
Net unrealised depreciation on forward foreign exchange contracts (notes 2f, 8)	3,093	–	–	90,432
Net unrealised depreciation on future contracts (notes 2f, 9)	–	1,133	–	36,833
Net unrealised depreciation on swap agreements (notes 2f, 11)	–	–	–	13,187
Accrued expenses	1,462,087	39,096	21,340	44,832
Redemptions payable	258,889	105,493	–	1,000
Payable for securities purchased	8,377,579	–	–	–
Accrued interest on swap agreements	–	–	–	301
<b>Total liabilities</b>	<b>10,101,648</b>	<b>145,931</b>	<b>21,340</b>	<b>186,585</b>
<b>Net assets</b>	<b>1,040,554,213</b>	<b>25,185,156</b>	<b>444,976</b>	<b>22,158,996</b>

<sup>β</sup> Please see note 18.

	Combined <sup>φ</sup> USD
<b>Assets</b>	
Investments at cost	1,179,419,472
Unrealised appreciation/(depreciation) (note 2b)	180,540,913
Investments at market value (note 2b)	1,359,960,385
Net unrealised appreciation on forward foreign exchange contracts (notes 2f, 8)	1,244
Liquid assets	20,490,633
Dividends receivable (note 2d)	2,116,322
Subscriptions receivable	1,503,004
Receivable from securities sold	14,286,599
Accrued securities lending income	30,061
Interest receivable (note 2c)	997,754
Futures margins and options deposits (note 2f)	413,729
Other receivables	3,801
<b>Total assets</b>	<b>1,399,803,532</b>
<b>Liabilities</b>	
Options at market value (notes 2f, 10)	209
Net unrealised depreciation on forward foreign exchange contracts (notes 2f, 8)	124,471
Net unrealised depreciation on future contracts (notes 2f, 9)	50,570
Net unrealised depreciation on swap agreements (notes 2f, 11)	17,700
Accrued expenses	2,469,736
Redemptions payable	581,469
Payable for securities purchased	15,830,245
Accrued interest on swap agreements	404
<b>Total liabilities</b>	<b>19,074,804</b>
<b>Net assets</b>	<b>1,380,728,728</b>

<sup>φ</sup> Please see note 2g.

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

The accompanying notes form an integral part of the Financial Statements

## Statement of Operations and Changes in Net Assets for the year ended 31 March 2010

	Legg Mason Global Equity Fund USD	Legg Mason US Growth and Value Fund USD	Legg Mason US Large Cap Growth Fund <sup>a</sup> <sup>β</sup> USD	Legg Mason US Aggressive Growth Fund <sup>β</sup> USD
<b>Net assets at the beginning of the year</b>	<b>28,223,352</b>	<b>13,915,744</b>	<b>6,837,431</b>	<b>20,199,480</b>
<b>Income</b>				
Dividend income (note 2d)	684,848	227,700	54,114	125,969
Interest income (note 2c)	186	85	–	–
Securities lending income (note 2j)	–	–	–	–
<b>Total income</b>	<b>685,034</b>	<b>227,785</b>	<b>54,114</b>	<b>125,969</b>
<b>Expenses</b>				
Management fees (note 5)	396,792	225,527	110,601	339,298
Custody, transfer agent and administration fees (note 4)	49,835	25,183	12,371	37,893
Publication and printing fees	14,593	7,776	3,788	12,397
Taxation (note 7)	13,810	7,509	4,042	12,499
Audit and legal fees	12,737	6,713	3,198	10,351
Regulatory fees	5,103	2,893	1,375	2,406
Directors' and insurance fees	841	443	209	675
Liquidation fees (note 17)	–	–	–	–
<b>Total expenses</b>	<b>493,711</b>	<b>276,044</b>	<b>135,584</b>	<b>415,519</b>
<b>Net income / (loss) from investments</b>	<b>191,323</b>	<b>(48,259)</b>	<b>(81,470)</b>	<b>(289,550)</b>
<b>Net realised gain / (loss) on:</b>				
Sales of investments (notes 2a, 2e)	2,021,475	(757,300)	169,588	(1,142,556)
Forward foreign exchange contracts (note 2f)	(447)	(4,552)	(3,862)	(3,790)
Future contracts (note 2f)	–	–	–	–
Option contracts (note 2f)	–	–	–	–
Swap agreements (note 2f)	–	–	–	–
<b>Net change in unrealised appreciation / (depreciation) on:</b>				
Investments (note 2b)	9,809,835	6,910,049	2,798,526	11,895,160
Forward foreign exchange contracts	2,219	–	–	–
Future contracts	–	–	–	–
Option contracts	–	–	–	–
Swap agreements	–	–	–	–
<b>Net change in net assets for the year resulting from operations</b>	<b>12,024,405</b>	<b>6,099,938</b>	<b>2,882,782</b>	<b>10,459,264</b>
Proceeds from subscriptions	1,320,958	1,923,632	3,392,508	6,445,380
Payments for redemptions	(14,895,603)	(7,236,450)	(5,162,982)	(11,043,416)
<b>Net proceeds / (payments) from subscription and redemption activity</b>	<b>(13,574,645)</b>	<b>(5,312,818)</b>	<b>(1,770,474)</b>	<b>(4,598,036)</b>
Dividend distributions (note 14)	(7,645)	(1,944)	(66)	(1,304)
<b>Net assets at the end of the year</b>	<b>26,665,467</b>	<b>14,700,920</b>	<b>7,949,673</b>	<b>26,059,404</b>

<sup>β</sup> Please see note 18.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

The accompanying notes form an integral part of the Financial Statements

## Statement of Operations and Changes in Net Assets for the year ended 31 March 2010 – (continued)

	Legg Mason US Fundamental Value Fund <sup>a</sup> USD	Legg Mason Pan-Europe Equity Fund <sup>β</sup> EUR	Legg Mason Japan Equity Fund <sup>β</sup> JPY	Legg Mason Asia Pacific (ex Japan) Fund <sup>β</sup> USD
<b>Net assets at the beginning of the year</b>	<b>39,668,450</b>	<b>12,363,760</b>	<b>2,162,073,762</b>	<b>34,314,503</b>
<b>Income</b>				
Dividend income (note 2d)	732,670	1,259,788	13,911,035	1,328,716
Interest income (note 2c)	–	1,646	–	–
Securities lending income (note 2j)	–	–	–	–
<b>Total income</b>	<b>732,670</b>	<b>1,261,434</b>	<b>13,911,035</b>	<b>1,328,716</b>
<b>Expenses</b>				
Management fees (note 5)	585,253	902,603	30,825,489	725,423
Custody, transfer agent and administration fees (note 4)	78,975	99,392	3,461,672	79,815
Publication and printing fees	25,110	35,352	1,002,298	56,727
Taxation (note 7)	21,899	35,893	1,109,601	23,342
Audit and legal fees	21,760	29,869	886,935	107,648
Regulatory fees	9,303	14,791	336,232	10,250
Directors' and insurance fees	1,432	1,979	58,640	1,483
Liquidation fees (note 17)	–	–	–	–
<b>Total expenses</b>	<b>743,732</b>	<b>1,119,879</b>	<b>37,680,867</b>	<b>1,004,688</b>
<b>Net income / (loss) from investments</b>	<b>(11,062)</b>	<b>141,555</b>	<b>(23,769,832)</b>	<b>324,028</b>
<b>Net realised gain / (loss) on:</b>				
Sales of investments (notes 2a, 2e)	412,250	5,328,400	43,982,491	4,057,445
Forward foreign exchange contracts (note 2f)	(18,175)	(15,379)	(1,259,125)	(160,411)
Future contracts (note 2f)	–	–	–	–
Option contracts (note 2f)	–	–	–	–
Swap agreements (note 2f)	–	(193)	–	–
<b>Net change in unrealised appreciation / (depreciation) on:</b>				
Investments (note 2b)	21,205,702	12,093,372	610,639,055	22,567,496
Forward foreign exchange contracts	–	(219)	–	–
Future contracts	–	–	–	–
Option contracts	–	–	–	–
Swap agreements	–	–	–	–
<b>Net change in net assets for the year resulting from operations</b>	<b>21,588,715</b>	<b>17,547,536</b>	<b>629,592,589</b>	<b>26,788,558</b>
Proceeds from subscriptions	15,104,943	59,867,248	107,219,568	19,065,599
Payments for redemptions	(28,859,110)	(18,613,653)	(838,981,085)	(35,854,537)
<b>Net proceeds / (payments) from subscription and redemption activity</b>	<b>(13,754,167)</b>	<b>41,253,595</b>	<b>(731,761,517)</b>	<b>(16,788,938)</b>
Dividend distributions (note 14)	(657)	(2,096)	–	(7,299)
<b>Net assets at the end of the year</b>	<b>47,502,341</b>	<b>71,162,795</b>	<b>2,059,904,834</b>	<b>44,306,824</b>

