

Audited Annual Report

Legg Mason Global Funds FCP (Luxembourg)

A mutual fund constituted under Luxembourg Law as a "fonds commun de placement" with multiple compartments (sub-funds)

For the Year Ended 31 March 2011

Legg Mason Global Funds FCP (Luxembourg)
A Mutual Fund under Luxembourg Law
Audited Annual Report for the year ended 31 March 2011

Table of Contents

Legg Mason Global Funds FCP (Luxembourg)	
General Information on the Fund	2
Information to Unitholders	3
Report of the Directors of the Management Company To Unitholders	4
Audit report	6
Schedule of Investments and Other Net Assets and Industrial Classification	
<i>Legg Mason Global Equity Fund</i>	7
<i>Legg Mason US Growth and Value Fund</i>	10
<i>Legg Mason Emerging Markets Equity Fund</i>	12
Financial Statements	
<i>Statement of Net Assets</i>	15
<i>Statement of Operations and Changes in Net Assets</i>	16
<i>Net Assets Information</i>	20
Notes to the Financial Statements as of 31 March 2011	26

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

General Information on the Fund

Management Company

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

Incorporation

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

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

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

Board of Directors of the Management Company

Chairman

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

Directors

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

Brian Collins
Consultant
Festina Lente
Herbert Road
Bray. Co. Wicklow, Ireland

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

Investment Managers

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

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

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

Legg Mason Asset Management Hong Kong Ltd.
12/F., York House, the Landmark
15 Queen's Road Central
Hong Kong
(until August 27, 2010)

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

Western Asset Management Company
385 East Colorado Boulevard
Pasadena, CA 91101, U.S.A.
(until August 27, 2010)

Western Asset Management Company Ltd.
The Center Building
1-1-3 Otermache
Chiyoda-ku, Tokyo 400-100004
(until August 27, 2010)

Investment Advisor

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

Legg Mason International Equities (Singapore) Pte Limited
1 George Street #23-02
Singapore 049145
(until, August 27, 2010)

Custodian Bank, Administrator, Transfer Agent and Registrar

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

Auditor

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

General Information on the Fund – *(continued)*

Regarding the Distribution of the Fund in Germany

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

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

Regarding the Distribution of the Fund in Switzerland

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

BNP Paribas Securities Services, Paris
Succursale de Zürich
Selnaustrasse 16, case postale,
8022 Zürich, Switzerland

Information to Unitholders

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

Report of the Directors of the Management Company To Unitholders

Fixed Income Markets

Bond markets rose by 7.15% in US dollar terms over the 12 months ending 31 March 2011, according to the Barclays Capital Global Aggregate Index. Within the period, financial markets experienced significant volatility as investors mulled over the state of the global economy, the possibility of a double-dip recession in the US, the need for additional stimulus (via so-called quantitative easing) by the major central banks, and the long-term sustainability of the European Monetary Union (EMU).

Political developments often overshadowed the impact of generally supportive economic data and central bank activity on investor expectations during the period, particularly in May and in November 2010. In the first quarter of 2011, sentiment was further unsettled by serious political unrest in parts of North Africa and the Middle East, as well as a devastating earthquake in Japan. In May 2010, increasing concern over sovereign debt in peripheral European countries, in particular the state of Greece's public finances and its impact on the wider eurozone, was the main factor impacting markets. In November, worries over sovereign solvency were in the limelight once again as Ireland became the next country to require a rescue package from the European Union and the International Monetary Fund. Against this backdrop, bond markets continued to swing between bouts of risk aversion, with investors taking refuge in government bonds, and periods of risk taking, which benefited the corporate bond sectors.

Most of the major central banks left interest rates unchanged at historically low levels over the period in an effort to support the economic recovery. As markets remained jittery and economic data appeared to indicate some slowing in the recovery, the debate continued over the need for additional monetary support by central banks, particularly in the US and the UK. In early November, the Federal Reserve Board in the US announced a second round of quantitative easing to provide liquidity to the financial system. The Bank of England remained divided over the further course of action and no new moves were actually implemented over the period.

Despite these periods of volatility, the riskier sectors of the bond market recorded gains over the year as a whole, with bonds issued by financials and high yield corporate bonds performing particularly well. Developed government bond markets recorded more modest gains over the period, as investors scaled back their expectations for interest rate increases by the major central banks.

Equities

The period under review began with global equity markets continuing to advance as their strong showing in 2009 carried over into the first quarter of 2010. Global markets ran into weakness in April, however, and subsequently see-sawed over the summer months as concerns persisted that global economic growth may be poised to slow down more than previously anticipated. September and October generally proved positive for returns, however, as improved data in key markets such as the US helped investors to think that the likelihood of a double-dip recession was reducing.

In addition, investors began to anticipate that another round of stimulus would be announced in early November by the US Federal Reserve Board (Fed) in the form of so-called quantitative easing as headwinds such as high unemployment and a weak housing market remained a worry. Indeed, the Fed confirmed a new \$600 billion quantitative easing programme in the first week of November, which met with a favourable market reaction and helped equities to end the year far more strongly than bonds.

The outbreak of serious civil unrest in a number of Middle East and North African countries then unsettled markets in the first quarter of 2011. A spike in oil prices was a particular worry as higher energy costs could weigh on the global recovery, while a devastating earthquake in Japan in March became an additional concern. Monetary tightening by central banks in several emerging markets also began to impact sentiment. Against this backdrop global markets still managed to record gains in the opening months of this year as economic indicators in key economies such as the US and Germany remained encouraging.

Elsewhere in Europe, meanwhile, headlines during the period under review were often focused on the sovereign debt crisis in the eurozone region, with the problem being particularly severe in Greece, Ireland, Portugal and Spain. Greece became the first eurozone country to need a financial bailout package, followed later in the year by Ireland. Government debt levels in several European nations remained a concern as the year drew to a close, with many economies facing big austerity measures in the form of public spending cuts in the coming years as authorities try to tackle their huge budget deficits.

Report of the Directors of the Management Company To Unitholders – *(continued)*

In Asia, higher interest rates in China as the authorities sought to curb inflation became an increasing concern for markets as 2010 progressed. Other important emerging markets such as India also increased interest rates and investors viewed the moves as having negative implications for global economic growth. Such sentiment proved the steadily increasing importance of countries like China as an economic power and as an export market for the developed world. Indeed, despite monetary tightening in the country, China is expected to remain a key driver of global growth, as is the Asia ex Japan region as a whole.

Luxembourg, 20 July 2011

The Board of Directors

Note:

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

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

Statements in this material should not be considered investment advice. Portfolio holdings and breakdowns are as of 31 March 2011 and are subject to change.



Audit report

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

Following our appointment by the Board of Directors of the Management Company dated 6 August 2010, we have audited the accompanying financial statements of Legg Mason Global Funds FCP (Luxembourg) and of each of its Sub-Funds, which comprise the statement of net assets and the schedule of investments and other net assets as at 31 March 2011 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the Management Company for the financial statements

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of of Legg Mason Global Funds FCP (Luxembourg) and of each of its Sub-Funds as of 31 March 2011, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matters

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

PricewaterhouseCoopers S.à r.l.
Represented by

Luxembourg, 20 July 2011

Didier Prime

PricewaterhouseCoopers S.à r.l., 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg
T +352 494848 1, F +352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°00123693)
R.C.S Luxembourg B 65 477 - Capital social EUR 516 950 - TVA LU17564447

Legg Mason Global Equity Fund

(expressed in USD)

