

Semi-Annual Report (unaudited)

Legg Mason
Global Funds FCP
(Luxembourg)

A Mutual Fund constituted under the Luxembourg Law as a “fonds commun de placement” with multiple compartments (Sub-Funds)

For the period ended 30 September 2010

Legg Mason Global Funds FCP (Luxembourg)
A Mutual Fund under Luxembourg Law
Unaudited Semi-Annual Report for the period ended
30 September 2010

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

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.

Legg Mason Global Equity Fund

(expressed in USD)

Schedule of Investments and Other Net Assets as of 30 September 2010

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							
4,327	Australia & New Zealand Banking Group Limited	101,190	0.42	3,042	SAP AG	150,911	0.63
18,175	Brambles Limited	111,453	0.46	2,261	Siemens AG – Reg.	238,538	0.99
23,913	Insurance Australia Group Limited	85,482	0.36	25,552	Snam Rete Gas SpA	127,700	0.53
20,814	Metcash Limited	88,316	0.37	1,594	Stada Arzneimittel AG	47,483	0.20
3,517	National Australia Bank Limited	88,244	0.37	8,204	Stora Enso Oyj	80,383	0.34
24,039	Telstra Corp. Limited	62,411	0.26	10,594	Telefonica SA	261,483	1.10
		537,096	2.24	26,995	Terna Rete Elettrica Nazionale SpA	113,435	0.47
				3,867	Total SA	199,569	0.83
				3,824	Unilever NV	114,302	0.48
				2,774	Valeo SA	125,808	0.52
				4,799	Vivendi SA	130,034	0.54
				1,653	Voestalpine AG	61,132	0.25
						4,608,800	19.20
BRL Equities				GBP Equities			
6,900	Banco Itau Holding Financeira SA – Pfd	160,693	0.67	10,754	Amlin PLC	67,789	0.28
CAD Equities				5,227	Associated British Foods PLC	87,451	0.36
6,000	Alimentation Couche Tard Inc.	132,817	0.55	4,377	AstraZeneca PLC	223,872	0.93
3,000	Bank of Nova Scotia	159,264	0.66	3,050	BG Group PLC	54,618	0.23
3,200	Barrick Gold Corp.	150,568	0.63	6,723	BHP Billiton PLC	214,764	0.90
2,300	Brookfield Asset Management Inc.	64,683	0.27	31,826	BP PLC	211,680	0.88
2,600	Industrial Alliance Insurance and Financial Service	79,845	0.33	3,252	British American Tobacco PLC	122,302	0.51
1,500	National Bank of Canada	94,512	0.39	27,388	BT Group PLC	61,096	0.25
6,300	Precision Drilling Corp.	41,196	0.17	5,780	Burberry Group PLC	93,142	0.39
3,400	Research In Motion Limited	164,821	0.69	9,006	Drax Group PLC	54,494	0.23
4,500	Teck Cominco Limited	182,964	0.76	17,081	HSBC Holdings PLC	175,135	0.73
1,400	Toronto Dominion Bank	100,635	0.42	3,357	Imperial Tobacco Group PLC	99,813	0.42
		1,171,305	4.87	45,750	Legal & General Group PLC	75,097	0.31
				109,519	Lloyds TSB Group PLC	128,557	0.54
CHF Equities				4,400	Rio Tinto PLC	261,510	1.09
62	Givaudan SA – Reg.	63,859	0.27	2,258	Severn Trent PLC	47,267	0.20
1,321	Novartis AG – Reg.	76,491	0.32	7,593	Standard Chartered PLC	225,642	0.94
1,140	Roche Holding AG	153,636	0.64	97,630	Vodafone Group PLC	244,472	1.02
721	Sulzer AG – Reg.	83,720	0.35	4,023	Xstrata PLC	78,938	0.33
1,787	UBS AG – Reg.	31,244	0.13			2,527,639	10.54
326	Zurich Financial Services AG – Reg.	77,311	0.32				
		486,261	2.03	HKD Equities			
EUR Equities				117,000	Bank of China Limited – H	61,682	0.26
3,777	Amadeus IT Holding SA	69,212	0.29	24,000	China Overseas Land & Investment Limited	52,034	0.22
1,491	Andritz AG	105,375	0.44	12,500	China Shenhua Energy Company Limited – H	51,640	0.22
11,199	Banco Bilbao Vizcaya Argentaria SA	149,706	0.62	31,000	Wheelock & Company Limited	105,091	0.44
11,906	Banco Santander SA	149,831	0.62			270,447	1.14
3,046	BASF SE	192,449	0.80	JPY Equities			
2,433	BNP Paribas	175,722	0.73	1,300	Alfresa Holdings Corp.	57,120	0.24
704	Casino Guichard Perrachon SA	64,383	0.27	5,900	Bridgestone Corp.	108,632	0.45
9,525	Commerzbank AG	77,990	0.33	6	Central Japan Railway Company	45,050	0.19
2,275	Daimler AG – Reg.	143,163	0.60	36,000	Hitachi Limited	160,976	0.67
2,107	DCC PLC	60,802	0.25	15,000	Itochu Corp.	136,657	0.57
4,127	Deutsche Post AG – Reg.	75,205	0.31	5,700	Kansai Electric Power Company Inc.	141,613	0.59
2,950	GDF Suez	105,588	0.44	5,400	Kao Corp.	132,611	0.55
2,498	Hannover Rueckversicherung AG – Reg.	116,195	0.48	5,500	Kyushu Electric Power Company Inc.	128,097	0.53
1,433	Heineken Holding NV	62,944	0.26	3,600	Mitsubishi Corp.	86,858	0.36
15,700	Infineon Technologies AG	107,499	0.45	24,100	Mitsubishi UFJ Financial Group Inc.	116,408	0.49
9,847	Koninklijke Ahold NV	134,512	0.56	12,200	Mitsui & Company Limited	183,058	0.77
1,108	LVMH Moet Hennessy Louis Vuitton SA	160,923	0.67	59,800	Mizuho Financial Group Inc.	88,656	0.37
1,410	Merck KGAA	118,998	0.50	11,700	Nissan Motor Company Limited	104,075	0.43
1,889	MTU Aero Engines Holding AG	108,007	0.45	23	NTT Data Corp.	74,907	0.31
837	Muenchener Rueckversicherungs-Gesellschaft AG – Reg.	115,759	0.48	9,000	OJI Paper Company Limited	40,352	0.17
1,121	Nexans SA	83,829	0.35	47,000	Showa Denko KK	90,471	0.38
2,497	Repsol Ypf SA	64,246	0.27	7,800	Sumitomo Electric Industries Limited	96,055	0.40
10,113	Royal Dutch Shell PLC – A	304,829	1.27	5,000	Sumitomo Mitsui Financial Group Inc.	151,243	0.63
4,847	Royal KPN NV	75,109	0.31	8,000	Tonengeneral Sekiyu Kk	75,466	0.31
2,018	Sanofi-Aventis SA	135,746	0.57				