<sup>β</sup> Please see note 18.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

The accompanying notes form an integral part of the Financial Statements

## Statement of Operations and Changes in Net Assets for the year ended 31 March 2010 – (continued)

	Legg Mason China Equity Fund <sup>∞</sup> USD	Legg Mason Emerging Markets Equity Fund USD	Legg Mason Global Bond Fund <sup>Y</sup> USD	Legg Mason Global (Unhedged) Bond Fund <sup>∞Y</sup> USD
<b>Net assets at the beginning of the year</b>	<b>3,645,328</b>	<b>622,605,309</b>	<b>17,851,155</b>	<b>13,620,669</b>
<b>Income</b>				
Dividend income (note 2d)	76,368	16,444,051	–	–
Interest income (note 2c)	–	10,936	113,247	75,100
Securities lending income (note 2j)	–	287,414	–	–
<b>Total income</b>	<b>76,368</b>	<b>16,742,401</b>	<b>113,247</b>	<b>75,100</b>
<b>Expenses</b>				
Management fees (note 5)	11,145	6,285,279	21,731	7,337
Custody, transfer agent and administration fees (note 4)	3,617	1,446,139	4,464	2,598
Publication and printing fees	436	491,516	–	–
Taxation (note 7)	381	137,118	–	–
Audit and legal fees	527	407,233	–	–
Regulatory fees	4,419	179,446	1,550	–
Directors' and insurance fees	62	26,681	–	–
Liquidation fees (note 17)	14,374	–	27,400	20,462
<b>Total expenses</b>	<b>34,961</b>	<b>8,973,412</b>	<b>55,145</b>	<b>30,397</b>
<b>Net income / (loss) from investments</b>	<b>41,407</b>	<b>7,768,989</b>	<b>58,102</b>	<b>44,703</b>
<b>Net realised gain / (loss) on:</b>				
Sales of investments (notes 2a, 2e)	630,942	3,636,777	(2,343,896)	(2,593,090)
Forward foreign exchange contracts (note 2f)	–	(650,200)	(102,661)	179,122
Future contracts (note 2f)	–	–	29,772	89,248
Option contracts (note 2f)	–	–	(17,888)	(108,163)
Swap agreements (note 2f)	–	–	–	–
<b>Net change in unrealised appreciation / (depreciation) on:</b>				
Investments (note 2b)	1,013,575	541,229,518	2,839,642	2,880,709
Forward foreign exchange contracts	–	(3,093)	(33,554)	(94,533)
Future contracts	–	–	(72,778)	(38,797)
Option contracts	–	–	3,393	43,575
Swap agreements	–	–	–	–
<b>Net change in net assets for the year resulting from operations</b>	<b>1,685,924</b>	<b>551,981,991</b>	<b>360,132</b>	<b>402,774</b>
Proceeds from subscriptions	226,406	52,531,596	60,650	–
Payments for redemptions	(5,557,658)	(186,524,868)	(18,271,937)	(14,023,443)
<b>Net proceeds / (payments) from subscription and redemption activity</b>	<b>(5,331,252)</b>	<b>(133,993,272)</b>	<b>(18,211,287)</b>	<b>(14,023,443)</b>
Dividend distributions (note 14)	–	(39,815)	–	–
<b>Net assets at the end of the year</b>	<b>–</b>	<b>1,040,554,213</b>	<b>–</b>	<b>–</b>

<sup>Y</sup> This Sub-Fund was liquidated in May 2009. Please see note 17.

<sup>∞</sup> This Sub-Fund was liquidated in November 2009. Please see note 17.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

The accompanying notes form an integral part of the Financial Statements

## Statement of Operations and Changes in Net Assets for the year ended 31 March 2010 – (continued)

	Legg Mason Global Corporate Bond Fund <sup>aδ</sup> USD	Legg Mason US\$ Core Bond Fund <sup>β</sup> USD	Legg Mason US\$ High Yield Bond Fund <sup>aβ</sup> USD	Legg Mason Euro Core Plus Bond Fund <sup>aβ</sup> EUR
<b>Net assets at the beginning of the year</b>	<b>26,345,280</b>	<b>32,681,522</b>	<b>59,768,485</b>	<b>25,423,104</b>
<b>Income</b>				
Dividend income (note 2d)	1,421	2,291	6,824	2,221
Interest income (note 2c)	567,732	1,677,177	1,161,366	1,170,340
Securities lending income (note 2j)	–	–	–	–
<b>Total income</b>	<b>569,153</b>	<b>1,679,468</b>	<b>1,168,190</b>	<b>1,172,561</b>
<b>Expenses</b>				
Management fees (note 5)	49,767	237,451	85,373	225,672
Custody, transfer agent and administration fees (note 4)	11,820	45,112	24,974	38,536
Publication and printing fees	–	13,286	2,653	11,655
Taxation (note 7)	2,164	13,810	2,937	11,950
Audit and legal fees	7,874	11,579	3,216	10,173
Regulatory fees	4,155	4,584	1,240	4,361
Directors' and insurance fees	852	878	499	662
Liquidation fees (note 17)	30,000	–	13,893	–
<b>Total expenses</b>	<b>106,632</b>	<b>326,700</b>	<b>134,785</b>	<b>303,009</b>
<b>Net income / (loss) from investments</b>	<b>462,521</b>	<b>1,352,768</b>	<b>1,033,405</b>	<b>869,552</b>
<b>Net realised gain / (loss) on:</b>				
Sales of investments (notes 2a, 2e)	(15,191,788)	(3,931,235)	(19,680,977)	(4,966,707)
Forward foreign exchange contracts (note 2f)	(617,185)	2,070	–	(90,932)
Future contracts (note 2f)	(38,370)	175,424	–	(155,404)
Option contracts (note 2f)	–	8,829	–	(106,546)
Swap agreements (note 2f)	(503)	–	–	(132,265)
<b>Net change in unrealised appreciation / (depreciation) on:</b>				
Investments (note 2b)	21,864,397	9,088,355	28,515,943	12,209,743
Forward foreign exchange contracts	16,599	1,244	–	(130,060)
Future contracts	20,312	(44,536)	–	(31,585)
Option contracts	–	(2,178)	–	44,905
Swap agreements	–	–	–	(13,187)
<b>Net change in net assets for the year resulting from operations</b>	<b>6,515,983</b>	<b>6,650,741</b>	<b>9,868,371</b>	<b>7,497,514</b>
Proceeds from subscriptions	315,000	743,978	348,776	878,580
Payments for redemptions	(33,176,263)	(14,891,085)	(69,162,678)	(11,580,462)
<b>Net proceeds / (payments) from subscription and redemption activity</b>	<b>(32,861,263)</b>	<b>(14,147,107)</b>	<b>(68,813,902)</b>	<b>(10,701,882)</b>
Dividend distributions (note 14)	–	–	(377,978)	(59,740)
<b>Net assets at the end of the year</b>	<b>–</b>	<b>25,185,156</b>	<b>444,976</b>	<b>22,158,996</b>

<sup>β</sup> Please see note 18.

<sup>δ</sup> This Sub-Fund was liquidated in August 2009. Please see note 17.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

The accompanying notes form an integral part of the Financial Statements

## Statement of Operations and Changes in Net Assets for the year ended 31 March 2010 – (continued)

	Legg Mason Euro Limited Duration Bond Fund <sup>a</sup> EUR	Combined <sup>φ</sup> USD
<b>Net assets at the beginning of the year</b>	<b>9,977,066</b>	<b>1,006,984,956<sup>φ</sup></b>
<b>Income</b>		
Dividend income (note 2d)	–	21,528,110
Interest income (note 2c)	51,435	5,247,906
Securities lending income (note 2j)	–	287,414
<b>Total income</b>	<b>51,435</b>	<b>27,063,430</b>
<b>Expenses</b>		
Management fees (note 5)	10,351	10,940,005
Custody, transfer agent and administration fees (note 4)	2,097	2,047,882
Publication and printing fees	–	702,130
Taxation (note 7)	12	315,648
Audit and legal fees	–	656,097
Regulatory fees	171	256,267
Directors' and insurance fees	–	38,229
Liquidation fees (note 17)	14,353	125,394
<b>Total expenses</b>	<b>26,984</b>	<b>15,081,652</b>
<b>Net income / (loss) from investments</b>	<b>24,451</b>	<b>11,981,778</b>
<b>Net realised gain / (loss) on:</b>		
Sales of investments (notes 2a, 2e)	(2,182,195)	(36,683,904)
Forward foreign exchange contracts (note 2f)	(5,340)	(1,543,460)
Future contracts (note 2f)	86,452	163,527
Option contracts (note 2f)	–	(260,228)
Swap agreements (note 2f)	–	(178,288)
<b>Net change in unrealised appreciation / (depreciation) on:</b>		
Investments (note 2b)	2,666,256	725,369,490
Forward foreign exchange contracts	3,925	(280,710)
Future contracts	(87,725)	(295,937)
Option contracts	–	105,062
Swap agreements	–	(17,700)
<b>Net change in net assets for the year resulting from operations</b>	<b>505,824</b>	<b>698,359,630</b>
Proceeds from subscriptions	1,825	184,165,461
Payments for redemptions	(10,484,715)	(508,261,615)
<b>Net proceeds / (payments) from subscription and redemption activity</b>	<b>(10,482,890)</b>	<b>(324,096,154)</b>
Dividend distributions (note 14)	–	(519,704)
<b>Net assets at the end of the year</b>	<b>–</b>	<b>1,380,728,728</b>

<sup>δ</sup> This Sub-Fund was liquidated in August 2009. Please see note 17.