Schedule of Investments and Other Net Assets as of 31 March 2011

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing							
AUD Equities							
24,242	AMP Limited	136,734	0.56				
7,300	Australia & New Zealand Banking Group Limited	179,754	0.75				
4,719	National Australia Bank Limited	124,716	0.51				
5,948	Westpac Banking Corp.	148,855	0.61				
		590,059	2.43				
BRL Equities							
6,800	Banco Bradesco SA Pfd	134,738	0.56				
6,900	Banco Itau Holding Financeira SA Pfd	158,459	0.65				
4,000	Telesp Celular Par Pref Npv	154,436	0.64				
		447,633	1.85				
CAD Equities							
3,800	Alimentation Couche Tard Inc.	100,433	0.41				
1,600	Barrick Gold Corp.	82,500	0.34				
1,200	National Bank of Canada	97,371	0.40				
3,500	Pacific Rubiales Energy Corp.	93,225	0.39				
6,300	Precision Drilling Corp.	84,649	0.35				
3,400	Research In Motion Limited	194,181	0.80				
2,300	Teck Cominco Limited	124,916	0.52				
		777,275	3.21				
CHF Equities							
1,140	Roche Holding AG	162,822	0.67				
534	Swiss Life Holding AG – Reg	89,116	0.37				
		251,938	1.04				
EUR Equities							
3,046	BASF SE	259,575	1.07				
1,282	Bayerische Motoren Werke AG	105,817	0.44				
3,134	BNP Paribas	235,446	0.97				
1,234	Casino Guichard Perrachon SA	117,717	0.49				
877	Christian Dior SA	124,046	0.51				
4,955	CRH PLC	115,237	0.48				
2,275	Daimler AG – Reg	159,801	0.66				
2,107	DCC PLC	66,524	0.27				
2,156	Deutsche Bank AG – Reg	127,466	0.53				
6,920	Deutsche Post AG – Reg	125,043	0.52				
2,950	GDF Suez	119,751	0.49				
2,498	Hannover Rueckversicherung AG – Reg	135,996	0.56				
1,624	Henkel AG & Company KGAA Pfd	100,191	0.41				
1,425	Inditex SA	114,667	0.47				
7,850	Infineon Technologies AG	80,705	0.33				
2,964	Kesko OYJ	138,159	0.57				
32,562	Mapfre SA	123,507	0.51				
1,410	Merck KGAA	126,696	0.52				
837	Muenchener Rueckversicherungs AG – Reg	129,124	0.53				
1,498	Renault SA	81,776	0.34				
5,658	Repsol YPF SA	192,954	0.80				
10,113	Royal Dutch Shell PLC	364,696	1.50				
2,261	Siemens AG – Reg	306,928	1.27				
13,098	Stora Enso OYJ	150,278	0.62				
3,704	Suedzucker AG	103,763	0.43				
26,995	Terna Rete Elettrica Nazionale SpA	128,835	0.53				
4,799	Vivendi	136,231	0.56				
2,852	Voestalpine AG	136,194	0.56				
		4,107,123	16.94				
GBP Equities							
10,754	Amlin PLC	65,981	0.27				
2,860	Anglo American PLC	148,097	0.61				
4,377	Astrazeneca PLC	203,874	0.84				
3,050	BG Group PLC	76,641	0.32				
6,723	BHP Billiton PLC	264,447	1.09				
25,515	BP PLC	187,877	0.77				
37,722	BT Group PLC	111,905	0.46				
12,040	Burberry Group PLC	229,156	0.95				
17,270	Drax Group PLC	109,594	0.45				
7,081	Imperial Tobacco Group PLC	219,957	0.91				
76,494	Legal & General Group PLC	143,378	0.59				
4,400	Rio Tinto PLC	311,658	1.29				
5,673	Scottish & Southern Energy PLC	114,990	0.47				
4,246	Severn Trent PLC	99,909	0.41				
17,653	Tesco PLC	109,373	0.45				
106,950	Vodafone Group PLC	308,942	1.27				
4,023	Xstrata PLC	93,563	0.39				
		2,799,342	11.54				
HKD Equities							
258,000	Agricultural Bank of China – H	140,490	0.58				
48,000	China Overseas Land & Investment Limited	97,030	0.40				
12,500	China Shenhua Energy Company Limited	58,033	0.24				
143,000	Industrial & Commercial Bank of China	117,170	0.48				
94,000	Picc Property & Casualty Company Limited	110,099	0.45				
31,000	Wheelock & Company Limited	117,845	0.49				
		640,667	2.64				
JPY Equities							
18	Central Japan Railway Company	143,046	0.59				
2,700	Chubu Electric Power Company Inc.	61,120	0.25				
14,000	Fuji Heavy Industries Limited	92,884	0.38				
15,000	Gunma Bank Limited	81,096	0.33				
36,000	Hitachi Limited	189,428	0.78				
15,000	Itochu Corp.	158,940	0.66				
11,100	JTEKT Corp.	137,263	0.57				
17,500	Jx Holdings Inc.	119,055	0.49				
8,600	Kansai Electric Power Company Inc.	192,296	0.79				
12,000	Marubeni Corp.	86,550	0.36				
29,800	Mitsubishi Ufj Financial Group Inc.	134,199	0.55				
9,400	Mitsui & Company Limited	168,193	0.70				
59,800	Mizuho Financial Group Inc.	98,647	0.41				
7,000	Nippon Meat Packers Inc.	85,972	0.35				
1,600	Nippon Telegraph & Telephone Corp.	71,957	0.30				
21,000	Nishi-Nippon City Bank Limited	58,663	0.24				
1,070	Orix Corp.	100,365	0.41				
2,200	Sony Corp.	70,384	0.29				
5,000	Sumitomo Mitsui Financial Group Inc.	155,087	0.64				
4,600	Suzuki Motor Corp.	102,081	0.42				
1,300	Tokyo Electron Limited	71,848	0.30				
23,000	Tokyo Gas Company Limited	103,576	0.43				
8,000	Tonengeneral Sekiyu KK	98,254	0.41				
5,800	Ushio Inc.	114,394	0.47				
		2,695,298	11.12				
NOK Equities							
2,265	Statoilhydro ASA	61,937	0.25				
SEK Equities							
7,952	Volvo AB	141,139	0.58				

Legg Mason Global Equity Fund

(expressed in USD)

Schedule of Investments and Other Net Assets as of 31 March 2011 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV
SGD Equities			
31,000	Sembcorp Industries Limited	128,691	0.53
USD Equities			
900	Advance Auto Parts Inc.	59,319	0.24
2,200	Aflac Inc.	115,544	0.48
3,250	America Movil SAB de CV – ADR	186,550	0.77
1,600	American Express Company	73,456	0.30
2,300	American Financial Group Inc.	80,546	0.33
2,100	Ameriprise Financial Inc.	128,940	0.53
800	Apple Inc.	279,023	1.15
6,100	Arch Coal Inc.	218,197	0.90
1,300	Assurant Inc.	50,726	0.21
1,700	Avery Dennison Corp.	71,604	0.30
3,000	Bank of New York Mellon Corp.	89,010	0.37
400	Blackrock Inc.	79,536	0.33
4,700	Blackstone Group LP	85,070	0.35
4,500	Brinker International Inc.	113,940	0.47
4,200	CA Inc.	100,212	0.41
3,300	Cardinal Health Inc.	137,115	0.57
2,700	Celanese Corp.	119,799	0.49
2,100	Cephalon Inc.	158,424	0.65
3,544	Chevron Corp Com Stk	382,787	1.58
3,200	Cigna Corp.	139,264	0.57
12,800	Cisco Systems Inc.	221,696	0.91
6,000	Comcast Corp.	148,200	0.61
3,000	ConocoPhillips	242,070	1.00
2,600	Corn Products International Inc.	133,146	0.55
12,600	Dell Inc.	184,464	0.76
10,000	Delta Air Lines Inc.	99,400	0.41
3,100	Ei Du Pont De Nemours & Company	171,647	0.71
3,900	Eli Lilly & Company	137,202	0.57
3,500	Endo Pharmaceuticals Holdings Inc.	132,790	0.55
5,400	Exxon Mobil Corp.	456,245	1.88
1,600	Freeport-Mcmoran Copper & Gold Inc.	88,384	0.36
6,115	General Electric Company	122,973	0.51
4,400	Gilead Sciences Inc.	187,044	0.77
600	Google Inc.	349,104	1.44
2,500	Hawaiian Electric Industries	61,475	0.25
2,200	Hershey Company	120,318	0.49
6,292	Hewlett-Packard Company	259,860	1.07
1,100	Integrys Energy Group Inc.	55,748	0.23
14,000	Intel Corp Com	286,440	1.18
932	International Business Machine Ibm Un	152,475	0.63
4,492	JPMorgan Chase & Company	208,653	0.86
4,800	Limited Brands Inc.	159,504	0.66
1,700	Lockheed Martin Corp.	135,592	0.56
1,800	Lorillard Inc.	172,422	0.71
3,700	Macy's Inc.	89,688	0.37
2,700	Marathon Oil Corp.	142,965	0.59
1,800	Medco Health Solutions Inc.	99,576	0.41
4,300	Medtronic Inc.	169,291	0.70
4,250	Merck & Company Inc	141,525	0.58
14,600	Micron Technology Inc.	169,068	0.70
17,300	Microsoft Corp.	442,534	1.82
500	Millicom International Cellular SA	47,440	0.20
5,000	Moody's Corp.	172,250	0.71
1,500	Murphy Oil Corp.	109,710	0.45
2,300	Northrop Grumman Corp.	157,757	0.65
1,000	Oil States International Inc.	73,980	0.31
3,400	Patterson-Uti Energy Inc.	98,294	0.41
3,200	Pepco Holdings Inc.	60,096	0.25
1,900	Prudential Financial Inc.	115,957	0.48
2,300	Ross Stores Inc.	164,934	0.68

