

Interim Report & Accounts

Legg Mason Funds
ICVC

31 August 2013 (unaudited) – (Long Form Version)

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*These reports with the addition of the fund review section of each sub-fund comprise the Authorised Corporate Directors Report.

Report of the Authorised Corporate Director

Legg Mason Investment Funds Limited, the authorised corporate director (the “ACD”) of Legg Mason Funds ICVC (the “Company”) is pleased to present the interim Report & Accounts for the Company for the six months ended 31 August 2013. The Company is a UK authorised open-ended investment company (“OEIC”). It is organised in the form of an umbrella company and, as at 31 August 2013, has eleven active constituent sub-funds (each a “Fund”) spanning major asset classes around the world.

Authorised Status

The Company is an investment company with variable capital (“ICVC”) incorporated in England and Wales and was authorised by the Financial Services Authority (now the Financial Conduct Authority) on 31 July 2003 under regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001, as amended, (the “OEIC Regulations”).

Each Fund is operated as a distinct fund with its own portfolio of investments and its own investment objective. The investment objective for each active Fund and the policy for achieving that objective is given in the “Investment Objective and Policy” section of each Fund’s report. The investment activities of each active Fund are given in the “Portfolio Summary” section of the report and accounts. Shareholders are not liable for the debts of the Company.

Fund Liabilities

Each Fund, in usual circumstances, is treated as having its own assets and liabilities. However, the assets of each Fund are not “ring fenced” and, if the Company is unable to meet liabilities attributable to any particular Fund out of the assets attributable to that Fund, the excess liabilities may have to be met out of the assets attributable to the other Funds. Assets may be transferred between Funds if it is necessary to do so to satisfy any creditor proceedings against certain of the assets of the Company.

Funds Update

Japan Equity Hedged Share Classes

A “hedged” class X share class was launched in the Legg Mason Japan Equity Fund on 1 March 2013. For each of the hedged share classes of the Company, it is intended to fully hedge against fluctuations between the currencies that are significant to the Fund’s investment strategy and pounds sterling. Shareholders should note that no hedging strategy can eliminate currency risk entirely and no assurance can be given that the hedging objective will be achieved.

Legg Mason Global Equity Income Fund (the “GEI Fund”)

On 1 April 2013, ClearBridge Global Currents Investment Management, LLC merged into ClearBridge Investments, LLC, both being members of the Legg Mason, Inc. group of companies. ClearBridge Global Currents Investment Management, LLC (previously Global Currents Investment Management, LLC) was the investment manager of the GEI Fund.

From 1 April 2013, ClearBridge Investments, LLC is the investment manager of the GEI Fund and the Legg Mason US Equity Income Fund. There has been no change to the portfolio management team managing the GEI Fund and there will be no change to the investment objective, investment policy or risk profile of the GEI Fund as a result of this merger.

R. Shearman

U. Schliessler
for and on behalf of Legg Mason Investment Funds Limited
Authorised Corporate Director of Legg Mason Funds ICVC
31 October 2013

12 Month Performance

Reported shares are the Class A Accumulation in UK pound sterling, except for the Legg Mason Global Blue Chip Bond Fund, Legg Mason Global Multi Strategy Bond Fund, Legg Mason Income Optimiser Fund, Legg Mason Global Equity Income Fund and the Legg Mason US Equity Income Fund, where the Class A Income in UK pound sterling is being reported.

Fund Name	Performance Inception Date	6 months to 31/08/2013	Sep. 2012 to Aug. 2013	Sep. 2011 to Aug. 2012	Sep. 2010 to Aug. 2011	Sep. 2009 to Aug. 2010	Sep. 2008 to Aug. 2009	5 years to 31/08/13	Since Inception to 31/08/13
Percentage change (%)									
Legg Mason Global Multi Strategy Bond Fund	23.05.2008	-5.79	-3.04	7.86	-0.44	13.24	4.92	23.71	21.83
Legg Mason Global Blue Chip Bond Fund	12.02.1998	-2.27	-1.14	4.74	0.51	16.83	-0.80	20.62	84.25
Legg Mason Income Optimiser Fund	19.12.2011	-1.28	6.31	–	–	–	–	–	18.18
Legg Mason Asia Pacific Fund	16.02.2004	-9.46	11.72	-7.76	0.00	21.50	-3.57	20.74	123.00
Legg Mason Continental European Equity Fund	29.08.1997	4.17	23.60	2.51	2.46	-6.36	-12.66	6.17	97.46
Legg Mason Global Equity Income Fund	23.05.2008	5.99	22.49	8.25	7.88	7.56	-2.42	50.14	42.35
Legg Mason Japan Equity Fund	08.10.1996	24.37	67.47	-2.49	58.91	-8.50	11.92	165.74	137.78
Legg Mason UK Equity Fund	31.10.1995	6.32	18.88	9.69	7.63	4.84	-8.72	34.31	157.03
Legg Mason US Equity Fund	02.01.2003	10.74	28.81	14.75	1.65	-0.07	-14.21	28.81	32.18
Legg Mason US Equity Income Fund	17.10.2011	3.65	17.39	–	–	–	–	–	33.00
Legg Mason US Smaller Companies Fund	29.03.2004	4.15	21.46	2.54	19.31	8.67	-9.26	46.51	130.90

Source for performance figures: Legg Mason. Performance is calculated on a NAV to NAV basis, with net income reinvested and after deduction of annual fund expenses. Sales charges, taxes and other locally applied costs to be paid by an investor have not been deducted.

Past performance is no guide to future returns and may not be repeated.

Legg Mason Investments' Fund Range

Fund	Investment Manager	S&P Fund Rating
Fixed Income Funds		
Global Blue Chip Bond Fund	Western Asset Management Company Limited	Not Rated
Global Multi Strategy Bond Fund	Western Asset Management Company Limited	Silver
Income Optimiser Fund	Brandywine Global Investment Management	Not Rated
Equity Funds		
UK Equity Fund	Batterymarch Financial Management, Inc.	Not Rated
Continental European Equity Fund	Batterymarch Financial Management, Inc.	Not Rated
US Equity Fund	Legg Mason Capital Management, Inc.	Not Rated
US Equity Income Fund	Clearbridge Investments, LLC	Not Rated
US Smaller Companies Fund	Royce & Associates, LLC	Gold
Japan Equity Fund	Shiozumi Asset Management Company Limited*	Not Rated
Asia Pacific Fund	Batterymarch Financial Management, Inc.	Silver
Global Equity Income Fund	Clearbridge Investments, LLC	Silver

* Not affiliated to Legg Mason, Inc.

Economic and Market Overview

Fixed income

Over the first quarter of 2013, positive US economic data and diminished concerns about contagion from the eurozone debt crisis led US bond yields to move modestly higher, while the US yield curve steepened. German bond yields declined as Europe slipped into recession but Japanese bond yields rose amid concerns over inflationary policies. Investment grade corporate bond spreads narrowed significantly versus duration-equivalent government bonds. A strong appetite for risk ensured most credit spread sectors comfortably exceeded the returns of government bond markets as central banks maintained highly accommodative policies. Eurozone peripheral country bonds, led by Spain and Italy, posted strong gains on implicit support from the European Central Bank. However, US, UK, Japanese and Australian bonds declined, as investors chased higher yields in other markets.

In April, lacklustre macroeconomic data, suggesting that monetary easing measures would continue, led nearly all government bond markets to post positive absolute performance alongside price increases in global equities and credit. Japan's market, despite historic lows early in the month, experienced the only rise in yields in April. Higher-yielding sovereigns like South Africa, Mexico and Poland performed the best amid strong global investor demand. The Bank of Japan's promise to flood the financial system with yen, and purchase financial assets until Japanese inflation reached its target, also re-ignited demand for higher-yielding currencies. Those that underperformed in the first quarter rallied strongly, notably the South African rand and Polish zloty. The euro also performed well, in spite of expectations of a near-term interest rate cut, benefiting from a temporary resolution to Italy's political uncertainty and signs of a better growth environment. Sterling also rebounded in response to the UK returning to modest growth in the first quarter. However, mixed US economic data pushed the value of the dollar lower and restrained the performance of North and Latin American currencies.

Global bond yields declined substantially during May, and this continued throughout much of June. This spike in yields was likely caused by both an increase in confidence with regard to developed market growth alongside concerns that the Fed would taper quantitative easing (QE) sooner than expected. Those sub-sectors of global bond markets which had benefited from QE-generated liquidity began to sell off. Government bonds, mortgage-backed securities and emerging markets (EM) were affected most during May, but substantial outflows in high yield continued during June.

Bond market volatility receded in July, although government bonds, especially in the US, remained under pressure. Investors were reassured by the US Federal Reserve's (Fed) commitment to accommodative monetary policy, even as they largely discounted the end of QE over the next year. Generally benign macroeconomic global data also helped restore confidence to the credit and EM sectors most impacted during the second quarter. High yield EM recouped some of their recent declines but a number of markets and currencies, including the Brazilian real, continued to face selling pressure. The US dollar was modestly weaker versus major currencies including the euro and the Japanese yen.

Almost all global bond markets fell in August, amid a continuation of extreme asset class. Japan, Italy and Spain were among the few exceptions that generated gains. Both investment grade and high yield corporate bonds struggled over the month, although European high yield was one of the few sectors to register positive performance. EM debt was once again the weakest-performing region over the month, with US dollar-denominated government and corporate debt down. Local currency government debt generated negative returns in local currency terms. However, in light of the weakness of EM currencies, returns in US dollar terms were even weaker. In currency markets, performance versus the US dollar was mixed across major and EM currencies. Sterling and the South Korean won were among the strongest-performing currencies, while the Mexican peso, Brazilian real and South African rand were among those to fall significantly versus the US dollar.

Global equities

US stock markets hit historic highs in March, on the back of improving economic data, including more positive job and housing numbers. Global equity markets also performed well over the month. Increased investor appetite for equities continued during April, with accommodative policy statements from central banks (particularly Japan) outweighing the glut of negative economic data releases. The US remained the one bright spot, with higher consumer spending, falling unemployment and another quarter of GDP growth. Italian equities recovered after news that a coalition government had finally been formed. This ended two months of political deadlock following the ambiguous election result back in February.

Japanese stock markets, the outstanding performer over the first four months of the year, began May on a high, before falling into negative territory by the end of the month. Some investors questioned whether the government's inflation-inducing measures were simply storing up longer-term debt problems. Others, meanwhile, viewed the volatility as a necessary correction given the strong market rally since January. Elsewhere, it was very much a month of two halves for global equity markets. The surprise announcement from the Fed concerning a possible tapering off of its asset purchase programme increased uncertainty and helped push markets lower in the latter part of the month.

The S&P Index fell in June as confidence in the sustainability of an economic recovery began to falter. Ben Bernanke's statements had suggested that any changes made to its bond buying programme would be gradual. However, the prospect of a return to a more normalised environment, with minimal intervention from central bankers, was not well received by markets and investors grown accustomed to stimulus.

Nonetheless, global equities generally advanced across all markets during July – bolstered by positive economic data from Europe and China and solid employment data from the US. Overall, the economic backdrop proved favourable for equities, easing investor fears that the global economy will slow. Significantly, the Federal Reserve re-iterated that it would continue its bond-buying programme, although it also signalled that it might pare this back later in the year should the economy strengthen sufficiently. Other major central banks conveyed a similar message.

Tensions in the Middle East, particularly in Syria and Egypt, continued throughout the summer. Syria was a notable cause of concern, with the US government announcing its intention of military intervention in light of the Syrian government's alleged use of chemical weapons. The effect this would have on markets weighed on investors as the period ended.

Statement of Authorised Corporate Director's Responsibilities

The Open Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, and the Financial Conduct Authority's Collective Investment Schemes sourcebook ("COLL") (which forms part of the Financial Conduct Authority's Handbook of Rules and Guidance) ("the Regulations") require the ACD to prepare financial statements for each annual and half-yearly accounting period which give a true and fair view of the net revenue and the net capital gains or losses on the property of the Company for the accounting period and the financial position of the Company as at the end of the period.

In preparing the financial statements the ACD shall:

- select suitable accounting policies and apply them consistently;
- comply with the Statement of Recommended Practice for financial statements of authorised funds issued by the Investment Management Association in October 2010, the COLL, the Prospectus and Instrument of Incorporation;
- follow generally accepted accounting principles and applicable accounting standards, subject to any material departures which shall be disclosed the explained in the financial statements;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements; and
- take reasonable steps for the prevention and detection of fraud or other irregularities.

Legg Mason Investment Funds Limited
London
31 October 2013

Aggregated Financial Statements

Statement of Total Return (unaudited)

for the six months ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(15,403)		(3,535)
Revenue	24,570		20,591	
Expenses	(7,506)		(5,361)	
Finance costs: Interest	(2)		–	
Net revenue/(expense) before taxation	17,062		15,230	
Taxation	(3,926)		(412)	
Net revenue/(expense) after taxation		13,136		14,818
Total return before distributions		(2,267)		11,283
Finance costs: Distributions		(16,220)		(16,423)
Change in net assets attributable to shareholders from investment activities		(18,487)		(5,140)

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the six months ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,236,479		998,358
Amounts receivable on issue of shares	323,186		181,473	
Amounts payable on cancellation of shares	(221,152)		(150,689)	
Net amounts receivable/(payable) on issue/cancellation of shares		102,034		30,784
Dilution adjustment		123		35
Stamp duty reserve tax		(3)		(8)
Change in net assets attributable to shareholders from investment activities		(18,487)		(5,140)
Retained distribution on accumulation shares		532		303
Unclaimed distributions		–		2
Closing net assets attributable to shareholders		1,320,678		1,024,334

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Aggregated Financial Statements (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		28.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		1,300,956		1,306,555
Debtors	51,843		60,126	
Cash and bank balances	56,865		49,613	
Total other assets		108,708		109,739
Total assets		1,409,664		1,416,294
Liabilities				
Investment liabilities		(2,939)		(13,476)
Creditors	(82,536)		(163,765)	
Bank overdrafts	(37)		–	
Distribution payable on income shares	(3,474)		(2,574)	
Total other liabilities		(86,047)		(166,339)
Total liabilities		(88,986)		(179,815)
Net assets attributable to shareholders		1,320,678		1,236,479

Notes to the Financial Statements (unaudited)

As at 31 August 2013

1. Accounting Basis And Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ("SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

As described in the Statement of Authorised Corporate Directors Responsibilities on page 6, the ACD continues to adopt the going concern basis in the preparation of the aggregate financial accounts and the Funds.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 28 February 2013 and are described in those annual financial statements.

Legg Mason Global Blue Chip Bond Fund

General Information

Investment Manager:	Western Asset Management Company Limited
Fund Size:	£30.7m
Sector:	UK Corporate Bond
Fund Launch:	12 February 1998 <small>(Converted from a Unit Trust to a sub-fund of Legg Mason Funds ICVC on 30 August 2003)</small>

Investment Objective and Policy

The objective of the Fund is to achieve a total return via income yield and capital appreciation while seeking to mitigate capital erosion. The Fund seeks to achieve its objective by investing in a range of fixed interest securities including, but not limited to, corporate bonds, government bonds, asset backed securities and mortgage backed securities. A minimum of 80% of the Fund's net asset value will be invested in debt and fixed income securities that are either denominated in pounds sterling or, if denominated in other currencies, hedged to pounds sterling and which are rated A minus or above (as measured by Standard and Poors or an equivalent external rating agency). Consequently, no more than 20% of the Fund's net asset value may be exposed to currencies other than pounds sterling. The Fund may also invest in other investments to the extent permitted by the FCA Rules as applicable from time to time and as explained in the prospectus, including derivatives, for investment purposes as well as efficient portfolio management purposes, and collective investment schemes.

Legg Mason Global Blue Chip Bond Fund Review

The Legg Mason Global Blue Chip Bond Fund returned -2.27% in sterling terms over the period under review, while the IMA UK corporate bond sector recorded a return in sterling terms of -0.23%. The Fund's negative total returns were primarily a function of the dramatic increase in global government bond yields witnessed in the second half of the review period, as investors reacted to the US Federal Reserve's talk of 'tapering' its asset purchases.

Developed countries' bond yields have risen recently, but remain low by historical standards. This rise in yields in part reflects a broadening in economic growth across developed economies, including Europe. However, the manager does not believe bond yields will rise significantly from current levels. Global economic growth is expected to expand at a moderate pace for the rest of 2013 and into 2014 but remain challenged by fiscal and other structural headwinds, while inflation should remain benign. Consequently, it expects official borrowing rates to remain very low, limiting the rise in long-term yields. Geopolitical risks in the Middle East may also present headwinds to the global recovery, if oil prices remain elevated.

Growth in the US is improving somewhat but the recovery is shallow by historical standards. Economic output remains well below potential and inflation is at a 50-year low. The eurozone is beginning to emerge from recession but the recovery is fragile. The economic policy of the European Central Bank (ECB) remains broadly supportive but political risks persist, not least the German federal elections in September. In Asia, the manager continues to believe that China will succeed in engineering a soft economic landing but that the economy may temporarily remain sluggish as China pursues its reform agenda and reins in excessive credit excesses. China's economy has an increasingly important impact on other emerging market (EM) economies due to its growing global trade linkages. As such, the manager remains mindful of the risk of China's growth undershooting the 7% level consistent with a soft landing. Japan's economy is showing encouraging signs of recovery but, to date, 'Abenomics' has relied almost exclusively on easier monetary policy. Until structural reforms are implemented, Japan risks missing an opportunity to resume a sustainable growth path. However, Prime Minister Abe's control of both parliamentary houses should aid this process. Against this subdued global economic backdrop, and with credit extension remaining challenged, commodity prices, industrial capacity and inflation are unlikely to accelerate significantly in the near term. The manager believes an environment of accommodative monetary policy globally will support spread sectors, and, in the absence of inflation, does not see a sustained rise in government bond yields.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Svenska Handelsbanken 1.625% Global 21/03/2018	493	Network Rail Infrastructure 3.5% Euro MTN 17/06/2013	2,040
Sumitomo Mitsui Banking 2.75% Euro MTN 24/07/2023	470	Svenska Handelsbanken 3.125% Yankee 12/07/2016	458
BAT International Finance 1.125% Euro MTN 29/03/2016	363	Volkswagen Financial Services 2% Euro MTN 23/10/2015	305
Vier Gas Transport 2.875% Euro MTN 12/06/2025	305	Daimler International Finance 1.75% Euro MTN 21/05/2014	248
Volkswagen Financial Services 1.75% Euro MTN 21/08/2017	139	BP Capital Markets 4% Euro MTN 29/12/2014	246
		Tesco 3.375% Euro MTN 02/11/2018	238
		GDF Suez 3.125% Euro MTN 21/01/2020	187
		ConocoPhillips 6% Callable 15/01/2020	175
		Iberdrola International 4.25% Euro MTN 11/10/2018	93
		Roche Finance Europe 2% Callable 25/06/2018	20
Other purchases	-	Other sales	-
Total purchases for the period	1,770	Total sales for the period	4,010

Legg Mason Global Blue Chip Bond Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (inc)			
28.02.11	41,100	87.23	47,119
29.02.12	37,277	88.44	42,149
28.02.13	34,216	90.39	37,851
31.08.13	30,532	87.51†	34,891
Share Class B (inc)			
28.02.11	166	90.22	184
29.02.12	315	91.84	343
28.02.13	20	93.77	21
31.08.13	20	91.48†	21
Share Class X (inc) ‡			
28.02.13	17	99.81	17
31.08.13	102	97.22†	105

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2008			
Class 'A' (inc)	4.9993	96.72	69.65
Class 'B' (inc)	5.1032	98.53	71.25
2009			
Class 'A' (inc)	4.6851	86.06	62.64
Class 'B' (inc)	4.8022	88.43	64.16
2010			
Class 'A' (inc)	3.9671	91.51	84.57
Class 'B' (inc)	4.0924	94.41	86.93
2011			
Class 'A' (inc)	2.5156	89.31	86.15
Class 'B' (inc)	2.6717	92.45	89.29
2012			
Class 'A' (inc)	2.0660	91.45	87.43
Class 'B' (inc)	2.1059	95.31	90.65
2013			
Class 'A' (inc)	1.5010+	91.09*	87.67*†
Class 'B' (inc)	2.0021+	95.03*	91.51*†
Class 'X' (inc) ‡	1.1974+	101.00*	97.34*†
Ongoing Charge Figure		31.08.13	28.02.13
Class 'A' (inc)		1.37%	1.37%
Class 'B' (inc)		0.96%	0.95%
Class 'X' (inc) ‡		0.86%	0.87%

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised.

* To 31 August 2013.

+ To 31 October 2013.

‡ Launched on 7 January 2013.

† Accounting standards require assets to be valued at bid market value, whereas the daily Fund price is calculated using a Mid asset value, this can lead to the accounting net asset value per share being lower than the lowest share price for the year.

Legg Mason Global Blue Chip Bond Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(872)		822
Revenue	448		584	
Expenses	(223)		(252)	
Finance costs: Interest	–		(163)	
Net revenue/(expense) before taxation	225		332	
Taxation	(78)		(1)	
Net revenue/(expense) after taxation		147		331
Total return before distributions		(725)		1,153
Finance costs: Distributions		(314)		(518)
Change in net assets attributable to shareholders from investment activities		(1,039)		635

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		34,253		37,592
Amounts receivable on issue of shares	108		276	
Amounts payable on cancellation of shares	(2,668)		(2,431)	
Net amounts receivable/(payable) on issue/cancellation of shares		(2,560)		(2,155)
Dilution adjustment		–		–
Stamp duty reserve tax		–		(1)
Change in net assets attributable to shareholders from investment activities		(1,039)		635
Retained distribution on accumulation shares		–		–
Unclaimed distributions		–		1
Closing net assets attributable to shareholders		30,654		36,072

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason Global Blue Chip Bond Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		28.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		29,872		34,398
Debtors	662		725	
Cash and bank balances	628		905	
Total other assets		1,290		1,630
Total assets		31,162		36,028
Liabilities				
Investment liabilities		(11)		(771)
Creditors	(339)		(943)	
Bank overdrafts	–		–	
Net distribution payable on income shares	(158)		(61)	
Total other liabilities		(497)		(1,004)
Total liabilities		(508)		(1,775)
Net assets attributable to shareholders		30,654		34,253

Legg Mason Global Blue Chip Bond Fund (continued)

Distribution Table

As at 31 August 2013

First Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 March 2013

Group 2 Final Shares purchased on or after 1 March 2013 to 31 May 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.5115	0.1023	0.4092	–	0.4092	0.5294
Group 2	0.2336	0.0467	0.1869	0.2223	0.4092	0.5294

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.4535	0.0907	0.3628	–	0.3628	0.5104
Group 2	0.1981	0.0396	0.1585	0.2043	0.3628	0.5104

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.5743	0.1149	0.4594	–	0.4594	N/A
Group 2	0.1111	0.0222	0.0889	0.3705	0.4594	N/A

Second Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 June 2013

Group 2 Final Shares purchased on or after 1 June 2013 to 31 August 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	0.5625	0.1125	0.4500	–	0.4500	0.4810
Group 2	0.1953	0.0391	0.1562	0.2938	0.4500	0.4810

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	0.6195	0.1239	0.4956	–	0.4956	0.5035
Group 2	0.2874	0.0575	0.2299	0.2657	0.4956	0.5035

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	0.5873	0.1175	0.4698	–	0.4698	N/A
Group 2	0.4758	0.0952	0.3806	0.0892	0.4698	N/A

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason Global Multi Strategy Bond Fund

General Information

Investment Manager:	Western Asset Management Company Limited
Fund Size:	£636.2m
Sector:	Global Bond
Fund Launch:	23 May 2008

Investment Objective and Policy

The objective of this Fund is to maximise total return through income and capital appreciation by diversifying across a range of fixed income securities, sectors and currencies. The Fund seeks to achieve its objective by investing globally, principally in debt and fixed income securities denominated in currencies of a variety of developed and emerging market countries. The Fund invests across the major fixed income sectors including high yielding and Emerging Market debt securities. A minimum of 80% of the Fund's net asset value will be invested in debt and fixed income securities that are either denominated in pounds sterling or, if denominated in other currencies, hedged to pounds sterling. Consequently, no more than 20% of the Fund's net asset value may be exposed to currencies other than pounds sterling. The Fund may also invest in other investments to the extent permitted by the FCA Rules as applicable from time to time and as explained in the prospectus, including collective investment schemes.

Legg Mason Global Multi Strategy Bond Fund Review

The Legg Mason Global Multi Strategy Bond Fund fell by 5.79% in sterling terms over the period under review, while the IMA Global Bond sector recorded a decrease in sterling terms of 5.24%. The Fund's performance during the period was hindered by its exposure to local currency emerging market debt as well as emerging market currencies, which were badly hit towards the end of the period by the US Federal Reserve's announcement in May of a sooner-than-expected tapering in its bond-buying programme. The Fund also did not benefit from portfolio diversification over the period as a whole, as correlations across global fixed income sectors increased over the last two months of the second quarter. The associated bout of fixed income market volatility led to negative returns across bond markets, both in high-quality and low-quality assets. Because bond yields rose by such a large amount, and over such a short period of time, there was little time for the income generated from the Fund's higher-yielding holdings to offset the capital losses emanating from the rise in underlying government bond yields.

Developed countries' bond yields have risen in recent weeks, but remain low by historical standards. This rise in yields in part reflects a broadening in economic growth across developed economies, including Europe. However, the manager does not believe bond yields will rise significantly from current levels. Global economic growth is expected to expand at a moderate pace for the rest of 2013 and into 2014 but remain challenged by fiscal and other structural headwinds, while inflation should remain benign. Consequently, it expects official borrowing rates to remain very low, limiting the rise in long-term yields. Geopolitical risks in the Middle East may also present headwinds to the global recovery, if oil prices remain elevated.

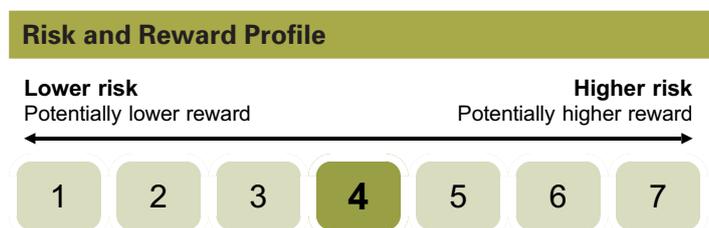
Growth in the US is improving somewhat but the recovery is shallow by historical standards, economic output remains well below potential and inflation is at a 50-year low. The eurozone is beginning to emerge from recession but the recovery is fragile. The economic policy of the European Central Bank (ECB) remains broadly supportive but political risks persist, not least the German federal elections in September. In Asia, the manager continues to believe that China will succeed in engineering a soft economic landing but that the economy may temporarily remain sluggish as China pursues its reform agenda and reins in excessive credit excesses. China's economy has an increasingly important impact on other emerging market (EM) economies due to its growing global trade linkages. As such, the manager remains mindful of the risk of China's growth undershooting the 7% level consistent with a soft landing. Japan's economy is showing encouraging signs of recovery but, to date, 'Abenomics' has relied almost exclusively on easier monetary policy. Until structural reforms are implemented, Japan risks missing an opportunity to resume a sustainable growth path. However, Prime Minister Abe's control of both parliamentary houses should aid this process. Against this subdued global economic backdrop, and with credit extension remaining challenged, commodity prices, industrial capacity and inflation are unlikely to accelerate significantly in the near term. The manager believes an environment of accommodative monetary policy globally will support spread sectors, and, in the absence of inflation, does not see a sustained rise in government bond yields.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
United Kingdom Treasury Bill 0.1% UK Government 29/04/2013	37,492	Bundesobligation 2.25% Euro Zone 10/04/2015	93,296
United States Treasury Note 3.125% US Government 15/02/2043	31,514	United Kingdom Treasury Bill 0.1% UK Government 29/04/2013	37,500
Bundesobligation 2.25% Euro Zone 10/04/2015	27,544	United States Treasury Note 3.125% US Government 15/02/2043	19,507
Fannie Mae 3.5% Mortgage Backed Security 30 Year	18,078	Fannie Mae 3.5% Mortgage Backed Security 30 Year	19,446
Fannie Mae 3.5% Mortgage Backed Security 30 Year	18,473	Fannie Mae 3.5% Mortgage Backed Security 30 Year	18,490
Fannie Mae 3.5% Mortgage Backed Security 30 Year	18,447	Fannie Mae 3.5% Mortgage Backed Security 30 Year	18,080
Fannie Mae 3.5% Mortgage Backed Security 30 Year	18,099	Fannie Mae 3.5% Mortgage Backed Security 30 Year	18,079
Fannie Mae 3.5% Mortgage Backed Security 30 Year	18,034	Fannie Mae 3.5% Mortgage Backed Security 30 Year	17,651
Fannie Mae 3.5% Mortgage Backed Security 30 Year	17,601	Legg Mason Global Funds Western Asset Euro High Yield Fund	16,622
United Kingdom Gilt 1% UK GILT STOCK 07/09/2017	14,458	Bundesobligation 0.5% Euro Zone 23/02/2018	15,222
Turkey Government Bond 9.5% Domestic 12/01/2023	13,891	United Kingdom Gilt 1% UK GILT STOCK 07/09/2017	14,458
Poland Government Bond 5.25% Domestic 25/10/2017	13,809	Fannie Mae 3.5% Mortgage Backed Security 30 Year	12,239
Turkey Government Bond 9.5% Domestic 12/01/2023	11,975	South Africa Government 10.5% Domestic 21/12/2026	10,467
Bank of America 5.2% Global 31/12/2049	10,037	Ginnie Mae 3% Mortgage Backed Security 30 Year	8,121
Fannie Mae 3% Mortgage Backed Security 30 Year	8,893	Fannie Mae 3% Mortgage Backed Security 30 Year	8,822
South Africa Government 10.5% Domestic 21/12/2026	7,144	Legg Mason Global Funds Western Asset US High Yield Fund	8,714
Brazil Notas do Tesouro Nacional Serie F 10% Domestic 01/01/2021	7,004	Bundesobligation 2% Euro Zone 26/02/2016	7,098
Mexican Bonos 6.5% Domestic 09/06/2022	6,871	Poland Government Bond 5.25% Domestic 25/10/2017	7,030
Citigroup 5.35% Global 31/12/2049	6,698	Bank of America 5.2% Global 31/12/2049	6,632
		Turkey Government Bond 9.5% Domestic 12/01/2023	6,588
Other purchases	480,611	Other sales	459,729
Total purchases for the period	803,295	Total sales for the period	823,791

Legg Mason Global Multi Strategy Bond Fund (continued)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in a diversified portfolio of bonds from various sectors and countries which have historically been subject to moderate fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Bonds: There is a risk that issuers of bonds held by the Fund may not be able to repay the bond or pay the interest due on it, leading to losses for the Fund.