<sup>φ</sup> Please see note 2g.

<sup>φ</sup> The opening balance was combined using the foreign exchange rates as of 31 March 2010. The same net assets when combined using the foreign exchange rates ruling as of 31 March 2009 reflected a figure of USD 1,099,353,641. Besides, the net assets at the beginning of the year of the absorbed Sub-Funds mentioned in note 17 should have represented USD 95,230,606 as of 31 March 2010.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

The accompanying notes form an integral part of the Financial Statements

## Net Assets Information as of 31 March 2010, 2009 and 2008

		Legg Mason Global Equity Fund USD	Legg Mason US Growth and Value Fund USD	Legg Mason US Large Cap Growth Fund <sup>a</sup> USD	Legg Mason US Aggressive Growth Fund <sup>β</sup> USD
Net assets as of 31 March	2010	26,665,467	14,700,920	7,949,673	26,059,404
	2009	28,223,352	13,915,744	6,837,431	20,199,480
	2008	63,962,635	25,304,935	15,618,928	50,188,269

### Net asset value per unit as of 31 March 2010

<hr/>					
Class A Ordinary					
USD		189.53	98.97	151.38	91.81
EUR		141.13	72.63	112.69	67.96
JPY		-	-	-	-
GBP		-	-	-	-
<hr/>					
Class A Distribution					
EUR		138.31	71.96	112.10	67.48
<hr/>					
Class C Ordinary					
USD		179.24	92.42	140.88	85.87
EUR		132.24	67.64	104.63	63.46
JPY		-	-	-	-
GBP		-	-	-	-
<hr/>					
Class C Distribution					
EUR		-	-	-	-
<hr/>					
Class I Ordinary					
USD		-	105.97	-	98.61
EUR		-	-	-	-
JPY		-	-	-	-
<hr/>					
Class M Ordinary					
USD		243.25	-	-	-
EUR		-	-	-	-
JPY		-	-	-	-
GBP		-	-	-	-

### Number of units outstanding as of 31 March 2010

<hr/>					
Class A Ordinary					
USD		67,671.882	104,486.883	39,477.477	245,067.609
EUR		40,272.697	14,999.351	9,680.852	29,744.930
JPY		-	-	-	-
GBP		-	-	-	-
<hr/>					
Class A Distribution					
EUR		3,572.842	7,556.893	164.505	3,879.275
<hr/>					
Class C Ordinary					
USD		3,668.235	10,925.696	627.683	1,816.945
EUR		14,561.572	10,037.519	2,821.069	3,800.276
JPY		-	-	-	-
GBP		-	-	-	-
<hr/>					
Class C Distribution					
EUR		-	-	-	-
<hr/>					
Class I Ordinary					
USD		-	2,331.244	-	160.000
EUR		-	-	-	-
JPY		-	-	-	-
<hr/>					
Class M Ordinary					
USD		9,477.124	-	-	-
EUR		-	-	-	-
JPY		-	-	-	-
GBP		-	-	-	-

<sup>β</sup> Please see note 18.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

## Net Assets Information as of 31 March 2010, 2009 and 2008 – (continued)

	Legg Mason Global Equity Fund USD	Legg Mason US Growth and Value Fund USD	Legg Mason US Large Cap Growth Fund <sup>a</sup> <sup>β</sup> USD	Legg Mason US Aggressive Growth Fund <sup>β</sup> USD
<b>Net asset value per unit as of 31 March 2009</b>				
Class A Ordinary				
USD	129.29	67.12	103.43	58.17
EUR	97.33	49.80	77.83	43.53
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	96.41	49.47	77.85	43.39
Class C Ordinary				
USD	123.19	63.15	96.98	54.82
EUR	91.87	46.72	72.82	40.96
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	–	71.26	–	61.87
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	163.53	–	–	–
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
<b>Net asset value per unit as of 31 March 2008</b>				
Class A Ordinary				
USD	234.42	108.04	148.35	90.54
EUR	148.68	67.54	94.06	57.08
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	147.22	67.21	94.03	56.91
Class C Ordinary				
USD	224.97	102.58	140.06	85.98
EUR	141.37	63.94	88.59	54.12
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	–	113.72	–	95.87
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	292.09	–	–	–
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–

<sup>β</sup> Please see note 18.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

## Net Assets Information as of 31 March 2010, 2009 and 2008 – (continued)

		Legg Mason US Fundamental Value Fund <sup>a</sup> USD	Legg Mason Europe (ex UK) Equity Fund <sup>b</sup> EUR	Legg Mason Pan-Europe Equity Fund <sup>b</sup> EUR	Legg Mason Japan Equity Fund <sup>b</sup> JPY
Net assets as of 31 March	2010	47,502,341	–	71,162,795	2,059,904,834
	2009	39,668,450	59,294,845	12,363,760	2,162,073,762
	2008	82,897,614	165,932,116	34,115,451	11,583,170,354

### Net asset value per unit as of 31 March 2010

Class A Ordinary					
USD		508.96	–	279.15	25.84
EUR		379.55	–	207.95	19.20
JPY		–	–	–	2,406.00
GBP		–	–	–	–
Class A Distribution					
EUR		375.85	–	194.59	19.14
Class C Ordinary					
USD		473.54	–	264.48	–
EUR		349.49	–	194.04	17.80
JPY		–	–	–	2,236.00
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		–	–	327.26	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		577.56	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–

### Number of units outstanding as of 31 March 2010

Class A Ordinary					
USD		73,811.047	–	31,498.322	153,092.144
EUR		2,553.996	–	293,952.453	55,271.498
JPY		–	–	–	605,491.066
GBP		–	–	–	–
Class A Distribution					
EUR		391.490	–	534.583	1,060.483
Class C Ordinary					
USD		807.768	–	1,754.490	–
EUR		1,578.459	–	15,642.088	37,442.859
JPY		–	–	–	7,074.629
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		–	–	1.699	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		12,664.000	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–

<sup>b</sup> Please see note 18.

<sup>a</sup> Please see note 17.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

## Net Assets Information as of 31 March 2010, 2009 and 2008 – (continued)

	Legg Mason US Fundamental Value Fund <sup>a</sup> <sup>b</sup> USD	Legg Mason Europe (ex UK) Equity Fund <sup>c</sup> EUR	Legg Mason Pan-Europe Equity Fund <sup>b</sup> EUR	Legg Mason Japan Equity Fund <sup>b</sup> JPY
<b>Net asset value per unit as of 31 March 2009</b>				
Class A Ordinary				
USD	326.13	399.37	187.75	18.18
EUR	245.86	300.75	141.38	13.67
JPY	–	–	–	1,795.00
GBP	–	–	–	–
Class A Distribution				
EUR	244.35	293.94	134.96	13.62
Class C Ordinary				
USD	305.72	373.76	179.21	–
EUR	228.09	280.99	132.92	12.76
JPY	–	–	–	1,680.00
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	363.07	–	216.51	–
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	364.73	–	–	–
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
<b>Net asset value per unit as of 31 March 2008</b>				
Class A Ordinary				
USD	553.48	840.92	390.78	34.31
EUR	351.55	533.52	247.93	21.72
JPY	–	–	–	3,419.00
GBP	–	–	–	–
Class A Distribution				
EUR	349.25	524.83	239.31	21.64
Class C Ordinary				
USD	523.12	792.89	376.71	–
EUR	328.85	502.22	235.40	20.43
JPY	–	–	–	3,225.00
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	609.40	–	443.93	–
EUR	–	–	–	–
JPY	–	–	–	3,767.00
Class M Ordinary				
USD	609.73	–	474.98	–
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–

<sup>b</sup> Please see note 18.