Quantity/ Nominal Value	Description	Market Value	% NAV
7,900	RR Donnelley & Sons Company	148,520	0.61
2,500	Ryder System Inc.	125,450	0.52
8,600	Taiwan Semiconductor Manufacturing Company Limited – ADR	104,146	0.43
2,400	Target Corp.	120,624	0.50
2,950	Teco Energy Inc.	55,283	0.23
3,000	Tjx Companies Inc.	150,270	0.62
1,100	Travelers Companies Inc.	65,329	0.27
7,100	Tyson Foods Inc.	139,941	0.58
6,300	Unitedhealth Group Inc.	286,020	1.18
4,200	US Ban Corp	112,056	0.46
8,000	Valero Energy(New) Com	245,840	1.01
4,100	Verizon Communications Inc.	157,686	0.65
3,000	Walgreen Company	120,000	0.49
860	Wal-Mart Stores Inc.	45,030	0.19
5,400	Wells Fargo & Company	172,314	0.71
1,200	Whirlpool Corp.	101,028	0.42
		11,360,516	46.85
ZAR Equities			
17,071	Mr Price Group Limited	155,283	0.64
5,400	Vodacom Group Pty Limited	63,392	0.26
29,225	Woolworths Holdings Limited	118,866	0.49
		337,541	1.39
Total Equities		24,339,159	100.37
Total Transferable securities and money market instruments admitted to an official exchange listing			
		24,339,159	100.37
Total Investments in securities		24,339,159	100.37
Other Net Liabilities		(90,840)	(0.37)
Total Net Assets		24,248,319	100.00

The accompanying notes form an integral part of the Financial Statements

Legg Mason Global Equity Fund

Industrial Classification as of 31 March 2011

	%
	NAV
Oil and gas producers	12.19
Banks	10.62
Retail	6.24
Insurance	5.62
Mining (non precious)	5.39
Pharmaceuticals	5.36
Telecommunication services	4.55
Computers and peripherals	3.78
Electrical utilities	3.50
Semiconductors	2.94
Auto manufacturers	2.82
Food services	2.55
Chemicals	2.27
Software	2.24
Transportation	2.03
Distribution and wholesale	1.98
Financial services	1.93
Miscellaneous machinery	1.77
Healthcare services	1.75
Tobacco	1.62
Apparel	1.46
Internet software and services	1.44
Food	1.36
Commercial services	1.32
Electrical equipment	1.25
Aerospace and defence	1.21
Broadcasting, radio and television	1.17
Telecommunication equipment	0.91
Real estate	0.89
Biotechnology	0.77
Oil and gas services	0.73
Home furnishings	0.71
Healthcare supplies and equipment	0.70
IT Consulting and services	0.63
Forest products and paper	0.62
Automobile parts and equipment	0.57
Iron and steel	0.56
Engineering and construction	0.53
Building materials	0.48
Diversified companies	0.45
Household products	0.41
Water utilities	0.41
Precious metals	0.34
Business and office equipment	0.30
Total Investment in Securities	100.37
Other Net Liabilities	(0.37)
Total Net Assets	100.00

Legg Mason US Growth and Value Fund

(expressed in USD)

Schedule of Investments and Other Net Assets as of 31 March 2011

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing							
USD Equities							
1,520	3M Company	140,554	1.01	5,230	Texas Instruments Inc.	181,690	1.31
2,350	Air Products & Chemicals Inc.	211,946	1.53	12,250	Toll Brothers Inc.	246,960	1.78
3,610	American Express Company	165,735	1.19	3,090	Total SA – ADR	187,656	1.35
2,450	American Tower Corp.	126,763	0.91	1,680	United Parcel Service Inc.	125,160	0.90
8,950	Amerisourcebergen Corp.	353,167	2.54	7,000	Verizon Communications Inc.	269,220	1.94
1,650	Apache Corp.	215,210	1.55	1,990	Wal-Mart Stores Inc.	104,196	0.75
1,040	Apple Inc.	362,731	2.61	5,180	Walt Disney Company /the	224,553	1.62
7,285	ASML Holding NV – Reg	323,090	2.33	14,050	Wells Fargo & Company	448,335	3.23
4,250	Autodesk Inc.	185,300	1.34	2,220	Xilinx Inc.	72,838	0.52
10,980	Bank of America Corp.	147,681	1.06	1,440	Yum! Brands Inc.	74,491	0.54
1	Berkshire Hathaway Inc.	128,103	0.92			13,875,723	99.98
7,760	Bristol-Myers Squibb Company	205,407	1.48		Total Equities	13,875,723	99.98
8,650	Charles Schwab Corp.	158,468	1.14		Total Transferable securities and money market instruments admitted to an official exchange listing	13,875,723	99.98
1,380	Chevron Corp Com Stk	149,054	1.07		Total Investments in securities	13,875,723	99.98
15,000	Citigroup Inc.	66,750	0.48		Other Net Assets	3,204	0.02
3,050	Comerica Inc.	112,088	0.81		Total Net Assets	13,878,927	100.00
1,290	Cummins Inc.	141,345	1.02				
1,950	Diamond Offshore Drilling Inc.	153,446	1.11				
2,600	Eaton Corp.	142,532	1.03				
1,620	Edwards Lifesciences Corp.	142,430	1.03				
6,320	Exxon Mobil Corp.	533,976	3.85				
860	First Solar Inc.	133,635	0.96				
3,500	Freeport-Mcmoran Copper & Gold Inc.	193,340	1.39				
13,677	General Electric Company	275,045	1.98				
2,560	Glaxosmithkline PLC – ADR	98,509	0.71				
660	Google Inc.	384,014	2.77				
3,420	Halliburton Company	169,290	1.22				
2,990	Harley-Davidson Inc.	126,477	0.91				
3,640	Harsco Corp.	130,057	0.94				
2,980	Honeywell International Inc.	177,578	1.28				
1,630	International Business Machine Ibm Un	266,668	1.92				
6,780	International Paper Company	201,637	1.45				
2,310	Johnson & Johnson	137,168	0.99				
6,480	Johnson Controls Inc.	269,568	1.94				
7,148	JPMorgan Chase & Company	332,025	2.40				
5,380	Juniper Networks Inc.	225,207	1.62				
5,370	Kellogg Company	289,443	2.09				
1,770	Lennar Corp Com Stk Usd 0.10	32,338	0.23				
18,760	Masco Corp.	263,766	1.90				
5,340	Mccormick & Company Inc./md	253,116	1.82				
2,290	Metlife Inc.	102,707	0.74				
6,549	Microsoft Corp.	167,523	1.21				
7,050	Moody's Corp.	242,873	1.75				
4,220	National Oilwell Varco Inc.	337,178	2.43				
2,760	Netapp Inc.	132,480	0.95				
2,720	Newfield Exploration Company	206,910	1.49				
3,140	Newmont Mining Corp.	169,937	1.22				
15,296	News Corp. – ADR	283,894	2.05				
3,320	Norfolk Southern Corp.	229,047	1.65				
4,040	Novartis AG – ADR	220,018	1.59				
5,340	Oracle Corp.	176,434	1.27				
9,830	Orbital Sciences Corp.	182,248	1.31				
2,809	PepsiCo Inc.	182,725	1.32				
3,460	Petroleo Brasileiro SA – ADR	139,819	1.01				
8,520	Pfizer Inc.	173,297	1.25				
4,523	Philip Morris International Inc.	297,161	2.14				
1,110	Potash Corp. of Saskatchewan Inc.	64,580	0.47				
2,790	Procter & Gamble Company	172,896	1.25				
2,430	Sempra Energy	130,613	0.94				
10,305	Staples Inc.	203,627	1.47				