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Asset-backed securities: The timing and size of the cash-flow from asset-backed securities is not fully assured and could result in loss for the Fund. These types of investments may also be difficult for the Fund to sell quickly.

Derivatives: Investment in derivatives may cause the Fund to lose as much as or more than the amount invested.

Hedging: The Fund may use derivatives to reduce the risk of movements in exchange rates between the currency of the investments held by the Fund and base currency of the Fund itself (hedging). However, hedging transactions can also expose the Fund to additional risks, such as the risk that the counterparty to the transaction may not be able to make its payments, which may result in loss to the Fund.

Interest rates: Changes in interest rates may negatively affect the value of the Fund.

Fund counterparties: The Fund may suffer losses if the parties that it trades with cannot meet their financial obligations.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

Annual management charge from capital: The Fund's annual management charge is taken from its capital (rather than income). This may adversely affect the Fund's overall growth.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the prospectus.

Legg Mason Global Multi Strategy Bond Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (inc)			
28.02.11	32,332	101.65	31,806
29.02.12	37,637	101.09	37,230
28.02.13	52,936	103.57	51,112
31.08.13	44,276	95.61†	46,309
Share Class B (inc)			
28.02.11	45,933	102.91	44,634
29.02.12	24,366	101.83	23,927
28.02.13	30,392	105.82	28,721
31.08.13	18,830	97.89†	19,235
Share Class I (acc) ‡			
29.02.12	2	104.89	2
28.02.13	10,209	113.15	9,023
31.08.13	11,041	107.53†	10,267
Share Class I (inc)			
28.02.11	458,567	123.35	371,773
29.02.12	499,020	123.74	403,270
28.02.13	639,036	127.78	500,092
31.08.13	558,433	118.49†	471,292
Share Class X (inc) ††			
28.02.13	1,136	100.60	1,129
31.08.13	3,604	93.11†	3,871

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2008			
Class 'A' (inc)	2.8580	100.00	82.44
Class 'B' (inc)	2.8103	99.91	82.60
2009			
Class 'A' (inc)	4.9718	99.97	82.11
Class 'B' (inc)	4.9603	100.70	82.40
Class 'I' (inc) †††	3.6482	120.10	100.90
2010			
Class 'A' (inc)	4.5703	104.80	99.12
Class 'B' (inc)	4.5110	105.90	100.00
Class 'I' (inc)	5.3342	126.80	119.50
2011			
Class 'A' (inc)	4.2632	102.70	95.35
Class 'B' (inc)	4.3322	104.10	96.78
Class 'I' (acc) ‡	0.2110	100.50	98.26
Class 'I' (inc)	5.1631	124.80	116.30
2012			
Class 'A' (inc)	3.9663	104.20	98.20
Class 'B' (inc)	3.9943	106.40	99.79
Class 'I' (acc)	5.1573	112.70	100.60
Class 'I' (inc)	4.9143	128.40	120.00
Class 'X' (inc) ††	0.2319	101.10	99.84
2013			
Class 'A' (inc)	2.6819+	104.70*	95.76*†
Class 'B' (inc)	2.7527+	107.10*	98.04*†
Class 'I' (acc)	3.6902+	115.40*	107.30*†
Class 'I' (inc)	3.3453+	129.50*	118.70*†
Class 'X' (inc)	2.6203+	101.80*	93.23*†

Legg Mason Global Multi Strategy Bond Fund (continued)

Net Asset Value per Share and Comparative Table (continued)

Ongoing Charge Figure	31.08.13	28.02.13
Class 'A' (inc)	1.46%	1.45%
Class 'B' (inc)	1.01%	1.00%
Class 'I' (acc) †	0.59%	0.58%
Class 'I' (inc)	0.59%	0.58%
Class 'X' (inc) ††	0.83%	0.83%

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised.

* To 31 August 2013.

+ To 31 October 2013.

‡ Launched on 18 November 2011.

†† Launched on 6 November 2012.

† Accounting standards require assets to be valued at bid market value, whereas the daily Fund price is calculated using a Mid asset value, this can lead to the accounting net asset value per share being lower than the lowest share price for the year.

Legg Mason Global Multi Strategy Bond Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(50,980)		10,918
Revenue	17,711		15,456	
Expenses	(2,395)		(2,019)	
Finance costs: Interest	–		–	
Net revenue/(expense) before taxation	15,316		13,437	
Taxation	(3,407)		(4)	
Net revenue/(expense) after taxation		11,909		13,433
Total return before distributions		(39,071)		24,351
Finance costs: Distributions		(13,635)		(14,883)
Change in net assets attributable to shareholders from investment activities		(52,706)		9,468

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		733,709		561,025
Amounts receivable on issue of shares	55,370		94,094	
Amounts payable on cancellation of shares	(100,450)		(46,798)	
Net amounts receivable/(payable) on issue/cancellation of shares		(45,080)		47,296
Dilution adjustment		–		–
Stamp duty reserve tax		–		–
Change in net assets attributable to shareholders from investment activities		(52,706)		9,468
Retained distribution on accumulation shares		261		73
Unclaimed distributions		–		–
Closing net assets attributable to shareholders		636,184		617,862

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason Global Multi Strategy Bond Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		28.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		648,431		827,724
Debtors	42,680		46,664	
Cash and bank balances	<u>23,392</u>		<u>24,258</u>	
Total other assets		<u>66,072</u>		<u>70,922</u>
Total assets		<u>714,503</u>		<u>898,646</u>
Liabilities				
Investment liabilities		(2,151)		(11,742)
Creditors	(73,903)		(151,248)	
Bank overdrafts	–		–	
Net distribution payable on income shares	<u>(2,265)</u>		<u>(1,947)</u>	
Total other liabilities		<u>(76,168)</u>		<u>(153,195)</u>
Total liabilities		<u>(78,319)</u>		<u>(164,937)</u>
Net assets attributable to shareholders		<u>636,184</u>		<u>733,709</u>

Legg Mason Global Multi Strategy Bond Fund (continued)

Distribution Table

As at 31 August 2013

First Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 March 2013

Group 2 Final Shares purchased on or after 1 March 2013 to 31 March 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 30.04.13	Distribution paid 30.04.12
Group 1	0.3504	0.0701	0.2803	-	0.2803	0.3619
Group 2	0.1941	0.0388	0.1553	0.1250	0.2803	0.3619

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 30.04.13	Distribution paid 30.04.12
Group 1	0.3514	0.0703	0.2811	-	0.2811	0.3819
Group 2	0.0108	0.0022	0.0086	0.2725	0.2811	0.3819

Class 'I' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 30.04.13	Distribution paid 30.04.12
Group 1	0.4334	0.0867	0.3467	-	0.3467	0.4459
Group 2	0.2321	0.0464	0.1857	0.1610	0.3467	0.4459

Class 'I' Accumulation Shares (Gross)

	Gross Income	Income Tax	Net Income	Equalisation	Distribution paid 30.04.13	Distribution paid 30.04.12
Group 1	0.4003	-	0.4003	-	0.4003	0.4664
Group 2	0.1295	-	0.1295	0.2708	0.4003	0.4664

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 30.04.13	Distribution paid 30.04.12
Group 1	0.3550	0.0710	0.2840	-	0.2840	N/A
Group 2	0.1215	0.0243	0.0972	0.1868	0.2840	N/A

Second Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 April 2013

Group 2 Final Shares purchased on or after 1 April 2013 to 30 April 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.05.13	Distribution paid 31.05.12
Group 1	0.3624	0.0725	0.2899	-	0.2899	0.3033
Group 2	0.2201	0.0440	0.1761	0.1138	0.2899	0.3033

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.05.13	Distribution paid 31.05.12
Group 1	0.3680	0.0736	0.2944	-	0.2944	0.3133
Group 2	0.1954	0.0391	0.1563	0.1381	0.2944	0.3133

Class 'I' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.05.13	Distribution paid 31.05.12
Group 1	0.4489	0.0898	0.3591	-	0.3591	0.3732
Group 2	0.2033	0.0407	0.1626	0.1965	0.3591	0.3732

Class 'I' Accumulation Shares (Gross)

	Gross Income	Income Tax	Net Income	Equalisation	Distribution paid 31.05.13	Distribution paid 31.05.12
Group 1	0.4094	-	0.4094	-	0.4094	0.3918
Group 2	0.2510	-	0.2510	0.1584	0.4094	0.3918

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.05.13	Distribution paid 31.05.12
Group 1	0.3588	0.0718	0.2870	-	0.2870	N/A
Group 2	0.1551	0.0310	0.1241	0.1629	0.2870	N/A

Legg Mason Global Multi Strategy Bond Fund (continued)

Third Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 May 2013

Group 2 Final Shares purchased on or after 1 May 2013 to 31 May 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 30.06.13	Distribution paid 29.06.12
Group 1	0.4096	0.0819	0.3277	-	0.3277	0.3533
Group 2	0.1974	0.0395	0.1579	0.1698	0.3277	0.3533

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 30.06.13	Distribution paid 29.06.12
Group 1	0.4144	0.0829	0.3315	-	0.3315	0.3571
Group 2	0.2810	0.0562	0.2248	0.1067	0.3315	0.3571

Class 'I' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 30.06.13	Distribution paid 29.06.12
Group 1	0.5050	0.1010	0.4040	-	0.4040	0.4394
Group 2	0.2048	0.0410	0.1638	0.2402	0.4040	0.4394

Class 'I' Accumulation Shares (Gross)

	Gross Income	Income Tax	Net Income	Equalisation	Distribution paid 30.06.13	Distribution paid 29.06.12
Group 1	0.4639	-	0.4639	-	0.4639	0.4509
Group 2	0.1598	-	0.1598	0.3041	0.4639	0.4509

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 30.06.13	Distribution paid 29.06.12
Group 1	0.4079	0.0816	0.3263	-	0.3263	N/A
Group 2	0.1561	0.0312	0.1249	0.2014	0.3263	N/A

Fourth Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 June 2013

Group 2 Final Shares purchased on or after 1 June 2013 to 30 June 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.3583	0.0717	0.2866	-	0.2866	0.2993
Group 2	0.1993	0.0399	0.1594	0.1272	0.2866	0.2993

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.3628	0.0726	0.2902	-	0.2902	0.3098
Group 2	0.0095	0.0019	0.0076	0.2826	0.2902	0.3098

Class 'I' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.4439	0.0888	0.3551	-	0.3551	0.3688
Group 2	0.1913	0.0383	0.1530	0.2021	0.3551	0.3688

Class 'I' Accumulation Shares (Gross)

	Gross Income	Income Tax	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.4097	-	0.4097	-	0.4097	0.3904
Group 2	0.1643	-	0.1643	0.2454	0.4097	0.3904

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.3579	0.0716	0.2863	-	0.2863	N/A
Group 2	0.2268	0.0454	0.1814	0.1049	0.2863	N/A

Legg Mason Global Multi Strategy Bond Fund (continued)

Fifth Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 July 2013
Group 2 Final Shares purchased on or after 1 July 2013 to 31 July 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.08.13	Distribution paid 31.08.12
Group 1	0.4993	0.0999	0.3994	-	0.3994	0.3042
Group 2	0.2619	0.0524	0.2095	0.1899	0.3994	0.3042

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.08.13	Distribution paid 31.08.12
Group 1	0.5356	0.1071	0.4285	-	0.4285	0.3104
Group 2	0.1808	0.0362	0.1446	0.2839	0.4285	0.3104

Class 'I' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.08.13	Distribution paid 31.08.12
Group 1	0.6058	0.1212	0.4846	-	0.4846	0.3621
Group 2	0.2149	0.0430	0.1719	0.3127	0.4846	0.3621

Class 'I' Accumulation Shares (Gross)

	Gross Income	Income Tax	Net Income	Equalisation	Distribution paid 31.08.13	Distribution paid 31.08.12
Group 1	0.5765	-	0.5765	-	0.5765	0.3943
Group 2	0.2339	-	0.2339	0.3426	0.5765	0.3943

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.08.13	Distribution paid 31.08.12
Group 1	0.4933	0.0987	0.3946	-	0.3946	N/A
Group 2	0.2528	0.0506	0.2022	0.1924	0.3946	N/A

Sixth Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 August 2013
Group 2 Final Shares purchased on or after 1 August 2013 to 31 August 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 30.09.13	Distribution paid 30.09.12
Group 1	0.4201	0.0840	0.3361	-	0.3361	0.3704
Group 2	0.2500	0.0500	0.2000	0.1361	0.3361	0.3704

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 30.09.13	Distribution paid 30.09.12
Group 1	0.4474	0.0895	0.3579	-	0.3579	0.3327
Group 2	0.3295	0.0659	0.2636	0.0943	0.3579	0.3327

Class 'I' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 30.09.13	Distribution paid 30.09.12
Group 1	0.5383	0.1077	0.4306	-	0.4306	0.4555
Group 2	0.2506	0.0501	0.2005	0.2301	0.4306	0.4555

Class 'I' Accumulation Shares (Gross)

	Gross Income	Income Tax	Net Income	Equalisation	Distribution payable 30.09.13	Distribution paid 30.09.12
Group 1	0.3981	-	0.3981	-	0.3981	0.5256
Group 2	0.1712	-	0.1712	0.2269	0.3981	0.5256

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 30.09.13	Distribution paid 30.09.12
Group 1	0.3495	0.0699	0.2796	-	0.2796	N/A
Group 2	0.1844	0.0369	0.1475	0.1321	0.2796	N/A

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason Income Optimiser Fund

General Information

Investment Manager:	Brandywine Global Investment Management
Fund Size:	£63.5m
Sector:	N/A
Fund Launch:	19 December 2011

Investment Objective and Policy

The objective of this Fund is to maximise income yield in all market conditions over a rolling 3-5 year period with a secondary objective of capital preservation. The Fund seeks to achieve its objective by investing at least 70% of its net asset value in (i) government and corporate debt securities, convertible securities, mortgage backed securities, asset backed securities, common stock and preferred shares that are listed or traded on regulated markets; (ii) units or shares of collective investment schemes; and (iii) financial derivative instruments, such minimum percentage consisting solely of the assets set out at (i) above, or a combination of (i) and (ii), of (i) and (iii), or of (i), (ii) and (iii). The Fund will invest in a combination of investment grade and

below investment grade bonds (as measured by Standard & Poor's, Moody's or an equivalent external rating agency), preferred shares, convertible bonds, common stock, spot and forward foreign exchange contracts, credit default swaps, equity options and other financial derivative instruments. A minimum of 70% of the Fund's net asset value will be invested in securities or derivatives that are either denominated in Sterling or, if denominated in other currencies, are hedged to Sterling. No more than 10% of the Fund's net asset value may be invested in units or shares of collective investment schemes. The Fund may also invest in other transferable securities, money market instruments and deposits. When deemed appropriate by the Fund's investment manager, the Fund may hold synthetic short positions, on individual securities, indices, currencies and/or interest rates. The Fund seeks to achieve a target gross income yield of 8% per annum over a rolling 3-5 year period. Although the Fund seeks to maximise income yield in all market conditions with a secondary objective of capital preservation, neither of these objectives is guaranteed; the objectives may not be achieved; the Fund may experience negative returns and investors may not get back the amount originally invested.

Legg Mason Income Optimiser Fund Review

The Legg Mason Income Optimiser Fund decreased by 1.28% in sterling terms during the six-month period under review. Despite a strong start in the early stages of the period, the Fund struggled from May onwards. This was largely as a result of its exposure to EM currencies, notably the Brazilian real, Mexican peso and Indian rupee, which were badly hit by the US Federal Reserve's comments about potential tapering of its quantitative easing policy. The Fund's allocation to Mexican bonos also proved detrimental.

The manager continues to be cautiously optimistic. While the US economy, particularly the private sector, is gathering pace, disinflationary pressures from Europe and emerging markets may still pose a risk to sustained economic expansion. Also, the strength of the US housing market, which has a dramatic effect on consumer wealth, is helping to drive consumption and increase confidence. Within Japan, after 20 years of economic stagnation and deflation, new leadership has embraced radical, unorthodox monetary policy aimed at reflating the Japanese economy. The impact of these actions can already be seen, with widespread reports of companies boosting wages. However, offsetting these positives is the deflationary pressure from Europe, which has high unemployment and weak growth dynamics. The combination of lacklustre growth and falling inflation means that the European Central Bank will most likely keep interest rates on hold for a prolonged period of time. Within emerging markets (EM), slower growth, as well as the knock-on effects of Fed tapering, warrants a degree of caution. However, the manager has used the recent re-pricing to take advantage of pricing anomalies in oversold global bond and currency markets. The Fund is positioned to take advantage of higher global growth rates but, given current valuations and the already mentioned headwinds, remains defensively positioned in certain segments of the credit market.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Tronox Finance 6.375% Private Placement 15/08/2018	3,327	Momentive Performance 8.875% Global 15/10/2020	2,036
Italy Buoni Poliennali Del Tesoro 5% Euro-Zone 09/01/2040	3,159	Tronox Finance 6.375% Private Placement 15/08/2018	1,747
Mexican Bonos 8.5% Domestic 18/11/2038	3,151	Mexican Bonos 8.5% Domestic 18/11/2038	1,694
JP Morgan Chase Commercial Mortgage Securities Trust 6.19623% CMBS 15/02/2051	3,067	Banc Of America Funding 0.71885% Private CMO 25/11/2035	1,579
Safway Finance 7% Private Placement 15/05/2018	2,990	Italy Buoni Poliennali Del Tesoro 5% Euro-Zone 09/01/2040	1,577
Ireland Government Bond 3.9% Euro-Zone 20/03/2023	2,938	JP Morgan Chase Commercial Mortgage Securities Trust 6.19623% CMBS 15/02/2051	1,527
Mexican Bonos 7.75% Domestic 13/11/2042	2,782	Portugal Obrigacoes do Tesouro 4.95% Euro-Zone 25/10/2023	1,514
Cablevision Systems 8% US Domestic 15/04/2020	2,555	Ireland Government Bond 3.9% Euro-Zone 20/03/2023	1,475
Momentive Performance 8.875% Global 15/10/2020	2,516	Safway Finance 7% Private Placement 15/05/2018	1,473
Portugal Obrigacoes do Tesouro 4.95% Euro-Zone 25/10/2023	2,477	Turkey Government Bond 9% Domestic 05/03/2014	1,443
Gtech 8.25% Euro-Zone 31/03/2066	2,343	Caesars Entertainment Operating 9% Global 15/02/2020	1,424
ENW Finance 5.875% Euro-Non Dollar 21/06/2021	2,302	Gtech 8.25% Euro-Zone 31/03/2066	1,396
Portugal Obrigacoes do Tesouro 4.35% Euro-Zone 16/10/2017	2,270	Mexican Bonos 7.75% Domestic 13/11/2042	1,356
Cemex 9% Private Placement 11/01/2018	2,208	Poland Government Bond 5% Domestic 24/10/2013	1,275
Digicel 8.25% Private Placement 30/09/2020	2,174	Cablevision Systems 8% US Domestic 15/04/2020	1,254
Edcon 9.5% Euro-Non Dollar 01/03/2018	2,130	Mexican Bonos 7% Domestic 19/06/2014	1,245
Arcos Dorados 10.25% Private Placement 13/07/2016	2,037	Cemex 9% Private Placement 11/01/2018	1,225
Softbank 4.5% Private Placement 15/04/2020	2,010	Portugal Obrigacoes do Tesouro 4.35% Euro-Zone 16/10/2017	1,160
Jefferies Finance 7.375% Private Placement 01/04/2020	1,981	ENW Finance 5.875% Euro-Non Dollar 21/06/2021	1,151
NGG Finance 5.625% Euro-Non Dollar 18/06/2073	1,960	Arcos Dorados 10.25% Private Placement 13/07/2016	1,132
Other purchases	81,675	Other sales	59,058
Total purchases for the period	132,052	Total sales for the period	87,741

Legg Mason Income Optimiser Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (inc) ‡			
29.02.12	683	106.06	644
28.02.13	789	111.79	705
31.08.13	1,251	107.66†	1,162
Share Class B (inc) ‡			
29.02.12	684	106.21	644
28.02.13	3,778	112.59	3,356
31.08.13	3,725	108.38†	3,437
Share Class X (inc) ‡#			
29.02.12	2,052	106.21	1,932
28.02.13	15,337	112.92	13,582
31.08.13	58,532	108.68†	53,856

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2011			
Class 'A' (inc) ‡	0.0000	100.70	99.88
Class 'B' (inc) ‡	0.0000	100.70	99.88
Class 'I' (inc) ‡ #	0.0000	100.70	99.88
2012			
Class 'A' (inc)	3.9052	112.00	100.70
Class 'B' (inc)	3.9912	112.00	100.70
Class 'X' (inc) #	3.9141	112.40	100.70
2013			
Class 'A' (inc)	5.9840+	115.10*	108.90*†
Class 'B' (inc)	5.5944+	115.90*	109.70*†
Class 'X' (inc) #	5.5326+	116.10*	109.90*†
Ongoing Charge Figure		31.08.13	28.02.13
Class 'A' (inc)		1.51%	1.65%
Class 'B' (inc)		1.05%	1.20%
Class 'X' (inc) #		0.89%	1.05%

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised.

* To 31 August 2013.

+ To 31 October 2013.

‡ Launched on 19 December 2011.

From 1 December 2012 the I share class was redesignated as an X share class.

† Accounting standards require assets to be valued at bid market value, whereas the daily Fund price is calculated using a Mid asset value, this can lead to the accounting net asset value per share being lower than the lowest share price for the year.

Legg Mason Income Optimiser Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(2,849)		89
Revenue	1,363		139	
Expenses	(195)		(21)	
Finance costs: Interest	–		–	
Net revenue/(expense) before taxation	1,168		118	
Taxation	(3)		–	
Net revenue/(expense) after taxation		1,165		118
Total return before distributions		(1,684)		207
Finance costs: Distributions		(1,319)		(133)
Change in net assets attributable to shareholders from investment activities		(3,003)		74

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		19,904		3,419
Amounts receivable on issue of shares	47,577		1,815	
Amounts payable on cancellation of shares	(981)		–	
Net amounts receivable/(payable) on issue/cancellation of shares		46,596		1,815
Dilution adjustment		11		4
Stamp duty reserve tax		–		–
Change in net assets attributable to shareholders from investment activities		(3,003)		74
Retained distribution on accumulation shares		–		–
Unclaimed distributions		–		–
Closing net assets attributable to shareholders		63,508		5,312

The above statement shows the comparative net assets of 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason Income Optimiser Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		28.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		60,546		20,029
Debtors	2,493		1,908	
Cash and bank balances	4,464		1,469	
Total other assets		6,957		3,377
Total assets		67,503		23,406
Liabilities				
Investment liabilities		(770)		(963)
Creditors	(2,464)		(2,253)	
Bank overdrafts	–		–	
Net distribution payable on income shares	(761)		(286)	
Total other liabilities		(3,225)		(2,539)
Total liabilities		(3,995)		(3,502)
Net assets attributable to shareholders		63,508		19,904

Legg Mason Income Optimiser Fund (continued)

Distribution Table (unaudited)

As at 31 August 2013

First Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 March 2013

Group 2 Final Shares purchased on or after 1 March 2013 to 31 May 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	1.6486	0.3297	1.3189	-	1.3189	1.3070
Group 2	0.7966	0.1593	0.6373	0.6816	1.3189	1.3070

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	1.6575	0.3315	1.3260	-	1.3260	1.3089
Group 2	0.3998	0.0800	0.3198	1.0062	1.3260	1.3089

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	1.6580	0.3316	1.3264	-	1.3264	1.3095
Group 2	0.3028	0.0606	0.2422	1.0842	1.3264	1.3095

Second Interim Interest Distribution in pence per share

Group 1 Final Shares purchased prior to 1 June 2013

Group 2 Final Shares purchased on or after 1 June 2013 to 31 August 2013

Class 'A' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	1.7016	0.3403	1.3613	-	1.3613	1.6371
Group 2	1.1349	0.2270	0.9079	0.4534	1.3613	1.6371

Class 'B' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	1.6795	0.3359	1.3436	-	1.3436	1.7208
Group 2	0.5658	0.1132	0.4526	0.8910	1.3436	1.7208

Class 'X' Income Shares

	Gross Income	Income Tax (20%)	Net Income	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	1.6215	0.3243	1.2972	-	1.2972	1.6430
Group 2	0.6558	0.1312	0.5246	0.7726	1.2972	1.6430

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason UK Equity Fund

General Information

Investment Manager:	Batterymarch Financial Management Inc.
Fund Size:	£46.3m
Sector:	UK All Companies
Fund Launch:	31 October 1995 <small>(Converted from a Unit Trust to a sub-fund of Legg Mason Funds ICVC on 30 August 2003)</small>

Investment Objective and Policy

The objective of this Fund is to achieve capital growth through investment in quoted securities of UK companies. The Fund seeks to achieve its objective by investing principally in large and mid-cap UK company shares listed on the London Stock Exchange and being constituents of the FTSE All Share index. Income will not be a primary objective. The Fund may also invest in other investments as permitted by the FCA Rules as applicable from time to time and as explained in the Prospectus.

Legg Mason UK Equity Fund Review

In light of signs that the UK economy was recovering gradually during period under review, the UK equity market's performance was in positive territory. The Legg Mason UK Equity Fund increased by 6.32% in sterling terms during the six-month period under review while its benchmark, the FTSE All-Share Index, recorded a rise of 4.13% in sterling terms.

Sector allocation was responsible for this outperformance, while stock selection had a small but negative impact on relative returns. The Fund's significant underweight in materials, the worst-performing sector over the period, added most value. An underweight allocation to energy also proved beneficial. However, an overweight exposure to consumer staples weighed on performance.

Stock selection in industrials had a detrimental effect as did investments within the telecommunications sector. Conversely, stock picking in materials bolstered relative returns.

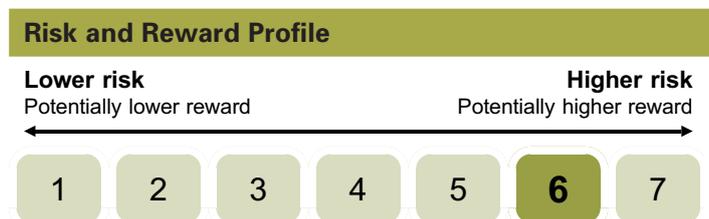
In terms of the Fund's investment strategy, the manager maintained a broadly diversified portfolio across sectors of the UK market. Its overweight positions included consumer staples and utilities, while its underweight positions included the energy and materials groups.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Halfords	474	Bellway	564
Rexam	358	Bovis Homes	410
Serco	355	BAE Systems	387
Sage	355	British American Tobacco	339
United Utilities	352	Standard Chartered	325
Direct Line	352	HSBC	310
G4S	351	WM Morrison Supermarkets	233
Mitie	350	Pace	226
Britvic	343	SSE	223
Close Brothers	218	BP	203
TalkTalk Telecom	215	Tesco	201
		Glaxosmithkline	199
		Astrazenca	177
		Barclays	173
		Centrica	161
		IG	145
		National Grid	145
		Vodafone	142
		Home Retail	119
		Severn Trent	119
Other purchases	-	Other sales	650
Total purchases for the period	3,723	Total sales for the period	5,451

Legg Mason UK Equity Fund (continued)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in shares of companies from various sectors which have historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical location: This Fund invests primarily in the United Kingdom, which means that it is more sensitive to local economic, market, political or regulatory events in the United Kingdom, and will be more affected by these events than other Funds that invest in a broader range of regions.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the prospectus.

Legg Mason UK Equity Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (acc)			
28.02.11	51,751	216.90	23,860
29.02.12	46,719	220.29	21,208
28.02.13	45,606	240.25	18,983
31.08.13	46,144	255.49	18,061
Share Class X (acc) ‡			
28.02.13	31	102.58	31
31.08.13	141	109.52	128

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2008			
Class 'A' (acc)	4.3227	234.40	185.20
2009			
Class 'A' (acc)	4.5150	189.90	126.50
2010			
Class 'A' (acc)	3.3446	216.90	169.70
2011			
Class 'A' (acc)	2.7073	226.30	180.80
2012			
Class 'A' (acc)	4.5455	225.30	195.70
2013			
Class 'A' (acc)	4.5291+	263.80*	226.30*
Class 'X' (acc) ‡	0.3983+	112.90*	99.55*

Total Expense ratio

	31.08.13	28.02.13
Class 'A' (acc)	1.94%	1.95%
Class 'X' (acc) ‡	1.19%	1.20%

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised

* To 31 August 2013.

+ To 30 April 2013.

‡ Launched on 29 January 2013.

Legg Mason UK Equity Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		2,188		(1,771)
Revenue	1,143		1,016	
Expenses	(458)		(427)	
Finance costs: Interest	–		–	
Net revenue/(expense) before taxation	685		589	
Taxation	(2)		(6)	
Net revenue/(expense) after taxation		683		583
Total return before distributions		2,871		(1,188)
Finance costs: Distributions		(19)		(16)
Change in net assets attributable to shareholders from investment activities		2,852		(1,204)

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		45,637		46,719
Amounts receivable on issue of shares	151		–	
Amounts payable on cancellation of shares	(2,355)		(2,452)	
Net amounts receivable/(payable) on issue/cancellation of shares		(2,204)		(2,452)
Change in net assets attributable to shareholders from investment activities		2,852		(1,204)
Closing net assets attributable to shareholders		46,285		43,063

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason UK Equity Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		29.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		45,906		45,522
Debtors	557		289	
Cash and bank balances	<u>–</u>		<u>49</u>	
Total other assets		<u>557</u>		<u>338</u>
Total assets		<u>46,463</u>		<u>45,860</u>
Liabilities				
Creditors	(143)		(223)	
Bank overdrafts	<u>(35)</u>		<u>–</u>	
Total other liabilities		<u>(178)</u>		<u>(223)</u>
Total liabilities		<u>(178)</u>		<u>(223)</u>
Net assets attributable to shareholders		<u>46,285</u>		<u>45,637</u>

Legg Mason Continental European Equity

General Information

Investment Manager:	Batterymarch Financial Management Inc.
Fund Size:	£7.0m
Sector:	Europe ex UK
Fund Launch:	29 August 1997 <small>(Converted from a Unit Trust to a sub-fund of Legg Mason Funds ICVC on 30 August 2003)</small>

Investment Objective and Policy

The objective of this Fund is to achieve capital growth through investment in securities of European companies. The Fund seeks to achieve its objective by investing principally in equity securities of companies that are listed or traded on regulated markets and that are domiciled in or having their principal activities in Europe. The Fund may invest in the securities of companies domiciled in or having their principal activities in emerging markets in Europe. The Fund may also invest in other investments as permitted by the FCA Rules as applicable from time to time and as explained in the prospectus.

