

Peer Group:

US Mainstream Equities

Fund Manager/Adviser:

Richie Freeman (since February 2001)

Location:

New York

Launch Date:

May 2001

Fund Size (September 2008):

US\$45m

Group Contact No:

+353 539 149 999

Website:

www.leggmason.co.uk

S&P ID Number:

OS358134

Share class screened:

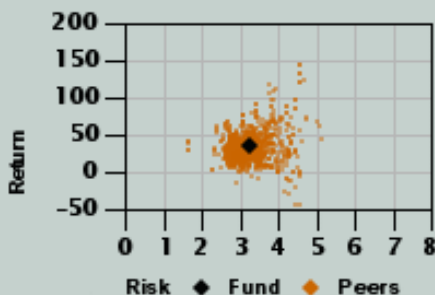
Ins Ord USD



INVESTMENT STYLE

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

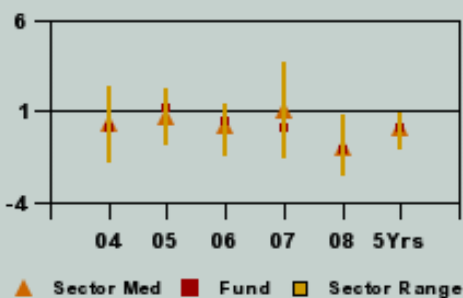
RISK RETURN (STD DEVIATION) OVER 5 YEARS



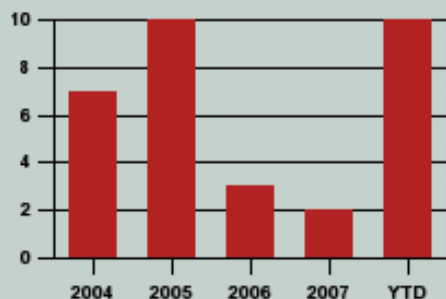
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Low	-15.4
Volatility	Medium	10.5
Correlation	High	0.9
Beta	Medium	0.9

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

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

All statistical data on this report has been run to 29/08/2008 on NAV to NAV basis, with gross income reinvested, in US Dollars.

STANDARD & POOR'S OPINION (NOVEMBER 2008)

Legg Mason US Aggressive Growth Fund is managed by Richie Freeman in his distinctive style, which is stock specific over the long term and research-intensive with a strong growth bias.

The process has been consistently applied by Freeman since 1983. His buy-and-hold approach pushes the boundaries, with stocks such as Forest Labs and Comcast having been held for over 20 years. However, the recent period has been one of the most testing the manager has experienced and he has been forced to make sales he would have preferred to avoid, because of redemptions in falling markets. The severe conditions have caused him to revisit all his holdings and to focus the portfolio into those in which he has most conviction. The number of holdings has fallen from 68 to 55 - with only 25 meaningful positions - and the manager believes all he can do now is wait.

For the past 10 years, Freeman has been working with Evan Bauman and they now effectively operate as co-managers on this product. They conduct much of their own work but take background information and competitor analysis from a team of 19 ClearBridge analysts, based in New York and San Francisco.

Performance relative to the peer group tends to be volatile, because of the strong growth bias, which has traditionally resulted in a huge overweight to biotech. In 2006 and 2007, the fund posted bottom-quartile returns, but the fund ranks comfortably second quartile over five years.

Overall, the manager's experience and the consistent longer-term approach results in the retention of the S&P AA rating.

FACT FILE

Group: Legg Mason Investments is part of Legg Mason Inc, a global asset management company with a history stretching to 1899, and listed on the NYSE since 1983. After acquiring the asset management part of Citigroup in December 2005, Legg Mason became the fifth-largest money manager in the US.

Team: ClearBridge Advisors is a subsidiary of Legg Mason formed following the acquisition of Citigroup. Freeman and Bauman lead on aggressive growth strategies, supported by 19 sector analysts.

Fund Manager: Freeman has over 30 years' investment experience and has managed growth mandates to this aggressive strategy since 1983.

Style: Freeman's style is bottom-up, driven by fundamental research focusing on superior growth companies. The multi-cap portfolio is constructed without reference to a benchmark. Turnover is very low.

Performance: Over the five years to 29/08/2008, the fund has returned 34.3%, compared with 30.8% for the sector median and 39.7% for the index, ranking 435/1086.

FUND MANAGER & TEAM

Freeman is responsible for aggressive growth strategies within ClearBridge Advisors. He runs around \$18bn in mutual funds and segregated accounts, all to the same model. He operates with considerable autonomy, working closely with Bauman. He draws on the support of the team of 19 managers and analysts based in New York and San Francisco, co-headed by Scott Glasser and Michael Kagan.

Every Thursday afternoon the team meets to discuss stock ideas, market developments and review a sector. Analysts are sector specialists and are paid based on a combination of qualitative and quantitative criteria.

Richie Freeman - MBA (New York University), has over 30 years' investment experience. He began his career as an analyst with Drexel Burnham Lambert, joining Smith Barney in 1983.