The accompanying notes form an integral part of the Financial Statements

Legg Mason US Growth and Value Fund

Industrial Classification as of 31 March 2011

	%
	NAV
Oil and gas producers	11.44
Banks	7.99
Pharmaceuticals	7.57
Miscellaneous machinery	6.24
Oil and gas services	4.59
Semiconductors	4.16
Food services	3.91
Software	3.81
Broadcasting, radio and television	3.66
Computers and peripherals	3.57
Internet software and services	2.77
Retail	2.75
Transportation	2.55
Telecommunication equipment	2.54
Financial services	2.34
Tobacco	2.14
Healthcare supplies and equipment	2.01
Home builders	2.01
Chemicals	1.99
Automobile parts and equipment	1.94
Telecommunication services	1.94
IT Consulting and services	1.92
Building materials	1.90
Commercial services	1.75
Insurance	1.66
Forest products and paper	1.45
Mining (non precious)	1.39
Beverages	1.32
Aerospace and defence	1.31
Cosmetics and personal care	1.25
Precious metals	1.22
Machinery	1.02
Energy – alternate sources	0.96
Leisure and entertainment	0.91
Total Investment in Securities	99.98
Other Net Assets	0.02
Total Net Assets	100.00

Legg Mason Emerging Markets Equity Fund

(expressed in USD)

Schedule of Investments and Other Net Assets as of 31 March 2011

Quantity/ Nominal Value	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
INR Bonds			
1,417,212	Dr Reddy's Laboratories 9.250% 24/Mar/2014 ⁽²⁾	156,698	0.01
Total Bonds		156,698	0.01
BRL Equities			
227,200	Amil Participacoes SA	2,634,502	0.25
952,600	Banco do Brasil SA	16,769,517	1.57
768,600	Banco Indusval SA	4,223,847	0.39
154,800	BRF – Brasil Foods SA	2,873,491	0.27
245,700	Gerdau SA	2,352,429	0.22
371,700	Log-In Logistica Intermodal SA	1,906,502	0.18
106,200	Lupatech SA	913,046	0.08
76,700	Odontoprev SA	1,235,948	0.12
816,600	PDG Realty SA Empreendimentos E Participacoes	4,522,536	0.42
990,192	Petroleo Brasileiro SA Pfd	17,153,158	1.60
298,800	Raia SA	4,654,322	0.44
1,832,600	Tim Participacoes SA Pfd	7,732,342	0.72
249,500	Totvs SA	4,783,718	0.45
413,300	Weg SA	5,287,066	0.49
		77,042,424	7.20
CAD Equities			
537,375	Pacific Rubiales Energy Corp.	14,313,401	1.34
638,297	Transatlantic Petroleum Limited	1,965,002	0.18
		16,278,403	1.52
GBP Equities			
1,218,961	African Minerals Limited	9,877,274	0.92
3,389,377	Bellzone Mining PLC	3,592,940	0.34
1,212,769	Cadogan Petroleum PLC	847,332	0.08
1,240,495	Chaarat Gold Holdings Limited	1,036,059	0.10
14,453,665	Polo Resources Limited	1,221,096	0.11
6,633,859	Sunkar Resources PLC ⁽¹⁾	3,063,305	0.29
		19,638,006	1.84
HKD Equities			
3,032,000	AAC Acoustic Technologies Holdings Inc.	7,671,056	0.72
21,569,000	Agricultural Bank of China – H	11,745,069	1.10
2,893,800	Aia Group Limited	8,863,732	0.83
5,211,000	Bank of Communications Company Limited	5,568,063	0.52
23,588,740	China Construction Bank Corp.	21,963,547	2.05
2,250,000	China High Precision Automation Group Limited	1,543,062	0.14
4,000,000	China Kingstone Mining Holdings Limited	1,037,698	0.10
2,486,034	China Mengniu Dairy Company Limited	6,593,057	0.62
1,290,400	China Mobile Limited	11,907,233	1.11
2,013,800	China Pacific Insurance Group Company Limited	8,508,871	0.80
10,871,000	China Railway Group Limited	7,232,009	0.68
2,534,000	China Shenhua Energy Company Limited	11,764,532	1.10
1,266,000	China South Locomotive And Rolling Stock Corp.	1,286,086	0.12
4,081,000	China Yurun Food Group Limited	13,522,158	1.26
9,578,725	CNOOC Limited	23,939,235	2.24
19,713,000	Evergrande Real Estate Group	10,557,194	0.99
24,031,120	Industrial & Commercial Bank of China	19,690,394	1.84
7,218,000	PCD Stores Limited	2,020,845	0.19
1,008,000	Real Gold Mining Limited	1,429,188	0.13
2,418,000	Shanghai Industrial Holdings Limited	9,176,425	0.86
2,300,000	Sinopec Yizheng Chemical Fibre Company Limited	930,461	0.09
1,042,000	SJM Holdings Limited	1,846,743	0.17
5,519,000	Want Want China Holdings Limited	4,373,260	0.41

Quantity/ Nominal Value	Description	Market Value	% NAV
3,414,000	Yanzhou Coal Mining Company Limited	12,342,458	1.15
		205,512,376	19.22
IDR Equities			
1,779,476	Astra International Tbk PT	11,481,958	1.07
29,550,000	Borneo Lumbung Energi & Metal Tbk PT	5,660,766	0.53
50,515,500	Delta Dunia Petroindo Tbk PT	6,374,096	0.60
757,860	Indocement Tunggal Prakarsa Tbk PT	1,408,333	0.13
3,300,000	International Nickel Indonesia Tbk PT	1,807,543	0.17
15,885,000	XI Axiata Tbk PT ⁽¹⁾	9,930,818	0.93
		36,663,514	3.43
INR Equities			
940,709	Bank of India	10,070,150	0.94
118,581	BGR Energy Systems Limited	1,272,969	0.12
1,681,208	Cairn India Limited	13,043,705	1.22
236,202	Dr Reddys Laboratories Limited	8,626,641	0.80
2,638,590	Housing Development & Infrastructure Limited	10,141,452	0.95
791,764	Indian Bank	4,125,067	0.39
431,526	IRB Infrastructure Developers Limited	2,045,255	0.19
745,400	Ivrc Infrastructure & Projects Limited	1,400,829	0.13
124,448	Jammu & Kashmir Bank Limited	2,432,605	0.23
3,939,693	Jsw Energy Limited	6,378,236	0.60
233,931	Punjab National Bank	6,364,648	0.60
3,424,460	Sterlite Industries India Limited	13,177,258	1.23
391,772	Tata Consultancy Services Limited	10,084,789	0.94
380,813	Tata Motors Limited	10,628,549	0.99
		99,792,153	9.33
KRW Equities			
132,073	Celltrion Inc.	4,128,206	0.39
284,030	Dongbu Corp. ⁽¹⁾	1,716,399	0.16
104,373	Duksan Hi-Metal Company Limited	2,345,136	0.22
95,597	GS Engineering & Construction Corp.	9,613,808	0.90
13,392	Hyundai Heavy Industries Company Limited	6,187,908	0.58
119,156	KB Financial Group Inc.	6,142,659	0.57
1,109,180	Korea Life Insurance Company Limited	7,476,583	0.70
37,367	POSCO	17,401,214	1.62
45,880	Samsung Electronics Company Limited	38,491,301	3.59
564,359	Shinhan Financial Group Company Limited	24,926,326	2.34
122,294	Silicon Works Company Limited	4,038,600	0.38
		122,468,140	11.45
MXN Equities			
2,934,600	Alsea SAB de CV	3,116,190	0.29
472,100	Genomma Lab Internacional SA de CV	1,047,011	0.10
695,800	Gruma SAB de CV	1,439,746	0.13
1,402,900	Grupo Mexico SAB de CV	5,192,199	0.49
		10,795,146	1.01
MYR Equities			
5,472,100	AirAsia BHD	4,772,725	0.45
4,433,000	Genting BHD	15,553,594	1.45
		20,326,319	1.90
PLN Equities			
85,964	Powszechny Zaklad Ubezpieczen SA	10,591,476	0.99

Legg Mason Emerging Markets Equity Fund

(expressed in USD)