Legg Mason Continental European Equity Fund Review

The Legg Mason Continental European Equity Fund increased by 4.17% in sterling terms during the six-month period under review while its benchmark, the FTSE World Europe ex UK Index, was up by 3.66% in sterling terms. Stock selection accounted for the Fund's outperformance, while sector allocation was detrimental. Stock picking in industrials made the most significant contribution. Investments in utilities also added value, as did a number of the Fund's holdings in the materials sector. Selection within financials had a detrimental impact on relative performance, however. Regarding sector allocation, the Fund's overweight in utilities, one of the worst-performing sectors over the period, weighed on performance. Above-benchmark exposure to telecommunications also hurt. An underweight in consumer discretionary proved detrimental too. Conversely, an underweight allocation to the ailing materials sector bolstered relative returns.

The Fund's largest overweight sector positions at the end of the period under review were in the telecommunications, utilities, healthcare, consumer staples and groups, while its largest underweights were in the consumer discretionary, energy, industrials and materials sectors.

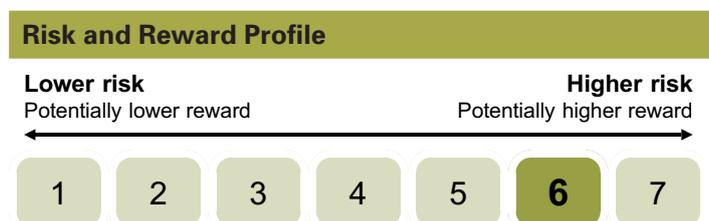
According to the manager, many investors continue to question whether the modest gains in global growth can be sustained without continued stimulus. Rising real interest rates could become a drag on US housing, one of the economic bright spots and a potential driver of global growth. Additionally, continued questions about growth in China remain a concern. Despite these worries, the outlook for equities remains positive as central banks continue to be supportive and US economic improvements in areas such as housing and the service sector are expected to help support global growth. In addition, China's exports had stronger-than-expected gains towards the end of the review period. In the manager's opinion, valuations in defensive sectors are somewhat stretched after having led for much of the year to date; cyclical are more attractively valued and offer better growth prospects.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
DCC	109	DCC	146
Talanx Ag	109	ASML	118
Telefonica	109	Delhaize	56
Teliasonera	74	Galenica	51
Elisa	74	GN Store Nord	47
Casino Guichard Perrachon	54	Roche Holding Ag Genusschein	43
Swedish Match Ab	54	Sanofi	36
Belgacom Sa	35	Novartis	32
		Actelion	29
		Koninklijke KPN	26
		Neopost	25
		Banco Santander	25
		Mtu Aero Engines	25
		Volkswagen	23
		Coloplast	23
		Givaudan	23
		Ryanair	23
		Koninklijke Ahold	20
		Energias De Portugal	19
		Gjensidige Forsikring	19
Other purchases	–	Other sales	77
Total purchases for the period	618	Total sales for the period	886

Legg Mason Continental European Equity (continued)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in shares of companies from various sectors which have historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical location: This Fund invests primarily in Europe, which means that it is more sensitive to local economic, market, political or regulatory events in Europe, and will be more affected by these events than other Funds that invest in a broader range of regions.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the prospectus.

Legg Mason Continental European Equity (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (acc)			
28.02.11	8,926	209.83	4,254
29.02.12	6,995	190.65	3,669
28.02.13	7,081	217.88	3,250
31.08.13	6,964	227.28	3,064
Share Class X (acc) ‡			
28.02.13	3	100.68	3
31.08.13	17	105.50	16

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2008			
Class 'A' (acc)	1.1772	258.40	145.40
2009			
Class 'A' (acc)	3.6549	208.30	131.90
2010			
Class 'A' (acc)	2.2570	209.30	169.60
2011			
Class 'A' (acc)	2.0522	225.10	156.00
2012			
Class 'A' (acc)	3.1985	201.30	162.80
2013			
Class 'A' (acc)	2.1639+	238.00*	201.10*
Class 'X' (acc) ‡	0.0000+	110.40*	98.52*

Ongoing Charge Figure

	31.08.13	28.02.13
Class 'A' (acc)	1.95%	2.03%
Class 'X' (acc) ‡	1.20%	1.28%

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised

* To 31 August 2013.

+ To 30 April 2013.

‡ Launched 30 January 2013.

Legg Mason Continental European Equity (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		149		(369)
Revenue	258		193	
Expenses	(71)		(63)	
Finance costs: Interest	(1)		–	
Net revenue/(expense) before taxation	186		130	
Taxation	(27)		(22)	
Net revenue/(expense) after taxation		159		108
Total return before distributions		308		(261)
Finance costs: Distributions		(6)		(5)
Change in net assets attributable to shareholders from investment activities		302		(266)

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		7,084		6,995
Amounts receivable on issue of shares	29		2	
Amounts payable on cancellation of shares	(434)		(394)	
Net amounts receivable/(payable) on issue/cancellation of shares		(405)		(392)
Change in net assets attributable to shareholders from investment activities		302		(266)
Retained distribution on accumulation shares		–		–
Unclaimed distributions		–		–
Closing net assets attributable to shareholders		6,981		6,337

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason Continental European Equity (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		28.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		6,952		7,072
Debtors	127		29	
Cash and bank balances	<u>–</u>		<u>10</u>	
Total other assets		<u>127</u>		<u>39</u>
Total assets		<u>7,079</u>		<u>7,111</u>
Liabilities				
Investment liabilities		–		–
Creditors	(96)		(27)	
Bank overdrafts	(2)		–	
Net distribution payable on income shares	<u>–</u>		<u>–</u>	
Total other liabilities		<u>(98)</u>		<u>(27)</u>
Total liabilities		<u>(98)</u>		<u>(27)</u>
Net assets attributable to shareholders		<u>6,981</u>		<u>7,084</u>

Legg Mason US Equity Fund

General Information

Investment Manager:	Legg Mason Capital Management Inc.
Fund Size:	£40.5m
Sector:	North America
Fund Launch:	1 January 2003 <small>(Converted from a Unit Trust to a sub-fund of Legg Mason Funds ICVC on 30 August 2003)</small>

Investment Objective and Policy

The objective of this Fund is to achieve capital growth principally through investment in securities of US issuers. The Fund seeks to achieve its objective by investing principally in securities of US issuers which the ACD believes are undervalued. The Fund may also invest up to 20% of its assets in securities of non-US issuers. At least 50% of the net asset value of the Fund will be invested in equity securities. The Fund may also invest in other investments to the extent permitted by the FCA Rules as applicable from time to time and as explained in the prospectus.

Legg Mason US Equity Fund Review

The Legg Mason US Equity Fund increased by 10.74% in sterling terms during the period under review, while its benchmark, the S&P 500 Index, recorded a gain in sterling terms of 6.91%. The Fund's stock selection was largely responsible for this outperformance, although sector allocation was also beneficial. Stock selection in financials had the largest positive impact with strong contributions from holdings in Metlife, Genworth Financial and Capital One Financial. Investments in healthcare stocks also added value, notably UnitedHealth and Celgene. Stock picking in information technology (IT) was also beneficial thanks to the strong performance of Facebook and Apple. At a sector level, overweight exposure to consumer discretionary and healthcare, the two best-performing segments over the six-month period, bolstered relative returns. Underweight exposure to consumer staples, telecommunication services and utilities also helped.

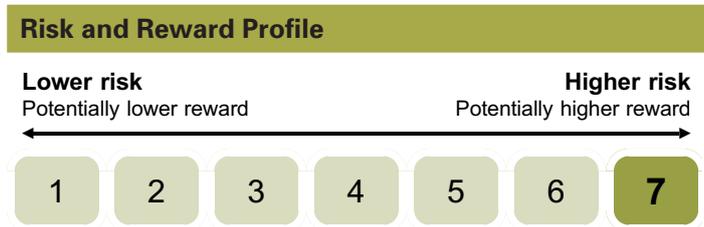
Within the equity market, the manager continues to see very attractive price-to-value gaps in cyclical earnings streams, especially financial stocks that will benefit from higher interest rates. The major structural shift from PC- to cloud-based architectures is creating attractive opportunities to buy inexpensive growth options in IT. Beyond cyclical areas, healthcare remains the most attractively valued group in the manager's view, and it continues to find good long-term expectations gaps. In aggregate, one of the best combinations in the market is an attractive valuation that suggests investor scepticism, married with a management team that is exploiting that scepticism by growing its dividend aggressively and/or buying back stock. Conversely, the manager remains underweight in the most bond-like equity areas, such as utilities, telecoms and selected staples. Overall, after five years of high realised equity returns the manager is still finding attractive valuation opportunities within equities, and fully recognises that high realised returns will inevitably attract a crowd. The goal of the manager's process is to translate the still extreme relative valuation advantage for equities versus fixed income into excess shareholder returns within equities.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Teradata	913	Johnson & Johnson	1,279
Merck	862	Viacom	1,158
Broadcom	858	Blackrock	1,020
F5 Networks	763	Lowe	936
Express Scripts	731	Texas Instruments	815
Forest Laboratories	683	Ford Motor	792
Apple	621	Marvell Technology	714
CONSOL Energy	558	Emerson Electric	581
American Homes 4 Rent	528	General Motors	477
AES	491	General Electric	382
Banco Bilbao Vizcaya Argentaris 'ADR'	422	Phillips	351
Ariad Pharmaceuticals	294	Realogy	305
Microsoft	248	Celgene	265
Genworth Financial	219	United Continental	244
Southwestern Energy	208	Metlife	210
Target	183	Hartford Financial Services	203
EMC	130	United Technologies	193
JPMorgan Chase	98	Citigroup	190
GlaxoSmithkline 'ADR'	97	Amazon.Com	170
Metlife	87	Fifth Third Bancorp	166
Other purchases	643	Other sales	2,640
Total purchases for the period	9,637	Total sales for the period	13,091

Legg Mason US Equity Fund (continued)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in shares of companies from various sectors which have historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical location: This Fund invests primarily in the United States, which means that it is more sensitive to local economic, market, political or regulatory events in the United States, and will be more affected by these events than other Funds that invest in a broader range of regions.

Concentrated Fund: The Fund invests in fewer companies than other Funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the prospectus.

Legg Mason US Equity Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (acc)			
28.02.11	62,042	103.00	60,236
29.02.12	41,377	103.51	39,974
28.02.13	36,733	118.25	31,063
31.08.13	36,535	131.01	27,888
Share Class B (acc)			
28.02.11	35,108	106.95	32,828
29.02.12	11,361	108.01	10,518
28.02.13	3,545	124.03	2,858
31.08.13	3,624	137.76	2,630
Share Class X (acc) ‡			
28.02.13	17	114.18	15
31.08.13	362	126.96	285

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2008			
Class 'A' (acc)	0.0000	151.30	57.85
Class 'B' (acc)	0.0000	154.20	59.39
2009			
Class 'A' (acc)	0.0000	95.32	55.19
Class 'B' (acc)	0.0000	98.40	56.74
2010			
Class 'A' (acc)	0.0000	107.00	85.98
Class 'B' (acc)	0.0000	110.60	88.98
2011			
Class 'A' (acc)	0.0000	106.80	80.86
Class 'B' (acc)	0.0000	110.80	84.15
2012			
Class 'A' (acc)	0.0000	107.40	95.99
Class 'B' (acc)	0.5162	112.10	100.10
Class 'X' (acc) ‡	0.0000	101.40	99.04
2013			
Class 'A' (acc)	0.4070+	138.90*	103.70*
Class 'B' (acc)	0.9878+	146.00*	108.60*
Class 'X' (acc)	0.2348+	134.50*	99.97*
Ongoing Charge Figure		31.08.13	28.02.13
Class 'A' (acc)		1.79%	1.84%
Class 'B' (acc)		1.29%	1.34%
Class 'X' (acc) ‡		1.05%	1.09%

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised.

* To 31 August 2013.

+ To 30 April 2013.

‡ Launched on 19 December 2012.

Legg Mason US Equity Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		4,308		(762)
Revenue	362		528	
Expenses	(352)		(390)	
Finance costs: Interest	–		–	
Net revenue/(expense) before taxation	10		138	
Taxation	(49)		(73)	
Net revenue/(expense) after taxation		(39)		65
Total return before distributions		4,269		(697)
Finance costs: Distributions		–		(13)
Change in net assets attributable to shareholders from investment activities		4,269		(710)

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		40,295		52,738
Amounts receivable on issue of shares	9,372		20,448	
Amounts payable on cancellation of shares	(13,417)		(34,316)	
Net amounts receivable/(payable) on issue/cancellation of shares		(4,045)		(13,868)
Dilution adjustment		2		3
Stamp duty reserve tax		–		(1)
Change in net assets attributable to shareholders from investment activities		4,269		(710)
Retained distribution on accumulation shares		–		–
Unclaimed distributions		–		–
Closing net assets attributable to shareholders		40,521		38,162

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason US Equity Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		29.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		39,735		38,841
Debtors	97		2,651	
Cash and bank balances	875		1,345	
Total other assets		972		3,996
Total assets		40,707		42,837
Liabilities				
Investment liabilities		-		-
Creditors	(186)		(2,542)	
Bank overdrafts	-		-	
Distribution payable on income shares	-			
Total other liabilities		(186)		(2,542)
Total liabilities		(186)		(2,542)
Net assets attributable to shareholders		40,521		40,295

Legg Mason US Equity Income Fund

General Information

Investment Manager:	ClearBridge Advisors, LLC
Fund Size:	£47.7m
Sector:	North America
Fund Launch:	17 October 2011

Investment Objective and Policy

The objective of this fund is to provide a high level of income with a secondary investment objective of long-term capital appreciation. Given the income generation and long-term capital appreciation objectives of the Fund, the overall objective is that of total return. Under normal market conditions the Fund seeks to achieve its objective by investing at least 70% of its net assets in US equity or US equity related securities, which the Investment Manager believes have the ability to maintain or increase dividends or distributions over the longer term with a view to obtaining a yield higher than the Historic Yield on the Russell 3000 Value Index. The Fund may from time to time invest in preferred and

convertibles securities as well as fixed-income securities of any quality, when the Investment Manager believes such securities provide a compelling yield opportunity while keeping with the Fund's overall objective of total return. The total amount invested in such assets will not exceed 30% of the Fund's net assets under normal market conditions. The Fund may invest up to 20% of its net assets in equity or equity related securities of non-US issuers (with market capitalisations generally of at least \$10 billion). The Fund may also invest in other investments to the extent permitted by the FCA Rules as applicable from time to time and as explained in the prospectus, including collective investment schemes. The Investment Manager's investment process emphasises the individual security selection of companies which they believe have assets or earnings power that are either unrecognized or undervalued.

Legg Mason US Equity Income Fund Review

The Legg Mason US Equity Income Fund rose by 3.65% in sterling terms during the six-month period under review while its benchmark, the Russell 3000 Value Index, recorded a gain in sterling terms of 6.74%. Both stock selection and sector allocation weighed on relative performance over the six-month period. Stock picking in the consumer staples and consumer discretionary sectors hurt most, although investments in financials also proved detrimental. In the latter, the Fund's holdings in American Tower and Annaly Capital Management detracted. Selection in materials and telecommunication services contributed, however. At a sector level, the Fund's cash position had a negative impact on performance. And underweight in financials also hindered relative returns. Conversely, an overweight allocation to information technology, the best-performing sector over the review period, contributed.

The Fund's largest overweight sector positions at the end of the period were in information technology, consumer staples, industrials, and utilities, while its largest underweight positions were in the financials, energy and health care segments.

In spite of the encouraging GDP and manufacturing data in August, economic fundamentals remain slightly mixed. On the positive side, the economically important automotive and housing sectors continue to improve. Conversely, rising interest rates present a near-term headwind. Meanwhile, the employment situation, while improving, is healing at a rate that is slower than ideal. The decline in the market in August reflected these cross currents and took some of the air out of a market that the manager thought seemed complacent in late July.

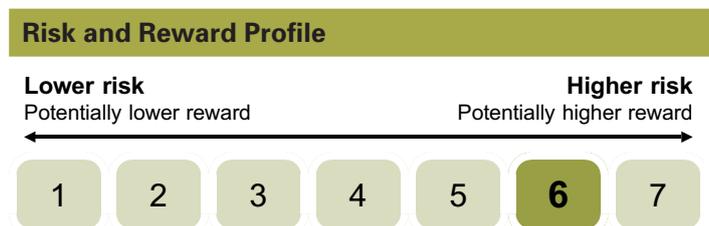
Going forward, the manager continues to expect slow economic improvements and lacklustre stock market activity. Longer term, it remains content with its portfolio of excellent companies with healthy balance sheets, strong market positions, robust cash flows and growing dividends.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
United Health	1,002	Xerox	697
American Tower	947	Johnson Controls	655
Union Pacific	843	Wells Fargo	598
Merck	724	Microsoft	583
Schlumberger	684	Procter & Gamble	570
Nestle Sa Spons Adr	679	Thermo Fisher Scientific	536
Weyerhaeuser	643	United Parcel Service	515
QUALCOMM	626	First Niagara Financial	487
AstraZeneca	580	BHP Billiton	479
General Electric	520	HJ Heinz	474
Corning	504	Johnson & Johnson	456
Kimberly-Clark	388	Apple	455
Exxon Mobil	330	Exxon Mobil	453
Yum Brands	318	Kimberly-Clark	427
Procter & Gamble	312	Travelers	409
Prudential Financial	310	Waste Management	398
Raytheon Company	298	3M	395
Microsoft	271	Prudential Financial	370
Metlife	262	Cisco Systems	367
United Technologies	261	General Electric	365
Other purchases	8,123	Other sales	12,384
Total purchases for the period	18,625	Total sales for the period	22,073

Legg Mason US Equity Income Fund (continued)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in shares of companies from various sectors which have historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical location: This Fund invests primarily in the United States, which means that it is more sensitive to local economic, market, political or regulatory events in the United States, and will be more affected by these events than other Funds that invest in a broader range of regions.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

Annual management charge from capital: The fund's annual management charge is taken from its capital (rather than income). This may adversely affect the fund's overall growth.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the prospectus.

Legg Mason US Equity Income Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (inc) ‡			
29.02.12	137	107.03	128
28.02.13	1,224	124.01	987
31.08.13	2,276	127.07	1,791
Share Class B (inc) ‡			
29.02.12	322	107.69	299
28.02.13	1,379	124.91	1,104
31.08.13	1,437	128.26	1,120
Share Class X (acc) ‡ #			
29.02.12	295	108.46	272
28.02.13	832	129.60	642
31.08.13	2,930	134.86	2,173
Share Class X (inc) ‡ #			
29.02.12	28,627	107.62	26,600
28.02.13	40,492	125.33	32,308
31.08.13	36,294	128.90	28,157
Share Class X (inc) hedged ‡ #			
29.02.12	3,513	108.66	3,233
28.02.13	4,396	120.64	3,644
31.08.13	4,762	126.86	3,753

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2011			
Class 'A' (inc) ‡	0.0000	105.70	97.81
Class 'B' (inc) ‡	0.0000	105.80	97.86
Class 'I' (acc) ‡ #	0.0000	105.90	97.89
Class 'I' (inc) ‡ #	0.0000	105.90	97.90
Class 'I' (inc) hedged ‡ #	0.0000	103.70	96.57
2012			
Class 'A' (inc)	2.4136	113.80	104.50
Class 'B' (inc)	2.4108	114.30	104.60
Class 'X' (acc) #	2.4172	117.20	104.70
Class 'X' (inc) #	2.4322	114.60	104.70
Class 'X' (inc) hedged #	2.3168	116.30	103.50
2013			
Class 'A' (inc)	2.7791+	135.30*	109.20*
Class 'B' (inc)	2.7935+	136.50*	109.80*
Class 'X' (acc) #	2.9811+	142.70*	113.40*
Class 'X' (inc) #	2.7168+	137.10*	110.10*
Class 'X' (inc) hedged #	2.6468+	132.40*	113.40*
Ongoing Charge Figure		31.08.13	28.02.13
Class 'A' (inc)		1.87%	1.87%
Class 'B' (inc)		1.37%	1.36%
Class 'X' (acc) #		1.12%	1.13%
Class 'X' (inc) #		1.12%	1.13%
Class 'X' (inc) hedged #		1.22%	1.23%

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised.

* To 31 August 2013.

+ To 31 October 2013.

‡ Launched on 17 October 2011.

From 1 December 2012 the I share classes were redesignated as X share classes.

Legg Mason US Equity Income Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		2,154		1,383
Revenue	773		619	
Expenses	(293)		(195)	
Finance costs: Interest	(1)		–	
Net revenue/(expense) before taxation	479		424	
Taxation	(97)		(82)	
Net revenue/(expense) after taxation		382		342
Total return before distributions		2,536		1,725
Finance costs: Distributions		(592)		(481)
Change in net assets attributable to shareholders from investment activities		1,944		1,244

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		48,323		32,894
Amounts receivable on issue of shares	15,533		4,753	
Amounts payable on cancellation of shares	(18,156)		(467)	
Net amounts receivable/(payable) on issue/cancellation of shares		(2,623)		4,286
Dilution adjustment		20		–
Stamp duty reserve tax		(1)		–
Change in net assets attributable to shareholders from investment activities		1,944		1,244
Retained distribution on accumulation shares		36		3
Unclaimed distributions		–		–
Closing net assets attributable to shareholders		47,699		38,427

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason US Equity Income Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		29.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		42,549		43,922
Debtors	298		635	
Cash and bank balances	5,453		4,540	
Total other assets		5,751		5,175
Total assets		48,300		49,097
Liabilities				
Investment liabilities		(7)		(1)
Creditors	(361)		(540)	
Bank overdrafts	–		–	
Distribution payable on income shares	(233)		(233)	
Total other liabilities		(594)		(773)
Total liabilities		(601)		(774)
Net assets attributable to shareholders		47,699		48,323

Legg Mason US Equity Income Fund (continued)

Distribution Table (unaudited)

As at 31 August 2013

First Interim Dividend Distribution in pence per share

Group 1 Final Shares purchased prior to 1 March 2013

Group 2 Final Shares purchased on or after 1 March 2013 to 31 May 2013

Class 'A' Income Shares

	Net revenue	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.7267	–	0.7267	0.7846
Group 2	0.4103	0.3164	0.7267	0.7846

Class 'B' Income Shares

	Net revenue	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.7261	–	0.7261	0.8028
Group 2	0.3378	0.3883	0.7261	0.8028

Class 'X' Income Shares

	Net revenue	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.7310	–	0.7310	0.8208
Group 2	0.3019	0.4291	0.7310	0.8208

Class 'X' Accumulation Shares

	Net revenue	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.7682	–	0.7682	0.8033
Group 2	0.3667	0.4015	0.7682	0.8033

Class 'X' Income (hedged) Shares

	Net revenue	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	0.6726	–	0.6726	0.7837
Group 2	0.3429	0.3297	0.6726	0.7837

Legg Mason US Equity Income Fund (continued)

Second Interim Dividend Distribution in pence per share

Group 1 Final Shares purchased prior to 1 June 2013

Group 2 Final Shares purchased on or after 1 June 2013 to 31 August 2013

Class 'A' Income Shares

	Net revenue	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	0.7245	–	0.7245	0.6797
Group 2	0.3781	0.3464	0.7245	0.6797

Class 'B' Income Shares

	Net revenue	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	0.7303	–	0.7303	0.6614
Group 2	0.3823	0.3480	0.7303	0.6614

Class 'X' Income Shares

	Net revenue	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	0.6623	–	0.6623	0.6625
Group 2	0.2449	0.4174	0.6623	0.6625

Class 'X' Accumulation Shares

	Net revenue	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	0.8378	–	0.8378	0.6863
Group 2	0.4864	0.3514	0.8378	0.6863

Class 'X' Income (hedged) Shares

	Net revenue	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	0.6848	–	0.6848	0.6245
Group 2	0.4133	0.2715	0.6848	0.6245

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason US Smaller Companies Fund

General Information

Investment Manager:	Royce & Associates, LLC
Fund Size:	£222.9m
Sector:	North American Smaller Companies
Fund Launch:	29 March 2004

Investment Objective and Policy

The objective of this Fund is to achieve capital growth principally through investment in securities of smaller US companies. The Fund seeks to achieve its objective by investing principally in the securities of US smaller companies that possess excellent business strengths and/or prospects, high internal rates of return and low leverage, and whose securities are trading significantly below the investment adviser's estimate of their current worth. The Fund may also invest in other investments to the extent permitted by the FCA Rules as applicable from time to time and as explained in the prospectus.

Legg Mason US Smaller Companies Fund Review

The Legg Mason US Smaller Companies Fund increased by 4.15% in sterling terms during the six-month period under review while its benchmark, the Russell 2000 Index, rose in sterling terms by 9.64%. Stock selection and sector allocation both detracted from its relative returns, accounting for the underperformance against the benchmark. Stock selection was particularly detrimental, most of all in the information technology sector. Stock picking in materials and industrials also detracted. On the other hand, investments in the consumer staples sector, notably Nu Skin Enterprises, bolstered relative returns. At a sector level, the Fund's significant underweight to financials, which underperformed the broader market, proved positive. Not holding utilities, a sector that struggled over the period, also helped. Nonetheless, the positive impact of these positions was more than outweighed by the negative effect of the Fund's underweights in the healthcare and consumer discretionary sectors and overweight allocations to materials and energy. The Fund's cash position was also unfavourable.

At the end of the period under review, the Fund remains overweight in the energy, industrials, materials and information technology sectors. However, it remains underweight in financials, mainly owing to concerns over the quality and transparency of balance sheets within the banking industry, and healthcare, where the manager believes there are strong companies in the sector but that valuations are too high. It is also underweight in the consumer discretionary sector. The Fund also continues to have no holdings in the telecommunication services or utilities sectors, partly due to their highly regulated nature.

From the manager's perspective, the end to the 'easy money' bias that has been in place for several years represents an attractive environment for active managers with an absolute orientation, as underlying fundamentals and less-leveraged balance sheets should become increasingly more important. 'Quality', in other words, should again matter.

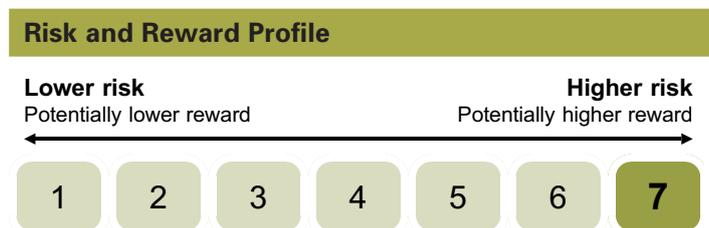
Also, as the US economy continues to recover and drives sales growth of holdings in economically sensitive sectors such as industrials, technology and energy, the manager is confident that the inherent operating leverage in these companies' business models will help to propel strong earnings growth.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Ishares Russell 2000 Etf	7,546	Ishares Russell 2000 Etf	7,603
Innospec	3,576	Intrepid Potash	2,469
TGS Nopec Geophysical	3,281	Oil States International	2,234
Energys	2,930	FARO Technologies	2,070
Unit	2,888	ShawCor	1,792
Myriad Genetics	2,487	Trican Well Service	1,744
Techne	2,390	Teledyne Technologies	1,704
ICF International	2,344	Sotheby	1,697
Entegris	2,291	Gamestop	1,560
Mks Instruments	2,211	Tesco	1,488
Helmerich & Payne	2,129	Kennametal	1,488
Genesco	2,115	Trican Well Service	1,478
American Eagle Outfitters	2,114	Harman International Industries	1,476
Validus	2,010	Pan American Silver	1,445
Towers Watson & Co	1,968	Atmi	1,443
Jazz Pharmaceuticals	1,848	Gardner Denver	1,332
Nanometrics	1,716	Sims Metal	1,290
Bio Rad Laboratories	1,638	Graftech International	1,245
Schweitzer Mauduit Intl	1,629	Sprott	1,222
Timken	1,618	ShawCor 'A'	1,216
Other purchases	43,444	Other sales	39,735
Total purchases for the period	94,173	Total sales for the period	77,731

Legg Mason US Smaller Companies Fund (continued)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in shares of companies from various sectors which have historically been subject to large fluctuations in value. These fluctuations are also due to the fact the Fund primarily invests in small cap companies.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical location: This Fund invests primarily in the United States, which means that it is more sensitive to local economic, market, political or regulatory events in the United States, and will be more affected by these events than other Funds that invest in a broader range of regions.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the prospectus.

