

For Immediate Release
Legg Mason Global Asset Management
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Royce looks to Japanese small caps

Royce & Associates, Legg Mason's smaller company specialist subsidiary, says valuations in Japan are becoming increasingly compelling, particularly in smaller stocks.

Despite figures out today, which show GDP in Japan fell 0.9% GDP in the first quarter of this year, David Nadel, portfolio manager on the Legg Mason Royce Global Smaller Companies Fund, believes "Japan will recover and that the effects of its woes on the global economy should be relatively short lived."

He believes the recent tragic events of March's earthquake and tsunami have brought even closer scrutiny to Japanese companies, from people who have been looking for global investment opportunities. "Some investors are interested in what should be considerable long-term, reconstruction opportunities," says Nadel.

To reflect these opportunities the Legg Mason Royce Global Smaller Companies Fund has 10.71% of its assets in Japan*, double the weighting it had prior to the earthquake. This is the fund's second largest country weighting, behind the US, which stands at 26.62% of the portfolio.

Nadel comments, "Today's figures demonstrate the impact of the recent tragic events in Japan and in the short run I think we'll continue to see some interruptions as Japan struggles to get back on its feet. It's a major force in the global economy, and we've seen attempts at measuring what the near term impact will be on manufacturing and global supply chains."

"In the meantime, from an investment perspective, the recent tragic events in Japan has afforded a bottom up value stockpicker like ourselves the opportunity to repopulate the fund with either high quality companies that we didn't previously own, or add to companies that we already own at the right valuations."

The Legg Mason Royce Global Smaller Companies fund was launched on December 31, 2009, and is benchmarked against the Russell Global Small Cap Index. Over 12 months to March 31, 2011, the fund has returned 34.42%** to shareholders, versus the benchmark which is up 22.68%.

About Legg Mason Global Asset Management

Legg Mason is a global asset management firm with \$678 billion in assets under management as of March 31, 2011. The Company provides active asset management in many major investment centres throughout the world. Legg Mason is headquartered in Baltimore, Maryland, and its common stock is listed on the New York Stock Exchange (symbol: LM).

www.leggmason.co.uk

*at March 31, 2011 – **NAV to NAV with gross income reinvested without initial charges but reflecting annual management fees

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