Schedule of Investments and Other Net Assets as of 31 March 2011 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV	Quantity/ Nominal Value	Description	Market Value	% NAV
SGD Equities				ZAR Equities			
6,541,000	China Milk Products Group Limited ^{(1) (2)}	5	0.00	672,196	ABSA Group Limited	13,546,651	1.27
1,928,000	Straits Asia Resources Limited	3,849,126	0.36	201,984	African Bank Investments Limited	1,121,366	0.10
		3,849,131	0.36	1,223,167	Aveng Limited	6,286,045	0.59
				400,888	Impala Platinum Holdings Limited	11,241,768	1.05
				860,991	Mtn Group Limited	17,768,597	1.66
				251,323	Sasol Limited	14,280,902	1.34
						64,245,329	6.01
THB Equities				Total Equities			
1,014,000	Bumrungrad Hospital PCL	1,262,272	0.12			1,039,380,998	97.20
15,811,900	Italian-Thai Development PCL	2,075,225	0.19	BRL Rights			
1,221,400	Kasikornbank PCL – NVDR	5,215,857	0.49	597,125	Banco Indusval SA Right	18,231	0.00
584,260	Kasikornbank PCL	2,562,452	0.24	Total Rights			
2,410,900	LPN Development PCL – NVDR	834,769	0.08			18,231	0.00
5,465,800	LPN Development PCL	1,910,546	0.18	Total Transferable securities and money market instruments admitted to an official exchange listing			
2,481,700	Siam Commercial Bank PCL – Reg	8,838,346	0.83			1,039,555,927	97.21
1,559,900	Tisco Financial Group PCL – NVDR	2,006,131	0.19	Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities			
		24,705,598	2.32	TWD Equities			
				2,706,000	Prime View International Company Limited	4,078,512	0.38
TRY Equities				Total Equities			
1,093,650	Asya Katilim Bankasi As	2,116,357	0.20			4,078,512	0.38
				Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities			
TWD Equities				Other transferable securities and money market instruments			
3,619,796	Acer Inc.	7,450,321	0.70	CAD Warrants Equity			
9,830,000	Advanced Semiconductor Engineering Inc.	10,582,772	0.99	5,171,500	Cap Link Ventures Ltd – Wts	559,081	0.05
2,166,777	Asia Cement Corp.	2,468,628	0.23	Total Warrants Equity			
4,262,640	Au Optronics Corp.	3,541,171	0.33			559,081	0.05
5,855,520	Hon Hai Precision Industry Company Limited	20,748,367	1.94	Total Other transferable securities and money market instruments			
313,849	Htc Corp.	11,652,981	1.09			559,081	0.05
4,408,000	Nan Ya Plastics Corp.	12,839,169	1.19	Total Investments in securities			
1,612,380	Powertech Technology Inc.	5,204,830	0.49			1,044,193,520	97.64
712,000	Ruentex Development Company Limited	1,154,011	0.11	Other Net Assets			
584,611	Tripod Technology Corp.	2,517,520	0.24			25,190,929	2.36
5,896,000	Wistron Corp.	9,206,388	0.86	Total Net Assets			
		87,366,158	8.17			1,069,384,449	100.00
USD Equities				⁽¹⁾ Illiquid security			
431,087	America Movil SAB de CV – ADR	24,744,393	2.32	⁽²⁾ Fair valued security.			
170,747	Au Optronics Corp. – ADR	1,434,275	0.13				
770,332	Gafisa SA – ADR	9,713,887	0.91				
1,077,348	Gazprom OAO – ADR – Reg	34,593,643	3.23				
235,500	Gol Linhas Aereas Inteligentes SA – ADR	3,235,770	0.30				
205,042	Grupo Clarin – GDR ⁽¹⁾	2,050,420	0.19				
1,308,763	Itau Unibanco Holding SA – ADR	30,363,301	2.84				
200,000	Kuzbasskaya Toplivnaya Company ⁽¹⁾	1,545,091	0.14				
82,280	Lukoil – ADR	5,841,880	0.55				
364,332	Magnitogorsk Iron & Steel Works – GDR	5,308,317	0.50				
362,887	Mechel – ADR Pfd	3,879,262	0.36				
81,423	Mechel – ADR	2,548,540	0.24				
149,714	Mhp SA – GDR	2,780,189	0.26				
507,615	MMC Norilsk Nickel – ADR	13,426,417	1.26				
238,078	Nii Holdings Inc.	9,882,618	0.92				
183,292	Perfect World Company Limited – ADR	3,894,955	0.36				
1,445,970	Pik Group – GDR	6,477,946	0.61				
226,356	Raspadskaya	1,519,508	0.14				
1,555,025	Rosneft Oil Company – GDR	14,407,307	1.35				
4,236,869	Sberbank of Russian Federation	15,939,101	1.49				
962,376	Sberbank of Russian Federation Pfd	2,468,487	0.23				
60,888	Tim Participacoes SA – ADR	2,608,442	0.24				
1,165,221	Vale SA – ADR	33,919,582	3.17				
20,000	Vozrozhdenie Bank	783,617	0.07				
50,000	WSP Holdings Limited – ADR	65,000	0.01				
296,972	Zhongpin Inc.	4,558,520	0.43				
		237,990,468	22.25				

Legg Mason Emerging Markets Equity Fund

Industrial Classification as of 31 March 2011

	%
	NAV
Banks	17.29
Oil and gas producers	13.18
Mining (non precious)	11.36
Telecommunication services	7.91
Semiconductors	5.45
Real estate	4.24
Electronic equipment	3.96
Insurance	3.43
Iron and steel	3.28
Financial services	3.20
Engineering and construction	2.84
Food services	2.10
Retail	1.99
Leisure and entertainment	1.63
Chemicals	1.57
Computers and peripherals	1.56
Machinery	1.34
Precious metals	1.28
Telecommunication equipment	1.09
Food	1.02
Auto manufacturers	0.99
IT Consulting and services	0.94
Transportation	0.93
Pharmaceuticals	0.90
Diversified companies	0.86
Electrical utilities	0.60
Software	0.45
Biotechnology	0.39
Building materials	0.36
Healthcare services	0.36
Internet software and services	0.36
Agriculture	0.26
Broadcasting, radio and television	0.19
Miscellaneous machinery	0.12
Investment companies	0.11
Other	0.10
Total Investment in Securities	97.64
Other Net Assets	2.36
Total Net Assets	100.00

Statement of Net Assets as of 31 March 2011

	Legg Mason Global Equity Fund USD	Legg Mason US Growth and Value Fund USD	Legg Mason Emerging Markets Equity Fund USD	Combined ^Φ USD
Assets				
Investments at cost	20,938,310	11,219,258	864,119,161	896,276,729
Unrealised appreciation (note 2b)	3,400,849	2,656,465	180,074,359	186,131,673
Investments at market value (note 2b)	24,339,159	13,875,723	1,044,193,520	1,082,408,402
Liquid assets	318,287	39,939	24,898,235	25,256,461
Dividends receivable (note 2d)	56,462	20,150	1,822,118	1,898,730
Subscriptions receivable	169	1,550	101,378	103,097
Accrued securities lending income	-	-	38,535	38,535
Interest receivable (note 2c)	-	-	56	56
Receivable from securities sold	-	65,515	2,534,870	2,600,385
Total assets	24,714,077	14,002,877	1,073,588,712	1,112,305,666
Liabilities				
Redemptions payable	365,416	5,020	600,270	970,706
Accrued expenses	100,342	84,102	1,435,476	1,619,920
Payable for securities purchased	-	34,828	2,168,517	2,203,345
Total liabilities	465,758	123,950	4,204,263	4,793,971
Net assets	24,248,319	13,878,927	1,069,384,449	1,107,511,695

^Φ Please see note 2g.

Statement of Operations and Changes in Net Assets for the year ended 31 March 2011

	Legg Mason Global Equity Fund USD	Legg Mason US Growth and Value Fund USD	Legg Mason US Large Cap Growth Fund ^a USD	Legg Mason US Aggressive Growth Fund ^b USD
Net assets at the beginning of the year	26,665,467	14,700,920	7,949,673	26,059,404
Income				
Dividend income (note 2d)	542,683	170,728	20,684	67,194
Interest income (note 2c)	81	1,938	27	21
Securities lending income (note 2h)	-	-	-	-
Total income	542,764	172,666	20,711	67,215
Expenses				
Management fees (note 4)	330,194	201,379	51,272	138,847
Liquidation fees (note 11)	53,000	30,000	56	-
Custody, transfer agent and administration fees (note 3)	37,938	20,463	5,147	15,482
Taxation (note 6)	10,659	6,478	870	2,150
Audit and legal fees	8,215	4,554	1,087	11,266
Regulatory fees	7,891	3,738	852	6,272
Publication and printing fees	1,765	979	517	854
Directors' and insurance fees	913	507	109	804
Interest expenses	17	30	3	63
Total expenses	450,592	268,128	59,913	175,738
Net income / (loss) from investments	92,172	(95,462)	(39,202)	(108,523)
Net realised gain / (loss) on:				
Sales of investments (notes 2a, 2e)	1,698,408	985,324	132,083	1,146,579
Forward foreign exchange contracts (note 2f)	(20,086)	(5,813)	(18,976)	(2,398)
Future contracts (note 2f)	-	-	-	-
Option contracts (note 2f)	-	-	-	-
Swap agreements (note 2f)	-	-	-	-
Net change in unrealised appreciation / (depreciation) on:				
Investments (note 2b)	460,427	464,603	(1,227,363)	(3,152,238)
Forward foreign exchange contracts	-	-	-	-
Future contracts	-	-	-	-
Option contracts	-	-	-	-
Swap agreements	-	-	-	-
Net change in net assets for the year resulting from operations	2,230,921	1,348,652	(1,153,458)	(2,116,580)
Proceeds from subscriptions	1,210,168	1,656,608	3,985,929	1,705,401
Payments for redemptions	(5,855,019)	(3,827,253)	(10,782,116)	(25,647,680)
Net payments from subscription and redemption activity	(4,644,851)	(2,170,645)	(6,796,187)	(23,942,279)
Dividend distributions (note 9)	(3,218)	-	(28)	(545)
Net assets at the end of the year	24,248,319	13,878,927	-	-

^a Not authorised in Hong Kong and not available to Hong Kong Residents.