Legg Mason US Smaller Companies Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (acc)			
28.02.11	48,662	205.82	23,643
29.02.12	87,046	209.39	41,571
28.02.13	122,265	221.42	55,218
31.08.13	127,176	230.77	55,109
Share Class A (acc) Hedged			
29.02.12	2	103.05	2
28.02.13	1	104.17	1
31.08.13	1	111.16	1
Share Class B (acc)			
28.02.11	55,079	213.07	25,850
29.02.12	100,217	217.86	46,001
28.02.13	65,124	231.52	28,129
31.08.13	48,427	241.90	20,020
Share Class X (acc) ‡			
28.02.13	6,026	112.72	5,346
31.08.13	47,295	117.88	40,121
Share Class X (acc) Hedged ‡‡			
31.08.13	–	101.94	–

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2008			
Class 'A' (acc)	0.0000	159.90	88.11
Class 'B' (acc)	0.0000	163.50	90.19
2009			
Class 'A' (acc)	0.0000	161.90	103.40
Class 'B' (acc)	0.0000	166.70	105.90
2010			
Class 'A' (acc)	0.0000	204.80	151.40
Class 'B' (acc)	0.0000	211.80	155.90
2011			
Class 'A' (acc)	0.0000	216.60	160.60
Class 'B' (acc)	0.0000	224.70	166.70
2012			
Class 'A' (acc)	0.0000	212.10	180.50
Class 'A' (acc) hedged	0.0000	103.50	87.17
Class 'B' (acc)	0.0000	220.70	188.10
Class 'X' (acc) ‡	0.0000	102.80	99.92
2013			
Class 'A' (acc)	0.0000+	243.30*	200.80*
Class 'A' (acc) hedged	0.0000+	114.90*	100.20*
Class 'B' (acc)	0.1178+	255.00*	209.70*
Class 'X' (acc)	0.2913+	124.20*	102.10*
Class 'X' (acc) hedged ‡ ‡	0.0000+	105.00*	96.68*
Ongoing Charge Figure		31.08.13	28.02.13
Class 'A' (acc)		1.76%	1.76%
Class 'A' (acc) hedged		1.87%	1.86%
Class 'B' (acc)		1.26%	1.26%
Class 'X' (acc) ‡		1.01%	1.00%
Class 'X' (acc) hedged ‡ ‡		0.00%	N/A

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised.

* To 31 August 2013.

+ To 30 April 2013.

‡ Launched on 6 December 2012.

‡‡ Launched on 21 June 2013.

Legg Mason US Smaller Companies Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		8,869		(17,000)
Revenue	1,026		932	
Expenses	(1,594)		(1,361)	
Finance costs: Interest	–		–	
Net revenue/(expense) before taxation	(568)		(429)	
Taxation	(145)		(136)	
Net revenue/(expense) after taxation		(713)		(565)
Total return before distributions		8,156		(17,565)
Finance costs: Distributions		–		(3)
Change in net assets attributable to shareholders from investment activities		8,156		(17,568)

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		193,416		187,265
Amounts receivable on issue of shares	49,109		51,454	
Amounts payable on cancellation of shares	(27,780)		(54,654)	
Net amounts receivable/(payable) on issue/cancellation of shares		21,329		(3,200)
Dilution adjustment		–		28
Stamp duty reserve tax		(2)		(6)
Change in net assets attributable to shareholders from investment activities		8,156		(17,568)
Retained distribution on accumulation shares		–		–
Unclaimed distributions		–		–
Closing net assets attributable to shareholders		222,899		166,519

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason US Smaller Companies Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		29.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		203,170		177,799
Debtors	2,962		4,637	
Cash and bank balances	19,330		14,161	
Total other assets		<u>22,292</u>		<u>18,798</u>
Total assets		<u>225,462</u>		<u>196,597</u>
Liabilities				
Investment liabilities		-		-
Creditors	(2,563)		(3,181)	
Bank overdrafts	-		-	
Distribution payable on income shares	-		-	
Total other liabilities		<u>(2,563)</u>		<u>(3,181)</u>
Total liabilities		<u>(2,563)</u>		<u>(3,181)</u>
Net assets attributable to shareholders		<u>222,899</u>		<u>193,416</u>

Legg Mason Japan Equity Fund

General Information

Investment Manager:	Shiozumi Asset Management Company Limited
Fund Size:	£198.7m
Sector:	Japan
Fund Launch:	22 October 1996 (Converted from a Unit Trust to a sub-fund of Legg Mason Funds ICVC on 30 August 2003)

Investment Objective and Policy

The objective of the Fund is to achieve capital growth through investment in securities of Japanese companies. The Fund seeks to achieve its objective by investing principally in the securities of Japanese companies, which have above average growth prospects relative to the shares of Japanese companies as a whole. The Fund may also invest in other investments to the extent permitted by the FCA Rules as applicable from time to time and as explained in the prospectus.

Legg Mason Japan Equity Fund Review

The Legg Mason Japan Equity Fund increased by 24.37% in sterling terms during the six-month period under review, while its benchmark, the Japan TSE First Section (Topix) Index, recorded a gain in sterling terms of 5.75%. This relative performance was driven by some strong returns from companies across the areas in which the portfolio remains invested, namely the services, pharmaceuticals and information & communications sectors. Investments in the services sector had the most significant positive impact. Here, online price site Kakaku.com performed well. Positions in Takeei, a waste-recycling company, and Nihon M&A Center also bolstered relative returns over the period, as did online price site Kakaku.com and M3 Inc, which supplies medical information services for doctors through the Internet.

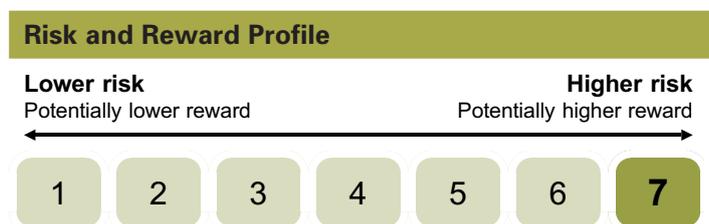
A correction in a bull market, which the manager thinks we are now in, does not usually last long. As in July, the recent market correction lasted only for a few weeks and, going into September, Japanese shares have started to regain strength. Japan's economy has continued to improve over the past eight months or so since Mr. Abe has been in power, and the positive impact of Abenomics has spread to many sectors, resulting in robust growth in consumer spending, employment and production. Furthermore, recently announced key economic indicators for July showed that Japan's economy continues to move towards an exit from deflation. Revised GDP figures for the second quarter of 2013 also showed a strong 3.8% annualised growth, up substantially from the preliminary growth figure of 2.6%. Given the solid economic conditions, the manager believes that Prime Minister Abe is likely to make a final decision to hike the consumption tax in early October. At the same time, he will draw up a fresh set of growth strategies and implement sufficient stimulus measures in order to offset the negative impact of the tax increase. In the manager's opinion, Abenomics have a high chance of success in defeating deflation and reviving economic growth, particularly with political stability. Against this backdrop, the outlook for Japanese equities remains very encouraging.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Terumo	8,010	Dena	4,664
Nintendo	7,922	Ryohin Keikaku	4,293
Digital Garage	7,780	Wacom	4,243
Sosei	6,729	Gungho Online Entertainment	3,679
Peptidream	6,210	Enplas	3,292
Start Today	5,962	Riso Kyoiku	3,108
Jin	5,864	Digital Garage	2,241
Don Quijote	5,736	Kakaku.com	1,918
Welcia	5,338	Jin	1,793
Ship Healthcare	5,264	Komeri	1,762
Gungho Online Entertainment	4,770	Enigmo	1,571
Asahi Intecc	4,612	Tokyo Electron	1,561
F@N Communications	4,362	3-D Matrix	1,446
M3	4,300	Ubic	1,337
Chiome Bioscience	3,866	Weathernews	1,291
Nihon M&A Center	3,455	Sun Frontier Fudousan	1,273
Kakaku.com	3,255	Asahi Intecc	1,217
Pigeon	3,023	Systemex	1,164
Enplas	2,997	Ship Healthcare	1,116
MonotaRo	2,768	Seria	1,025
Other purchases	44,466	Other sales	11,846
Total purchases for the period	146,689	Total sales for the period	55,840

Legg Mason Japan Equity Fund (continued)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in shares of companies from various sectors which have historically been subject to large fluctuations in value. These fluctuations are also due to the fact that the Fund holds fewer investments than many other Funds. These fluctuations are also due to the fact the Fund primarily invests in small cap companies.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical location: This Fund invests primarily in Japan, which means that it is more sensitive to local economic, market, political or regulatory events in Japan, and will be more affected by these events than other Funds that invest in a broader range of regions.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Concentrated Fund: The Fund invests in fewer companies than other Funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the prospectus.

Legg Mason Japan Equity Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (acc)			
28.02.11	31,227	121.62	25,675
29.02.12	36,328	126.27	28,771
28.02.13	70,667	189.53	37,285
31.08.13	161,124	235.79	68,335
Share Class B (acc)			
28.02.11	11,241	126.83	8,863
29.02.12	6,427	132.60	4,847
28.02.13	13,727	200.36	6,851
31.08.13	22,744	250.12	9,093
Share Class X (acc) ‡			
28.02.13	1,054	120.77	872
31.08.13	6,480	150.77	4,298
Share Class X (acc) JPY Hedged ‡‡			
31.08.13	8,343	128.86	6,474

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2008			
Class 'A' (acc)	0.0000	124.30	66.08
Class 'B' (acc)	0.0000	126.80	67.78
2009			
Class 'A' (acc)	0.0000	108.20	79.82
Class 'B' (acc)	0.0000	111.70	82.15
2010			
Class 'A' (acc)	0.0000	111.50	88.93
Class 'B' (acc)	0.0000	116.10	92.53
2011			
Class 'A' (acc)	0.0000	149.90	91.77
Class 'B' (acc)	0.0050	157.00	95.72
2012			
Class 'A' (acc)	0.0000	161.50	121.10
Class 'B' (acc)	0.0000	170.40	127.20
Class 'X' (acc) ‡	0.0000	99.85	97.40
2013			
Class 'A' (acc)	0.0000+	287.10*	150.70*
Class 'B' (acc)	0.2907+	303.90*	159.10*
Class 'X' (acc)	0.0000+	183.10*	95.88*
Class 'X' (acc) JPY Hedged ‡‡	0.0000+	160.20*	100.00*

Ongoing Charge Figure

	31.08.13	28.02.13
Class 'A' (acc)	1.93%	1.96%
Class 'B' (acc)	1.24%	1.26%
Class 'X' (acc) ‡	1.18%	1.20%
Class 'X' (acc) JPY Hedged ‡‡	1.27%	n/a

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised

* To 31 August 2013.

+ To 30 April 2013.

‡ Launched on 19 December 2012.

‡‡ Launched on 3 March 2013.

Legg Mason Japan Equity Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		22,137		4,702
Revenue	791		413	
Expenses	(1,683)		(413)	
Finance costs: Interest	-		-	
Net revenue/(expense) before taxation	(892)		-	
Taxation	(59)		(28)	
Net revenue/(expense) after taxation		(951)		(28)
Total return before distributions		21,186		4,674
Finance costs: Distributions		81		41
Change in net assets attributable to shareholders from investment activities		21,267		4,715

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		85,448		42,755
Amounts receivable on issue of shares	145,276		8,472	
Amounts payable on cancellation of shares	(53,390)		(7,961)	
Net amounts receivable/(payable) on issue/cancellation of shares		91,886		511
Dilution adjustment		90		-
Stamp duty reserve tax		-		-
Change in net assets attributable to shareholders from investment activities		21,267		4,715
Retained distribution on accumulation shares		-		-
Unclaimed distributions		-		-
Closing net assets attributable to shareholders		198,691		47,981

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason Japan Equity Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		29.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		197,153		84,160
Debtors	1,591		2,376	
Cash and bank balances	2,065		1,586	
Total other assets		3,656		3,962
Total assets		200,809		88,122
Liabilities				
Investment liabilities		–		–
Creditors	(2,118)		(2,674)	
Bank overdrafts	–		–	
Distribution payable on income shares	–		–	
Total other liabilities		(2,118)		(2,674)
Total liabilities		(2,118)		(2,674)
Net assets attributable to shareholders		198,691		85,448

Legg Mason Asia Pacific Fund

General Information

Investment Manager:	Batterymarch Financial Management Inc.
Fund Size:	£10.5m
Sector:	Far East ex Japan
Fund Launch:	16 February 2004

Investment Objective and Policy

The objective of the Fund is to achieve capital growth principally through investment in securities of companies based in the Asia Pacific region, excluding Japan. The Fund seeks to achieve its objective by investing principally in securities of companies domiciled or having their principle activities in Asia and Pacific markets excluding Japan and including, but not limited to, Australia, China, India, New Zealand and South Korea. Investment will be focused in securities of companies believed to afford attractive opportunities for long-term capital appreciation. The Fund may also invest in companies in the form of Depositary Receipts. The Fund may also invest in other investments to the extent permitted by the FCA Rules applicable from time to time and as explained in the prospectus.

Legg Mason Asia Pacific Fund Review

The Legg Mason Asia Pacific Fund declined by 9.46% in sterling terms during the six-month period under review, while its benchmark, the MSCI Asia ex Japan Index, fell in sterling terms by 8.46%. Sector allocation was responsible for outperformance, with stock selection having a negative impact. At a sector level, an overweight in consumer discretionary and information technology (IT), both of which proved relatively resilient in a falling market, added value. Underweight exposure to energy, the worst-performing sector over the period, also helped. An underweight in the struggling financials sector also proved positive. Conversely, an underweight in telecommunication services (telecoms), which despite negative absolute returns was the leading sector, weighed on relative performance. Stock selection within the consumer discretionary sector bolstered relative returns. However, this contribution was countered by lacklustre selection in IT, industrials, energy and financials.

At the end of the period under review, the Fund's largest overweights were in Pakistan, India and China. The largest underweight was Hong Kong. Sectorwise, the portfolio was most overweight in the consumer discretionary and IT segments. The largest underweights were in energy, financials and telecoms. This positioning is driven by bottom-up stock selection.

The manager believes that conditions for improved Asian markets equity performance include resolution of growth fears, particularly in China and India, potentially through the resolution of current liquidity concerns. This, accompanied by active central bank stimulus to help recovery of corporate capital expenditures, should lead to positive earnings revision trends. The manager is overweight in China as it offers attractive bottom-up opportunities, driven by attractive valuations and solid growth prospects.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Thai Beverage	175	Kasikornbank	225
DBS	158	iShares Ftse A50 China Index	188
Sands China	151	Krung Thai BankKRUNG THAI BANK NVDR	151
China Oilfield Services	144	Kotak Mahindra Bank	140
Tenaga Nasional	140	Wheelock	138
Kia Motors	137	Bank Of Ayudhya	131
Malayan Banking	133	Jiangxi Copper	131
Public Bank Berhad	125	China State Construction	129
Coal India	119	BDO Unibank	128
China Construction Bank	119	Asustek Computer	124
Hyundai Department Store	115	Sun Hung Kai Properties	121
CJ E&M	115	Malayan Banking BHD	119
Reliance Industries	111	Coal India	112
SM Prime Holdings	109	ICICI Bank	111
Gamuda BHD	106	Chailease Holding	106
Wipro	105	China Oilfield Services	106
Oil & Natural Gas	102	CJ E&M	106
LG Display	99	China Minsheng Banking	99
WuXi PharmaTech Cayman	96	Amata	97
China Mobile	91	Samsung Heavy Industries	97
Other purchases	6,046	Other sales	5,755
Total purchases for the period	8,496	Total sales for the period	8,314

Legg Mason Asia Pacific Fund (continued)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in shares of companies from various sectors which have historically been subject to large fluctuations in value. These fluctuations are also due to the fact the fund primarily invests in companies from emerging market countries.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical location: This Fund invests primarily in Asia, which means that it is more sensitive to local economic, market, political or regulatory events in Asia, and will be more affected by these events than other Funds that invest in a broader range of regions.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the prospectus.

Legg Mason Asia Pacific Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (acc)			
28.02.11	4,616	221.72	2,082
29.02.12	3,657	223.40	1,637
28.02.13	3,227	246.22	1,311
31.08.13	2,695	222.78	1,210
Share Class B (acc)			
28.02.11	8,329	229.53	3,628
29.02.12	7,834	232.46	3,370
28.02.13	8,581	257.38	3,334
31.08.13	7,778	233.45	3,332
Share Class X (acc) ‡			
28.02.13	6	103.25	6
31.08.13	9	93.73	9

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2008			
Class 'A' (acc)	0.4108	246.90	117.00
Class 'B' (acc)	1.4822	251.90	119.70
2009			
Class 'A' (acc)	2.4121	210.40	123.50
Class 'B' (acc)	3.1264	216.50	126.50
2010			
Class 'A' (acc)	0.0000	251.10	190.50
Class 'B' (acc)	0.6360	259.70	196.10
2011			
Class 'A' (acc)	0.1392	255.20	183.00
Class 'B' (acc)	1.3264	264.00	190.10
2012			
Class 'A' (acc)	1.2136	225.40	194.40
Class 'B' (acc)	2.4066	234.50	202.50
2013			
Class 'A' (acc)	1.1245+	255.00*	213.10*
Class 'B' (acc)	2.2919+	266.90*	223.10*
Class 'X' (acc) ‡	0.0000+	107.10*	89.57*

Ongoing Charge Figure

	31.08.13	28.02.13
Class 'A' (acc)	2.24%	2.27%
Class 'B' (acc)	1.74%	1.77%
Class 'X' (acc) ‡	1.46%	1.54%

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised.

With effect from 1 July 2012, UCITS Funds are required by the Committee of European Securities Regulators (CESR) to prepare and disclose an OCF. Changes have been implemented in accordance with the COLL and the additional guidance provided in the Statement of Recommended Practice for Authorised Funds issued by the IMA in July 2011.

* To 31 August 2013.

+ To 30 April 2013.

‡ Launched on 7 February 2013.

Legg Mason Asia Pacific Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(1,200)		(1,337)
Revenue	219		242	
Expenses	(93)		(89)	
Finance costs: Interest	–		–	
Net revenue/(expense) before taxation	126		153	
Taxation	(21)		(22)	
Net revenue/(expense) after taxation		105		131
Total return before distributions		(1,095)		(1,206)
Finance costs: Distributions		(1)		(1)
Change in net assets attributable to shareholders from investment activities		(1,096)		(1,207)

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		11,814		11,491
Amounts receivable on issue of shares	177		32	
Amounts payable on cancellation of shares	(413)		(403)	
Net amounts receivable/(payable) on issue/cancellation of shares		(236)		(371)
Change in net assets attributable to shareholders from investment activities		(1,096)		(1,207)
Retained distribution on accumulation shares		–		–
Unclaimed distributions		–		–
Closing net assets attributable to shareholders		10,482		9,913

The above statement shows the comparative closing net assets at 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason Asia Pacific Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		29.02.13	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		10,291		11,274
Debtors	309		21	
Cash and bank balances	161		585	
Total other assets		470		606
Total assets		10,761		11,880
Liabilities				
Creditors	(279)		(66)	
Bank overdrafts	–		–	
Distribution payable on income shares	–		–	
Total other liabilities		(279)		(66)
Total liabilities		(279)		(66)
Net assets attributable to shareholders		10,482		11,814

Legg Mason Global Equity Income Fund

General Information

Investment Manager:	ClearBridge Advisors LLC
Fund Size:	£16.8m
Sector:	Global Growth
Fund Launch:	23 May 2008

Investment Objective and Policy

The objective of the Fund is to achieve income and capital growth through investment primarily in a range of equity and equity-related securities. The Fund seeks to achieve its objective by investing globally in quality companies that are trading at low prices relative to their intrinsic value. There is a focus on dividend yield and potential for capital growth. The Fund may also invest in other investments as permitted by the FCA Rules as applicable from time to time and as explained in the prospectus

Legg Mason Global Equity Income Fund Review

The Legg Mason Global Equity Income Fund rose by 5.99% in sterling terms during the six-month period under review while its benchmark, the MSCI World Index, recorded a gain in sterling terms of 4.13%. During the period, the Fund benefited from its overall stock selection, although sector allocation also had a small but positive impact. Stock picking in consumer discretionary holdings added the most value, with notable contributions from Toyo Tire and Rubber and Anta Sports Products. Investments in information technology and materials also bolstered relative performance. Stock selection within financials was detrimental, however.

At the end of the period, the Fund's key country overweight was in the UK, while its key underweight was the US. At a sector level, the Fund was most overweight in consumer discretionary and industrials segments, and most underweight in healthcare and energy.

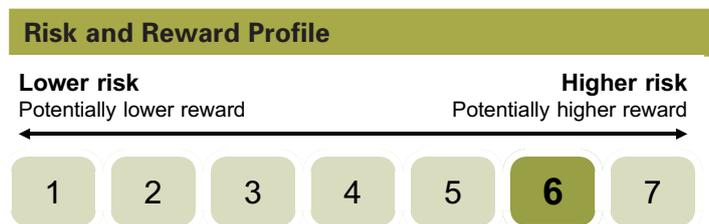
Going forward, the manager continues to expect slow economic improvements and lacklustre stock market activity. Longer term, it remains content with its portfolio of excellent companies with healthy balance sheets, strong market positions, robust cash flows and growing dividends.

Summary of Significant Changes

For the period ended 31 August 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Corning	268	Toyo Tire & Rubber	472
Imerys	241	CapitaRetail China Trust	352
Hosa International	230	Sysco	340
Shanks	233	Pfizer	335
Rheinmetall	208	Nucor	325
RPC	180	Mitie	270
Shinko Plantech	178	Exelon	239
Valora	176	SATS	227
Leoni	174	Marks & Spencer	213
KT&G	172	Campbell Soup	203
Sopra	172	Grand Korea Leisure	176
RTL	171	Diamond Offshore Drilling	167
Sixt	171	National Grid	164
Wereldhave	171	Yuexiu Transport Infrastructure	163
Hoya	170	Schnitzer Steel Industries	151
CA	170	Phillips 66	139
Lorillard	169	Bekaert	25
Sensient Technologies	165		
Anta Sports Products	118		
Adecco	114		
Other purchases	306	Other Sales	–
Total purchases for the period	3,957	Total sales for the period	3,961

Legg Mason Global Equity Income Fund (continued)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in shares of companies from various sectors which have historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

Annual management charge from capital: The Fund's annual management charge is taken from its capital (rather than income). This may adversely affect the Fund's overall growth.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the prospectus.

Legg Mason Global Equity Income Fund (continued)

Net Asset Value per Share and Comparative Table

Fund Size

	Net asset value of share class (£'000)	Net asset value pence per share	Shares in issue (‘000)
Share Class A (acc)			
28.02.11	12,688	111.64	11,365
29.02.12	8,573	115.18	7,443
28.02.13	9,438	133.86	7,051
31.08.13	9,564	141.96	6,737
Share Class A (inc)			
28.02.11	7,633	100.71	7,579
29.02.12	6,892	100.13	6,883
28.02.13	7,145	111.54	6,406
31.08.13	7,160	115.40	6,204
Share Class X (acc) ††			
28.02.13	13	101.92	12
31.08.13	14	108.50	12
Share Class X (inc) †††			
31.08.13	36	103.14	35

Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2008			
Class 'A' (acc) †	0.8966	100.70	71.81
Class 'A' (inc) †	0.8966	100.70	71.81
2009			
Class 'A' (acc)	3.7277	102.20	70.90
Class 'A' (inc)	3.6291	95.91	69.09
2010			
Class 'A' (acc)	3.4665	112.90	95.91
Class 'A' (inc)	3.2274	102.70	88.90
2011			
Class 'A' (acc)	3.8180	118.50	101.00
Class 'A' (inc)	4.2330	105.40	89.79
2012			
Class 'A' (acc)	4.6975	123.20	106.60
Class 'A' (inc)	4.0434	103.20	91.00
2013			
Class 'A' (acc)	5.1528+	146.10*	123.30*
Class 'A' (inc)	4.2866+	120.40*	103.30*
Class 'X' (acc) ††	3.0011+	111.60*	99.10*
Class 'X' (inc) †††	0.7322+	106.80*	95.70*
Ongoing Charge Figure		31.08.13	28.02.13
Class 'A' (acc)		1.78%	1.79%
Class 'A' (inc)		1.78%	1.79%
Class 'X' (acc) ††		1.01%	1.03%
Class 'X' (inc) †††		1.01%	n/a

The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the Fund's average net assets.

For 2013 the OCF for any new share class has been annualised.

* To 31 August 2013.

+ To 31 October 2013.

† Launched on 23 May 2008.

†† Launched on 30 January 2013.

††† Launched on 10 June 2013.

Legg Mason Global Equity Income Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		693		(210)
Revenue	476		469	
Expenses	(149)		(131)	
Finance costs: Interest	–		–	
Net revenue/(expense) before taxation	327		338	
Taxation	(38)		(38)	
Net revenue/(expense) after taxation		289		300
Total return before distributions		982		90
Finance costs: Distributions		(415)		(411)
Change in net assets attributable to shareholders from investment activities		567		(321)

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		16,596		15,465
Amounts receivable on issue of shares	484		127	
Amounts payable on cancellation of shares	(1,108)		(813)	
Net amounts receivable/(payable) on issue/cancellation of shares		(624)		(686)
Dilution adjustment		–		–
Stamp duty reserve tax		–		–
Change in net assets attributable to shareholders from investment activities		567		(321)
Retained distribution on accumulation shares		235		227
Unclaimed distributions		–		1
Closing net assets attributable to shareholders		16,774		14,686

The above statement shows the comparative net assets of 31 August 2012 whereas the current accounting period commenced 1 March 2013.

Legg Mason Global Equity Income Fund (continued)

Balance Sheet (unaudited)

As at 31 August 2013

	31.08.13		31.08.12	
	£'000	£'000	£'000	£'000
Assets				
Investments assets		16,351		15,662
Debtors	67		173	
Cash and bank balances	497		876	
Total other assets		564		1,049
Total assets		16,915		16,711
Liabilities				
Investment liabilities		–		–
Creditors	(84)		(68)	
Bank overdrafts	–		–	
Distribution payable on income shares	(57)		(47)	
Total other liabilities		(141)		(115)
Total liabilities		(141)		(115)
Net assets attributable to shareholders		16,774		16,596

Legg Mason Global Equity Income Fund (continued)

Distribution Table (unaudited)

As at 31 August 2013

First Interim Dividend Distribution in pence per share

Group 1 Final Shares purchased prior to 1 March 2013

Group 2 Final Shares purchased on or after 1 March 2013 to 31 May 2013

Class 'A' Income Shares

	Net Revenue	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	1.9215	–	1.9215	1.8970
Group 2	1.3610	0.5605	1.9215	1.8970

Class 'A' Accumulation Shares

	Net Revenue	Equalisation	Distribution paid 31.07.13	Distribution paid 31.07.12
Group 1	2.3041	–	2.3041	2.0911
Group 2	1.6421	0.6620	2.3041	2.0911

Class 'X' Accumulation Shares

	Net Revenue	Equalisation	Distribution paid 31.07.13	Distribution paid 30.07.12
Group 1	1.7548	–	1.7548	n/a
Group 2	1.7548	0.0000	1.7548	n/a

Second Interim Distribution in pence per share

Group 1 Final Shares purchased prior to 1 June 2013

Group 2 Final Shares purchased on or after 1 June 2013 to 31 August 2013

Class 'A' Income Shares

	Net Revenue	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	0.9181	–	0.9181	0.8137
Group 2	0.1924	0.7257	0.9181	0.8137

Class 'A' Accumulation Shares

	Net Revenue	Equalisation	Distribution payable 31.10.13	Distribution paid 31.10.12
Group 1	1.1220	–	1.1220	1.0523
Group 2	0.6665	0.4555	1.1220	1.0523

Class 'X' Accumulation Shares

	Net Revenue	Equalisation	Distribution payable 31.10.13	Distribution paid 30.10.12
Group 1	0.8884	–	0.8884	n/a
Group 2	0.6175	0.2709	0.8884	n/a

Class 'X' Income Shares

	Net Revenue	Equalisation	Distribution payable 31.10.13	Distribution paid 30.10.12
Group 1	0.7322	–	0.7322	n/a
Group 2	0.2389	0.4933	0.7322	n/a

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason Global Blue Chip Bond Fund

Portfolio Statement

As at 31 August 2013

Investments	Holdings or Nominal Value	Market value £'000	% of Total Net Assets
Certificates of Deposit 0.00% (2.92%)			
Sterling Denominated 0.00% (2.92%)			
Bonds 95.84% (97.22%)			
Sterling Denominated 18.66% (23.81%)			
Abbey National Treasury Services 5.5% Euro MTN 18/06/2014	GBP340,000	351	1.15
Barclays Bank 1.5% Euro MTN 04/04/2017	GBP380,000	383	1.25
BAT International Finance 1.125% Euro MTN 29/03/2016	GBP550,000	354	1.15
BG Energy Capital 3% Euro MTN 16/11/2018	GBP308,000	279	0.91
BP Capital Markets 3.561% US Domestic 01/11/2021	GBP70,000	44	0.14
BP Capital Markets 4% Euro MTN 29/12/2014	GBP115,000	119	0.39
Centrica 6.375% Euro MTN 10/03/2022	GBP430,000	520	1.70
Coventry Building Society 2.25% Euro MTN 04/12/2017	GBP100,000	86	0.28
Danske Bank 3.875% Euro MTN 14/04/2016	GBP760,000	515	1.68
Diageo Capital 4.828% Callable 15/07/2020	GBP480,000	343	1.12
GlaxoSmithKline 2.85% Callable 08/05/2022	GBP300,000	183	0.60
Motability Operations 3.25% Euro MTN 30/11/2018	GBP200,000	183	0.60
Prudential 1.25% Euro MTN 16/11/2015	GBP360,000	359	1.17
Royal Bank of Scotland 4.75% Euro MTN 18/05/2016	GBP535,000	497	1.62
Royal Bank of Scotland 5.625% Global 24/08/2020	GBP350,000	245	0.80
Royal Bank of Scotland 6.125% Global 11/01/2021	GBP320,000	229	0.75
Scottish & Southern Energy 5.75% Euro MTN 05/02/2014	GBP370,000	377	1.23
Standard Chartered 3.875% Euro Non- Dollar 20/10/2016	GBP450,000	413	1.35
Vodafone 2.5% Global 26/09/2022	GBP230,000	130	0.42
WM Morrison Supermarkets 4.625% Euro MTN 08/12/2023	GBP100,000	106	0.35
		5,716	18.66
Euro Denominated 27.95% (26.91%)			
Bank of America 4.625% Euro MTN 07/08/2017	EUR650,000	614	2.00
BMW Finance 3.625% Euro MTN 29/01/2018	EUR450,000	420	1.37
BNP Paribas 2.875% Euro MTN 26/09/2023	EUR300,000	253	0.83
BRFKredit 2.5% Euro MTN 31/01/2018	EUR200,000	171	0.56
Citigroup 7.375% Euro MTN 04/09/2019	EUR850,000	927	3.02
Cooperative Centrale Raiffeisen-Boerenleenbank 3.5% Euro MTN 17/10/2018	EUR411,000	380	1.24
Danone 2.5% Euro MTN 29/09/2016	EUR300,000	269	0.88
DnB NOR Bank 4.375% Euro MTN 24/02/2021	EUR910,000	874	2.85
Eandis 2.75% Euro MTN 30/11/2022	EUR200,000	171	0.56
Electricite de France 2.75% Euro MTN 10/03/2023	EUR200,000	171	0.56
Fortum 2.25% Euro MTN 06/09/2022	EUR460,000	378	1.23
GDF Suez 1.625% Euro-Dollar 10/10/2017	EUR450,000	286	0.93
ING Bank 3.75% Private Placement 07/03/2017	EUR310,000	209	0.68
Nestle Finance International 2.25% Euro MTN 30/11/2023	EUR350,000	325	1.06
Roche Finance Europe 2% Callable 25/06/2018	EUR190,000	168	0.55
Siemens Financieringsmaatschappij 5.625% Euro MTN 11/06/2018	EUR69,000	70	0.23
SpareBank 1 2.125% Euro MTN 21/02/2018	EUR290,000	249	0.81
Telstra 3.75% Euro MTN 16/05/2022	EUR309,000	289	0.94
TenneT Holding 4.5% Euro MTN 09/02/2022	EUR323,000	315	1.03
Total Capital International 1.55% Callable 28/06/2017	EUR600,000	384	1.25
UBS 6% Euro MTN 18/04/2018	EUR910,000	925	3.02
Vier Gas Transport 2.875% Euro MTN 12/06/2025	EUR360,000	303	0.99
Volkswagen Financial Services 1.75% Euro MTN 21/08/2017	EUR140,000	140	0.46
Volkswagen Leasing 3.25% Euro MTN 10/05/2018	EUR300,000	275	0.90
		8,566	27.95