<sup>c</sup> Please see note 17.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

## Net Assets Information as of 31 March 2010, 2009 and 2008 – (continued)

		Legg Mason Asia Pacific (ex Japan) Fund <sup>β</sup> USD	Legg Mason Asia (ex Japan) Analyst Fund <sup>δ</sup> USD	Legg Mason China Equity Fund <sup>δ</sup> USD	Legg Mason Emerging Markets Equity Fund USD
<b>Net assets as of 31 March</b>	<b>2010</b>	44,306,824	–	–	1,040,554,213
	<b>2009</b>	34,314,503	15,645,017	3,645,328	622,605,309
	<b>2008</b>	104,780,023	83,234,787	9,272,421	1,570,808,360
<b>Net asset value per unit as of 31 March 2010</b>					
Class A Ordinary					
USD		482.76	–	–	325.03
EUR		359.88	–	–	241.98
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		336.51	–	–	238.59
Class C Ordinary					
USD		448.07	–	–	304.50
EUR		333.71	–	–	226.67
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		527.70	–	–	399.30
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		–	–	–	465.28
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
<b>Number of units outstanding as of 31 March 2010</b>					
Class A Ordinary					
USD		80,083.529	–	–	259,915.922
EUR		5,829.945	–	–	15,537.244
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		778.991	–	–	27,466.898
Class C Ordinary					
USD		1,636.549	–	–	1,823.690
EUR		3,856.419	–	–	9,942.691
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		32.000	–	–	1,597,536.929
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		–	–	–	646,377.817
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–

<sup>β</sup> Please see note 18.

<sup>δ</sup> Please see note 17.

## Net Assets Information as of 31 March 2010, 2009 and 2008 – (continued)

	Legg Mason Asia Pacific (ex Japan) Fund <sup>β</sup> USD	Legg Mason Asia (ex Japan) Analyst Fund <sup>δ</sup> USD	Legg Mason China Equity Fund <sup>δ</sup> USD	Legg Mason Emerging Markets Equity Fund USD
<b>Net asset value per unit as of 31 March 2009</b>				
Class A Ordinary				
USD	270.64	102.96	132.35	166.58
EUR	203.95	–	–	125.37
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	194.21	–	–	124.15
Class C Ordinary				
USD	253.08	–	–	157.22
EUR	190.55	–	–	118.31
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	291.05	–	–	202.28
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	299.07	–	133.23	233.83
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
<b>Net asset value per unit as of 31 March 2008</b>				
Class A Ordinary				
USD	553.04	205.72	200.72	370.78
EUR	351.14	–	–	235.11
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	337.79	–	–	232.82
Class C Ordinary				
USD	521.11	–	–	352.60
EUR	330.57	–	–	223.55
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	587.73	–	–	445.05
EUR	–	–	–	138.99
JPY	–	–	–	–
Class M Ordinary				
USD	600.89	–	198.39	510.36
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–

<sup>β</sup> Please see note 18.

<sup>δ</sup> Please see note 17.

## Net Assets Information as of 31 March 2010, 2009 and 2008 – (continued)

		Legg Mason Global Bond Fund <sup>δ</sup> USD	Legg Mason Global (Unhedged) Bond Fund <sup>αδ</sup> USD	Legg Mason Global Corporate Bond Fund <sup>αδ</sup> USD	Legg Mason US\$ Core Bond Fund <sup>β</sup> USD
<b>Net assets as of 31 March</b>	<b>2010</b>	-	-	-	25,185,156
	<b>2009</b>	17,851,155	13,620,669	26,345,280	32,681,522
	<b>2008</b>	30,923,229	25,123,265	60,315,075	90,213,212
<b>Net asset value per unit as of 31 March 2010</b>					
Class A Ordinary					
USD		-	-	-	336.68
EUR		-	-	-	-
JPY		-	-	-	-
GBP		-	-	-	-
Class A Distribution					
EUR		-	-	-	-
Class C Ordinary					
USD		-	-	-	317.44
EUR		-	-	-	-
JPY		-	-	-	-
GBP		-	-	-	-
Class C Distribution					
EUR		-	-	-	-
Class I Ordinary					
USD		-	-	-	-
EUR		-	-	-	-
JPY		-	-	-	-
Class M Ordinary					
USD		-	-	-	-
EUR		-	-	-	-
JPY		-	-	-	-
GBP		-	-	-	-
<b>Number of units outstanding as of 31 March 2010</b>					
Class A Ordinary					
USD		-	-	-	70,573.262
EUR		-	-	-	-
JPY		-	-	-	-
GBP		-	-	-	-
Class A Distribution					
EUR		-	-	-	-
Class C Ordinary					
USD		-	-	-	4,487.273
EUR		-	-	-	-
JPY		-	-	-	-
GBP		-	-	-	-
Class C Distribution					
EUR		-	-	-	-
Class I Ordinary					
USD		-	-	-	-
EUR		-	-	-	-
JPY		-	-	-	-
Class M Ordinary					
USD		-	-	-	-
EUR		-	-	-	-
JPY		-	-	-	-
GBP		-	-	-	-

<sup>δ</sup> Please see note 17.

<sup>β</sup> Please see note 18.

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

## Net Assets Information as of 31 March 2010, 2009 and 2008 – (continued)

	Legg Mason Global Bond Fund <sup>δ</sup> USD	Legg Mason Global (Unhedged) Bond Fund <sup>αδ</sup> USD	Legg Mason Global Corporate Bond Fund <sup>αδ</sup> USD	Legg Mason US\$ Core Bond Fund <sup>β</sup> USD
<b>Net asset value per unit as of 31 March 2009</b>				
Class A Ordinary				
USD	183.40	204.81	74.24	267.68
EUR	137.92	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	111.30	–	–	–
Class C Ordinary				
USD	174.88	194.78	–	253.90
EUR	132.04	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	188.15	–	–	–
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	–	239.52	77.08	286.12
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
<b>Net asset value per unit as of 31 March 2008</b>				
Class A Ordinary				
USD	198.93	237.96	107.35	310.93
EUR	126.05	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	104.67	–	–	–
Class C Ordinary				
USD	190.85	227.92	–	296.71
EUR	121.40	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	203.54	257.44	110.48	–
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	–	275.60	110.49	329.42
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–

<sup>δ</sup> Please see note 17.

<sup>β</sup> Please see note 18.

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

## Net Assets Information as of 31 March 2010, 2009 and 2008 – (continued)

		Legg Mason US\$ High Yield Bond Fund <sup>aβ</sup> USD	Legg Mason Euro Core Plus Bond Fund <sup>aβ</sup> EUR	Legg Mason Euro Limited Duration Bond Fund <sup>aβ</sup> EUR
<b>Net assets as of 31 March</b>	<b>2010</b>	444,976	22,158,996	–
	<b>2009</b>	59,768,485	25,423,104	9,977,066
	<b>2008</b>	78,855,249	56,714,706	32,224,363

### Net asset value per unit as of 31 March 2010

Class A Ordinary				
USD		200.36	–	–
EUR		–	288.64	–
JPY		–	–	–
GBP		–	–	–
Class A Distribution				
EUR		–	218.86	–
Class C Ordinary				
USD		191.43	–	–
EUR		–	272.43	–
JPY		–	–	–
GBP		–	–	–
Class C Distribution				
EUR		–	–	–
Class I Ordinary				
USD		205.48	–	–
EUR		–	–	–
JPY		–	–	–
Class M Ordinary				
USD		157.46	–	–
EUR		–	–	–
JPY		–	–	–
GBP		–	–	–

### Number of units outstanding as of 31 March 2010

Class A Ordinary				
USD		288.488	–	–
EUR		–	57,784.690	–
JPY		–	–	–
GBP		–	–	–
Class A Distribution				
EUR		–	7,463.247	–
Class C Ordinary				
USD		363.832	–	–
EUR		–	14,120.528	–
JPY		–	–	–
GBP		–	–	–
Class C Distribution				
EUR		–	–	–
Class I Ordinary				
USD		1,277.475	–	–
EUR		–	–	–
JPY		–	–	–
Class M Ordinary				
USD		349.452	–	–
EUR		–	–	–
JPY		–	–	–
GBP		–	–	–

<sup>β</sup> Please see note 18.

<sup>δ</sup> Please see note 17.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

## Net Assets Information as of 31 March 2010, 2009 and 2008 – (continued)

	Legg Mason US\$ High Yield Bond Fund <sup>aβ</sup> USD	Legg Mason Euro Core Plus Bond Fund <sup>aβ</sup> EUR	Legg Mason Euro Limited Duration Bond Fund <sup>aδ</sup> EUR
<b>Net asset value per unit as of 31 March 2009</b>			
Class A Ordinary			
USD	129.33	–	–
EUR	–	213.50	64.17
JPY	–	–	–
GBP	–	–	–
Class A Distribution			
EUR	–	167.88	52.49
Class C Ordinary			
USD	123.92	–	–
EUR	–	202.72	60.85
JPY	–	–	–
GBP	–	–	–
Class C Distribution			
EUR	–	–	–
Class I Ordinary			
USD	132.48	–	–
EUR	–	–	–
JPY	–	–	–
Class M Ordinary			
USD	105.55	–	–
EUR	–	–	–
JPY	–	–	–
GBP	–	–	–
<b>Net asset value per unit as of 31 March 2008</b>			
Class A Ordinary			
USD	171.50	–	–
EUR	–	262.97	72.26
JPY	–	–	–
GBP	–	–	–
Class A Distribution			
EUR	–	214.19	61.25
Class C Ordinary			
USD	165.39	–	–
EUR	–	251.16	68.97
JPY	–	–	–
GBP	–	–	–
Class C Distribution			
EUR	–	–	–
Class I Ordinary			
USD	175.25	–	–
EUR	–	–	–
JPY	–	–	–
Class M Ordinary			
USD	154.98	–	–
EUR	–	–	–
JPY	–	–	–
GBP	–	–	–

<sup>β</sup> Please see note 18.