^b Please see note 11.

Statement of Operations and Changes in Net Assets for the year ended 31 March 2011 – (continued)

	Legg Mason US Fundamental Value Fund ^a USD	Legg Mason Pan-Europe Equity Fund ^b EUR	Legg Mason Japan Equity Fund ^b JPY	Legg Mason Asia Pacific (ex Japan) Fund ^b USD
Net assets at the beginning of the year	47,502,341	71,162,795	2,059,904,834	44,306,824
Income				
Dividend income (note 2d)	438,161	1,212,692	2,704,207	601,013
Interest income (note 2c)	68	300	–	36
Securities lending income (note 2h)	–	–	–	–
Total income	438,229	1,212,992	2,704,207	601,049
Expenses				
Management fees (note 4)	207,768	373,944	10,255,730	269,950
Liquidation fees (note 11)	13,967	88,140	–	54,000
Custody, transfer agent and administration fees (note 3)	27,826	41,193	1,065,940	26,920
Taxation (note 6)	3,150	7,133	142,000	3,766
Audit and legal fees	20,383	22,806	349,658	14,662
Regulatory fees	11,341	15,899	266,113	12,964
Publication and printing fees	2,965	4,431	57,382	2,732
Directors' and insurance fees	1,857	2,514	36,889	714
Interest expenses	28	305	7,263	9
Total expenses	289,285	556,365	12,180,975	385,717
Net income / (loss) from investments	148,944	656,627	(9,476,768)	215,332
Net realised gain / (loss) on:				
Sales of investments (notes 2a, 2e)	1,155,141	3,670,407	(187,451,532)	4,879,216
Forward foreign exchange contracts (note 2f)	(3,367)	(9,936)	(903,692)	(166,193)
Future contracts (note 2f)	–	–	–	–
Option contracts (note 2f)	–	–	–	–
Swap agreements (note 2f)	–	–	–	–
Net change in unrealised appreciation / (depreciation) on:				
Investments (note 2b)	(6,659,619)	(7,195,781)	(193,899,937)	(5,645,529)
Forward foreign exchange contracts	–	–	–	–
Future contracts	–	–	–	–
Option contracts	–	–	–	–
Swap agreements	–	–	–	–
Net change in net assets for the year resulting from operations	(5,358,901)	(2,878,683)	(391,731,929)	(717,174)
Proceeds from subscriptions	1,684,907	1,032,906	24,974,091	568,547
Payments for redemptions	(43,828,110)	(69,315,742)	(1,693,146,996)	(44,155,928)
Net payments from subscription and redemption activity	(42,143,203)	(68,282,836)	(1,668,172,905)	(43,587,381)
Dividend distributions (note 9)	(237)	(1,276)	–	(2,269)
Net assets at the end of the year	–	–	–	–

^a Not authorised in Hong Kong and not available to Hong Kong Residents.

^b Please see note 11.

Statement of Operations and Changes in Net Assets for the year ended 31 March 2011 – (continued)

	Legg Mason Emerging Markets Equity Fund USD	Legg Mason US\$ Core Bond Fund ^β USD	Legg Mason US\$ High Yield Bond Fund ^{αβ} USD	Legg Mason Euro Core Plus Bond Fund ^{αβ} EUR
Net assets at the beginning of the year	1,040,554,213	25,185,156	444,976	22,158,996
Income				
Dividend income (note 2d)	20,651,269	–	–	4,709
Interest income (note 2c)	476	425,940	847	312,312
Securities lending income (note 2h)	368,788	–	–	–
Total income	21,020,533	425,940	847	317,021
Expenses				
Management fees (note 4)	7,104,291	66,304	–	70,373
Liquidation fees (note 11)	–	27,024	4,459	14,880
Custody, transfer agent and administration fees (note 3)	1,633,625	12,451	112	12,008
Taxation (note 6)	140,220	2,060	44	2,386
Audit and legal fees	356,038	8,094	–	6,237
Regulatory fees	309,473	5,769	–	5,074
Publication and printing fees	74,175	955	–	360
Directors' and insurance fees	39,685	878	–	740
Interest expenses	5,390	32	–	821
Total expenses	9,662,897	123,567	4,615	112,879
Net income / (loss) from investments	11,357,636	302,373	(3,768)	204,142
Net realised gain / (loss) on:				
Sales of investments (notes 2a, 2e)	132,542,673	(2,704,793)	(191,290)	503,238
Forward foreign exchange contracts (note 2f)	(3,778,053)	7,905	–	(128,928)
Future contracts (note 2f)	–	(2,849)	–	(349,853)
Option contracts (note 2f)	–	2,630	–	99,769
Swap agreements (note 2f)	–	–	–	(6,142)
Net change in unrealised appreciation / (depreciation) on:				
Investments (note 2b)	29,743,952	3,084,918	220,814	29,475
Forward foreign exchange contracts	3,093	(1,244)	–	90,432
Future contracts	–	1,133	–	36,833
Option contracts	–	2,178	–	–
Swap agreements	–	–	–	13,187
Net change in net assets for the year resulting from operations	169,869,301	692,251	25,756	492,153
Proceeds from subscriptions	73,059,758	133,316	–	250,503
Payments for redemptions	(214,091,392)	(26,010,723)	(470,732)	(22,853,510)
Net payments from subscription and redemption activity	(141,031,634)	(25,877,407)	(470,732)	(22,603,007)
Dividend distributions (note 9)	(7,431)	–	–	(48,142)
Net assets at the end of the year	1,069,384,449	–	–	–

^α Not authorised in Hong Kong and not available to Hong Kong Residents.

^β Please see note 11.

Statement of Operations and Changes in Net Assets for the year ended 31 March 2011 – (continued)

	Combined [⊖] USD
Net assets at the beginning of the year	1,389,709,498[⊖]
Income	
Dividend income (note 2d)	24,240,223
Interest income (note 2c)	870,062
Securities lending income (note 2h)	368,788
Total income	25,479,073
Expenses	
Management fees (note 4)	9,119,760
Liquidation fees (note 11)	327,713
Custody, transfer agent and administration fees (note 3)	1,867,786
Taxation (note 6)	184,524
Audit and legal fees	469,445
Regulatory fees	391,066
Publication and printing fees	92,386
Directors' and insurance fees	50,498
Interest expenses	7,246
Total expenses	12,510,424
Net income / (loss) from investments	12,968,649
Net realised gain / (loss) on:	
Sales of investments (notes 2a, 2e)	143,269,013
Forward foreign exchange contracts (note 2f)	(4,193,592)
Future contracts (note 2f)	(495,968)
Option contracts (note 2f)	143,255
Swap agreements (note 2f)	(8,657)
Net change in unrealised appreciation / (depreciation) on:	
Investments (note 2b)	4,854,299
Forward foreign exchange contracts	129,313
Future contracts	53,049
Option contracts	2,178
Swap agreements	18,587
Net change in net assets for the year resulting from operations	156,740,126
Proceeds from subscriptions	86,114,314
Payments for redemptions	(524,968,860)
Net payments from subscription and redemption activity	(438,854,546)
Dividend distributions (note 9)	(83,383)
Net assets at the end of the year	1,107,511,695

[⊖] Please see note 2g.

[⊖] The opening balance was combined using the foreign exchange rates as of 31 March 2011. The same net assets when combined using the foreign exchange rates ruling as of 31 March 2010 reflected a figure of USD 1,380,728,728.