Legg Mason Global Blue Chip Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
US Dollar Denominated 44.66% (45.07%)			
Anheuser-Busch InBev Worldwide 2.5% Callable 15/07/2022	USD460,000	273	0.89
Apache 3.625% Callable 01/02/2021	USD490,000	319	1.03
AT&T 3.875% Global 15/08/2021	USD110,000	72	0.23
Baker Hughes 7.5% Callable 15/11/2018	USD530,000	427	1.39
Bank of America 5.625% Euro MTN 01/07/2020	USD510,000	362	1.17
Baxter International 4.5% US Domestic 15/08/2019	USD50,000	36	0.12
Bear Stearns 6.4% Global 02/10/2017	USD250,000	186	0.61
BHP Billiton Finance USA 3.25% Global 21/11/2021	USD525,000	331	1.08
Boeing 6% Callable 15/03/2019	USD440,000	335	1.09
Bristol-Myers Squibb 5.45% Callable 01/05/2018	USD300,000	224	0.73
Caterpillar Financial Services 5.45% Euro MTN 15/04/2018	USD300,000	221	0.72
Chevron 2.355% Callable 05/12/2022	USD550,000	323	1.05
Cisco Systems 4.95% Callable 15/02/2019	USD370,000	270	0.87
Coca-Cola 1.65% Callable 14/03/2018	USD150,000	96	0.32
Coca-Cola 3.15% Callable 15/11/2020	USD710,000	466	1.53
Colgate-Palmolive 2.45% Domestic MTN 15/11/2021	USD868,000	534	1.75
ConocoPhillips 6% Callable 15/01/2020	USD220,000	168	0.54
El du Pont de Nemours 2.75% Callable 01/04/2016	USD340,000	228	0.74
EOG Resources 4.1% Callable 01/02/2021	USD520,000	352	1.15
General Electric Capital 4.625% Euro MTN 07/01/2021	USD1,010,000	690	2.25
Glitnir Banki 6.693% Private Placement 15/06/2016 +	USD360,000	–	–
Goldman Sachs 6% Euro MTN 15/06/2020	USD1,240,000	897	2.93
IBM 7.625% Callable 15/10/2018	USD390,000	317	1.03
IBM 2.9% Callable 01/11/2021	USD550,000	346	1.13
Idearc 8% US Domestic 15/11/2016 *+	USD145,000	–	–
John Deere Capital 2.25% Global 17/04/2019	USD600,000	385	1.26
Kaupthing Bank 7.125% Private Placement 19/05/2016 +	USD190,000	–	–
Kimberly-Clark 7.5% Callable 01/11/2018	USD130,000	104	0.34
McDonald's 2.625% Domestic MTN 15/01/2022	USD500,000	307	1.00
Medtronic 3.125% Callable 15/03/2022	USD110,000	69	0.23
MetLife 6.75% Callable 01/06/2016	USD570,000	421	1.37
Morgan Stanley 5.5% Euro MTN 02/10/2017	USD420,000	407	1.33
Novartis Capital 4.4% Callable 24/04/2020	USD320,000	225	0.73
Occidental Petroleum 3.125% Callable 15/02/2022	USD340,000	209	0.68
PepsiCo 3.125% Callable 01/11/2020	USD500,000	324	1.06
PepsiCo 2.5% Euro MTN 01/11/2022	USD160,000	151	0.49
Pfizer 6.2% Callable 15/03/2019	USD250,000	193	0.63
Philip Morris International 4.5% Euro MTN 26/03/2020	USD650,000	456	1.49
Philip Morris International 2.9% Global 15/11/2021	USD90,000	56	0.18
Rio Tinto Finance USA 3.75% Global 20/09/2021	USD425,000	267	0.87
Roche 6% Callable 01/03/2019	USD264,000	202	0.66
Temasek Financial 2.375% Euro-Dollar 23/01/2023	USD770,000	446	1.45
Teva Pharmaceutical Finance 3.65% Global 10/11/2021	USD440,000	279	0.91
Teva Pharmaceutical Finance IV 3.65% Global 10/11/2021	USD90,000	57	0.19
Toyota Motor Credit 3.4% Domestic MTN 15/09/2021	USD690,000	446	1.45
United Technologies 6.125% Callable 01/02/2019	USD430,000	328	1.07
UnitedHealth Group 1.625% Callable 15/03/2019	USD390,000	241	0.79
WEA Finance 6.75% Private Placement 02/09/2019	USD300,000	229	0.75
Wells Fargo 2.625% Global 15/12/2016	USD450,000	301	0.98
Wells Fargo 3.675% Global 15/06/2016	USD180,000	123	0.40
		13,699	44.66
Japanese Yen Denominated 2.53% (0.95%)			
Sumitomo Mitsui Banking 2.75% Euro MTN 24/07/2023	JPY550,000	459	1.50
Takeda Pharmaceutical 1.031% Euro-Dollar 17/03/2015	JPY490,000	317	1.03
		776	2.53
Mexican Peso Denominated 0.51% (0.48%)			
America Movil SAB de CV 4.125% 25/10/2019	MXN170,000	157	0.51
		157	0.51

Legg Mason Global Blue Chip Bond Fund (continued)

Investments	Holdings or Nominal Value	Market value £'000	% of Total Net Assets
Swedish Krona Denominated 1.53% (0.00%) Svenska Handelsbanken 1.625% Global 21/03/2018	SEK750,000	468	1.53
		468	1.53
Ordinary Shares 0.11% (0.07%) US Dollar Ordinary Shares 0.07% (0.05%) Deeptune *	1,772	33	0.11
		33	0.11
Derivatives 1.46% ((2.04%)) Sterling Denominated Derivatives (0.01)% ((0.04%)) Futures (0.01)% ((0.04%)) UK Long Gilt Bond Futures	(8)	(4)	(0.01)
		(4)	(0.01)
Euro Denominated Derivatives 0.90% ((0.05%)) Credit Default Swaps 0.04% (0.10%) OWP255593 CDS EUR R V 03ME	5,674,000	11	0.04
		11	0.04
Forward Currency Contracts 0.43% ((0.04%)) Forward to sell Eur 703,270 for GBP 608,559 Forward to sell Eur 3,839,002 for GBP 3,321,647 Forward to sell Eur 3,928,220 for GBP 3,396,974 Forward to sell Eur 195,428 for GBP 169,179 Forward to sell Eur 2,247,237 for GBP 1,953,267 Forward to sell Eur 27,538 for GBP 23,862 Forward to sell Eur 632,546 for GBP 547,041 Forward to sell Eur 227,000 for GBP 196,866 Forward to sell Eur 179,710 for GBP 156,094 Forward to sell Eur 82,743 for GBP 71,859		8 40 39 2 33 – 6 3 2 1	0.03 0.13 0.13 – 0.11 – 0.01 0.01 0.01 –
		134	0.43
Futures 0.43% ((0.11%)) German Euro Bund Futures	(54)	133	0.43
		133	0.43
USD Denominated Derivatives 0.57% ((1.95%)) Forward Currency Contracts 0.59% ((1.95%)) Forward to sell USD 1,783,939 for GBP 1,170,499 Forward to sell USD 3,701,347 for GBP 2,418,728 Forward to sell USD 4,205,324 for GBP 2,743,700 Forward to sell USD 149,549 for GBP 98,240 Forward to sell USD 4,740,811 for GBP 3,089,452 Forward to sell USD 3,663,737 for GBP 2,385,325 Forward to sell USD 3,500,630 for GBP 2,279,724 Forward to sell USD 4,751,030 for GBP 3,093,562		20 30 29 2 30 21 20 27	0.07 0.10 0.09 0.01 0.10 0.07 0.06 0.09
		179	0.59
Futures (0.02)% (0.00%) 10YR US Treasury Note Futures December 2013	22	(7)	(0.02)
		(7)	(0.02)
Portfolio of investments Net other assets		29,861 793	97.41 2.59
Net assets		30,654	100.00

+ defaulted bonds

* unlisted securities

The investments have been valued in accordance with note 1(a) of the Notes to the Aggregated Financial Statements. All investments are Corporate Bonds unless otherwise stated and admitted to official stock exchange listings. Comparative figures shown in brackets relate to 28 February 2013.

Legg Mason Global Blue Chip Bond Fund (continued)

Portfolio Bond Ratings	Percentage of total net assets %
AAA	1.52
AA+	1.30
AA	4.80
AA-	8.87
A+	16.53
A	29.92
A-	33.42
BBB+	1.07
NR	2.57
Total	<u>100.00</u>

source: Bloomberg composite

Legg Mason Global Multi Strategy Bond Fund

Portfolio Statement

As at 31 August 2013

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Certificates of Deposit 3.46% (14.72%)			
Sterling Denominated 3.46% (14.72%)			
Ing Bank 0.4% 02/09/2013	GBP12,001,732	12,001	1.89
Seb Enskilda 0.33% 02/09/2013	GBP10,000,773	10,001	1.57
		22,002	3.46
Bonds 87.16% (88.02%)			
Sterling Denominated 9.75% (8.61%)			
AA Bond 9.5% Euro Non-Dollar 31/07/2043	GBP690,000	735	0.12
ABP Finance 6.25% Euro MTN 14/12/2026	GBP2,000,000	2,277	0.36
Anglian Water Osprey Financing 7% Euro MTN 31/01/2018	GBP1,660,000	1,778	0.28
Aviva 6.125% Euro Non-Dollar 14/11/2036	GBP1,590,000	1,566	0.25
Aviva 6.125% Euro Non-Dollar 29/09/2049	GBP290,000	284	0.04
AXA 6.6862% Euro MTN 29/07/2049	GBP1,000,000	980	0.15
Bank of America 5.25% Euro MTN 09/11/2016	GBP1,050,000	1,131	0.18
Barclays Bank 5.75% Euro MTN 14/09/2026	GBP2,020,000	2,085	0.33
Boparan Finance 9.875% Euro Non-Dollar 30/04/2018	GBP1,200,000	1,320	0.21
BUPA Finance 5% Euro Non-Dollar 25/04/2043	GBP950,000	918	0.14
Citigroup 5.875% Euro MTN 01/07/2024	GBP741,000	799	0.13
Citigroup 7.375% Euro MTN 01/09/2039	GBP1,500,000	2,086	0.33
Co-operative 6.875% Euro Non-Dollar 08/07/2020	GBP385,000	364	0.06
Co-operative 7.5% Euro Non-Dollar 08/07/2026	GBP720,000	673	0.11
CPUK Finance Ltd 7.239% Euro MTN 28/02/2042	GBP483,000	579	0.09
Danske Bank 5.6838% Euro MTN 29/12/2049	GBP280,000	278	0.04
Dignity Finance 6.31% Euro Non-Dollar 31/12/2023	GBP30,683	36	0.01
Direct Line Insurance Group 9.25% Euro Non-Dollar 27/04/2042	GBP1,420,000	1,687	0.27
Enterprise Inns 6.5% Euro Non-Dollar 06/12/2018	GBP650,000	652	0.10
General Electric Capital 6.44% Euro MTN 15/11/2022	GBP140,437	158	0.02
GKN Holdings 5.375% Euro MTN 19/09/2022	GBP850,000	864	0.14
Great Rolling Stock 6.25% Euro MTN 27/07/2020	GBP1,910,000	2,217	0.35
Greene King Finance 1.34875% Euro Non-Dollar 15/03/2036	GBP299,000	189	0.03
Heathrow Finance 7.125% Euro MTN 01/03/2017	GBP1,311,000	1,410	0.22
HSBC Capital Funding 8.208% Euro Non-Dollar 29/06/2049	GBP213,000	230	0.04
HSBC Holdings 6.75% Euro Non-Dollar 11/09/2028	GBP550,000	639	0.10
Intu SGS Finance 3.875% Euro MTN 17/03/2028	GBP1,575,000	1,562	0.25
Kelda Finance No 3 5.75% Euro Non-Dollar 17/02/2020	GBP1,890,000	1,910	0.30
Lloyds TSB Bank 7.5% Euro MTN 15/04/2024	GBP1,886,000	2,420	0.38
Marstons Issuer 5.641% Euro Non-Dollar 15/07/2035	GBP1,925,000	1,636	0.26
MetLife 5.375% Global 09/12/2024	GBP410,000	452	0.07
Nordea Bank Finland 6.25% Euro MTN 29/07/2049	GBP249,000	254	0.04
Pennon Group 6.75% Euro Non-Dollar 31/12/2049	GBP1,980,000	2,047	0.32
Phones4u Finance 9.5% Euro Non-Dollar 01/04/2018	GBP1,420,000	1,469	0.23
Priory Group No 3 8.875% Euro MTN 15/02/2019	GBP1,350,000	1,332	0.21
Scottish Widows 5.5% Euro Non-Dollar 16/06/2023	GBP1,400,000	1,349	0.21
SLM Student Loan Trust 2003-12 5.45% Euro Non-Dollar 15/03/2038	GBP1,000,000	904	0.14
Southern Gas Networks 4.875% Euro MTN 05/10/2023	GBP1,072,000	1,179	0.19
Thames Water Kemble Finance 7.75% Euro MTN 01/04/2019	GBP1,710,000	1,856	0.29
Unique Pub Finance 5.659% Euro Non-Dollar 30/06/2027	GBP443,000	414	0.07
United Kingdom Gilt 1% UK GILT STOCK 07/09/2017	GBP14,440,000	14,313	2.25
Virgin Media Finance 7% Euro Non-Dollar 15/04/2023	GBP1,240,000	1,243	0.20
Virgin Media Secured Finance 5.5% Global 15/01/2021	GBP1,200,000	1,190	0.19
Vougeot Bidco 7.875% Euro Non-Dollar 15/07/2020	GBP300,000	308	0.05
		61,773	9.75
Euro Denominated 18.10% (30.58%)			
ABN AMRO Bank 7.125% Euro MTN 06/07/2022	EUR2,350,000	2,306	0.36
Altice Financing 8% Euro Zone 15/12/2019	EUR1,120,000	1,013	0.16
Altice Finco 9% Euro Zone 15/06/2023	EUR1,050,000	910	0.14
Aviva 6.125% Euro MTN 07/05/2043	EUR1,263,000	1,115	0.18
AXA 6.211% Euro MTN 29/10/2049	EUR333,000	291	0.05
Bank of America 4.625% Euro MTN 07/08/2017	EUR3,050,000	2,880	0.45

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Barclays Bank 6% Euro MTN 23/01/2018	EUR770,000	730	0.11
Bundesrepublik Deutschland 3.25% Euro Zone 04/01/2020	EUR16,020,000	15,432	2.43
Bundesrepublik Deutschland 3.25% Euro Zone 04/07/2021	EUR42,920,000	41,554	6.53
Bundesrepublik Deutschland 3.5% Euro Zone 04/01/2016	EUR259,271	238	0.04
Bundesrepublik Deutschland 3.75% Euro Zone 04/01/2019	EUR5,420,000	5,301	0.83
Cerved Technologies 6.375% Euro MTN 15/01/2020	EUR200,000	173	0.03
Cerved Technologies 8% Euro MTN 15/01/2021	EUR300,000	257	0.04
Citigroup 7.375% Euro MTN 04/09/2019	EUR2,157,000	2,354	0.37
ConvaTec Healthcare E 10.875% Euro Zone 15/12/2018	EUR1,003,000	954	0.15
Corral Petroleum 15% Private Placement 31/12/2017	EUR547,243	476	0.06
Edcon Pty 9.5% Euro-Dollar 01/03/2018	EUR2,110,000	1,634	0.26
Elia System Operator 3.25% Euro MTN 04/04/2028	EUR1,100,000	928	0.15
Europcar Groupe 11.5% Euro MTN 15/05/2017	EUR1,367,000	1,327	0.21
Gategroup Finance Luxembourg 6.75% Euro MTN 01/03/2019	EUR640,000	560	0.09
General Electric Capital 4.625% Euro Non-Dollar 15/09/2066	EUR346,000	294	0.05
Goldman Sachs Group/The 4.75% Global 12/10/2021	EUR900,000	809	0.13
HSBC Capital Funding 5.13% Euro Non-Dollar 29/12/2049	EUR635,000	557	0.09
HSBC Holdings 6% Euro MTN 10/06/2019	EUR750,000	741	0.11
INEOS Holdings 7.875% Euro-Zone 15/02/2016	EUR1,542,674	1,327	0.21
JPMorgan Chase Bank 4.375% Euro Non-Dollar 30/11/2021	EUR1,700,000	1,508	0.24
Koninklijke KPN 6.125% Euro-Zone 29/03/2049	EUR1,095,000	954	0.15
KP Germany Erste 11.625% Euro-Zone 15/07/2017	EUR1,580,000	1,541	0.24
KraussMaffei Group 8.75% Euro MTN 15/12/2020	EUR680,000	619	0.10
Lloyds TSB Bank 11.875% Euro MTN 16/12/2021	EUR1,911,000	2,007	0.32
Lloyds TSB Bank 6.5% Euro MTN 24/03/2020	EUR3,375,000	3,224	0.51
Merrill Lynch 4.625% Euro MTN 14/09/2018	EUR908,000	833	0.13
Morgan Stanley 4.375% Euro MTN 12/10/2016	EUR3,060,000	2,821	0.44
Muenchener Rueckversicherungs 5.767% Euro Zone 29/06/2049	EUR1,350,000	1,204	0.19
New World Resources 7.875% Euro Zone 15/01/2021	EUR2,310,000	779	0.12
ONO Finance II 11.125% Euro-Zone 15/07/2019	EUR1,000,000	902	0.14
Ontex IV 9% Euro Zone 15/04/2019	EUR1,410,000	1,249	0.20
Polish Television Holding 11.25% Euro MTN 15/05/2017	EUR750,000	672	0.11
Rain CII Carbon 8.5% Euro Non-Dollar 15/01/2021	EUR1,191,000	983	0.15
Rottapharm 6.125% Euro Zone 15/11/2019	EUR1,130,000	980	0.15
Royal Bank of Scotland 5.5% Euro MTN 23/03/2020	EUR2,260,000	2,228	0.35
Schaeffler Holding Finance 6.875% Euro Zone 15/08/2018	EUR420,000	369	0.06
Spie BondCo 3 11% Euro MTN 15/08/2019	EUR820,000	781	0.12
Swiss Reinsurance 5.252% Euro Zone 29/05/2049	EUR2,650,000	2,314	0.36
Techem 6.125% Euro MTN 01/10/2019	EUR500,000	458	0.07
Trionista Holdco 5% Euro Zone 30/04/2020	EUR150,000	128	0.02
Trionista Topco 6.875% Euro Zone 30/04/2021	EUR1,060,000	912	0.14
TVN Finance III AB 7.875% Euro MTN 15/11/2018	EUR275,000	243	0.04
Unitymedia KabelBW 9.5% Euro-Zone 15/07/2021	EUR1,242,000	1,201	0.19
Wells Fargo 2.25% Euro MTN 02/05/2023	EUR1,250,000	1,023	0.16
Wind Acquisition Holdings Finance 12.25% Euro Zone 15/07/2017	EUR139,549	121	0.02
Wolters Kluwer 2.875% Euro-Zone 21/03/2023	EUR1,150,000	973	0.15
		115,188	18.10
US Dollar Denominated 49.58% (45.00%)			
Acadia Healthcare 12.875% Global 01/11/2018	USD1,021,000	803	0.13
Access Midstream Partners Finance 5.875% Global 05/04/2020	USD1,730,000	1,144	0.18
ACE INA Holdings 5.7% US Domestic 15/02/2017	USD20,000	15	-
AES Corp 7.75% Global 15/10/2015	USD731,000	523	0.08
AES Corp 8% Global 01/06/2020	USD5,000	11	0.00
AES Gener 5.25% Euro Dollar 15/08/2021	USD1,220,000	789	0.12
Alliance Oil 7% Euro Dollar 05/04/2020	USD3,110,000	1,981	0.31
Alliance One International 9.875% Global 15/07/2021	USD360,000	218	0.03
Ally Financial 5.5% Global 15/02/2017	USD1,360,000	925	0.15
Ally Financial 7.5% Global 15/09/2020	USD1,520,000	1,103	0.17
Ally Financial 7.5% Global 31/12/2013	US133,000	87	0.01
Ally Financial 8% Global 15/03/2020	USD3,970,000	2,929	0.46
Ally Financial 8% Global 31/12/2018	USD123,000	90	0.01
Ally Financial 8.3% Global 12/02/2015	USD760,000	529	0.08
Altria Group 9.25% Global 06/08/2019	USD740,000	627	0.10
America Movil 5.625% Global 15/11/2017	USD670,000	487	0.08

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Bear Stearns 5.55% US Domestic 22/01/2017	USD260,000	184	0.03
Citigroup 6.125% Global 21/11/2017	USD50,000	37	0.01
American Axle & Manufacturing 6.25% US Domestic 15/03/2021	USD340,000	223	0.04
American Axle & Manufacturing 7.75% US Domestic 15/11/2019	USD650,000	461	0.07
American Express 6.8% US Domestic 01/09/2066	USD50,000	34	0.01
American International 5.85% Global 16/01/2018	USD90,000	66	0.01
American International 6.25% Global 15/03/2087	USD400,000	256	0.04
Amgen 3.875% Global 15/11/2021	USD3,235,000	2,094	0.33
Anadarko Petroleum 5.95% Global 15/09/2016	USD20,000	14	–
Anadarko Petroleum 6.375% US Domestic 15/09/2017	USD240,000	179	0.03
Andrade Gutierrez 4% Euro Dollar 30/04/2018	USD3,670,000	2,198	0.35
Anglogold Ashanti 8.5% Global 30/07/2020	USD2,190,000	1,408	0.22
Appleton Papers 11.25% Global 15/12/2015	USD257,000	188	0.03
AT&T 6.55% Global 15/02/2039	USD719,000	531	0.08
ArcelorMittal 4.25% Global 05/08/2015	USD1,310,000	869	0.14
ArcelorMittal 4.25% Global 25/02/2015	USD950,000	630	0.10
Arch Coal 7% Global 15/06/2019	USD250,000	129	0.02
Arch Coal 8.75% Global 01/08/2016	USD470,000	293	0.05
Ardagh Packaging Finance 7% Private Placement 15/11/2020	USD1,520,000	955	0.15
Ardagh Packaging Finance 9.125% Private Placement 15/10/2020	USD750,000	516	0.08
Argentina Boden Bonds 7% Domestic 03/10/2015	USD730,000	416	0.07
Argentine Republic Government International 7% Domestic 03/10/2015	USD4,531,000	2,583	0.41
Argentine Republic Government International 7% Domestic 12/09/2013	USD383,930	247	0.04
AT&T 3.875% Global 15/08/2021	USD1,600,000	1,051	0.17
Atlantic Power Corp 9% Global 15/11/2018	USD3,140,000	2,020	0.32
Atlas Pipeline 4.75% Private Placement 15/11/2021	USD1,080,000	622	0.10
Ausdrill Finance 6.875% Private Placement 01/11/2019	USD390,000	224	0.04
AXA 8.6% Global 15/12/2030	USD50,000	38	0.01
Axtel SAB de CV 7% Euro Non-Dollar 31/01/2020	USD1,390,700	94	0.01
Axtel SAB de CV 7% Euro-Dollar 31/01/2020	USD1,219,000	733	0.12
Ball 5.75% US Domestic 15/05/2021	USD1,170,000	800	0.13
Ball 6.75% US Domestic 15/09/2020	USD390,000	272	0.04
Ball 4% US Domestic 15/11/2023	USD110,000	63	0.01
Bank of America 5.65% Global 01/05/2018	USD40,000	29	–
Bank of America 5.2% Global 31/12/2049	USD5,160,000	2,954	0.46
Baxter International 4.5% Global 15/06/2043	USD2,140,000	1,349	0.21
Braskem Finance 5.375% Euro Dollar 02/05/2022	USD760,000	446	0.07
Braskem Finance 5.75% Euro Dollar 15/04/2021	USD2,715,000	1,647	0.26
Braskem Finance 7% Euro Dollar 07/05/2020	USD1,419,000	946	0.15
British Telecommunications 9.625% Global 15/12/2030	USD70,000	68	0.01
Burlington Northern Santa 5.75% US Domestic 01/05/2040	USD325,000	228	0.04
Caesars Entertainment 11.25% Global 01/06/2017	USD2,080,000	1,382	0.22
Caesars Entertainment 9% Global 15/02/2020	USD70,000	43	0.01
Caesars Entertainment 8.5% Global 15/02/2020	USD230,000	141	0.02
Caesars Entertainment 9% Global 15/02/2020	USD40,000	25	–
Calpine 7.5% Private Placement 15/02/2021	USD2,304,000	1,572	0.25
Calpine 7.875% Private Placement 15/01/2023	USD1,305,000	897	0.14
CCO Capital 6.5% US Domestic 30/04/2021	USD1,500,000	977	0.15
CCO Capital 5.75% Global 15/01/2024	USD390,000	234	0.04
Celulosa Arauco y Constitucion 4.75% Global 01/11/2022	USD1,600,000	1,001	0.16
Celulosa Arauco y Constitucion 7.25% Global 29/07/2019	USD1,417,000	1,038	0.16
Cemex Finance 9.375% Euro Dollar 12/10/2022	USD2,480,000	1,708	0.27
Cemex SAB de CV 9% Euro Dollar 11/01/2018	USD1,240,000	848	0.13
Centrais Eletricas Brasileiras 5.75% Euro Dollar 27/10/2021	USD1,300,000	775	0.12
Centrais Eletricas Brasileiras 6.875% Euro Dollar 30/07/2019	USD325,000	216	0.03
Chesapeake Energy 6.5% Global 15/08/2017	USD1,327,000	942	0.15
Chesapeake Energy 6.875% Global 15/11/2020	USD130,000	91	0.01
Chesapeake Energy 5.75% US Domestic 15/03/2023	USD460,000	295	0.05
Cie Generale de Geophysique Veritas 6.5% Global 01/06/2021	USD750,000	490	0.08
Cie Generale de Geophysique Veritas 9.5% Global 15/05/2016	USD321,000	217	0.03
Cincinnati Bell Telephone 6.3% US Domestic 01/12/2028	USD40,000	24	–
CIT 5% Global 01/08/2013	USD1,590,000	960	0.15
Citigroup 5.35% Global 31/12/2049	USD3,450,000	1,967	0.31
Citigroup 6.125% Global 25/08/2036	USD400,000	257	0.04
Cogent Communications 8.375% Private Placement 15/02/2018	USD2,710,000	1,910	0.30
Colbun 6% Euro Dollar 21/01/2020	USD2,120,000	1,447	0.23
Comcast 5.15% US Domestic 01/03/2020	USD1,740,000	1,267	0.20