<sup>δ</sup> Please see note 17.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

# Notes to the Financial Statements as of 31 March 2010

## 1. Description of the Fund

Legg Mason Global Funds FCP (Luxembourg), (the "Fund"), has been established in Luxembourg as an open-ended mutual investment fund under Luxembourg law.

The Fund is an Undertaking for Collective Investment in Transferable Securities (UCITS) qualifying under Part I of the Luxembourg law of 20 December 2002.

The Fund is an umbrella fund insofar as the Fund is divided into different Sub-Funds, each representing a portfolio of assets (a "Sub-Fund").

Units in any particular Sub-Fund are divided into different classes to accommodate different subscription and redemption provisions and/or fees and charges to which they are subject to as well as their availability to certain types of investors.

Class A Units which have an initial sales charge of up to 5% applied by the Intermediaries incur a lower management fee than Class B Units and Class C Units.

Class B Units which are not subject to any initial sales charge are subject to a Contingent Deferred Sales Charge ("CDSC") (as described in the prospectus) and incur a higher management fee than Class A Units. At the end of the year, no Class B Units have been issued.

Class C Units which have an initial sales charge of up to 2.5% applied by the Intermediaries incur a higher management fee than Class A Units.

Class I Units are only available to institutional investors and are not subject to any initial sales charges. They are subject to a management fee as determined by the Management Company.

Class M Units are not subject to any sales charges but incur a fee charged by the Administrator. Class M Units are specifically for use by Legg Mason Investment Managers, or at the discretion of the Board of Directors of the Management Company.

Class P Units are available for investment at their Net Asset Value per unit with no initial sales charge and incur a lower management fee than Class A, B and C Units. However, investment in Class P is subject to a minimum subscription amount of USD 2 million or its near equivalent in any other freely convertible currency.

Each class may issue units with different distribution entitlements attached ("Sub-Class": Ordinary Units or Distribution Units) and the units of each Sub-Class may be available for subscription in different currencies ("Offering Currencies").

As of 31 March 2010, the Fund is offering the following two different types of Investment Series, each of which is designed to meet different investors' needs. Each Series provides several options that differ in terms of risk level and currency denomination.

The Equity Series is comprised of nine Sub-Funds:

- Legg Mason Global Equity Fund
- Legg Mason US Growth and Value Fund
- Legg Mason US Large Cap Growth Fund <sup>a</sup><sup>b</sup>
- Legg Mason US Aggressive Growth Fund <sup>b</sup>
- Legg Mason US Fundamental Value Fund <sup>a</sup><sup>b</sup>
- Legg Mason Pan-Europe Equity Fund <sup>b</sup>
- Legg Mason Japan Equity Fund <sup>b</sup>
- Legg Mason Asia Pacific (ex Japan) Fund <sup>b</sup>
- Legg Mason Emerging Markets Equity Fund

The Bond Series is comprised of three Sub-Funds:

- Legg Mason US\$ Core Bond Fund <sup>b</sup>
- Legg Mason US\$ High Yield Bond Fund <sup>a</sup><sup>b</sup>
- Legg Mason Euro Core Plus Bond Fund <sup>a</sup><sup>b</sup>

The securities and other assets of the Fund are segregated from the assets of the Management Company and from the assets of other investment funds, which the Management Company manages, and are managed by the Management Company in the interests of the Unitholders and on their behalf.

The Management Company may in the future create new Sub-Funds and Units classes.

The accounting year of the Fund ends on 31 March of each year.

## 2. Summary of Significant Accounting Policies

The accounting policies of the Fund conform with Luxembourg legal and regulatory requirements relating to investment funds.

### a) Foreign Currencies

The financial statements and accounting records of each Sub-Fund are expressed in the reference currency of the relevant Sub-Fund. Transactions in currencies other than the Sub-Fund's currency are translated into the Sub-Fund's currency based on the exchange rates in effect at the date of the transaction.

Assets and liabilities denominated in other currencies are translated at the exchange rate on the balance sheet date. Any resulting gains or losses are recognised in the Statement of Operations and Changes in Net Assets under the heading "Net realised gain / (loss) on sales of investments".

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

<sup>b</sup> Please see note 18.

Main exchange rates used as of 31 March 2010 are:

1USD=	AUD	1.088555	KRW	1,131.221719
	BRL	1.794949	MXN	12.418812
	CAD	1.019200	MYR	3.270496
	CHF	1.066549	NOK	5.985945
	DKK	5.546835	PHP	45.279602
	EUR	0.745045	PLN	2.884446
	GBP	0.661968	SEK	7.265647
	HKD	7.763674	SGD	1.401701
	IDR	9,112.447600	THB	32.364554
	ILS	3.699005	TRY	1.530299
	INR	45.144689	TWD	31.770238
	JPY	93.194995	ZAR	7.379801

#### b) Investment Securities

Securities listed on an official exchange or dealt on another regulated market are valued on the basis of the last available price. If a security is quoted on different markets, the quotation of the main market for this security is used. Fixed income securities are valued on the basis of the latest available mid price on the relevant stock exchange or the mid price of last available quotes from market makers that constitute the main market for such securities.

Non-listed securities and securities which are listed or dealt on a regulated market but in respect of which the last sales price is not representative of the fair value, are valued on the basis of their probable sales price as determined with prudence and in good faith by the Management Company.

Liquid assets, money market instruments and short term instruments (especially discount instruments) that have a maturity of less than 90 days are valued at their face value with interest accrued or on an amortised cost basis. In the case of short term instruments (especially discount instruments) that have a maturity of less than 90 days, the value of the instrument based on the net acquisition cost, is gradually adjusted to the repurchase price thereof while the investment return calculated on the net acquisition cost is kept constant. In the event of material changes in market conditions, the valuation basis of the investment is adjusted to the new market yields.

All other liquid assets are valued on the basis of their applicable market rates. Assets denominated in a currency other than the currency of denomination of a particular Sub-Class are re-valued using the applicable foreign exchange rate as set out in (a) above.

In the event of it being impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, such as hidden credit risk, the Management Company is entitled to use other generally recognised valuation principles, which can be examined by the Auditor of the Fund in order to reach a proper valuation of the total assets of the Fund.

The difference between the cost of securities and their market value on the balance sheet date is recognised in the Statement of Net Assets under the heading "Unrealised appreciation / (depreciation)".

Any change in the difference arising between the cost of securities held at year-end and their market value at that date is recognised in the Statement of Operations and Changes in Net Assets under the heading "Net change in unrealised appreciation / (depreciation) on investments".

Security transactions are accounted for on the date the securities are purchased or sold. Purchases of securities are recorded at cost including brokerage commissions.

Shares or units in underlying open-ended investment funds shall be valued at their latest available Net Asset Value, reduced by any applicable charges.

#### c) Interest Income

Interest income includes interest applied to bonds and interest applied to bank accounts. It is accrued gross on a daily basis. Withholding tax is paid out of the gross income.

#### d) Dividend Income

Dividends are accounted for on an ex-dividend basis net of any irrecoverable withholding tax.

#### e) Realised Gains and Losses on Sales of Investments

Realised gains and losses comprise the profit or loss arising from disposal of securities during the year and differences arising on the revaluation of other assets and liabilities denominated in foreign currencies.

Capital gains or losses are determined on the basis of the weighted average cost of the securities sold.

#### f) Derivatives

Financial derivative instruments listed on an official exchange or dealt on another Regulated Market are valued on the basis of the last available price.

Financial derivative instruments which are not listed on any official stock exchange or traded on any other Regulated Market are valued in a reliable and verifiable manner on a daily basis in accordance with market practice.

#### Forward foreign exchange contracts

Outstanding forward foreign exchange contracts, if any, are valued at the closing date by reference to the forward exchange rate applicable to the outstanding life of the contract.

The unrealised appreciation or depreciation on open forward foreign exchange contracts is calculated as the difference between the contract rate and the forward rate at the close of business on valuation day. The unrealised appreciation or depreciation on such contracts is disclosed in the Statement of Net Assets under the heading "Net unrealised appreciation / (depreciation) on forward foreign exchange contracts".

The realised gain / (loss) on forward foreign exchange contracts is disclosed in the Statement of Operations and Changes in Net Assets under the heading "Net realised gain / (loss) on forward foreign exchange contracts".

