

#### Peer Group:

US Mainstream Equities

#### Fund Manager/Adviser:

Alan Blake (since May 2002)

#### Location:

New York

#### Launch Date:

July 1996

#### Fund Size (September 2007):

US\$23m

#### Group Contact No:

+353 539 149 999

#### Website:

www.leggmason.co.uk

#### S&P ID Number:

OS356658

#### Share class screened:

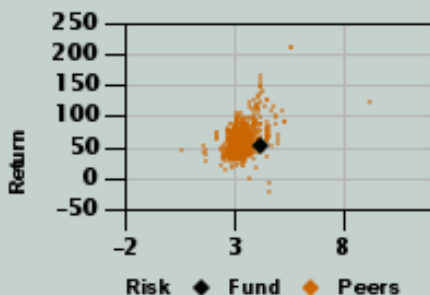
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#### INVESTMENT STYLE

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

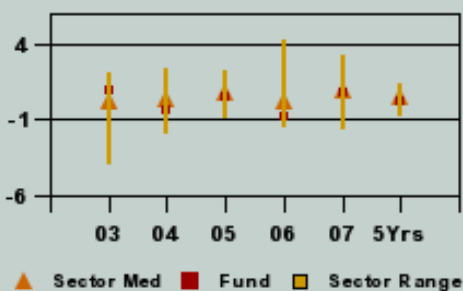
#### RISK RETURN (STD DEVIATION) OVER 5 YEARS



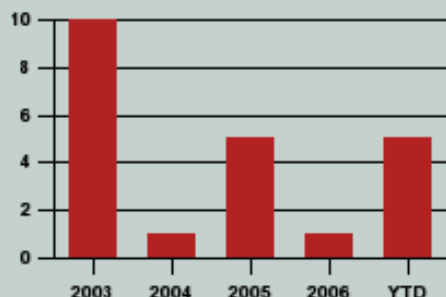
#### 3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Medium	-10.9
Volatility	Medium	11.2
Correlation	High	0.8
Beta	Medium	1.2

#### 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.

Please see page 2 for required research analyst certification disclosure.

Further information on S&P's fund coverage can be found at

[www.funds.standardandpoors.com](http://www.funds.standardandpoors.com)

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#### STANDARD & POOR'S OPINION (NOVEMBER 2007)

Manager Alan Blake is an extremely experienced investor who has developed his own distinctive growth style, which is applied to the \$21bn of assets he manages. He is supported by long-term colleague Peter Bourbeau plus a more junior analyst, Edward Swenson, who has eight years' experience in the US large-cap market.

The approach remains unaltered with a longer-term, low turnover, growth-oriented style. High quality stocks are sought with strong financials and a clear, longer-term earnings growth profile. These criteria are strictly applied and result in large parts of the market being excluded, most notably energy and commodity related stocks, together with utilities. Holdings are a mix of high growth technology and biotech companies, together with more predictable lower growth situations in sectors such as healthcare and financials.

Blake's track record shows strong periods of outperformance but equally periods of significant underperformance. Recent returns have been particularly disappointing. The exclusion of commodity related stocks, large-cap bias and some weak stock selection have all contributed to underperformance against the benchmark and the mainstream peer group. The managers have not however altered their style. Despite the market moving towards the larger-cap growth style over much of 2007 this fund is still below median in the year to date, with the weighting to financials and some stock specific issues contributing.

Overall the lack of consistency in returns from the approach results in the fund continuing to be Not Rated.

#### FACT FILE

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

**Team:** The ClearBridge large-cap growth team comprises two experienced fund managers and a more junior assistant portfolio manager. They draw on the work of 15 sector analysts supporting all strategies.

**Fund Manager:** Alan Blake has managed this fund since May 2002. He has 30 years' experience, including 15 years in his present role. He manages \$21bn in large-cap growth mandates.

**Style:** The fund is stock-driven, growth-oriented and concentrated in 30-35 names, taken from a core list of 60-70. Sector weights may differ substantially from the benchmark Russell 1000 Growth index.

**Performance:** Over the five years to 31/08/2007, the fund has returned 51.5%, compared with 61.1% for the sector median and 76.2% for the index, ranking 561/804.

#### FUND MANAGER & TEAM

This fund is managed by Legg Mason subsidiary ClearBridge Advisors, formerly Citigroup Asset Management.

The US large-cap growth team led by Alan Blake manages \$21bn, all to the same model. The team comprises two experienced fund managers - Blake and Bourbeau - supported by an assistant portfolio manager. They draw on the work of 15 sector analysts who support all strategies.

Alan Blake - fund manager - economics (State University of New York), joined Smith Barney Asset Management in 1991, previously working as a fund manager with Brown Brothers Harriman and as a strategist at Prudential Bache.

Peter Bourbeau - MBA (Fordham University), joined Smith Barney Asset Management in 1991 from business school. He was promoted internally to become a portfolio manager.

Edward Swenson - economics (London School of Economics), joined Smith Barney in 1999 to specialise in US large-cap growth mandates.