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Comcast 5.7% Global 15/05/2018	USD40,000	30	–
Comcast 6.5% Global 15/01/2017	USD30,000	22	–
Compiler Finance 7% Private Placement 01/05/2021	USD130,000	81	0.01
Compucredit Acquired Portfolio Voltage master Trust 0.35406% ABS Card 17/09/2018	USD18,625	12	–
Concho Resources 5.5% Global 01/04/2023	USD850,000	529	0.08
ConocoPhillips 6.95% Global 15/04/2029	USD40,000	33	0.01
CONSOL Energy 6.375% Global 01/03/2021	USD320,000	208	0.03
CONSOL Energy 8.25% Global 01/04/2020	USD2,380,000	1,624	0.26
Continental Airlines 2007-1 Class C Pass Through Trust 7.339% Global 19/04/2014	USD14,094	9	–
Continental Resources 4.5% Global 15/04/2023	USD1,640,000	1,016	0.16
Cooper-Standard Automotive 8.5% Global 15/04/2023	USD1,260,000	870	0.14
Corp Nacional del Cobre de Chile 3.875% Euro Dollar 03/11/2021	USD2,160,000	1,337	0.21
Corral Petroleum 15% Private Placement 31/12/2017	USD151,986	98	0.02
Countrywide Financial Corp 6.25% US Domestic 15/05/2016	USD510,000	357	0.06
CRC Health 0.75% Global 01/02/2016	USD315,000	203	0.03
Croatia Government International Bond 5.5% Euro-Dollar 04/04/2023	USD2,850,000	1,759	0.28
CSC Holdings 6.75% Global 15/11/2021	USD35,000	24	–
CSN Islands IX 10% Global 15/01/2015	USD31,000	22	–
CSN Resources 6.5% Euro Dollar 21/07/2020	USD2,104,000	1,294	0.20
CST Brands 5% Private Placement 01/05/2023	USD240,000	147	0.02
Curtis Palmer 5.9% Private Placement 15/07/2014	USD530,000	342	0.05
DAE Aviation Holdings 11.25% Private Placement 01/08/2015	USD1,052,000	679	0.11
Delta Air Lines 2007-1 Class B Pass Through Trust 8.021% Global 10/02/2024	USD222,770	157	0.02
Delta Air Lines 2007-1 Class C Pass Through Trust 8.954% Global 10/08/2014	USD45,052	30	–
Devon Energy 7.95% US Domestic 15/04/2032	USD1,490,000	1,250	0.20
Devon Financing 7.875% Global 30/09/2031	USD33,000	27	–
Diageo Capital 2.625% Global 29/04/2023	USD4,100,000	2,404	0.38
Digicel Group 8.25% Euro Dollar 30/09/2020	USD3,800,000	2,546	0.40
DISH DBS 5.875% Global 15/07/2022	USD20,000	13	–
DISH DBS 6.625% Global 01/10/2014	USD20,000	13	–
DISH DBS 7.125% Global 01/02/2016	USD110,000	77	0.01
DISH DBS 7.875% Global 01/09/2019	USD2,747,000	1,994	0.31
Dolphin Energy 5.888% Euro Dollar 15/06/2019	USD497,910	350	0.06
DPL 7.25% Global 15/10/2021	USD1,430,000	941	0.15
E.CL SA 5.625% Euro Dollar 15/01/2021	USD200,000	132	0.02
EDC Finance 4.875% Euro-Dollar 17/04/2020	USD3,050,000	1,805	0.28
El Pollo Loco 17% Private Placement 01/01/2018	USD1,187,755	805	0.13
Electricite de France 4.25% Euro MTN 29/12/2049	USD5,750,000	3,473	0.55
Empresa de Energia de Bogota 6.125% Euro Dollar 10/11/2021	USD2,320,000	1,535	0.24
Empresas Publicas de Medellin 7.625% Euro Dollar 29/07/2019	USD1,100,000	799	0.13
Energy Future Intermediate Holding 10% US Domestic 01/12/2020	USD770,000	522	0.08
Energy Future Intermediate Holding 12.25% Private Placement 01/03/2022	USD1,400,000	1,002	0.16
Enterprise Products Operating 6.3% US Domestic 15/09/2017	USD370,000	275	0.04
Enterprise Products Operating 7.034% US Domestic 15/01/2068	USD255,000	183	0.03
Enterprise Products Operating 8.375% US Domestic 01/08/2066	USD1,960,000	1,407	0.22
Enterprise Products Operating 9.75% US Domestic 31/01/2014	USD90,000	60	0.01
EOG Resources 5.875% US Domestic 15/09/2017	USD50,000	37	0.01
Evrax Group 6.5% Euro Dollar 22/04/2020	USD3,350,000	1,950	0.31
Evrax Group 6.75% Euro Dollar 27/04/2018	USD2,730,000	1,690	0.27
Evrax Group 8.25% Euro Dollar 10/11/2015	USD210,000	145	0.02
Evrax Group 9.5% Euro Dollar 24/04/2018	USD1,410,000	971	0.15
ExamWorks 9% Global 15/07/2019	USD510,000	354	0.06
EXCO Resources 7.5% US Domestic 15/09/2018	USD1,320,000	834	0.13
Exelon 4.9% US Domestic 15/06/2015	USD5,000	3	–
Fannie Mae 4.5% Mortgage Backed Security 30 Year	USD628,093	430	0.07
Fannie Mae 3% Mortgage Backed Security 15 Year	USD4,000,000	2,639	0.41
Fannie Mae 3.5% Mortgage Backed Security 15 Year	USD4,250,000	2,865	0.45
Fannie Mae 3.5% Mortgage Backed Security 30 Year	USD26,800,000	17,280	2.72
Fibria Overseas Finance 6.75% Euro Dollar 03/03/2021	USD2,500,000	1,701	0.27
First Quality Finance 4.625% Private Placement 15/05/2021	USD330,000	196	0.03
FirstEnergy Corp 7.375% Global 15/11/2031	USD1,875,000	1,214	0.19
FMG Resources August 2006 Pty 7% Private Placement 01/11/2015	USD2,170,000	1,430	0.22
FMG Resources August 2006 Pty 8.25% Private Placement 01/11/2019	USD220,000	147	0.02
Fontainebleau Las Vegas Holdings 10.25% Private Placement 15/06/2015+	USD80,000	–	–
Ford Motor Credit 12% Global 15/05/2015	USD2,231,000	1,679	0.26
Freddie Mac 2.5% Mortgage Backed Security 15 Year	USD3,000,000	1,917	0.30

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Freddie Mac Gold Pool 3.5% Mortgage Backed Security 15 Year	USD1,980,606	1,333	0.21
Freddie Mac Gold Pool 3.5% Mortgage Backed Security 30 Year	USD3,038,050	1,961	0.31
Freddie Mac Gold Pool 7% Mortgage Backed Security 30 Year	USD83,680	58	0.01
Gazprom OAO Via Gaz Capital 4.95% Euro-Dollar 19/07/2022	USD5,380,000	3,212	0.50
General Electric Capital 6.15% Global 07/08/2037	USD180,000	129	0.02
General Electric Capital 6.375% Global 15/11/2067	USD60,000	41	0.01
General Electric Capital 6.75% Global 15/03/2032	USD25,000	19	–
General Electric Capital 6.875% Global 10/01/2039	USD1,075,000	837	0.13
General Motors Financial 2.75% Private Placement 15/05/2016	USD80,000	51	0.01
General Motors Financial 3.25% Private Placement 15/05/2018	USD10,000	6	–
General Motors Financial 4.25% Private Placement 15/05/2023	USD250,000	145	0.02
GenOn Americas Generation 9.125% Global 01/05/2031	USD610,000	415	0.07
Gerdau Holdings 7% Euro Dollar 20/01/2020	USD2,106,000	1,416	0.22
Gerdau Trade 4.75% Euro Dollar 15/04/2023	USD2,530,000	1,420	0.22
Ginnie Mae 3% Mortgage Backed Security 30 Year	USD8,800,000	5,492	0.86
Ginnie Mae 3.5% Mortgage Backed Security 30 Year	USD1,000,000	651	0.10
Ginnie Mae 4.5% Mortgage Backed Security 30 Year	USD2,400,000	1,650	0.26
Ginnie Mae II pool 4.5% Mortgage Backed Security 30 Year	USD445,582	308	0.05
Glitnir Banki 7.451% Private Placement 29/03/2049+	USD200,000	–	–
Goldman Sachs Capital II 4% US Domestic 01/06/2043	USD60,000	29	–
Grupo Bimbo SAB de CV 4.5% Euro Dollar 25/01/2022	USD1,288,000	829	0.13
Grupo Televisa 6.625% Global 15/01/2040	USD1,856,000	1,275	0.20
Grupo Televisa 6.625% Global 18/03/2025	USD140,000	102	0.02
GTL Trade Finance 7.25% Euro Dollar 20/10/2017	USD731,000	517	0.08
Hawk Acquisition 4.25% Private Placement 15/10/2020	USD640,000	390	0.06
HCA 6.5% Global 15/02/2020	USD1,500,000	1,041	0.16
HCA 7.25% Global 15/09/2020	USD320,000	224	0.04
Hercules Offshore 10.5% Private Placement 15/10/2017	USD300,000	205	0.03
Hercules Offshore 8.75% Private Placement 15/07/2021	USD500,000	343	0.05
Horizon Lines 11% US Domestic 15/10/2016	USD127,000	82	0.01
Horizon Lines 13% US Domestic 15/10/2016	USD212,008	126	0.02
Humana 6.45% US Domestic 01/06/2016	USD45,000	33	0.01
Hypermarcas 6.5% Euro Dollar 20/04/2021	USD1,100,000	702	0.11
IASIS Healthcare 8.375% Global 15/05/2019	USD1,070,000	723	0.11
Idearc 8% US Domestic 15/11/2016+	USD315,000	–	–
Indonesia Government International Bond 3.75% Euro Dollar 25/04/2022	USD540,000	293	0.05
Indonesia Government International Bond 5.25% Euro Dollar 17/01/2042	USD6,040,000	3,024	0.48
Indonesia Government International Bond 6.625% Euro Dollar 17/02/2037	USD840,000	504	0.08
Indosat Palapa 7.375% Euro Dollar 29/07/2020	USD1,345,000	914	0.14
ING Capital Funding Trust III 3.911% Global 29/12/2049	USD1,437,000	900	0.14
Intelsat Jackson 7.25% Global 15/10/2020	USD1,810,000	1,248	0.20
Intelsat Jackson 7.5% Global 01/04/2021	USD475,000	329	0.05
International Lease Finance 8.625% Global 15/09/2015	USD1,220,000	860	0.14
International Lease Finance 8.75% Global 15/03/2017	USD2,810,000	2,055	0.32
Inversiones 4.75% Euro Dollar 19/01/2018	USD2,010,000	1,347	0.21
Inversiones 4.375% Euro Dollar 15/05/2023	USD1,090,000	643	0.10
JPMorgan Chase 3.375% Global 01/05/2023	USD3,860,000	2,259	0.36
JPMorgan Chase 4.5% Global 24/01/2022	USD1,220,000	816	0.13
JPMorgan Chase 6.125% US Domestic 27/06/2017	USD40,000	29	–
JPMorgan Chase 7.9% Global 29/04/2049	USD1,177,000	837	0.13
Kansas City Southern de Mexico 3% Euro Dollar 15/05/2023	USD1,240,000	732	0.12
Kaupthing Bank 7.125% Private Placement 19/05/2016+	USD100,000	–	–
Kerr-McGee 6.95% Global 01/07/2024	USD440,000	335	0.05
Kerr-McGee 7.875% US Domestic 15/09/2031	USD20,000	16	–
Key Energy Services 6.75% US Domestic 01/03/2021	USD830,000	529	0.08
Kinder Morgan Energy 7.3% Global 15/08/2033	USD125,000	95	0.01
Kodiak Oil & Gas 5.5% Private Placement 01/02/2023	USD980,000	610	0.10
Kodiak Oil & Gas 8.125% Global 01/12/2019	USD850,000	599	0.09
Kroger 8% US Domestic 15/09/2029	USD140,000	114	0.02
Lantheus Medical Imaging 9.75% Global 15/05/2017	USD930,000	513	0.08
Lehman Brothers Holdings Capital Trust VII 5.857% Domestic MTN 29/11/2049+	USD125,000	–	–
Lukoil International Finance 6.656% Euro Dollar 07/06/2022	USD4,732,000	3,267	0.51
LyondellBasell Industries 5% Global 15/04/2019	USD865,000	607	0.10
LyondellBasell Industries 5.75% Global 15/04/2024	USD2,515,000	1,787	0.28
Magnachip Semiconductor 6.625% Private Placement 15/07/2021	USD330,000	210	0.03
Magnum Hunter Resources 9.75% Private Placement 15/05/2020	USD1,150,000	749	0.12
Majapahit Holding 7.75% Euro Dollar 20/01/2020	USD100,000	68	0.01

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Merrill Lynch 6.4% Global 28/08/2017	USD29,000	21	–
Mersin Uluslararası Liman Isletmeciligi 5.875% Euro Dollar 08/12/2020	USD1,900,000	1,168	0.18
MetLife 6.4% Global 15/12/2066	USD210,000	137	0.02
Mirant Mid Atlantic Pass Through 10.06% Global 30/12/2028	USD1,503,336	1,067	0.17
Mohegan Tribal Gaming Authority 11.5% Euro Dollar 01/11/2017	USD980,000	714	0.11
Morgan Stanley 4.75% Global 01/04/2014	USD24,000	16	–
Murphy Oil 6% Private Placement 15/08/2023	USD520,000	332	0.05
Nara Cable Funding 8.875% Private Placement 01/12/2018	USD3,540,000	2,364	0.37
NBCUniversal Enterprise 1.974% Private Placement 15/04/2019	USD3,720,000	2,316	0.36
NES Rentals 7.875% Private Placement 01/05/2018	USD610,000	401	0.06
NET Servicos de Comunicacao 7.5% Global 27/01/2020	USD1,092,000	760	0.12
Novatek OAO via Novatek Finance 6.604% Euro Dollar 03/02/2021	USD1,920,000	1,308	0.21
Odebrecht Finance 4.375% Euro Dollar 25/04/2025	USD3,230,000	1,750	0.28
Odebrecht Finance 5.125% Euro Dollar 26/06/2022	USD1,600,000	979	0.15
Overseas Shipholding 8.75% US Domestic 01/12/2013	USD90,000	52	0.02
Pacific Drilling 5.375% Private Placement 01/06/2020	USD740,000	459	0.07
Pacific Gas & Electric 4.6% US Domestic 15/06/2043	USD800,000	489	0.08
Pan American Energy 7.875% Euro Dollar 07/05/2021	USD1,549,000	982	0.16
Parker Drilling 9.125% Global 01/04/2018	USD1,490,000	1,024	0.16
Peabody Energy 7.875% Global 01/11/2026	USD660,000	425	0.07
Pemex Project Funding Master Trust 6.625% Global 15/06/2035	USD5,426,000	3,579	0.56
Pernod-Ricard SA 4.45% Euro Dollar 15/01/2022	USD1,760,000	1,154	0.18
Pertamina Persero 5.25% Euro Dollar 23/05/2021	USD1,950,000	1,131	0.18
Petrobras International Finance 5.875% Global 01/03/2018	USD28,000	19	–
Petrobras International Finance 6.75% Global 27/01/2041	USD4,280,000	2,582	0.41
Petrobras International Finance 6.875% Global 20/01/2040	USD1,978,000	1,212	0.19
Petroleos de Venezuela 8.5% Euro-Dollar 02/11/2017	USD6,650,000	3,829	0.60
Petroleos Mexicanos 5.5% Global 27/06/2044	USD2,500,000	1,396	0.22
Petroleos Mexicanos 6.5% Global 02/06/2041	USD1,745,000	1,115	0.18
Petroleum Co of Trinidad & Tobago 9.75% Euro Dollar 14/08/2019	USD2,060,000	1,630	0.26
Petroleum Geo-Services 7.375% Private Placement 15/12/2018	USD750,000	517	0.08
Philippine Government International 5.5% Global 30/03/2026	USD800,000	550	0.09
Plains Exploration & Production 8.625% US Domestic 15/10/2019	USD105,000	75	0.01
QEP Resources 5.25% Global 01/05/2023	USD1,100,000	663	0.10
Qtel International Finance 4.75% Euro Dollar 16/02/2021	USD1,320,000	886	0.14
Quicksilver Resources 11.75% US Domestic 01/07/2021	USD840,000	504	0.08
Range Resources 8% US Domestic 15/05/2019	USD1,200,000	832	0.13
Rearden G Holdings EINS 7.875% Euro Dollar 30/03/2020	USD990,000	642	0.10
Regency Energy Partners 6.5% US Domestic 15/07/2021	USD250,000	171	0.03
Reliance 4.5% Euro Dollar 19/10/2020	USD1,980,000	1,210	0.19
Republic Services 4.75% Global 15/05/2023	USD1,970,000	1,323	0.21
Resolute Forest Products 5.875% Private Placement 15/05/2023	USD630,000	358	0.06
Rexel 5.25% Private Placement 15/06/2020	USD2,350,000	1,497	0.24
Reynolds American 7.625% Global 01/06/2016	USD40,000	30	0.01
Reynolds Group Issuer 7.125% Global 15/04/2019	USD800,000	548	0.09
Reynolds Group Issuer 9.875% Global 15/08/2019	USD550,000	377	0.06
Rio Tinto Finance 9% Global 01/05/2019	USD1,576,000	1,294	0.20
Rosneft Finance 7.875% Euro MTN 13/03/2018	USD2,862,000	2,098	0.33
Rosneft Oil Co via Rosneft International Finance 3.149% Private Placement 06/03/2017	USD5,610,000	3,565	0.56
Russian Foreign 7.5% Euro Dollar 31/03/2030	USD8,171,369	6,076	0.96
Ryerson 9% Private Placement 15/10/2017	USD1,070,000	714	0.11
Samarco Mineracao 4.125% Euro Dollar 01/11/2022	USD450,000	243	0.04
Samarco Mineracao 4.125% Private Placement 01/11/2022	USD1,700,000	922	0.14
Sanchez Energy 7.75% Private Placement 15/06/2021	USD950,000	601	0.10
SLM 5.05% Domestic MTN 14/11/2014	USD170,000	113	0.02
SLM 5.625% Domestic MTN 01/08/2033	USD48,000	24	–
Smurfit Kappa Treasury Funding 7.5% Yankee 20/11/2025	USD80,000	56	0.01
Snoqualmie Entertainment Authority 4.22315% Private Placement 01/02/2014	USD45,000	28	0.01
Softbank 4.5% Private Placement 15/04/2020	USD2,370,000	1,450	0.23
Southern Copper 5.25% Global 08/11/2042	USD2,090,000	1,046	0.16
Southern Copper 5.375% Global 16/04/2020	USD500,000	339	0.05
Southern Copper 6.75% Global 16/04/2040	USD3,990,000	2,407	0.38
Sprint Capital 6.875% Global 15/11/2028	USD130,000	75	0.01
Sprint Capital 8.75% Global 15/03/2032	USD1,878,000	1,242	0.20
Sprint Nextel 7% Global 15/08/2020	USD40,000	27	–
Sprint Nextel 9% Private Placement 15/11/2018	USD1,340,000	1,007	0.16
St Barbara 8.875% Private Placement 15/04/2018	USD540,000	305	0.05

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Suzano Trading 5.875% Euro Dollar 23/01/2021	USD2,380,000	1,460	0.23
Targa Resources Partners Finance 4.25% Private Placement 15/11/2023	USD1,050,000	601	0.10
Taylor Morrison Communities 5.25% Private Placement 15/04/2021	USD1,250,000	760	0.12
Teachers Insurance & Annuity Association of America 6.85% Euro Dollar 16/12/2039	USD360,000	285	0.05
Telemar Norte Leste 5.5% Euro Dollar 23/10/2020	USD2,036,000	1,163	0.18
Time Warner Cable 4% Global 15/01/2022	USD940,000	607	0.10
Time Warner Cable 8.25% US Domestic 01/04/2019	USD1,193,000	900	0.14
Time Warner Cable 8.75% Global 14/02/2019	USD68,000	52	0.01
TitleMax Finance 8.5% Private Placement 15/09/2018	USD220,000	146	0.02
TMK OAO via TMK Capital 6.75% Euro Dollar 03/04/2020	USD680,000	423	0.07
Transportadora de Gas del Peru 4.25% Euro Dollar 30/04/2028	USD3,340,000	1,869	0.29
Transportadora de Gas Internacional 5.7% Euro Dollar 20/03/2022	USD1,500,000	966	0.15
Turkey Government International 6.25% Global 26/09/2022	USD3,145,000	2,091	0.33
Turkey Government International 7% Global 11/03/2019	USD440,000	313	0.05
Turkey Government International 7.25% Global 15/03/2015	USD159,000	109	0.02
Turkey Government International 7.5% Global 14/07/2017	USD2,740,000	1,971	0.31
Turkey Government International 9.5% Global 15/01/2014	USD35,000	23	–
tw telecom 6.375% Private Placement 01/09/2023	USD970,000	623	0.10
United Airlines 6.75% Private Placement 15/09/2015	USD1,720,000	1,147	0.18
United States Treasury Note 1.375% US Government 31/07/2018	USD340,000	217	0.03
United States Treasury Note 1.625% US Government 15/08/2022	USD900,000	533	0.08
United States Treasury Note 2.875% US Government 15/05/2043	USD880,000	481	0.08
United States Treasury Note 3.125% US Government 15/02/2043	USD17,130,000	9,874	1.55
United States Treasury Note 3.5% US Government 15/02/2039	USD270,000	170	0.03
United States Treasury Note 3.625% US Government 15/02/2021	USD2,120,000	1,495	0.24
United States Treasury Note 4.5% US Government 15/02/2036	USD2,000	1	–
United States Treasury Note 4.625% US Government 15/02/2040	USD750,000	567	0.09
United States Treasury Note 5.125% US Government 15/05/2016	USD8,600	6	–
United Technologies 5.4% US Domestic 01/05/2035	USD35,000	25	–
Univision Communications 5.125% Private Placement 15/05/2023	USD520,000	317	0.05
Univision Communications 7.875% Private Placement 01/11/2020	USD1,510,000	1,057	0.17
UPCB Finance 7.25% Private Placement 15/11/2021	USD2,820,000	1,944	0.31
Vale 5.625% Global 11/09/2042	USD4,850,000	2,620	0.41
Vale Overseas 4.375% Global 11/01/2022	USD350,000	211	0.03
Vale Overseas 6.875% Global 21/11/2036	USD5,299,000	3,341	0.53
Vanguard Health II 8% Global 01/02/2018	USD310,000	211	0.03
Vedanta Resources 6% Euro Dollar 31/01/2019	USD1,270,000	740	0.12
Vedanta Resources 6.75% Euro Dollar 07/06/2016	USD2,350,000	1,528	0.24
Vedanta Resources 8.75% Euro Dollar 15/01/2014	USD2,179,000	1,421	0.22
Vedanta Resources 9.5% Euro Dollar 18/07/2018	USD100,000	68	0.01
Venezuela Government International 5.75% Euro Dollar 26/02/2016	USD11,495,500	6,693	1.05
Venezuela Government International 7% Euro Dollar 01/12/2018	USD26,000	14	–
Venezuela Government International 7.75% Euro Dollar 13/10/2019	USD5,343,000	2,829	0.44
Venezuela Government International 8.5% Global 08/10/2014	USD432,000	281	0.04
Venezuela Government International 9.25% Global 15/09/2027	USD8,740,000	4,535	0.71
Venezuela Government International 9.375% Global 13/01/2034	USD323,000	163	0.03
Verizon Communications 5.5% Global 15/02/2018	USD40,000	29	–
Verizon Communications 6% Global 01/04/2041	USD340,000	235	0.04
Vimpel Communications OJSC Via UBS Luxembourg SA 8.25% Euro Dollar 23/05/2016	USD722,000	511	0.08
Vimpel Communications Via VIP Finance Ireland Ltd OJSC 6.493% Euro Dollar 02/02/2016	USD770,000	522	0.08
VimpelCom Holdings 7.5043% Euro Dollar 01/03/2022	USD2,100,000	1,361	0.21
Virgin Media Finance 6.375% Private Placement 15/04/2023	USD200,000	128	0.02
Wachovia 5.75% Domestic MTN 01/02/2018	USD610,000	451	0.07
Wachovia Capital Trust III 5.56975% US Domestic 29/03/2049	USD1,489,000	908	0.14
Watco Finance 6.375% Private Placement 01/04/2023	USD960,000	610	0.10
WellPoint 5.875% Global 15/06/2017	USD75,000	55	0.01
WellPoint 7% US Domestic 15/02/2019	USD20,000	16	–
Wind Acquisition Finance 7.25% Euro Dollar 15/02/2018	USD1,270,000	830	0.13
Wind Acquisition Finance 7.25% Private Placement 15/02/2018	USD790,000	519	0.08
Windstream 7.5% Global 01/04/2023	USD1,650,000	1,038	0.16
		315,402	49.58

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Brazilian Real Denominated 2.42% (1.65%)			
Brazil Notas do Tesouro Nacional Serie F 10% Domestic 01/01/2021	BRL2,792,300	6,949	1.09
Brazil Notas do Tesouro Nacional Serie F 10% Domestic 01/01/2014	BRL924,000	253	0.04
Brazil Notas do Tesouro Nacional Serie F 10% Domestic 01/01/2017	BRL31,555,000	8,229	1.29
		15,431	2.42
Mexican Peso Denominated 2.88% (2.05%)			
Mexican Bonos 6.5% Domestic 09/06/2022	MXN133,151,800	6,529	1.03
Mexican Bonos 8% Domestic 11/06/2020	MXN218,701,000	11,797	1.85
		18,326	2.88
Polish Zloty Denominated 1.06% (0.00%)			
Poland Government Bond 5.25% Domestic 25/10/2017	PLN31,930,000	6,773	1.06
		6,773	1.06
Russian Ruble Denominated 0.97% (0.00%)			
Russia Federal Bond 7.4% Domestic 14/06/2017	RUB153,969,000	3,051	0.48
Russia Federal Bond 7.6% Domestic 20/07/2022	RUB159,580,000	3,121	0.49
		6,172	0.97
South African Rand Denominated 1.04% (0.00%)			
South Africa Government 10.5% Domestic 21/12/2026	ZAR91,124,340	6,603	1.04
		6,603	1.04
Swedish Krone Denominated 0.00% (0.09%)			
Swiss Franc Denominated 0.04% (0.04%)			
Aguila 3 7.875% Euro Non-Dollar 31/01/2018	CHF391,000	281	0.04
		281	0.04
Turkish Lira Denominated 1.32% (0.00%)			
Turkey Government Bond 7.1% Domestic 08/03/2023	TRY12,650,000	3,299	0.52
Turkey Government Bond 9.5% Domestic 12/01/2023	TRY16,680,000	5,114	0.80
		8,413	1.32
Collective Investment Schemes 9.94% (9.92%)			
Legg Mason Western Asset Emerging Markets Corporate Bond Fund	162,951	10,550	1.66
Legg Mason Global Funds Western Asset Euro High Yield Fund	157,108	16,771	2.64
Legg Mason Global Funds Western Asset US High Yield Fund	588,500	35,909	5.64
		63,230	9.94

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Ordinary Shares 0.09% (0.07%)			
United States 0.09% (0.07%)			
Deeptune++	26,581	503	0.08
Horizon Lines Class 'A'	516	–	–
Horizon Lines++	2,549,677	86	0.01
Nortek	87	4	–
SemGroup Warrants	953	18	–
		611	0.09
Derivatives 0.98% ((1.52%))			
Sterling Derivatives 0.01% ((0.02%))			
Futures 0.01% ((0.02%))			
UK Long Gilt Bond Futures December 2013	137,000	73	0.01
		73	0.01
Euro Derivatives 0.38% ((0.20%))			
Credit Default Swaps (0.14)% ((0.12%))			
Credit Default Swap 20/06/2018 (iTraxx Europe 06/18 Crossover)	(36,592,000)	(955)	(0.15)
Credit Default Swap 20/06/2018 (iTraxx Europe 06/18 Crossover)	(38,340,000)	75	0.01
		(880)	(0.14)
Forward Currency Contracts 0.42% ((0.08%))			
Forward to sell EUR 30,794,074 for GBP 26,629,532		309	0.05
Forward to sell EUR 13,255,420 for GBP 11,513,538		184	0.03
Forward to sell EUR 26,922,819 for GBP 23,551,265		479	0.08
Forward to sell EUR 44,051,617 for GBP 38,257,155		604	0.09
Forward to sell EUR 3,000,000 for GBP 2,594,472		30	0.01
Forward to sell EUR 6,666,321 for GBP 5,767,881		70	0.01
Forward to sell EUR 23,150,000 for GBP 20,030,237		243	0.04
Forward to sell EUR 26,933,680 for GBP 23,657,557		636	0.10
Forward to sell EUR 1,000,000 for GBP 861,146		6	–
Forward to sell EUR 1,907,615 for GBP 1,649,368		19	–
Forward to sell EUR 5,951,372 for GBP 5,149,889		63	0.01
		2,643	0.42
Futures 0.10% (0.00%)			
German Euro Bobl Futures September 2013	(674,000)	642	0.10
		642	0.10
US Dollar Derivatives 0.59% ((1.26%))			
Forward Currency Contracts 0.59% ((1.31%))			
Forward to buy USD 5,632,850 for GBP 3,648,491		(13)	–
Forward to sell USD 39,496,135 for GBP 25,714,483		223	0.04
Forward to sell USD 52,083,000 for GBP 33,941,017		325	0.05
Forward to sell USD 67,712,901 for GBP 44,090,235		386	0.07
Forward to sell USD 5,079,126 for GBP 3,312,451		34	0.01
Forward to sell USD 2,081,285 for GBP 1,362,026		19	–
Forward to sell USD 26,840,045 for GBP 17,506,094		183	0.03
Forward to sell USD 60,811,146 for GBP 39,629,781		380	0.06
Forward to sell USD 45,207,088 for GBP 29,498,858		321	0.05
Forward to sell USD 88,623,399 for GBP 57,979,435		779	0.12
Forward to sell USD 47,472,182 for GBP 31,021,751		382	0.06
Forward to sell USD 29,180,754 for GBP 19,093,504		259	0.04
Forward to sell USD 65,178,693 for GBP 42,446,480		378	0.06
		3,656	0.59

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Futures 0.00% ((0.02%))			
5YR US Treasury Note Futures December 2013	161,000	(6)	–
10YR US Treasury Note Futures December 2013	(11,000)	(2)	–
30YR US Treasury Bond Futures December 2013	184,000	18	–
Ultra Long US Treasury Bond Futures December 2013	64,000	11	–
		21	–
Australian Dollar Derivatives 0.04% (0.00%)			
Forward Currency Contracts 0.04% (0.00%)			
Forward to sell AUD 22,850,000 for USD 20,743,459		266	0.04
		266	0.04
Brazilian Real Derivatives 0.00% (0.01%)			
Forward Currency Contracts 0.00% (0.01%)			
Forward to buy BRL 28,488,643 for USD 11,980,140		(38)	–
		(38)	–
Indian Rupee Derivatives (0.18)% ((0.02%))			
Forward Currency Contracts (0.18)% ((0.02%))			
Forward to buy INR 105,560,000 for USD 2,418,669		(545)	(0.09)
Forward to buy INR 539,410,000 for USD 8,955,836		(592)	(0.09)
		(1,137)	(0.18)
Japanese Yen Derivatives 0.03% (0.00%)			
Forward Currency Contracts 0.03% (0.00%)			
Forward to sell JPY 2,238,172,213 for GBP 14,874,818		161	0.03
		161	0.03
Polish Zloty Derivatives 0.03% (0.00%)			
Forward Currency Contracts 0.03% (0.00%)			
Forward to buy PLN 35,406,858 for GBP 7,249,814		177	0.03
		177	0.03
Singapore Dollar Derivatives 0.00% (0.04%)			
South African Derivatives 0.04% (0.00%)			
Forward Currency Contracts 0.04% (0.00%)			
Forward to sell ZAR 82,181,844 for GBP 5,329,820		247	0.04
		247	0.04
Turkish Lira Derivatives 0.04% (0.00%)			
Forward Currency Contracts 0.04% (0.00%)			
Forward to sell TRY 14,714,427 for GBP 4,844,443		244	0.04
		244	0.04
Portfolio of investments		646,280	101.59
Net other liabilities		(10,096)	(1.59)
Net assets		636,184	100.00

+ Defaulted bonds.