#### Future contracts

Outstanding future contracts, if any, are valued at the close of business market prices or the last available market price of the instruments.

The unrealised appreciation or depreciation on future contracts is included in the Statement of Net Assets under the heading "Net unrealised appreciation / (depreciation) on future contracts". All margins accounts are included in "Futures margins and options deposits".

The realised gain / (loss) on future contracts is disclosed in the Statement of Operations and Changes in Net Assets under the heading "Net realised gain / (loss) on future contracts".

**Option contracts**

Outstanding option contracts, if any, are valued at the close of business market prices or the last available market price of the instruments.

The market value of option contracts is included in the Statement of Net Assets under the heading "Options at market value". All deposits accounts are included in "Futures margins and options deposits".

The realised gain / (loss) on option contracts is disclosed in the Statement of Operations and Changes in Net Assets under the heading "Net realised gain / (loss) on option contracts".

**Swap agreements**

Outstanding swap agreements, if any, are valued at the close of business market prices or the last available market price of the instruments.

The unrealised appreciation or depreciation on swap agreements is included in the Statement of Net Assets under the heading "Net unrealised appreciation / (depreciation) on swap agreements". All accrued interest is included in "Accrued interest on swap agreements".

The realised gain / (loss) on swap agreements is disclosed in the Statement of Operations and Changes in Net Assets under the heading "Net realised gain / (loss) on swap agreements".

**g) Combined Figures**

The combined Statement of Net Assets and the combined Statement of Operations and Changes in Net Assets are expressed in United States dollars ("USD") and are presented for information purposes only.

For this purpose, the corresponding statements of each Sub-Fund have been translated into USD at the exchange rates prevailing at the balance sheet date.

**h) Mortgage Related Securities – To Be Announced Securities (TBAs)**

TBA positions refer to the common trading practice in the mortgage-backed securities market in which a security is to be bought from a mortgage pool (Ginnie Mae, Fannie Mae or Freddie Mac) for a fixed price at a future date. At the time of purchase the exact security is not known, but the main characteristics of it are specified. Although the price has been established at the time of purchase, the principal value has not been finalised.

Although a Sub-Fund will generally enter into TBA purchase commitments with the intention of acquiring securities, a Sub-Fund may also dispose of a commitment prior to settlement if it is deemed appropriate to do so. Proceeds of TBA sales are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities, or an offsetting TBA purchase commitment (deliverable on or before the sale commitment date), are held as cover for the transaction.

Negative positions reflect the Sub-Fund's sale commitments of TBAs.

**i) Repurchase Agreements and Reverse Repurchase Agreements**

A repurchase agreement is an agreement under which, on payment of the purchase price, the Fund receives (purchases) securities from a seller who agrees to repurchase them at or within a specified time at a specified price. A repurchase agreement is similar in effect to a loan by the Fund to the seller collateralised by the securities. The Fund does not record the purchase of the securities received but does record the repurchase agreement as if it were a loan. Because a repurchase agreement between the two specific parties involved is generally for a relatively short time and is not transferable, it has no ready market. The Fund carries repurchase agreements at cost, which, combined with accrued interest, approximates market value.

Under a reverse repurchase agreement the Fund sells a security to a buyer, usually broker, for cash. The Fund does not record a sale of the security and it agrees to later repay cash plus interest in exchange for the return (repurchase) of the same securities. The transaction is thus similar in effect to a borrowing by the Fund collateralised by the securities. The proceeds are recorded as a liability plus accrued interest. Repurchase agreements contracts, if any, are included in the Statement of Operations and Changes in Net Assets under the heading "Interest income". The securities are marked to market.

**j) Securities Lending**

In accordance with the provisions set forth in CSSF Circular 08/356, each Sub-Fund may, in order to reduce risk, reduce cost and generate additional income, enter into securities lending transactions through a standardised lending system organised by a recognised securities clearing institution or through a lending system organised by financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and that is specialised in this type of transaction. When entering into lending transactions, the Sub-Fund must receive a collateral of a value which is, during the lifetime of the agreement, at least equal to the global valuation of the securities lent given in the form of liquid assets or in the form of securities issued or guaranteed by an OECD Country or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope and blocked in favour of the Sub-Fund until expiry of the securities lending transaction. The Sub-Fund may also receive as collateral shares issued by a first class issuer, included in a major local index and listed or dealt in a regulated market in a Member State of the EU or a stock exchange of a Member State of the OECD or any other eligible securities pursuant to the CSSF Circular 08/356.

Securities lending transactions may not exceed 50% of the aggregate market value of the securities in the Sub-Fund. This limit shall not apply where the Sub-Fund has the right at any time to terminate the contract and obtain restitution of the securities lent. Securities lending transactions may not exceed a period of 30 days. The Sub-Fund may not lend securities which serve as underlying instruments linked to derivative financial instruments or which have been accepted within the framework of reverse repos. Securities used to provide cover in respect of derivatives on an exchange rate or currency are not regarded as being linked to the said derivative. Cash collateral received by the Sub-Fund in relation to these transactions is reinvested.

Any incremental incomes arising from securities lending transactions entered into are accrued solely to the Sub-Funds which lent the securities.

As of 31 March 2010 the market value of the securities on loan is as follows:

Sub-Fund	Market Value of Securities on Loan (USD)
Legg Mason Emerging Markets Equity Fund	42,360,318

**3. Pooling and Co-Management of Assets**

The Management Company may invest and manage all or any part of the portfolio of assets by using joint investment management techniques for the purpose of efficient portfolio management. A Sub-Fund using joint investment management techniques transfers all or part of its assets to the pool (or Joint Investment Account) of assets, subject to such assets being appropriate in respect of the investment policy of the pool concerned. In return, the Sub-Fund receives the notional pool units representing a certain pro rata of the pool's assets and liabilities. As of 31 March 2010, the investment holdings in the pools have been allocated to the Sub-Funds based on each Sub-Fund's ownership percentage in the pools at that date. All quantities (securities holdings) are rounded to the nearest unit. In instances where quantities are shown as 0, a Sub-Fund's percentage allocation of a security may result in a fractional value of less than 0.5.

For profit and loss purposes, the notional pool units held by the Sub-Fund determine the proportional allocation of the results, revenues and expenses of the pool on each net asset value date. The profit and loss allocation is recorded in the accounting records for the Sub-Fund. Co-managed assets are only co-managed with assets intended to be invested pursuant to investment objectives identical to those applicable to the co-managed assets in order to ensure that investment decisions are fully compatible with the investment policy of the Sub-Funds. Co-managed assets are only co-managed with assets for which the Custodian Bank is also acting as depository in order to ensure that the Custodian Bank is able, with respect to the Fund or Sub-Funds, to fully carry out its functions and responsibilities pursuant to the law of 20 December 2002 on undertakings for collective investment. The Custodian Bank keeps at all times the Fund's assets segregated from the assets of other co-managed entities and is therefore able at all times to identify the assets of the Fund and of each Sub-Fund. Since co-managed entities may have investment policies, which are not strictly identical to the investment policy of a Sub-Fund, it is possible that, as a result, the common policy implemented may be more restrictive than that of that Sub-Fund.

The Management Company may decide at any time and without notice, to terminate the co-management arrangement.

#### 4. Custody, Transfer Agent and Administration Fees

An all-inclusive annual fee up to 0.15% of the Fund's average daily net assets is paid in relation to custody, transfer agency, registrar and administration services provided by Citibank International plc (Luxembourg Branch). The fee is accrued daily and paid monthly in arrears.

#### 5. Management Fees

A management fee is charged and is allocated to the Management Company, the Investment Managers and Investment Advisors as well as the Intermediaries.

The fee is accrued daily, and is paid monthly in arrears at the applicable annual rates set out below calculated on the basis of the average daily net assets attributable to each class of each Sub-Fund during the relevant month.