## PORTFOLIO CHARACTERISTICS

No. of holdings	33
Turnover ratio (%)	N/A
% in top 10	44

## TOP 10 HOLDINGS (01/09/07)

	%
Amazon.com *	9.7
Genentech *	5.5
Berkshire Hathaway *	4.5
Texas Instruments *	4.2
Amgen *	4.0
Electronic Arts *	3.4
Merrill Lynch *	3.4
Intel	3.3
Biogen	3.2
Cisco Systems	3.2

\* In top 10 holdings a year ago

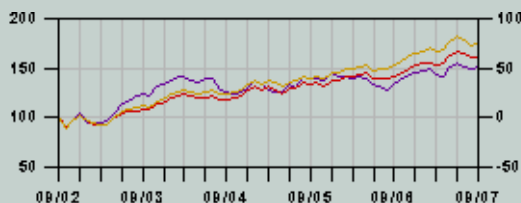
## ALLOCATION BREAKDOWN (01/09/07)

	Index %**	Fund %
Consumer Discretionary	10	7
Consumer Staples	9	11
Energy	11	-
Financials	21	15
Industrials	11	-
Materials	3	-
Utilities	3	-
Health Care	12	20
Information Technology	16	47
Telecommunication Services	4	-
Other	-	-
Cash	-	-

## PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	20.9%	51.5%
Standard & Poor's Peer Median	35.5%	61.1%
Index**	41.1%	76.2%
Fund Rank	965/1036	561/804
Standard Deviation	11.2	-
Relative Standard Deviation	1.2	-
Volatility Adjusted Ranking	991/1036	-

## CUMULATIVE PERFORMANCE



— S&P 500 (Composite) — Fund  
— US Mainstream

Ucits III permits net fund exposure to be less or greater than 100%.

# LEGG MASON US LARGE CAP GROWTH FUND

Peer Group: US Mainstream Equities



## MANAGEMENT STYLE

The fund is managed in a concentrated stock-specific manner with a clear growth bias and a focus on companies capitalised at over \$10bn. It has a long-term investment horizon and Blake aims to outperform the benchmark Russell 1000 Growth index over the business cycle.

The manager focuses on large-cap, high quality names with good long-term growth prospects. He favours relatively mature businesses with high market share and strong barriers to entry. This limits the team's focus to around 60-70 stocks, which are studied in great detail. Energy, materials and utilities stocks are generally excluded.

Blake uses his experience to judge an appropriate valuation multiple for the earnings growth projected by the team. The 30-35 most attractive names are selected for the portfolio. The approach is buy-and-hold, with a long-term investment horizon. Positions are built slowly as conviction develops.

There are few formal risk controls and deviations from benchmark tend to be large. Initial positions are 2-3% regardless of benchmark weight. Positions over 5% are usually trimmed, but high conviction names may reach 10%. Turnover is low.

The fund is run fully invested.

## PORTFOLIO REVIEW

The portfolio continues to reflect the distinctive style of the team with zero weightings to sectors such as energy, materials, industrials, telecoms and industrials.

The portfolio is a mix of higher growth names including a large weighting to technology, and lower growth stocks in financials, healthcare and consumer sectors. Top holdings include a number of high growth names such as the large 9.7% position in Amazon and exposure to Intel, Cisco and Genentech. The portfolio

also includes other sustainable growth names such as Wrigley, Pepsico and Johnson & Johnson.

Over the year, the weighting to the largest stocks has actually decreased slightly with names such as GE and Procter & Gamble having been trimmed, but there is still a larger-cap bias relative to the peer group.

Style research shows clear growth characteristics against the market as would be expected.

## PERFORMANCE ANALYSIS (SEPTEMBER 2007)

Blake took on this fund in May 2002 and runs it in line with his other US large-cap mandates. These were strong performers against their Russell 1000 Growth index in 2000-2003, outperforming strongly from an early shift into cyclical stocks which paid huge dividends in 2003, aided by strong selection in IT.

Since then the fund has underperformed the benchmark. In 2004, 2003's successes gave back ground, including the semiconductors and Amazon. Returns were also hit by Merck and Pfizer. In 2005, Biogen and AIG were a

drag at the start of the year, but performance picked up from May, with strong showings from TI, Genentech and Motorola.

Relative returns were dismal in 2006 because of the emphasis on higher growth names. Over the past 12 months the lack of energy and commodity related stocks again hurt returns and the quality large-cap names have taken time to work. The exposure to financials was a clear negative in 2007 to date (Merrill Lynch) as were individual stocks such as Amgen.

## DISCRETE PERFORMANCE (CALENDAR YEARS)

	2003		2004		2005		2006		YTD 31/08/2007	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	43.6	46/866	-0.2	970/978	3.8	596/1094	2.9	1102/1182	3.4	720/1269
Index**	28.7		10.9		4.9		15.8		5.2	
Median	26.3		8.6		4.4		12.6		3.9	

\*\* S&P 500 (Composite)

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