* Unlisted securities.

Legg Mason Global Multi Strategy Bond Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
AAA			11.28
AA			0.68
AA-			0.25
A+			0.77
A			3.13
A-			8.65
BBB+			8.24
BBB			17.59
BBB-			6.63
BB+			5.06
BB			3.22
BB-			9.05
B+			5.76
B			5.76
B-			2.37
CCC+			3.68
CCC			0.75
CCC-			0.38
NR			6.75
			100.00

Source : Bloomberg composite

The investments have been valued in accordance with note 1(a) of the Notes to the Aggregated Financial Statements.

All investments are corporate bonds unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2013.

Legg Mason Income Optimiser Fund

Portfolio Statement

As at 31 August 2013

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Bonds 94.85% (100.14%)			
Sterling Denominated 17.42% (12.32%)			
Arqiva Financing 4.04% Euro MTN 30/06/2020	GBP850,000	853	1.34
Bakkavor Finance 8.75% Euro Non-Dollar 15/06/2020	GBP930,000	974	1.53
Boparan Finance 9.875% Euro Non-Dollar 30/04/2018	GBP850,000	935	1.47
Cabot Financial Luxembourg 10.375% Euro Non-Dollar 01/10/2019	GBP775,000	872	1.37
ENW Finance 5.875% Euro Non-Dollar 21/06/2021	GBP1,125,000	1,142	1.80
Heathrow Finance 5.375% Euro MTN 02/09/2019	GBP950,000	959	1.51
Infinis 7% Euro Non-Dollar 15/02/2019	GBP950,000	982	1.55
Kelda Finance No. 3 5.75% Euro Non-Dollar 17/02/2020	GBP450,000	455	0.72
NGG Finance 5.625% Euro Non-Dollar 18/06/2013	GBP950,000	940	1.48
Telecom Italia 7.375% Euro MTN 15/12/2017	GBP600,000	637	1.00
Towergate Finance 6.00856% Euro MTN 15/02/2018	GBP1,000,000	993	1.56
Towergate Finance 8.5% Euro Non-Dollar 15/02/2018	GBP650,000	684	1.08
United Kingdom Gilt 3.25% Uk Gilt Stock 22/01/2044	GBP685,000	644	1.01
		11,070	17.42
Brazilian Real Denominated 2.52% (2.35%)			
Anheuser-Busch InBev Worldwide 9.75% Global 17/11/2015	BRL2,000,000	539	0.85
Arcos Dorados 10.25% Private Placement 13/07/2016	BRL4,030,000	1,063	1.67
		1,602	2.52
Colombian Peso Denominated 0.11% (0.47%)			
Empresa de Telecomunicaciones 7% Private Placement 17/01/2023	COP248,000,000	71	0.11
		71	0.11
Euro Denominated 23.24% (31.25%)			
Altice Finco 9% Euro-Zone 15/06/2023	EUR800,000	693	1.09
Ardagh Glass Finance 7.125% Euro-Zone 15/06/2017	EUR1,100,000	944	1.49
EC Finance 9.75% Euro Non-Dollar 01/08/2017	EUR1,075,000	998	1.57
Edcon 9.5% Euro Non-Dollar 01/03/2018	EUR1,555,000	1,204	1.90
Eileme 2 11.75% Euro Non-Dollar 31/01/2020	EUR650,000	650	1.02
Eircom Finance 9.25% Euro MTN 15/05/2020	EUR550,000	432	0.68
Grohe 8.75% Euro MTN 15/12/2017	EUR1,050,000	932	1.47
Gtech 8.25% Euro-Zone 31/03/2066	EUR1,525,000	1,379	2.17
Ireland Government Bond 3.9% Euro-Zone 20/03/2023	EUR1,690,000	1,414	2.23
Italy Buoni Poliennali Del Tesoro 5% Euro-Zone 01/09/2040	EUR1,750,000	1,490	2.35
Portugal Obrigacoes do Tesouro 4.35% Euro-Zone 16/10/2017	EUR1,655,000	1,310	2.06
Portugal Obrigacoes do Tesouro 4.95% Euro-Zone 25/10/2023	EUR1,910,000	1,420	2.23
Thomas Cook Finance 7.75% Euro MTN 15/06/2020	EUR560,000	477	0.75
Unilabs 8.5% Euro Non-Dollar 15/07/2018	EUR770,000	670	1.05
Viridian 11.125% Euro Non-Dollar 01/04/2017	EUR817,000	747	1.18
		14,760	23.24
Hungarian Forint Denominated 0.00% (2.30%)			
Mexican Peso Denominated 4.30% (7.02%)			
Mexican Bonos 8.5% Domestic 18/11/2038	MXN27,240,000	1,476	2.32
Mexican Bonos 7.75% Domestic 13/11/2042	MXN25,200,000	1,258	1.98
		2,734	4.30
Polish Zloty Denominated 0.00% (3.04%)			
South African Rand Denominated 0.00% (2.35%)			

Legg Mason Income Optimiser Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	Percentage of total net assets %
Swiss Franc Denominated 1.08% (1.88%)			
Aguila 3 7.875% Euro Non-Dollar 31/01/2018	CHF950,000	683	1.08
		683	1.08
Turkish Lira Denominated 0.00% (3.15%)			
US Dollar Denominated 46.18% (34.04%)			
Alliance One International 9.875% Private Placement 15/07/2021	USD720,000	437	0.69
Alta Mesa Finance Services 9.625% Global 15/10/2018	USD1,435,000	970	1.53
Alternative Loan Trust 4.75% Private CMO 25/07/2018*	USD14,735	10	0.02
AmeriGas Finance 6.5% Domestic 20/05/2021	USD360,000	240	0.38
Banc of America Mortgage Trust 5.5% Private CMO 25/08/2035*	USD70,000	43	0.07
Bonanza Creek Energy 6.75% Global 15/04/2021	USD1,020,000	669	1.05
Cablevision Systems 8% Domestic 15/04/2020	USD1,700,000	1,212	1.91
Caesars Entertainment Operating 9% Global 15/02/2020	USD2,240,000	1,383	2.18
Cemex 9% Private Placement 11/01/2018	USD1,750,000	1,201	1.89
Deutsche Securities Mortgage Loan Trust 0.68406% Private CMO 25/02/2035*	USD1,439,962	844	1.33
Digicel 8.25% Private Placement 30/09/2020	USD1,570,000	1,076	1.69
DISH 5% Global 15/03/2023	USD1,590,000	944	1.49
Global Mortgage Securitization 0.45406% Private CMO 25/04/2032*	USD1,409,281	851	1.34
Halcon Resources 8.875% Global 15/05/2021	USD630,000	406	0.64
Icahn Enterprises Finance 6% Private Placement 01/08/2020	USD1,260,000	809	1.27
ION Geophysical 8.125% Private Placement 15/05/2018	USD260,000	158	0.25
JBS USA Finance 8.25% Private Placement 01/02/2020	USD410,000	276	0.43
Jefferies Finance 7.375% Private Placement 01/04/2020	USD1,480,000	943	1.48
JP Morgan Chase Commercial Mortgage Securities Trust 6.19623% CMBS 15/02/2051	USD2,160,000	1,511	2.38
JP Morgan Mortgage Acquisition Trust 5.3083% ABS 25/11/2036	USD453,972	300	0.47
Marina District Finance 9.5% Global 15/10/2015	USD1,341,000	911	1.43
MMI International 8% Private Placement 01/03/2017	USD200,000	129	0.20
MMI International 8% Euro-Dollar 01/03/2017	USD690,000	446	0.70
Momentive Performance Materials 8.875% Global 15/10/2020	USD915,000	611	0.96
Municipal Electric Authority of Georgia 6.637% Fixed 01/04/2057	USD1,130,000	755	1.19
Murphy Oil USA 6% Private Placement 15/08/2023	USD320,000	204	0.32
Option One Mortgage Loan Trust 0.62406% ABS Home 25/11/2035	USD85,000	49	0.08
Ottawa 5.875% Private Placement 16/05/2018	USD950,000	476	0.75
Par Pharmaceutical 7.375% Private Placement 15/10/2020	USD915,000	611	0.96
Penn Virginia Resource Partners 8.375% Global 01/06/2020	USD1,260,000	845	1.33
RALI Trust 5.5% Private CMO 25/06/2035*	USD60,208	36	0.06
Rivers Pittsburgh Finance 9.5% Private Placement 15/06/2019	USD581,000	405	0.64
Safeway Finance 7% Private Placement 15/05/2018	USD2,260,000	1,458	2.30
SBA Telecommunications 5.75% Global 15/07/2020	USD1,500,000	964	1.52
Seagate 4.75% Private Placement 01/06/2023	USD1,220,000	721	1.14
Shelf Drilling 8.625% Private Placement 01/11/2018	USD600,000	406	0.64
Softbank 4.5% Private Placement 15/04/2020	USD1,500,000	918	1.45
Speedy Cash Intermediate 10.75% Private Placement 15/05/2018	USD1,045,000	715	1.13
StoneMor Partners 7.875% Private Placement 01/06/2021	USD715,000	465	0.73
TitleMax Finance 8.5% Private Placement 15/09/2018	USD470,000	312	0.49
Tronox Finance 6.375% Private Placement 15/08/2020	USD2,735,000	1,685	2.65
Univision Communications 6.75% Private Placement 15/09/2022	USD1,425,000	954	1.50
Vector 7.75% Global 15/02/2021	USD565,000	373	0.59
Viskase 9.875% Private Placement 15/01/2018	USD860,000	588	0.93
		29,320	46.18
Derivatives (0.73%) ((4.38%))			
Australian Dollar Derivatives 0.02% ((0.01%))			
Forward Currency Contracts 0.02% ((0.01%))			
Forward to buy AUD 770,000 for GBP 444,531		(3)	–
Forward to sell AUD 2,820,000 for USD 2,526,946		11	0.02
		8	0.02

Legg Mason Income Optimiser Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	Percentage of total net assets %
Brazilian Real Derivatives (0.09%) (0.03%)			
Forward Currency Contracts (0.09%) (0.03%)			
Forward to buy BRL 900,000 for GBP 287,402		(41)	(0.07)
Forward to sell BRL 130,000 for USD 31,654		(15)	(0.02)
		(56)	(0.09)
Canadian Dollar Derivatives 0.00% (0.00%)			
Forward Currency Contracts 0.00% (0.00%)			
Forward to sell CAD 1,980,000 for USD 1,882,317		1	–
		1	–
Chilean Peso Derivatives (0.04%) (0.07%)			
Forward Currency Contracts (0.04%) (0.07%)			
Forward to buy CLP 440,800,000 for GBP 575,457		(23)	(0.04)
		(23)	(0.04)
Euro Derivatives (0.39%) ((1.61%))			
Credit Default Swaps (0.64%) ((0.78%))			
SP3A0K5I CDS EUR P F 1.00000	(1,600,000)	(23)	(0.04)
SP3A0K9D CDS EUR P F 1.00000	(1,250,000)	6	0.01
SP3A0KDR CDS EUR P F 1.00000	(1,500,000)	12	0.02
SP4A03AU CDS EUR P F 5.00000	(2,000,000)	(52)	(0.08)
SP4A0DM7 CDS EUR P F 5.00000	(3,500,000)	(91)	(0.14)
SP4A0K09 CDS EUR P F 1.00000	(650,000)	(11)	(0.02)
SP4A0K8X CDS EUR P F 5.00000	(1,700,000)	(111)	(0.17)
SP4A0K97 CDS EUR P F 1.00000	(1,700,000)	(19)	(0.03)
SP7A090V CDS EUR P F 5.00000	(1,000,000)	(107)	(0.17)
SP8A0IG8 CDS EUR P F 5.00000	(600,000)	(15)	(0.02)
		(411)	(0.64)
Forward Currency Contracts 0.25% ((0.74%))			
Forward to sell EUR 18,850,000 for GBP 16,272,941		165	0.26
Forward to buy EUR 600,000 for USD 795,924		(1)	–
Forward to buy EUR 800,000 for USD 1,061,091		(1)	–
Forward to sell EUR 3,070,000 for USD 4,059,814		(4)	(0.01)
Forward to sell EUR 133,000 for USD 173,354		(2)	–
		157	0.25
Futures 0.00% ((0.09%))			
Indian Rupee Derivatives (0.21%) (0.13%)			
Forward Currency Contracts (0.21%) (0.13%)			
Forward to buy INR 121,800,000 for GBP 1,307,453		(130)	(0.21)
		(130)	(0.21)
Japanese Yen Derivatives (0.02%) ((0.14%))			
Forward Currency Contracts (0.02%) ((0.14%))			
Forward to sell JPY 184,100,000 for GBP 1,197,398		(13)	(0.02)
Forward to sell JPY 185,100,000 for GBP 1,215,792		(1)	–
		(14)	(0.02)
New Zealand Dollar Derivatives 0.00% (0.11%)			
Forward Currency Contracts 0.00% (0.11%)			
Forward to sell NZD 1,840,000 for GBP 917,859		–	–
Forward to sell NZD 570,000 for USD 445,740		2	–
		2	–

Legg Mason Income Optimiser Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	Percentage of total net assets %
Swiss Franc Derivatives (0.01%) ((0.06%))			
Forward Currency Contracts (0.01%) ((0.06%))			
Forward to sell CHF 700,000 for GBP 490,567		5	0.01
Forward to sell CHF 2,160,000 for USD 2,304,895		(12)	(0.02)
		<u>(7)</u>	<u>(0.01)</u>
US Dollar Derivatives 0.01% ((2.78%))			
Credit Default Swaps (0.07%) ((0.39%))			
SP4A0JUG CDS USD P F 1.00000	(2,000,000)	(26)	(0.04)
SP7A08NN CDS USD P F 1.00000	(2,500,000)	(17)	(0.03)
		<u>(43)</u>	<u>(0.07)</u>
Forward Currency Contracts (0.04%) ((2.29%))			
Forward to buy USD 524,726 for GBP 320,000		18	0.03
Forward to buy USD 310,095 for GBP 200,000		–	–
Forward to sell USD 40,931,423 for GBP 26,355,000		(52)	(0.08)
Forward to sell USD 452,623 for GBP 300,000		8	0.01
		<u>(26)</u>	<u>(0.04)</u>
Futures 0.12% (0.00%)			
US 10 Year Note	(35)	78	0.12
		<u>78</u>	<u>0.12</u>
Portfolio of investments			
Net other assets		59,776	94.12
		3,732	5.88
Net assets		<u><u>63,508</u></u>	<u><u>100.00</u></u>

Legg Mason Income Optimiser Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	Percentage of total net assets %
AA+			1.06
A			1.25
A-			0.92
BBB+			7.01
BBB			3.76
BBB-			6.54
BB+			4.61
BB			9.16
BB-			6.98
B+			13.19
B			9.47
B-			17.27
CCC+			9.96
CCC-			0.07
DDD+			0.06
Not rated			8.69
			100.00

Source : Bloomberg composite

All investments are corporate bonds unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2013.

++ CMO - Collateralised mortgage obligation.

Legg Mason UK Equity Fund

Portfolio Statement

As at 31 August 2013

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Banks 4.49% (6.35%)			
HSBC	170,103	1,161	2.51
Standard Chartered	63,439	919	1.98
		2,080	4.49
Basic Resources 1.12% (0.97%)			
Mondi	52,295	518	1.12
		518	1.12
Financials 11.97% (11.65%)			
Amlin	293,714	1,158	2.50
Catlin	171,029	810	1.75
Close Brothers	34,365	359	0.78
Hiscox	84,550	551	1.19
IG	211,530	1,194	2.58
Intermediate Capital	58,641	259	0.56
Paragon	68,441	221	0.48
RSA Insurance	602,900	723	1.56
Tullett Prebon	76,809	264	0.57
		5,539	11.97
Food & Beverage 7.68% (6.98%)			
Britvic	80,900	464	1.00
Diageo	54,547	1,084	2.34
SABMiller	16,794	520	1.12
Tate & Lyle	40,553	329	0.71
Unilever	47,013	1,162	2.51
		3,559	7.68
Healthcare 5.31% (5.78%)			
AstraZeneca	38,210	1,219	2.63
Glaxosmithkline	74,751	1,240	2.68
		2,459	5.31
Household Goods & Home Construction 8.48% (10.38%)			
Bellway	17,630	237	0.51
Berkeley	9,806	208	0.45
British American Tobacco	36,009	1,181	2.55
Imperial Tobacco	53,129	1,138	2.46
Reckitt Benckiser	26,337	1,159	2.51
		3,923	8.48

Legg Mason UK Equity Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	Percentage of total net assets %
Industrial Goods & Services 12.23% (9.47%)			
Atkins WS	26,703	315	0.68
BAE Systems	287,188	1,255	2.71
Bunzl	29,598	406	0.88
Cobham	310,302	878	1.90
De La Rue	47,728	474	1.02
G4S	117,200	303	0.65
Homeserve	83,011	197	0.43
Mitie	119,100	332	0.72
Rexam	73,900	362	0.78
RPC Group	89,800	408	0.88
RPS Group	70,224	177	0.38
Serco	57,000	313	0.68
Wolseley	7,370	240	0.52
		5,660	12.23
Insurance 7.19% (6.38%)			
Admiral	25,884	328	0.71
Aviva	91,295	355	0.77
Beazley	237,872	484	1.04
Direct Line	155,800	338	0.73
Resolution	399,375	1,273	2.75
St James Place	58,618	350	0.76
Standard Life	59,404	199	0.43
		3,327	7.19
Media 2.62% (3.87%)			
British Sky Broadcasting	142,728	1,211	2.62
		1,211	2.62
Oil & Gas 5.57% (6.23%)			
Amec	15,037	157	0.34
BP	252,299	1,126	2.43
Royal Dutch Shell 'A'	31,191	652	1.41
Royal Dutch Shell 'B'	29,531	643	1.39
		2,578	5.57
Retail 11.98% (10.81%)			
Debenhams	228,756	246	0.53
Halfords	140,800	517	1.12
Home Retail	552,990	792	1.71
J Sainsbury	148,100	575	1.24
Next	10,120	499	1.08
Tesco	341,229	1,265	2.73
WH Smith	48,534	410	0.89
WM Morrison Supermarkets	429,314	1,242	2.68
		5,546	11.98
Technology 2.19% (1.63%)			
Computacenter	54,399	278	0.60
Micro Focus International	48,900	386	0.84
Sage	100,300	348	0.75
		1,012	2.19
Telecommunications 3.84% (3.62%)			
TalkTalk Telecom	185,087	446	0.96
Vodafone	638,736	1,331	2.88
		1,777	3.84

Legg Mason UK Equity Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	Percentage of total net assets %
Travel & Leisure 2.37% (3.13%)			
easyJet	20,519	253	0.54
Firstgroup	466,351	531	1.15
Go-Ahead	21,051	314	0.68
		1,098	2.37
Utilities 12.14% (12.50%)			
Centrica	328,524	1,262	2.73
Drax	38,722	270	0.58
National Grid	166,031	1,237	2.67
Severn Trent	72,084	1,226	2.65
SSE	81,855	1,288	2.78
United Utilities	49,100	336	0.73
		5,619	12.14
Portfolio of investments		45,906	99.18
Net other assets		379	0.82
Net assets		46,285	100.00

The investments have been valued in accordance with note 1(a) of the Notes to the Aggregated Financial Statements.
 All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.
 Comparative figures shown in brackets relate to 28 February 2013.

Legg Mason Continental European Equity

Portfolio Statement

As at 31 August 2013

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Austria 0.36% (0.37%)			
Vienna Insurance	769	25	0.36
		25	0.36
Belgium 5.44% (5.22%)			
Anheuser-Busch	1,799	108	1.55
Belgacom	3,700	57	0.81
Delhaize	3,039	127	1.82
Groupe Bruxelles Lambert	1,700	88	1.26
		380	5.44
Denmark 6.37% (7.44%)			
Chr Hansen	1,434	31	0.44
Coloplast	3,760	131	1.88
Novo Nordisk	1,301	142	2.03
TDC	26,686	141	2.02
		445	6.37
Finland 2.28% (1.16%)			
Elisa	6,200	85	1.22
Orion	1,981	30	0.43
Pohjola Bank	4,184	44	0.63
		159	2.28
France 17.95% (16.23%)			
Casino Guichard Perrachon	800	49	0.70
CNP Assurances	11,846	139	1.99
Danone	501	24	0.34
GDF Suez	10,553	148	2.12
Neopost	3,410	154	2.21
Orange	19,084	125	1.79
Pernod-Ricard	367	28	0.40
Safran	1,242	45	0.64
Sanofi-Aventis	1,719	108	1.55
SCOR	7,204	147	2.11
Societe BIC	400	30	0.43
Thales	1,488	48	0.69
Total	4,012	144	2.06
Zodiac Aerospace	689	64	0.92
		1,253	17.95
Germany 17.12% (15.10%)			
Adidas	549	38	0.54
Aurubis	397	15	0.21
Axel Springer	1,727	56	0.80
Brenntag	534	53	0.76
Deutsche Telekom	9,286	77	1.10
E.ON	5,260	54	0.77
Hannover Rueckversicherung	1,207	55	0.79
Henkel	833	52	0.75
Linde	326	41	0.59
Muenchener Rueckversicherungs	881	104	1.49
Rhoen Klinikum	5,700	86	1.23
RWE	1,915	34	0.49
Siemens	2,029	140	2.01
Suedzucker	5,339	111	1.59
Talanx	5,400	112	1.60
Telefonica Deutschland	20,800	94	1.35
Volkswagen	493	73	1.05
		1,195	17.12

Legg Mason Continental European Equity (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Ireland 1.65% (2.32%)			
DCC	4,494	115	1.65
		115	1.65
Italy 7.59% (7.99%)			
Atlantia	5,147	61	0.87
Enel	20,845	45	0.64
ENI	6,576	98	1.40
Lottomatica	1,456	27	0.39
Snam Rete Gas	42,904	129	1.85
Telecom Italia	77,188	34	0.49
Terna Rete Elettrica Nazionale	49,456	136	1.95
		530	7.59
Luxembourg 2.00% (2.13%)			
SES	7,453	140	2.00
		140	2.00
Netherlands 5.82% (7.71%)			
Heineken	1,175	52	0.74
Koninklijke Ahold	13,998	145	2.08
Koninklijke KPN	35,151	65	0.93
Koninklijke Philips Electronics	1,249	25	0.36
Unilever	3,753	92	1.32
Wolters Kluwer	1,790	27	0.39
		406	5.82
Norway 2.96% (3.54%)			
Gjensidige Forsikring	13,122	122	1.75
Statoil	3,797	54	0.77
Telenor	2,313	31	0.44
		207	2.96
Portugal 3.27% (3.60%)			
Energias de Portugal	66,520	152	2.18
Portugal Telecom	31,206	76	1.09
		228	3.27
Spain 4.54% (4.83%)			
Abertis Infraestructuras	3,468	40	0.57
Amadues IT	2,718	57	0.82
Banco Santander	14,243	65	0.93
Enagas	2,890	42	0.60
Red Electrica	837	28	0.40
Telefonica	7,595	67	0.96
Viscofan	529	18	0.26
		317	4.54

Legg Mason Continental European Equity (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Sweden 4.38% (2.34%)			
Getinge	3,276	73	1.04
Nordea Bank	7,245	55	0.79
Svenska Handelsbanken	705	20	0.29
Swedish Match	2,400	55	0.79
Telefonaktiebolaget LM Ericsson	3,141	24	0.34
TeliaSonera	17,100	79	1.13
		306	4.38
Switzerland 17.85% (19.85%)			
Banque Cantonale Vaudoise	113	39	0.56
Galenica	264	130	1.86
Givaudan	177	153	2.19
Nestle	3,226	136	1.95
Novartis	2,993	141	2.02
PSP Swiss Property	2,260	125	1.79
Roche	843	137	1.96
Swiss Prime Site	2,300	108	1.55
Swisscom	498	145	2.08
Syngenta	232	58	0.83
Zurich Insurance	459	74	1.06
		1,246	17.85
Portfolio of investments		6,952	99.58
Net other assets		29	0.42
Net assets		6,981	100.00

The investments have been valued in accordance with note 1(a) of the Notes to the Aggregated Financial Statements. All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings. Comparative figures shown in brackets relate to 28 February 2013.

Legg Mason US Equity Fund

Portfolio Statement

As at 31 August 2013

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Bermuda 0.00% (1.55%)			
Netherlands 2.01% (1.96%)			
Basic Materials 2.01% (1.96%)			
LyondellBasell Industries	17,995	816	2.01
		816	2.01
Spain 1.03% (0.00%)			
Banks 1.03% (0.00%)			
Banco Bilbao Vizcaya Argentaria 'ADR'	66,930	419	1.03
		419	1.03
United Kingdom 2.49% (2.29%)			
Healthcare 2.49% (2.29%)			
GlaxoSmithKline 'ADR'	30,350	1,010	2.49
		1,010	2.49
United States 92.53% (90.59%)			
Automobiles & Parts 2.09% (4.42%)			
Ford Motor	79,570	847	2.09
		847	2.09
Banks 11.06% (10.96%)			
Citigroup	37,380	1,169	2.88
Fifth Third Bancorp	66,830	793	1.96
JPMorgan Chase	47,690	1,560	3.85
Wells Fargo	36,120	961	2.37
		4,483	11.06
Basic Materials 1.27% (0.00%)			
CONSOL Energy	25,630	516	1.27
		516	1.27
Electricity 1.19% (0.00%)			
AES	58,440	482	1.19
		482	1.19
Financial Services 2.20% (4.27%)			
Capital One Financial	21,420	890	2.20
		890	2.20
Food & Beverage 1.27% (1.32%)			
Dr Pepper Snapple	17,940	516	1.27
		516	1.27

Legg Mason US Equity Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Health Care 16.50% (12.57%)			
Ariad Pharmaceuticals	24,050	289	0.71
Celgene	10,335	951	2.35
Express Scripts	18,070	744	1.84
Forest Laboratories	26,030	718	1.77
Medtronic	31,650	1,058	2.61
Merck	27,120	824	2.03
Pfizer	50,430	914	2.26
UnitedHealth	25,380	1,186	2.93
		6,684	16.50
Industrial Goods & Services 7.82% (10.35%)			
Norfolk Southern	15,775	740	1.83
PACCAR	18,100	630	1.56
Parker Hannifin	11,370	739	1.82
United Technologies	16,320	1,057	2.61
		3,166	7.82
Insurance 6.48% (5.41%)			
Genworth Financial	103,030	790	1.95
Hartford Financial Services	32,750	632	1.56
MetLife	40,220	1,205	2.97
		2,627	6.48
Media 1.18% (3.08%)			
Groupon	71,210	476	1.18
		476	1.18
Oil & Gas 8.00% (8.67%)			
Chevron	15,335	1,190	2.94
Halliburton	23,490	735	1.81
Phillips 66	13,270	494	1.22
Southwestern Energy	33,260	821	2.03
		3,240	8.00
Personal & Household Goods 2.02% (2.31%)			
Colgate-Palmolive	22,160	819	2.02
		819	2.02
Real Estate 1.28% (0.63%)			
American Homes 4 Rent	50,550	519	1.28
		519	1.28
Retail 5.62% (8.20%)			
Amazon.com	4,525	829	2.05
eBay	20,840	685	1.69
Target	18,740	763	1.88
		2,277	5.62

Legg Mason US Equity Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Technology 20.09% (13.16%)			
Apple	6,660	2,112	5.21
Broadcom	48,790	795	1.96
Cognizant Technology Solutions	16,900	807	1.99
EMC	55,530	926	2.29
F5 Networks	13,160	714	1.76
Facebook	25,040	667	1.65
Microsoft	55,590	1,204	2.97
Teradata	23,730	916	2.26
		8,141	20.09
Travel & Leisure 4.46% (5.24%)			
McDonald's	18,255	1,117	2.76
United Continental	37,550	690	1.70
		1,807	4.46
Portfolio of investments			
Net other assets		39,735	98.06
		786	1.94
Net assets		40,521	100.00

The investments have been valued in accordance with note 1(a) of the Notes to the Aggregated Financial Statements.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2013.