Sub-Funds	Class A Units	Class C Units	Class M Units	Class I Units
<b>Equity Series</b>				
Legg Mason Global Equity Fund	1.42%	2.17%	–	–
Legg Mason US Growth and Value Fund	1.42%	2.17%	–	0.65%
Legg Mason US Large Cap Growth Fund <sup>αβ</sup>	1.42%	2.17%	–	–
Legg Mason US Aggressive Growth Fund <sup>β</sup>	1.42%	2.17%	–	0.65%
Legg Mason US Fundamental Value Fund <sup>αβ</sup>	1.42%	2.17%	–	0.40%
Legg Mason Pan-Europe Equity Fund <sup>β</sup>	1.42%	2.17%	–	0.40%
Legg Mason Japan Equity Fund <sup>β</sup>	1.42%	2.17%	–	0.50%
Legg Mason Asia Pacific (ex Japan) Fund <sup>β</sup>	1.62%	2.37%	–	0.50%
Legg Mason China Equity Fund	1.67%	2.47%	–	–
Legg Mason Emerging Markets Equity Fund	1.92%	2.67%	–	0.80%
<b>Bond Series</b>				
Legg Mason Global Bond Fund	0.82%	1.42%	–	0.45%
Legg Mason Global (Unhedged) Bond Fund	0.82%	1.42%	–	0.35%
Legg Mason Global Corporate Bond Fund	0.82%	1.42%	–	0.35%
Legg Mason US\$ Core Bond Fund <sup>β</sup>	0.82%	1.42%	–	–
Legg Mason US\$ High Yield Bond Fund <sup>αβ</sup>	0.82%	1.42%	–	0.55%
Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup>	0.82%	1.42%	–	–
Legg Mason Euro Limited Duration Bond Fund <sup>α</sup>	0.67%	1.27%	–	–

#### 6. Dilution Levy Fee

The Management Company may apply a charge of up to 1% of the Net Asset Value of Units purchased / redeemed when considered appropriate in order to reflect any fiscal charges and dealing cost incurred on the purchase / realisation of assets for the Sub-Fund and with the aim of protecting the existing / remaining Unitholders from carrying said charges and cost. The amount of the fee so collected shall be retained in the relevant Sub-Fund.

This amount is disclosed in the Statement of Operations and Changes in Net Assets under the heading "Payments for redemptions" / "Proceeds from subscriptions".

#### 7. Taxation

The Fund is an investment fund registered in Luxembourg and is, as a result, exempt from tax except for subscription tax. A subscription tax ("Taxe d'abonnement") of 0.05% per annum, payable quarterly, is imposed on the net assets of the Fund by the Luxembourg State, calculated quarterly on the basis of the net asset value of each Sub-Fund on the last day of the quarter. For the Class I a reduced tax of 0.01% per annum will apply.

#### 8. Forward Foreign Exchange Contracts

As of 31 March 2010, the following Sub-Funds are committed to outstanding forward foreign exchange contracts as follows:

##### Legg Mason Emerging Markets Equity Fund (USD)

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Maturity Date	Net unrealised appreciation/ (depreciation) in Sub-Fund's Currency
USD	1,767,702	TRY	2,731,155	2-Apr-10	(16,711)
ZAR	16,167,125	USD	2,174,974	6-Apr-10	13,618
<b>Total</b>					<b>(3,093)</b>

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

<sup>β</sup> Please see note 18.

Legg Mason US\$ Core Bond Fund <sup>β</sup> (USD)

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Maturity Date	Net unrealised appreciation/ (depreciation) in Sub-Fund's Currency
USD	74,523	EUR	54,594	18-May-10	1,244
<b>Total</b>					<b>1,244</b>

Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup> (EUR)

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Maturity Date	Net unrealised appreciation/ (depreciation) in Sub-Fund's Currency
AUD	430,000	EUR	284,881	18-May-10	7,820
EUR	305,749	AUD	470,387	18-May-10	(14,522)
EUR	318,086	CAD	440,987	18-May-10	(4,257)
EUR	727,517	GBP	634,761	18-May-10	13,334
EUR	1,712,337	NOK	13,905,568	18-May-10	(14,456)
EUR	1,192,906	PLN	4,756,133	18-May-10	(30,768)
EUR	959,143	SEK	9,334,383	18-May-10	1,926
EUR	3,793,302	USD	5,246,061	18-May-10	(115,095)
GBP	796,332	EUR	901,311	18-May-10	(5,333)
NOK	4,907,775	EUR	605,876	18-May-10	3,560
PLN	987,668	EUR	244,521	18-May-10	9,564
USD	4,031,579	EUR	2,939,254	18-May-10	64,329
USD	313,404	GBP	210,000	18-May-10	(2,787)
USD	720,032	NOK	4,350,000	18-May-10	(3,747)
<b>Total</b>					<b>(90,432)</b>

## 9. Future Contracts

As of 31 March 2010, the Sub-Funds have the following open positions:

Legg Mason US\$ Core Bond Fund <sup>β</sup> (USD)

Description	Maturity Date	Future's Currency	Number of Contracts P/(S)	Commitment (in Future's Currency)	Commitment (in Sub-Fund's Currency)	Net unrealised appreciation/ (depreciation) in Sub-Fund's Currency
10 Year US Treasury Note Future (CBT)	21-Jun-10	USD	(18)	(2,086,875)	(2,086,875)	12,812
US Ultra Bond (CBT)	21-Jun-10	USD	6	714,563	714,563	(1,547)
5 Year US Treasury Note Future (CBT)	30-Jun-10	USD	25	2,865,429	2,865,429	(12,398)
<b>Total</b>						<b>(1,133)</b>

Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup> (EUR)

Description	Maturity Date	Future's Currency	Number of Contracts P/(S)	Commitment (in Future's Currency)	Commitment (in Sub-Fund's Currency)	Net unrealised appreciation/ (depreciation) in Sub-Fund's Currency
2 Year Euro-Schatz Future (EUX)	8-Jun-10	EUR	(15)	(1,630,800)	(1,630,800)	(845)
5 Year Euro-Bobl Future (EUX)	8-Jun-10	EUR	(65)	(7,602,401)	(7,602,401)	(16,680)
10 Year Australian Treasury Bond Future (SFE)	15-Jun-10	AUD	14	1,418,373	970,784	(20,921)
3 Year Australian Treasury Bond Future (SFE)	15-Jun-10	AUD	(20)	(2,030,620)	(1,389,827)	11,770
Euro-Bund Future (EUX)	18-Jun-10	EUR	(10)	(1,231,800)	(1,231,800)	(5,160)
10 Year United Kingdom Long Gilt Future (LIF)	28-Jun-10	GBP	(3)	(342,990)	(386,035)	(4,997)
<b>Total</b>						<b>(36,833)</b>

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

<sup>β</sup> Please see note 18.

**10. Option Contracts**

As of 31 March 2010, the Sub-Funds have the following outstanding option contracts:

**Legg Mason US\$ Core Bond Fund <sup>β</sup> (USD)**

Description	Maturity Date	Option's Currency	Number of Contracts P/(S)	Commitment (in Sub-Fund's Currency)	Market Value (in Sub-Fund's Currency)	Net unrealised appreciation/ (depreciation) in Sub-Fund's Currency
Put 1 Year Eurodollar MIDCV (CME)	16-Apr-10	USD	(7)	(1,712,812)	(88)	–
Put 1 Year Eurodollar MIDCV (CME)	16-Apr-10	USD	7	–	438	(88)
Call 20 Year US Long Bond Option (CBT)	23-Apr-10	USD	2	–	31	(250)
Call US Bond Future Option (CBT)	23-Apr-10	USD	2	–	31	(125)
Put 20 Year US Long Bond Option (CBT)	23-Apr-10	USD	(2)	(2,000,000)	(313)	(31)
Call 10 Year US Future Option (CBT)	21-May-10	USD	10	–	1,564	(2,000)
Call 20 Year US Long Bond Option (CBT)	21-May-10	USD	1	–	172	(453)
Call Eurodollar Future Option (IMM)	14-Jun-10	USD	(1)	(248,438)*	(644)	(106)
Call 90 Day Eurodollar Future Option (CME)	13-Sep-10	USD	(2)	(496,250)*	(1,300)	(400)
Put 90 Day Eurodollar Future Option (CME)	13-Sep-10	USD	(2)	(493,750)	(100)	1,275
<b>Total</b>					<b>(209)</b>	<b>(2,178)</b>

\* The commitment on short call positions is unlimited.

**11. Swap Agreements**

As of 31 March 2010, the Sub-Funds have the following outstanding swap agreements:

**Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup> (EUR)**

Underlying	Counterparty	Buy/Sell Protection	Fixed Interest rate	Maturity Date	Currency	Notional	Net unrealised appreciation/ (depreciation) in Sub-Fund's Currency
iTRAXX Europe 06/15 – Markit iTRAXX Europe	JPMorgan Chase Bank London	Buy	1.00%	20-Jun-15	EUR	1,205,000	(13,187)
<b>Total</b>							<b>(13,187)</b>

**12. Other Commitments on Derivatives**

As of 31 March 2010, the Fund has no other outstanding commitments on derivatives.

**13. Changes in the Investment Portfolio**

Changes in the investment portfolio during the reporting year are available to the Unitholders at the registered offices of the Management Company and the Custodian Bank.

**14. Dividend Distributions**

The Management Company may declare distributions periodically from net investment income and realised gains or losses attributable to each Sub-Fund.