Net Assets Information as of 31 March 2011, 31 March 2010 and 31 March 2009

		Legg Mason Global Equity Fund USD	Legg Mason US Growth and Value Fund USD	Legg Mason US Large Cap Growth Fund ^a USD	Legg Mason US Aggressive Growth Fund ^b USD
Net assets as of	31 March 2011	24,248,319	13,878,927	–	–
	31 March 2010	26,665,467	14,700,920	7,949,673	26,059,404
	31 March 2009	28,223,352	13,915,744	6,837,431	20,199,480
Net asset value per unit as of 31 March 2011					
Class A Ordinary					
USD		208.66	109.39	–	–
EUR		147.97	76.45	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		144.20	75.74	–	–
Class C Ordinary					
USD		195.86	101.40	–	–
EUR		137.60	70.66	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		–	118.09	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		271.74	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Number of units outstanding as of 31 March 2011					
Class A Ordinary					
USD		55,719,505	86,418,093	–	–
EUR		33,749,144	15,832,111	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		3,055,277	6,143,905	–	–
Class C Ordinary					
USD		1,626,717	10,168,420	–	–
EUR		9,319,994	6,701,794	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		–	3,088,685	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		10,435,943	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–

^a Not authorised in Hong Kong and not available to Hong Kong Residents.

^b Please see note 11.

Net Assets Information as of 31 March 2011, 31 March 2010 and 31 March 2009 – (continued)

	Legg Mason Global Equity Fund USD	Legg Mason US Growth and Value Fund USD	Legg Mason US Large Cap Growth Fund ^a USD	Legg Mason US Aggressive Growth Fund ^b USD
Net asset value per unit as of 31 March 2010				
Class A Ordinary				
USD	189.53	98.97	151.38	91.81
EUR	141.13	72.63	112.69	67.96
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	138.31	71.96	112.10	67.48
Class C Ordinary				
USD	179.24	92.42	140.88	85.87
EUR	132.24	67.64	104.63	63.46
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	–	105.97	–	98.61
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	243.25	–	–	–
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
Net asset value per unit as of 31 March 2009				
Class A Ordinary				
USD	129.29	67.12	103.43	58.17
EUR	97.33	49.80	77.83	43.53
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	96.41	49.47	77.85	43.39
Class C Ordinary				
USD	123.19	63.15	96.98	54.82
EUR	91.87	46.72	72.82	40.96
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	–	71.26	–	61.87
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	163.53	–	–	–
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–

^a Not authorised in Hong Kong and not available to Hong Kong Residents.

^b Please see note 11.

Net Assets Information as of 31 March 2011, 31 March 2010 and 31 March 2009 – (continued)

		Legg Mason US Fundamental Value Fund ^a USD	Legg Mason Pan-Europe Equity Fund ^b EUR	Legg Mason Japan Equity Fund ^b JPY	Legg Mason Asia Pacific (ex Japan) Fund ^b USD
Net assets as of	31 March 2011	–	–	–	–
	31 March 2010	47,502,341	71,162,795	2,059,904,834	44,306,824
	31 March 2009	39,668,450	12,363,760	2,162,073,762	34,314,503
Net asset value per unit as of 31 March 2011					
Class A					
Ordinary					
USD		–	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A					
Distribution					
EUR		–	–	–	–
Class C					
Ordinary					
USD		–	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C					
Distribution					
EUR		–	–	–	–
Class I					
Ordinary					
USD		–	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M					
Ordinary					
USD		–	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Number of units outstanding as of 31 March 2011					
Class A					
Ordinary					
USD		–	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A					
Distribution					
EUR		–	–	–	–
Class C					
Ordinary					
USD		–	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C					
Distribution					
EUR		–	–	–	–
Class I					
Ordinary					
USD		–	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M					
Ordinary					
USD		–	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–

^a Not authorised in Hong Kong and not available to Hong Kong Residents.

^b Please see note 11.

Net Assets Information as of 31 March 2011, 31 March 2010 and 31 March 2009 – (continued)

	Legg Mason US Fundamental Value Fund ^a USD	Legg Mason Pan-Europe Equity Fund ^b EUR	Legg Mason Japan Equity Fund ^b JPY	Legg Mason Asia Pacific (ex Japan) Fund ^b USD
Net asset value per unit as of 31 March 2010				
Class A Ordinary				
USD	508.96	279.15	25.84	482.76
EUR	379.55	207.95	19.20	359.88
JPY	–	–	2,406.00	–
GBP	–	–	–	–
Class A Distribution				
EUR	375.85	194.59	19.14	336.51
Class C Ordinary				
USD	473.54	264.48	–	448.07
EUR	349.49	194.04	17.80	333.71
JPY	–	–	2,236.00	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	–	327.26	–	527.70
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	577.56	–	–	–
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
Net asset value per unit as of 31 March 2009				
Class A Ordinary				
USD	326.13	187.75	18.18	270.64
EUR	245.86	141.38	13.67	203.95
JPY	–	–	1,795.00	–
GBP	–	–	–	–
Class A Distribution				
EUR	244.35	134.96	13.62	194.21
Class C Ordinary				
USD	305.72	179.21	–	253.08
EUR	228.09	132.92	12.76	190.55
JPY	–	–	1,680.00	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	363.07	216.51	–	291.05
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	364.73	–	–	299.07
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–

^a Not authorised in Hong Kong and not available to Hong Kong Residents.

^b Please see note 11.

Net Assets Information as of 31 March 2011, 31 March 2010 and 31 March 2009 – (continued)

Net assets as of	31 March 2011 31 March 2010 31 March 2009	Legg Mason	Legg Mason	Legg Mason	Legg Mason
		Emerging Markets Equity Fund USD	US\$ Core Bond Fund ^β USD	US\$ High Yield Bond Fund ^{αβ} USD	Euro Core Plus Bond Fund ^{αβ} EUR
Net assets as of		1,069,384,449 1,040,554,213 622,605,309	– 25,185,156 32,681,522	– 444,976 59,768,485	– 22,158,996 25,423,104
Net asset value per unit as of 31 March 2011					
Class A Ordinary					
USD		376.55	–	–	–
EUR		266.95	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		262.97	–	–	–
Class C Ordinary					
USD		350.13	–	–	–
EUR		248.18	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		467.97	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		549.68	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Number of units outstanding as of 31 March 2011					
Class A Ordinary					
USD		203,998.122	–	–	–
EUR		5,176.690	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		21,558.458	–	–	–
Class C Ordinary					
USD		1,320.576	–	–	–
EUR		6,515.123	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		1,389,072.987	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		600,061.111	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–

^α Not authorised in Hong Kong and not available to Hong Kong Residents.

^β Please see note 11.

Net Assets Information as of 31 March 2011, 31 March 2010 and 31 March 2009 – (continued)

	Legg Mason Emerging Markets Equity Fund USD	Legg Mason US\$ Core Bond Fund [Ⓐ] USD	Legg Mason US\$ High Yield Bond Fund ^{ⒶⒷ} USD	Legg Mason Euro Core Plus Bond Fund ^{ⒶⒷ} EUR
Net asset value per unit as of 31 March 2010				
Class A Ordinary				
USD	325.03	336.68	200.36	–
EUR	241.98	–	–	288.64
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	238.59	–	–	218.86
Class C Ordinary				
USD	304.50	317.44	191.43	–
EUR	226.67	–	–	272.43
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	399.30	–	205.48	–
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	465.28	–	157.46	–
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–
Net asset value per unit as of 31 March 2009				
Class A Ordinary				
USD	166.58	267.68	129.33	–
EUR	125.37	–	–	213.50
JPY	–	–	–	–
GBP	–	–	–	–
Class A Distribution				
EUR	124.15	–	–	167.88
Class C Ordinary				
USD	157.22	253.90	123.92	–
EUR	118.31	–	–	202.72
JPY	–	–	–	–
GBP	–	–	–	–
Class C Distribution				
EUR	–	–	–	–
Class I Ordinary				
USD	202.28	–	132.48	–
EUR	–	–	–	–
JPY	–	–	–	–
Class M Ordinary				
USD	233.83	286.12	105.55	–
EUR	–	–	–	–
JPY	–	–	–	–
GBP	–	–	–	–

[Ⓐ] Not authorised in Hong Kong and not available to Hong Kong Residents.

[Ⓑ] Please see note 11.

Notes to the Financial Statements as of 31 March 2011

1. Description of the Fund

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

The Fund is an Undertaking for Collective Investment (UCI) of the amended Luxembourg law of 20 December 2002 until 31 December 2010 and qualifying under the law of 17 December 2010 relating to Undertakings for Collective Investment since 1 January 2011.