Legg Mason US Equity Income Fund

Portfolio Statement

As at 31.08.13

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
United States Equities 89.19% (90.85%)			
Automobiles & Parts 1.73% (1.99%)			
Ford Motor	22,770	238	0.50
General Motors 4.75% Junior Convertible Preference Shares	8,137	256	0.54
Honda Motor	13,970	330	0.69
		824	1.73
Banks 0.93% (3.08%)			
People's United Financial	24,369	225	0.47
Wells Fargo 7.5% Convertible Cumulative Preference Shares	301	220	0.46
		445	0.93
Basic Resources 3.66% (4.19%)			
Brookfield Infrastructure	24,839	550	1.15
International Paper	22,631	696	1.46
WeyerHaeuser	27,960	500	1.05
		1,746	3.66
Chemicals 2.61% (2.37%)			
Du Pont (E.I.) de Nemours	14,597	533	1.12
PPG Industries	7,074	713	1.49
		1,246	2.61
Financial Services 1.00% (1.24%)			
BlackRock	2,836	477	1.00
		477	1.00
Food & Beverage 3.11% (3.45%)			
Anheuser-Busch InBev	11,576	701	1.47
Nestle	18,580	781	1.64
		1,482	3.11
Health Care 8.47% (6.08%)			
AstraZeneca	15,010	481	1.01
Bristol Myers Squibb	8,757	236	0.49
Johnson & Johnson	17,537	979	2.05
Merck	18,440	560	1.17
Pfizer	52,090	944	1.98
UnitedHealth	18,080	845	1.77
		4,045	8.47
Industrial Goods & Services 15.31% (15.78%)			
3M	13,613	995	2.09
Automatic Data Processing	15,261	702	1.47
Caterpillar	6,540	348	0.73
General Electric	73,750	1,099	2.30
Raytheon	15,707	767	1.61
Union Pacific	6,540	650	1.36
United Parcel Service	14,347	793	1.67
United Technologies	16,720	1,083	2.27
Waste Management	32,744	864	1.81
		7,301	15.31

Legg Mason US Equity Income Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Insurance 4.97% (5.12%)			
American International	40	1	0.00
Berkshire Hathaway	11,828	854	1.79
MetLife	9,580	339	0.71
MetLife 5% Common Equity Shares	12,363	370	0.78
Travelers	15,496	802	1.69
		2,366	4.97
Media 3.17% (3.44%)			
Comcast Class A Special	29,095	768	1.61
Time Warner	18,899	744	1.56
		1,512	3.17
Oil & Gas 8.68% (8.48%)			
Chevron	13,064	1,014	2.13
Exxon Mobil	23,987	1,350	2.83
Kinder Morgan Management	9,132	472	0.99
Occidental Petroleum	4,900	279	0.57
Royal Dutch Shell	5,720	251	0.53
Schlumberger	14,740	776	1.63
		4,142	8.68
Personal & Household Goods 4.46% (5.08%)			
Kimberly-Clark	15,561	933	1.96
Procter & Gamble	23,881	1,191	2.50
		2,124	4.46
Real Estate 2.62% (1.70%)			
American Tower	16,820	756	1.58
Annaly Capital Management	33,873	255	0.53
Chimera Investment	66,983	126	0.26
Westfield	18,760	120	0.25
		1,257	2.62
Retail 5.14% (4.88%)			
Home Depot	11,233	544	1.14
Target	18,439	751	1.57
Wal-Mart Stores	19,704	921	1.93
Yum Brands	5,260	239	0.50
		2,455	5.14
Technology 9.56% (9.59%)			
Apple	2,421	768	1.61
Cisco Systems	44,020	666	1.40
Corning	40,233	368	0.77
Intel	27,021	385	0.81
Microsoft	42,114	912	1.92
QUALCOMM	23,702	1,020	2.14
Texas Instruments	17,462	435	0.91
		4,554	9.56
Telecommunications 4.82% (4.78%)			
AT&T	39,403	855	1.80
Verizon Communications	29,293	904	1.90
Vodafone	26,104	535	1.12
		2,294	4.82

Legg Mason US Equity Income Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Utilities 8.96% (9.60%)			
American Electric Power	23,449	646	1.34
Brookfield Renewable Energy	11,160	183	0.38
CenterPoint Energy	25,865	385	0.81
Exelon	16,640	327	0.69
National Grid	88,093	656	1.38
NextEra Energy	8,115	422	0.87
Spectra Energy	40,786	871	1.83
UGI	17,785	456	0.96
Wisconsin Energy	12,651	333	0.70
		4,279	8.96
Hedge Share Class Derivatives – (0.01%) 0.04%			
Australian Dollar Derivatives – 0.00% (0.00%)			
Forward Currency Contracts – 0.00% (0.00%)			
Forward to sell AUD 23,396 for GBP 13,462		-	-
Canadian Dollar Derivatives – 0.00% (0.00%)			
Forward Currency Contracts – 0.00% (0.00%)			
Forward to sell CAD 33,794 for GBP 70,751		-	-
United States Dollar Derivatives – (0.01)% (0.04%)			
Forward Currency Contracts – (0.01)% (0.04%)			
Forward to sell USD 7,337,446 for GBP 4,727,309		(7)	(0.01)
Portfolio of investments		42,542	89.19
Net other assets		5,157	10.81
Net assets		47,699	100.00

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28.02.13.

Legg Mason US Smaller Companies Fund

Portfolio Statement

As at 31.08.13

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Australia 0.00% (0.89%)			
Industrial Goods & Services 0.00% (0.89%)			
Bermuda 1.41% (2.13%)			
Financial Services 1.41% (1.27%)			
Lazard	137,944	3,134	1.41
		3,134	1.41
Insurance 1.39% (0.86%)			
Validus	138,139	3,087	1.39
		3,087	1.39
Canada 2.18% (7.77%)			
Basic Resources 0.00% (0.84%)			
		0	0.00
Financial Services 0.00% (0.69%)			
		0	0.00
Oil & Gas 2.18% (6.24%)			
Major Drilling	276,640	1,147	0.51
Pason Systems	285,500	3,725	1.67
		4,872	2.18
Germany 0.93% (0.76%)			
Technology 0.93% (0.76%)			
Aixtron	203,393	2,082	0.93
		2,082	0.93
Ireland 1.21% (0.00%)			
Health care 1.21% (0.00%)			
Jazz Pharmaceuticals	47,300	2,697	1.21
		2,697	1.21
Mexico 1.14% (0.68%)			
Food & Beverage 1.14% (0.68%)			
Industrias Bachoco	103,940	2,545	1.14
		2,545	1.14
Norway 1.18% (0.00%)			
Oil & Gas 1.18% (0.00%)			
TGS Nopec Geophysical	137,700	2,633	1.18
		2,633	1.18
United Kingdom 0.59% (1.01%)			
Financial Services 0.59% (1.01%)			
Ashmore	394,400	1,323	0.59
		1,323	0.59

Legg Mason US Smaller Companies Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
United States 81.12% (78.69%)			
Automobiles & Parts 0.57% (0.97%)			
Gentex	87,000	1,278	0.57
		1,278	0.57
Basic Resources 2.69% (4.39%)			
Reliance Steel & Aluminum	136,560	5,988	2.69
		5,988	2.69
Chemicals 4.51% (3.14%)			
Innospec	127,900	3,396	1.52
LSB Industries	54,624	1,076	0.48
Minerals Technologies	103,000	2,996	1.34
OM	81,350	1,520	0.68
Westlake Chemical	16,500	1,086	0.49
		10,074	4.51
Construction & Materials 4.04% (3.56%)			
Jacobs Engineering	167,400	6,271	2.81
Valmont Industries	30,800	2,732	1.23
		9,003	4.04
Financial Services 5.95% (6.51%)			
Affiliated Managers	10,200	1,149	0.52
Federated Investors	332,975	5,928	2.66
Pico	118,844	1,619	0.73
SEI Investments	144,470	2,821	1.27
Stifel Financial	65,500	1,714	0.77
		13,231	5.95
Food & Beverage 1.96% (1.80%)			
Cal-Maine Foods	83,470	2,471	1.11
Sanderson Farms	44,085	1,885	0.85
		4,356	1.96
Healthcare 4.86% (2.49%)			
Bio-Rad Laboratories	43,203	3,207	1.44
Medicines	79,700	1,652	0.74
Myriad Genetics	212,500	3,628	1.63
Techne	46,580	2,344	1.05
		10,831	4.86
Industrial Goods & Services 24.06% (26.32%)			
Astec Industries	47,642	1,065	0.48
AZZ	76,498	1,846	0.83
CIRCOR International	48,200	1,845	0.83
Coherent	34,629	1,259	0.56
Columbus McKinnon	114,914	1,639	0.74
CRA International	84,906	989	0.44
Cubic	90,400	2,966	1.33
EnerSys	92,200	3,111	1.40
FARO Technologies	3,300	80	0.04
FEI	15,390	791	0.35
GrafTech International	545,451	2,787	1.25
HEICO	117,812	3,520	1.58
ICF International	126,827	2,713	1.22
IPG Photonics	44,960	1,579	0.71

Legg Mason US Smaller Companies Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Industrial Goods & Services 24.06% (26.32%) (continued)			
Kennametal	75,120	2,100	0.94
Korn/Ferry International	87,125	1,012	0.45
Lincoln Electric	39,900	1,622	0.73
MSC Industrial Direct	38,150	1,895	0.85
Robert Half International	83,535	1,926	0.86
Rofin-Sinar Technologies	129,374	1,913	0.86
Sykes Enterprises	245,600	2,742	1.23
Tetra Tech	140,000	2,077	0.93
Timken	88,100	3,248	1.46
Towers Watson	41,300	2,236	1.00
TrueBlue	64,335	1,032	0.46
Veeco Instruments	101,500	2,307	1.03
Wabtec	37,920	1,452	0.65
Zebra Technologies	63,092	1,905	0.85
		53,657	24.06
Media 1.36% (1.11%)			
Dolby Laboratories	98,450	2,023	0.91
John Wiley & Sons	35,200	1,006	0.45
		3,029	1.36
Oil & Gas 10.81% (9.80%)			
CARBO Ceramics	28,400	1,548	0.69
Helmerich & Payne	156,205	6,373	2.86
Oil States International	70,970	4,141	1.86
SEACOR	58,959	3,228	1.45
Superior Energy Services	202,400	3,277	1.47
Unit	183,838	5,538	2.48
		24,105	10.81
Personal & Household Goods 4.91% (3.57%)			
Columbia Sportswear	21,810	791	0.35
Drew Industries	66,859	1,849	0.83
Harman International Industries	50,400	2,123	0.95
Nu Skin Enterprises	34,400	1,892	0.85
Schweitzer-Mauduit International	50,300	1,868	0.84
Thor Industries	72,325	2,421	1.09
		10,944	4.91
Retail 5.31% (5.63%)			
American Eagle Outfitters	117,000	1,100	0.49
Ascena Retail	272,400	2,896	1.30
Buckle	115,500	3,891	1.75
Genesco	48,600	1,982	0.89
Strayer Education	32,556	855	0.38
VCA Antech	62,177	1,119	0.50
		11,843	5.31

Legg Mason US Smaller Companies Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Technology 10.09% (9.40%)			
ADTRAN	160,700	2,530	1.14
ATMI	157,744	2,539	1.14
Cabot Microelectronics	67,600	1,608	0.72
Entegris	369,050	2,285	1.03
Fairchild Semiconductor International	144,200	1,153	0.52
Lam Research	108,882	3,316	1.49
MKS Instruments	273,690	4,500	2.02
Nanometrics	185,890	1,732	0.78
Teradyne	280,600	2,795	1.25
		<u>22,458</u>	<u>10.09</u>
Portfolio of investments		203,170	91.15
Net other assets		19,729	8.85
Net assets		<u>222,899</u>	<u>100.00</u>

The investments have been valued in accordance with note 1(a) of the Notes to the Aggregated Financial Statements.
All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.
Comparative figures shown in brackets relate to 28 February 2013.

Legg Mason Japan Equity Fund

Portfolio Statement

As at 31 August 2013

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Financial Services 7.09% (6.98%)			
Nihon M&A Center	349,400	14,091	7.09
		14,091	7.09
Health Care 28.78% (25.26%)			
3-D Matrix	218,000	3,853	1.94
Asahi Intecc	135,000	5,134	2.59
Chiome Bioscience	94,000	1,466	0.74
JCR Pharmaceuticals	315,000	3,759	1.89
Jin	95,000	2,153	1.08
Message	2,100	3,626	1.82
N Field	30,000	682	0.34
PeptiDream	103,000	4,208	2.12
Ship Healthcare	390,000	9,107	4.59
Sosei	410,000	10,907	5.49
Terumo	230,000	7,116	3.58
Tsukui	710,000	5,172	2.60
		57,183	28.78
Industrial Goods & Services 13.20% (18.15%)			
en-japan	2,700	2,832	1.42
GMO Payment Gateway	110,000	1,742	0.88
MonotaRO	645,000	10,342	5.21
SMS	477,200	4,250	2.14
Takeei	655,000	6,045	3.04
Temp	73,000	1,023	0.51
		26,234	13.20
Media 8.20% (3.80%)			
Career Design Center	2,030	1,559	0.78
F@N Communications	270,000	5,047	2.54
M3	5,750	9,706	4.88
		16,312	8.20
Personal & Household Goods 9.00% (0.78%)			
GungHo Online Entertainment	9,700	4,224	2.13
Nihon Trim	30,000	2,181	1.10
Nintendo	100,000	7,291	3.67
Pigeon	140,000	4,166	2.10
		17,862	9.00
Real Estate 0.00% (0.56%)			
Retail 24.02% (30.96%)			
COOKPAD	240,000	3,924	1.97
Don Quijote	350,000	11,702	5.89
eBook Initiative Japan	140,000	1,701	0.86
Enigmo	78,200	2,517	1.27
Kakaku.com	840,000	9,948	5.01
Seria	80,700	1,596	0.80
Start Today	460,000	6,641	3.34
Take And Give Needs	24,800	3,142	1.58
Welcia	205,000	6,551	3.30
		47,722	24.02

Legg Mason Japan Equity Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	Percentage of total net assets %
Technology 5.91% (9.05%)			
Digital Garage	2,200	7,240	3.64
DIGITAL Hearts	263,000	3,334	1.68
UT	460,000	1,166	0.59
		<u>11,740</u>	<u>5.91</u>
Telecommunications 0.89% (1.86%)			
WirelessGate	120,000	1,762	0.89
		<u>1,762</u>	<u>0.89</u>
Travel & Leisure 2.14% (1.09%)			
Amiyaki Tei	297	555	0.28
Ikyu	2,800	2,382	1.20
Marvelous AQL	3,450	1,310	0.66
		<u>4,247</u>	<u>2.14</u>
Portfolio of investments		197,153	99.23
Net other assets		1,538	0.77
Net assets		<u>198,691</u>	<u>100.00</u>

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.
Comparative figures shown in brackets relate to 28 February 2013.

Legg Mason Asia Pacific Fund

Portfolio Statement

As at 31 August 2013

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
China 19.83% (21.08%)			
Angang Steel	128,000	52	0.50
Bank of China	654,000	177	1.69
Biostime International	18,900	73	0.70
China Construction Bank	380,520	179	1.71
China Gas	74,000	49	0.47
China Minsheng Banking	79,500	55	0.52
China Oilfield Services	64,000	106	1.01
China Railway Construction	174,000	107	1.02
China Vanke	57,700	71	0.68
CNOOC	31,000	40	0.38
Country Garden	361,401	146	1.39
Great Wall Motor	45,000	147	1.40
Guangzhou R&F Properties	106,400	112	1.07
Huadian Power International	312,000	81	0.77
Huaneng Power International	192,000	123	1.17
Industrial & Commercial Bank of China	438,795	185	1.76
Maanshan Iron & Steel	496,000	87	0.83
Sunac China	113,000	51	0.49
Sunny Optical Technology	74,000	51	0.49
Tencent	2,800	85	0.81
WuXi PharmaTech Cayman	6,500	102	0.97
		2,079	19.83
Hong Kong 14.80% (13.26%)			
China Mobile	24,600	171	1.63
China Overseas Land & Investment	42,000	80	0.76
China Power International Development	265,000	63	0.60
China Resources Land	38,000	67	0.64
China Resources Power	40,000	59	0.56
Franshion Properties China	428,000	95	0.91
Galaxy Entertainment	53,000	208	1.98
Geely Automobile	185,000	62	0.59
Guangdong Investment	98,000	52	0.50
Melco Crown Entertainment	13,100	231	2.21
Sands China	48,000	178	1.70
Shimao Property	29,000	48	0.46
Sino Biopharmaceutical	152,000	69	0.66
SJM	102,000	168	1.60
		1,551	14.80
India 9.83% (11.22%)			
Britannia Industries	2,779	19	0.18
Cairn India	23,948	75	0.72
GlaxoSmithKline Consumer Healthcare	396	16	0.15
HCL Technologies	5,737	58	0.55
HDFC Bank	4,362	25	0.24
ICICI Bank ADR	3,000	51	0.49
Infosys	1,335	41	0.39
Infosys ADR	700	21	0.20
ITC	3,362	10	0.09
Jammu & Kashmir Bank	2,825	31	0.30
Kotak Mahindra Bank	847	5	0.05
Larsen & Toubro	696	5	0.05
LIC Housing Finance	14,763	24	0.23
Lupin	5,713	45	0.43
Oberoi Realty	29,799	48	0.46
Oil & Natural Gas	28,229	69	0.66
Oil India	5,072	21	0.20
Reliance Industries	14,165	117	1.11
Rural Electrification	3,033	5	0.05

Legg Mason Asia Pacific Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
India 9.83% (11.22%) (continued)			
Sobha Developers	8,515	21	0.20
Tata Motors	17,560	25	0.24
Tech Mahindra	6,390	86	0.82
United Spirits	1,149	25	0.24
Wipro	22,860	108	1.03
Ybrant Digital	76,784	3	0.03
Yes Bank	7,758	19	0.18
Zee Entertainment Enterprise	24,866	57	0.54
		1,030	9.83
Indonesia 2.18% (3.99%)			
Adhi Karya Persero	177,500	21	0.20
Perusahaan Gas Negara Persero	141,500	44	0.42
Telekomunikasi Indonesia Persero	722,500	92	0.88
Wijaya Karya Persero	693,500	71	0.68
		228	2.18
Malaysia 5.26% (0.00%)			
Alam Maritim Resources	107,000	29	0.28
BIMB	21,500	18	0.17
Dayang Enterprise	38,800	34	0.32
Kossan Rubber Industries	21,300	27	0.26
Mah Sing	143,760	63	0.60
Media Prima	74,600	39	0.37
Muhibbah Engineering M	77,000	33	0.32
Perdana Petroleum	57,400	20	0.19
Public Bank	37,800	127	1.21
Tenaga Nasional	78,800	135	1.29
Top Glove	21,300	26	0.25
		551	5.26
Pakistan 3.52% (1.65%)			
Fauji Cement	420,500	35	0.33
Fauji Fertilizer	97,762	65	0.62
HUB Power	356,500	155	1.48
Lucky Cement	82,300	114	1.09
		369	3.52
Philippines 0.95% (2.23%)			
SM Prime	427,400	100	0.95
Republic of Korea 21.79% (19.54%)			
Daelim Industrial	1,630	83	0.79
DGB Financial	3,080	28	0.27
Dongkuk Steel Mill	2,900	22	0.21
Eugene Technology	6,280	61	0.58
Halla Visteon Climate Control	2,820	62	0.59
Hansol Paper	5,120	33	0.31
Hyundai Department Store	1,185	102	0.97
Hyundai Mobis	457	74	0.71
Hyundai Motor	1,030	149	1.42
Hyundai Motor Preference	528	32	0.31
Hyundai Wia	1,200	119	1.13
Kia Motors	3,850	150	1.43
Korean Reinsurance	4,400	30	0.29
Korea Zinc	369	68	0.65
LG Display	5,600	95	0.91
LG Electronics	470	20	0.19
LG Hausys	926	66	0.63

Legg Mason Asia Pacific Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Republic of Korea 21.79% (19.54%) (continued)			
Osstem Implant	2,100	33	0.31
Paradise	4,056	52	0.50
Poongsan	4,710	70	0.67
Samsung Electro Mechanics	1,000	47	0.45
Samsung Electronics	840	666	6.35
Samsung Fire & Marine Insurance	450	65	0.62
SFA Engineering	918	27	0.26
SK Holdings	866	94	0.90
Sung Kwang Bend	2,200	36	0.34
		2,284	21.79
Singapore 3.85% (2.41%)			
DBS	18,000	144	1.37
Mapletree Commercial	175,000	100	0.95
Oversea-Chinese Banking	32,000	160	1.53
		404	3.85
Sri Lanka 0.47% (0.46%)			
Asian Hotels & Properties	151,600	49	0.47
		49	0.47
Taiwan 14.06% (11.58%)			
AcBel Polytech	57,000	41	0.39
Amtran Technology	146,000	61	0.58
Asia Cement	61,200	49	0.47
AU Optronics	260,000	66	0.63
Cathay Financial	34,000	31	0.30
Chipbond Technology	45,000	65	0.62
Far Eastern New Century	61,200	42	0.40
Gemtek Technology	32,000	21	0.20
Grape King Bio	17,000	47	0.45
Huaku Development	36,000	68	0.65
Hermes Microvision	3,000	52	0.50
Hon Hai Precision Industry	33,900	59	0.56
Innolux	125,000	40	0.38
King Yuan Electronics	80,000	38	0.36
Kinsus Interconnect Technology	34,000	80	0.76
MediaTek	15,000	118	1.13
Powertech Technology	35,000	41	0.39
Realtek Semiconductor	23,230	33	0.31
SinoPac Financial	199,733	57	0.54
Taiwan Cement	17,000	14	0.13
Taiwan Semiconductor ADR	25,310	272	2.60
Taiwan Semiconductor Manufacturing	51,000	110	1.05
Teco Electric and Machinery	63,000	42	0.40
Yungtay Engineering	18,000	27	0.26
		1,474	14.06
Thailand 1.64% (6.11%)			
Delta Electronics Thailand	44,100	39	0.37
Jasmine International	180,900	26	0.25
KCE Electronics	76,700	24	0.23
Thai Beverage	349,000	83	0.79
		172	1.64

Legg Mason Asia Pacific Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	Percentage of total net assets %
Exchange Traded Funds 0.00% (1.90%)			
Portfolio of investments		10,291	98.18
Net other assets		191	1.82
Net assets		<u>10,482</u>	<u>100.00</u>

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.
 Comparative figures shown in brackets relate to 28 February 2013.

Legg Mason Global Equity Income Fund

Portfolio Statement

As at 31 August 2013

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Australia 1.20% (1.44%)			
Myer	127,060	201	1.20
		201	1.20
Belgium 1.46% (1.55%)			
Exmar	31,540	245	1.46
		245	1.46
Bermuda 1.35% (1.45%)			
Catlin	47,896	227	1.35
		227	1.35
China 5.57% (2.82%)			
Anta Sports Products	390,580	323	1.93
Hosa International	921,620	225	1.34
Travelsky Technology	400,927	208	1.24
Zhejiang Expressway	331,280	177	1.06
		933	5.57
France 10.93% (7.68%)			
AXA	15,580	221	1.32
BNP Paribas	8,300	340	2.03
Eurazeo	5,897	237	1.41
Imerys	5,740	243	1.45
Saft	18,211	287	1.71
Seche Environnement	6,380	147	0.88
Sopra	3,470	187	1.11
Total	4,770	171	1.02
		1,833	10.93
Germany 9.91% (5.94%)			
Allianz	5,220	487	2.90
Daimler	2,020	90	0.54
E.ON	5,240	54	0.32
Freenet	18,470	282	1.68
Leoni	5,170	182	1.08
Rheinmetall	8,660	276	1.65
Sixt	12,750	166	0.99
Wincor Nixdorf	3,090	126	0.75
		1,663	9.91
Greece 1.04% (0.98%)			
OPAP	27,840	175	1.04
		175	1.04
Hong Kong 1.09% (2.12%)			
XTEP International	583,500	182	1.09
		182	1.09
Ireland 3.47% (3.08%)			
Beazley	83,542	170	1.01
Irish Continental	19,780	413	2.46
		583	3.47

Legg Mason Global Equity Income Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
Italy 0.47% (0.52%)			
Telecom Italia	177,720	79	0.47
		79	0.47
Japan 4.55% (4.17%)			
Adastria	5,903	179	1.07
Hoya	11,761	161	0.96
NTT DoCoMo	233	241	1.44
Shinko Plantech	35,110	182	1.08
		763	4.55
Luxembourg 1.11% (0.00%)			
RTL	3,000	186	1.11
		186	1.11
Netherlands 4.34% (3.37%)			
Akzo Nobel	4,646	180	1.07
CSM	13,820	211	1.26
Heijmans	26,721	173	1.03
Wereldhave	3,770	164	0.98
		728	4.34
Norway 3.08% (3.74%)			
Aker	11,200	219	1.31
Borregaard	30,150	81	0.48
Orkla	46,630	217	1.29
		517	3.08
Singapore 0.00% (3.93%)			
South Korea 0.93% (0.96%)			
KT&G	3,715	156	0.93
		156	0.93
Spain 3.41% (2.89%)			
Amadeus IT	10,120	212	1.26
Indra Sistemas	36,960	360	2.15
		572	3.41
Sweden 2.96% (2.83%)			
Duni	13,620	87	0.52
Electrolux	13,840	237	1.41
Securitas	25,160	172	1.03
		496	2.96
Switzerland 5.22% (3.22%)			
Adecco	7,800	320	1.91
Novartis	7,970	374	2.23
Valora	1,380	182	1.08
		876	5.22

Legg Mason Global Equity Income Fund (continued)

Investments	Holding or Nominal Value	Market value £'000	% of total net assets
United Kingdom 20.31% (20.60%)			
Aviva	75,051	292	1.74
Direct Line Insurance	84,200	183	1.09
Halfords	53,510	196	1.17
ICAP	43,240	160	0.95
Laird	92,450	199	1.19
Laura Ashley	567,390	152	0.91
Man	164,715	135	0.80
Marston's	179,810	283	1.69
Morgan Sindall	29,380	198	1.18
Reckitt Benckiser	5,520	243	1.45
Rexam	40,329	198	1.18
RPC	42,830	194	1.16
RSA Insurance	243,003	292	1.74
Shanks	279,446	262	1.56
Tesco	63,320	235	1.40
Vodafone	88,995	185	1.10
		3,407	20.31
United States 15.08% (21.08%)			
CA	8,690	166	0.99
Capital One Financial	4,860	202	1.20
Chevron	4,190	325	1.94
Corning	31,070	284	1.69
FirstEnergy	7,250	175	1.04
Invesco Mortgage Capital	13,470	135	0.81
Lorillard	5,510	151	0.90
Merck	13,070	397	2.37
Molson Coors Brewing	8,050	252	1.50
Sensient Technologies	6,520	176	1.05
Staples	29,420	266	1.59
		2,529	15.08
Portfolio of investments		16,351	97.48
Net other assets		423	2.52
Net assets		16,774	100.00

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.
 Comparative figures shown in brackets relate to 28 February 2013.

Investor Information

Report & Accounts

Shareholders will receive a copy of the Interim and Final report and accounts of the Company each year. These reports will be a “short report”: a full report is available from the ACD on written request or is available on our web-site www.leggmason.co.uk. The annual accounting period is to the last day of February and the interim accounting period is to 31 August.

Individual Savings Account (ISA)

Legg Mason Investments (Europe) Limited is the ISA Plan Manager for the Company. The Plan Manager confirms that the Funds have met the ISA Regulations throughout the period.

Investment Funds Information

Company

Legg Mason Funds ICVC
201 Bishopsgate
London
EC2M 3AB
Tel: 020 7648 1000
Fax: 020 7070 7505

Authorised Corporate Director

Legg Mason Investment Funds Limited
201 Bishopsgate
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Tel: 020 7648 1000
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Registrar & Administration

Legg Mason Global Asset Management
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CM99 2BD
Tel: 0844 620 0013 Overseas: +44 1268 448235
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Authorisation

Legg Mason Investment Funds Limited
Authorised and Regulated by the Financial Conduct Authority
Legg Mason Funds ICVC
Registered in England No. IC000247

Depositary

State Street Trustees Limited
525 Ferry Road
Edinburgh
EH5 2AW

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Investment Managers

Legg Mason Capital Management, Inc.

100 International Drive
Baltimore
Maryland 21202
USA

Western Asset Management Company Limited

10 Exchange Square
Primrose Street
London
EC2A 2EN

Royce & Associates, LLC

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Suite 2400
New York NY10151
USA

ClearBridge Investments, LLC

620 8th Avenue
47th Floor
New York 10018
USA

Shiozumi Asset Management Company Limited

7F MG Atago Building
3-13-7 Nishi-Shinbashi
Minato-Ku
Tokyo
105-0003
Japan

Batterymarch Financial Management, Inc.

200 Clarendon Street
Boston
Massachusetts 02116
USA

Brandywine Global Investment Management LLC

2929 Arch Street
8th Floor
Philadelphia 19104
USA

Important Information

Please note that past performance is no guide to future returns and you may not get back the amount originally invested. You should be aware that funds and stock market investments should normally be regarded as longer term investments and that they may not be suitable for everyone. Unlike a bank or building society account, the value of your investment can go down if you exercise any right to cancel, and you may not get back the amount originally invested if the share price has fallen since you invested.

A summary of risk factors for the Company is outlined below:

- Fluctuations in exchange rates may affect the value of an investment and any income derived from it. All Funds are permitted to hedge their currency exposure by way of forward currency contracts.
- Investments in the Funds (either directly or through ISAs) may not be suitable for all investors. Investors should seek independent financial advice.
- The deductions for charges and expenses, in particular the entry charges, are not made uniformly throughout the life of the investment. If you cash in during the early years, you may not get back the amount initially invested.
- For any Fund, until they reach a sufficient size, the proportion of charges and expenses allocated to such a Fund may be higher and so the return on investment in the Fund is more affected by fees and charges than in more established Funds.

The Annual Report and Financial Statements only provides brief information on each Fund which should not be relied upon in making an investment decision. Please refer to the relevant key investor information document and prospectus for the Company for full description of objectives and risk factors for each Fund.

Each of the investment management companies listed in the brochure is affiliated with the ACD through common control and ownership by Legg Mason, Inc., except for Shiozumi Asset Management Company Limited. The ACD provides its clients with access to such affiliates primarily through its range of Funds within the Company, in which such affiliates serve as investment manager or sub-investment manager. While some of the affiliates are authorised or licensed to conduct business in one or more European jurisdictions, they are not authorised to offer their investment advisory services in all European jurisdictions. Investors' access to such affiliates may be limited to investing only in the Company.

Any eligible complainant having any complaint in respect of the Fund should inform the ACD in writing of the details of the complaint to the Complaints Manager at Legg Mason Investments, 201 Bishopsgate, London EC2M 3AB. This will then be investigated and a reply provided as soon as possible and any appropriate remedial action taken. In addition, eligible complainants will have a right of complaint directly to the Financial Ombudsman Service if he/she is not satisfied with the outcome of the investigation into the complaint. Details of the Financial Services Compensation Scheme established under the Financial Services and Market Act 2000, under which an investor may be entitled to receive compensation if the ACD is unable to meet any of its liabilities to the investor, are available on written request from the ACD.

You can find further information on the range of sub-funds within Legg Mason Funds ICVC by visiting Legg Mason Investments' website on: **www.leggmason.co.uk**

The website provides up to date information on the range of sub-funds including:

Prices - Access daily prices

Literature - Factsheets providing the latest information on each sub-fund

Investment Managers - More information about Legg Mason's asset management affiliates managing the sub-funds

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