During the reporting year from 1 April 2009 to 31 March 2010, the Fund has recorded the following dividends (on Class A Distribution):

Sub-Funds	Currency	Amount per unit
Legg Mason Global Equity Fund	EUR	1.2858
Legg Mason US Growth and Value Fund	EUR	0.1564
Legg Mason US Large Cap Growth Fund <sup>αβ</sup>	EUR	0.4887
Legg Mason US Aggressive Growth Fund <sup>β</sup>	EUR	0.2156
Legg Mason US Fundamental Value Fund <sup>αβ</sup>	EUR	1.1409
Legg Mason Pan-Europe Equity Fund <sup>β</sup>	EUR	3.6059
Legg Mason Asia Pacific (ex Japan) Fund <sup>β</sup>	EUR	5.3764
Legg Mason Emerging Markets Equity Fund	EUR	0.8842
Legg Mason Euro Core Plus Bond Fund <sup>αβ</sup>	EUR	7.5439

Legg Mason US\$ High Yield Bond Fund <sup>αβ</sup> Ordinary M Share, during the year from 1 April 2009 to 31 March 2010, paid a daily dividend for a total amount of USD 377,978.

**15. Related Party Transactions**

During the year, there has been no related party transaction other than with the Investment Advisors and Investment Managers.

<sup>α</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

<sup>β</sup> Please see note 18.

## 16. Soft Commissions Arrangements

Certain Investment Advisors have entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making were received by the Investment Advisors. The Investment Advisors do not make direct payment for these services but transact an agreed amount of business with the brokers on behalf of the Fund. Commissions are paid from the Fund for these transactions.

The goods and services utilised for the Fund include: portfolio valuations; accounting and performance measurements; service price information; price histories and charts; research: risk analysis, asset allocation; qualitative analysis; execution services; market information and specialised services. All of these are included in the Hong Kong Securities and Futures Commission's list of approved goods and services.

Investment Funds who have arranged soft commissions are:

- Legg Mason US Growth and Value Fund
- Legg Mason US Large Cap Growth Fund <sup>a</sup>
- Legg Mason US Aggressive Growth Fund <sup>β</sup>
- Legg Mason US Fundamental Value Fund <sup>a</sup>

## 17. Important Events

The Board of Directors (the "Board") of Legg Mason Investments (Luxembourg) S.A., the management company of the Fund, decided to merge the following absorbed Sub-Funds into the absorbing Sub-Funds in conformity with Article 17 of the Fund's management regulations. In consideration of the continued trend of redemptions, the current market climate and the anticipated lack of sales growth, the Board decided it was in the best interest of the remaining unitholders to merge the absorbed Sub-Funds into the absorbing Sub-Funds. The mergers took place on 29 May 2009.

<b>Absorbed Sub-Funds – being Sub-Funds of Legg Mason Global Funds FCP (Luxembourg)</b>	<b>Absorbing Sub-Funds – being Sub-Funds of Legg Mason Global Funds FCP (Luxembourg)</b>
<i>Merger of Legg Mason Europe (ex UK) Equity Fund</i>	<i>into Legg Mason Pan-Europe Equity Fund</i>
<i>Merger of Legg Mason Asia (ex Japan) Analyst Fund</i>	<i>into Legg Mason Asia Pacific (ex Japan) Fund</i>

The Board also decided, in conformity with Article 17 of the Fund's management regulations, to terminate the following Sub-Funds: Legg Mason Euro Limited Duration Bond Fund, Legg Mason Global Bond Fund and Legg Mason Global (Unhedged) Bond Fund (the "Sub-Funds") as they were experiencing a continuing decline in assets, which contributed to an increase in the total expense ratio of the Sub-Funds. These declines were a result of the significant falls in global financial markets and continuing trend of redemptions. As such, the Board, with the consent of the Citibank International plc (Luxembourg Branch) (the "Fund's Custodian") decided it was in the best interest of the remaining unitholders to liquidate the Sub-Funds in order to protect them against the adverse effects of a continued decline in assets. The effective date of liquidation of the Legg Mason Euro Limited Duration Bond Fund and the Legg Mason Global (Unhedged) Bond Fund was 15 May 2009 and the effective date of liquidation of the Legg Mason Global Bond Fund was 29 May 2009.

In consideration of the level of assets under management in the Legg Mason Global Corporate Bond Fund (the Sub-Fund), the Board, with the consent of the Citibank International plc (Luxembourg Branch) (the "Fund's Custodian") decided that it was in the best interests of the unitholders to terminate the Sub-Fund. The effective date of liquidation of the Legg Mason Global Corporate Bond Fund was 14 August 2009.

The Board also decided, in conformity with Article 17 of the Fund's management regulations, to terminate Legg Mason China Equity Fund as it was experiencing a continuing decline in assets, which contributed to an increase in the total expense ratio of the Sub-Fund. This decline was a result of the significant falls in global financial markets and continuing trend of redemptions. As such, the Board, with the consent of the Citibank International plc (Luxembourg Branch) (the "Fund's Custodian") decided it was in the best interest of the remaining unitholders to liquidate the Sub-Fund in order to protect them against the adverse effects of a continued decline in assets. The effective date of liquidation of the Legg Mason China Equity Fund was 16 November 2009.

Mr. Brian Collins was appointed as additional Director of Legg Mason Investments (Luxembourg) S.A. on 6 November 2009.

A new prospectus was issued on 30 November 2009.

With effect from 30 November 2009, Legg Mason International Equities Limited resigned as the Investment Manager of the Legg Mason Asia Pacific (ex Japan) Fund and Batterymarch Financial Management, Inc. was appointed as the replacement Investment Manager by the Management Company.

## 18. Subsequent Events

The Board of Directors (the "Board") of Legg Mason Investments (Luxembourg) S.A., the management company of the Fund, decided in conformity with Article 17 of the Fund's management regulations to terminate Legg Mason US\$ High Yield Bond Fund (the "Sub-Fund") as it received redemption requests representing over half of the Net Asset Value of the Sub-Fund. The Board agreed that the remaining amount of total assets was insufficient for the Sub-Fund to be managed in an efficient manner. Further, the Board also agreed that the acceptance of the redemption requests would further prejudice the remaining unitholders. The effective date of liquidation of the Sub-Fund should have been 14 October 2009. Indeed, there was a delay in realising two securities representing less than 2% of the redemption proceeds. One of the securities was subject to a regulatory restriction and could only be realised after the regulatory authority lifted the restriction. The second security was currently trading at a discount due to an ongoing court proceeding involving the company. The manager, in the best interests of unitholders, was waiting for resolution of the court proceeding before selling the securities so as to achieve the best price possible. The effective date of liquidation of the Sub-Fund was 4 June 2010 after the remaining securities were realised.

The Board of Directors (the "Board") of Legg Mason Investments (Luxembourg) S.A. (the "Management Company"), the Management Company of Legg Mason Global Funds FCP (Luxembourg) (the "Fund"), convened Extraordinary Class Meetings of unitholders of the Sub-Funds of the Fund, referred to below as the Absorbed Sub-Funds. The Extraordinary Class Meetings are necessary in order for the unitholders to vote on the proposed mergers of the Absorbed Sub-Funds into Sub-Funds of the Legg Mason Global Funds Plc ("LMGF Plc"), a UCITS fund incorporated under the laws of Ireland, referred to below as the Absorbing Sub-Funds.

<sup>a</sup> Not authorised in Hong Kong and not available to Hong Kong Residents.

<sup>β</sup> Please see note 18.

<b>Legg Mason Global Funds FCP (Luxembourg) Absorbed Sub-Funds</b>	<b>Legg Mason Global Funds Plc Absorbing Sub-Funds</b>
Merger of Legg Mason Euro Core Plus Bond Fund	<i>Into</i> Legg Mason Western Asset Euro Core Plus Bond Fund
Merger of Legg Mason Japan Equity Fund	<i>into</i> Legg Mason Congruix Japan Equity Fund
Merger of Legg Mason Pan-Europe Equity Fund	<i>into</i> Legg Mason Batterymarch European Equity Fund
Merger of Legg Mason US Aggressive Growth Fund	<i>into</i> Legg Mason ClearBridge US Aggressive Growth Fund
Merger of Legg Mason US\$ Core Bond Fund	<i>into</i> Legg Mason Western Asset US Core Bond Fund
Merger of Legg Mason US Fundamental Value Fund	<i>into</i> Legg Mason ClearBridge US Fundamental Value Fund
Merger of Legg Mason US Large Cap Growth Fund	<i>into</i> Legg Mason ClearBridge US Large Cap Growth Fund
Merger of Legg Mason Asia Pacific (ex Japan) Fund	<i>Into</i> Legg Mason Batterymarch Asia Pacific Equity Fund

The required quorum of 50% of the units outstanding having not been reached at each of the Extraordinary Class Meetings held on 25 June 2010, each Extraordinary Class Meeting was adjourned and a second Extraordinary Class Meeting for each Sub-Fund was convened, on 12 July 2010, at the registered office of the Management Company. All mergers were approved during the second Extraordinary Class Meeting and it is anticipated that the mergers will take place on 27 August 2010.

The costs relating to the mergers have been booked to the Absorbed Sub-Funds in the total amount of USD 336,000.