Evan Bauman - BS (Duke University), joined in 1996. He manages US growth equities portfolios.

PORTFOLIO CHARACTERISTICS

No. of holdings	55
Turnover ratio (%)	N/A
% in top 10	57

TOP 10 HOLDINGS (01/09/08)

	%
Anadarko Petroleum	8.8
Weatherford International	8.4
McDonald's	7.7
Biogen Idec	6.4
Amgen	5.4
Forest Laboratories	4.5
Comcast Corp	4.2
UnitedHealth Group	4.0
Cablevision Systems	3.9
ImClone Systems	3.6

* In top 10 holdings a year ago

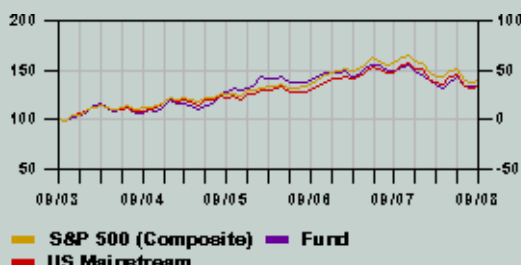
ALLOCATION BREAKDOWN (01/09/08)

	Fund %
Cash	1.0
Consumer discretionary	15.0
Consumer staples	0.0
Energy	22.0
Financials	4.0
Healthcare	39.0
Industrials	8.0
Information technology	11.0
Materials	0.0
Other	0.0
Telecoms	0.0
Utilities	0.0

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	4.3%	34.3%
Standard & Poor's Peer Median	7.4%	30.8%
Index**	11.4%	39.7%
Fund Rank	903/1371	435/1086
Standard Deviation	10.5	-
Relative Standard Deviation	0.9	-
Volatility Adjusted Ranking	867/1371	-

CUMULATIVE PERFORMANCE



LEGG MASON US AGGRESSIVE GROWTH FUND

Peer Group: US Mainstream Equities



MANAGEMENT STYLE

The fund is managed bottom-up, with stock selection based primarily on Freeman's assessment of companies' business merits. He aims for high absolute returns. There is a clear growth bias and the fund has the flexibility to invest across the market cap spectrum.

The manager tends to favour new purchases in small- and mid-cap stocks, holding on to them as they grow. The investment perspective is truly long term; annual portfolio turnover is typically below 10%.

Stock selection is based on intensive fundamental research. Company visits are undertaken to gain a thorough understanding

of the business and assess quality of management. Long-term growth potential is essential, so cyclical and mature companies are avoided. Valuation is important - the manager is looking for a PEG ratio of less than two.

A portfolio of 60-70 stocks is preferred, with 40-50 key holdings and a tail of smaller holdings that the manager monitors. There are no formal investment limitations relative to the Russell 3000 Growth index benchmark. Top 10 concentration can reach 50%.

While usually fully invested, cash can accumulate through lack of opportunities, or if the manager takes a view on the market.

PORTFOLIO REVIEW

Over the past 12 months the manager has been revisiting existing holdings and focusing the portfolio into those stocks in which he has the highest conviction. As a result, the number of holdings has fallen from 69 to 55. Of these, only 27 account for more than 1%.

Freeman has been adding to favoured holdings, such as Weatherford and Anadarko, believing that while these companies may have failed in terms of share price performance, they continue to succeed as businesses. It is unlikely there will be new

ideas in the portfolio in the near future as the manager is not prepared to sell anything at current prices.

The strong bias towards biotechnology (around 25%) remains, with top 10 positions in Amgen, Genzyme and Imclone. (The last was the largest bet in the portfolio at review, but profits have since been taken.) The position in Genetech was reduced following news of the bid from Roche. Energy (exploration and services, rather than integrated) is also overweight.

PERFORMANCE ANALYSIS (SEPTEMBER 2008)

Over five years the fund has underperformed its Russell 3000 Growth benchmark, despite producing above-median returns in the S&P mainstream US peer group. Since launch it has outperformed the benchmark (-6.5% against -12.1%). The mid-cap growth bias, together with the fund's aggressive positioning, results in volatile returns on a relative discrete-year basis.

The smid bias and energy drove performance in 2004-05. Returns were boosted by a number of takeovers, including Chiron by Novartis in late 2006. Maxtor and RSA were

also taken over in 2006, although performance was bottom quartile. 2007 also yielded bottom-quartile returns, largely as a result of fund's mid-cap bias and stock selection in biotech.

Performance was patchy in early 2008. While the fund was underweight financials, stock selection here (Merrill Lynch, Lehman Bros) caused the most damage. In the summer, however, performance recovered dramatically as cyclicals fell swiftly out of favour and growth stocks recovered.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2004		2005		2006		2007		YTD 29/08/2008	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	10.5	373/1133	12.5	71/1285	9.0	1057/1425	-1.1	1441/1683	-7.9	196/1836
Index**	10.9		4.9		15.8		5.5		-11.4	
Median	9.0		4.5		12.7		6.1		-12.1	

** S&P 500 (Composite)

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