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

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

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

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

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

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

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

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

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

As of 31 March 2011 and following the closure of Legg Mason US Large Cap Growth Fund, Legg Mason US Aggressive Growth Fund, Legg Mason US Fundamental Value Fund, Legg Mason Pan-Europe Equity Fund, Legg Mason Japan Equity Fund, Legg Mason Asia Pacific (ex Japan) Fund, Legg Mason US\$ Core Bond Fund, Legg Mason US\$ High Yield Bond Fund, Legg Mason Euro Core Plus Bond Fund, the Fund comprises the following three Sub-Funds:

- Legg Mason Global Equity Fund
- Legg Mason US Growth and Value Fund
- Legg Mason Emerging Markets Equity Fund

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

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

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

2. Summary of Significant Accounting Policies

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

a) Foreign Currencies

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

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

Main exchange rates used as of 31 March 2011 are:

1USD=	AUD	1.03115	MXN	11.91285
	BRL	1.63770	MYR	3.02685
	CAD	1.02960	NOK	5.58781
	CHF	0.92280	PLN	2.84640
	EUR	0.70947	SEK	6.33276
	GBP	0.62261	SGD	1.26225
	HKD	7.78646	THB	30.32509
	IDR	8,717.63578	TRY	1.55545
	INR	44.75074	TWD	29.49157
	JPY	83.04999	ZAR	6.81046
	KRW	1103.75276		

b) Investment Securities

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

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

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

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

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

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

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

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

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

c) Interest Income

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

d) Dividend Income

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

e) Realised Gains and Losses on Sales of Investments

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

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

f) Derivatives

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

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

Forward foreign exchange contracts

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

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

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

Future contracts

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

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

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

Option contracts

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

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

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

Swap agreements

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

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

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

g) Combined Figures

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

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

h) Securities Lending

In accordance with the provisions set forth in CSSF Circular 08/356, each Sub-Fund may, in order to reduce risk, reduce cost and generate additional income enter into securities lending transactions through a standardised lending system organised by a recognised securities clearing institution or through a lending system organised by financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and that is specialised in this type of transaction. When entering into lending transactions, the Sub-Fund must receive a collateral of a value which is, during the lifetime of the agreement, at least equal to the global valuation of the securities lent given in the form of liquid assets or in the form of securities issued or guaranteed by an OECD Country or by their local authorities or by supranational institutions and undertakings with EU, regional or worldwide scope and blocked in favour of the Sub-Fund until expiry of the securities lending transaction. The Sub-Fund may also receive as collateral shares issued by a first class issuer, included in a major local index and listed or dealt in a regulated market in a Member State of the EU or a stock exchange of a Member State of the OECD or any other eligible securities pursuant to the CSSF Circular 08/356. Securities lending transactions may not exceed 50% of the aggregate market value of the securities in the Sub-Fund. This limit shall not apply where the Sub-Fund has the right at any time to terminate the contract and obtain restitution of the securities lent. Securities lending transactions may not exceed a period of 30 days. The Sub-Fund may not lend securities which serve as underlying instruments linked to derivative financial instruments or which have been accepted within the framework of reverse repos. Securities used to provide cover in respect of derivatives on an exchange rate or currency are not regarded as being linked to the said derivative. Cash collateral received by the Sub-Fund in relation to these transactions is reinvested.

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

As of 31 March 2011 the market value of the securities on loan is as follows:

Sub-Fund	Market Value of Securities on Loan (USD)
Legg Mason Emerging Markets Equity Fund	18,613,836

3. Custody, Transfer Agent and Administration Fees

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

4. Management Fees

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

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

Sub-Funds	Class A Units	Class C Units	Class M Units	Class I Units
Equity Series				
Legg Mason Global Equity Fund	1.42%	2.17%	0.02%	–
Legg Mason US Growth and Value Fund	1.42%	2.17%	–	0.67%
Legg Mason US Large Cap Growth Fund ^{αβ}	1.42%	2.17%	–	–
Legg Mason US Aggressive Growth Fund ^β	1.42%	2.17%	–	0.65%
Legg Mason US Fundamental Value Fund ^{αβ}	1.42%	2.17%	–	–
Legg Mason Pan-Europe Equity Fund ^β	1.42%	2.17%	–	0.40%
Legg Mason Japan Equity Fund ^β	1.42%	2.17%	–	–
Legg Mason Asia Pacific (ex Japan) Fund ^β	1.62%	2.37%	–	0.50%
Legg Mason Emerging Markets Equity Fund	1.92%	2.67%	0.02%	0.80%
Bond Series				
Legg Mason US\$ Core Bond Fund ^β	0.82%	1.42%	–	–
Legg Mason US\$ High Yield Bond Fund ^{αβ}	0.82%	1.42%	–	0.55%
Legg Mason Euro Core Plus Bond Fund ^{αβ}	0.82%	1.42%	–	–

5. Dilution Levy Fee

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

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

No dilution levy was applied for the year ended 31 March 2011.

6. Taxation

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

7. Other Commitments on Derivatives

As of 31 March 2011, the Fund has no other outstanding commitment on derivatives.

8. Changes in the Investment Portfolio

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

^α Not authorised in Hong Kong and not available to Hong Kong Residents.

^β Please see note 11.

9. Dividend Distributions

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

During the reporting year from 1 April 2010 to 31 March 2011, the Fund has recorded the following dividends (on Class A Distribution):

Ex-Date: 18 August 2010	Payment Date: 20 August 2010	
Sub-Funds	Currency	Amount per unit
Legg Mason Global Equity Fund	EUR	0.7310
Legg Mason US Large Cap Growth Fund ^{αβ}	EUR	0.1318
Legg Mason US Aggressive Growth Fund ^β	EUR	0.1313
Legg Mason US Fundamental Value Fund ^{αβ}	EUR	0.4939
Legg Mason Pan-Europe Equity Fund ^β	EUR	2.3864
Legg Mason Asia Pacific (ex Japan) Fund ^β	EUR	2.4023
Legg Mason Emerging Markets Equity Fund	EUR	0.2269
Legg Mason Euro Core Plus Bond Fund ^{αβ}	EUR	7.3027

10. Soft Commissions Arrangements

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

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

Investment Funds who have arranged soft commissions are:

- Legg Mason US Growth and Value Fund
- Legg Mason Global Equity Fund
- Legg Mason US Aggressive Growth Fund
- Legg Mason Emerging Markets Equity Fund
- Legg Mason US Large Cap Growth Fund
- Legg Mason US Fundamental Value Fund

11. Important Events

The Board of Directors (the "Board") of Legg Mason Investments (Luxembourg) S.A. (the "Management Company"), the Management Company of Legg Mason Global Funds FCP (Luxembourg) (the "Fund"), decided in conformity with Article 17 of the Fund's management regulations to terminate Legg Mason US\$ High Yield Bond Fund (the "Sub-Fund") as it received redemption requests representing over half of the Net Asset Value of the Sub-Fund. The Board agreed that the remaining amount of total assets was insufficient for the Sub-Fund to be managed in an efficient manner. The effective date of liquidation of the Sub-Fund was 4 June 2010.

The Board convened Extraordinary Class Meetings of Unitholders of the Sub-Funds of the Fund, referred to below as the Absorbed Sub-Funds. The Extraordinary Class Meetings are necessary in order for the unitholders to vote on the proposed mergers of the Absorbed Sub-Funds into Sub-Funds of the Legg Mason Global Funds Plc ("LMGF Plc"), a UCITS (Undertakings for Collective Investment in Transferable Securities) fund incorporated under the laws of Ireland, referred to below as the Absorbing Sub-Funds.

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

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

The costs relating to the mergers have been booked to the Absorbed Sub-Funds.

A new prospectus was issued in December 2010 and the Board is in process of updating the Fund's prospectus to comply to UCITS IV Luxembourg 2010 law.

12. Subsequent events

The reconvened extraordinary class meetings held on 19 April 2011 approved the mergers of 2 sub-funds of Legg Mason Global Funds FCP (Luxembourg) (the "Absorbed Sub-Funds") with the sub-funds of Legg Mason Global Funds Plc (the "Absorbing Sub-Funds"), as indicated in the table here below, with effect on 10 June 2011:

Legg Mason Global Funds FCP (Luxembourg) Absorbed Sub-Funds	Legg Mason Global Funds Plc Absorbing Sub-Funds
<i>Merger of Legg Mason Global Equity Fund</i>	<i>into Legg Mason Batterymarch Global Equity Fund</i>
<i>Merger of Legg Mason US Growth and Value Fund</i>	<i>into Legg Mason ClearBridge US Appreciation Fund</i>

^α Not authorised in Hong Kong and not available to Hong Kong Residents.

^β Please see note 11.