Legg Mason Global Equity Fund

(expressed in USD)

Schedule of Investments and Other Net Assets as of 30 September 2010 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV
	USD Funds		
1,700	Rayonier Inc.	84,983	0.35
	Total Funds	185,666	0.77
	Total Transferable securities and money market instruments admitted to an official exchange listing	23,698,618	98.83
	Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities USD Equities		
3,152	Sistema JSFC – GDR – Reg.	81,006	0.34
	Total Equities	81,006	0.34
	Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities	81,006	0.34
	Total Investments in Securities	23,779,624	99.17
	Other Net Assets	198,514	0.83
	Total Net Assets	23,978,138	100.00

Industrial Classification as of 30 September 2010

	% NAV
Banks	11.98
Oil and gas producers	7.98
Pharmaceuticals	6.79
Insurance	5.23
Telecommunication services	5.20
Retail	4.77
Software	3.94
Computers and peripherals	3.88
Electrical utilities	3.30
Mining (non precious)	3.29
Food services	2.87
Chemicals	2.69
Semiconductors	2.51
Distribution and wholesale	2.32
Miscellaneous machinery	2.18
Tobacco	2.02
Auto manufacturers	1.93
Transportation	1.65
Automobile parts and equipment	1.38
Internet software and services	1.32
Cosmetics and personal care	1.28
Precious metals	1.27
Forest products and paper	1.26
Real estate	1.24
Healthcare services	1.19
IT Consulting and services	1.19
Biotechnology	1.18
Commercial services	1.17
Diversified companies	1.11
Aerospace and defence	1.03
Electrical equipment	1.02
Broadcasting, radio and television	1.00
Oil and gas services	0.92
Apparel	0.86
Healthcare supplies and equipment	0.78
Real estate investment trust	0.77
Beverages	0.76
Machinery	0.67
Financial services	0.52
Food	0.47
Agriculture	0.45
Electronic equipment	0.43
Engineering and construction	0.43
Business and office equipment	0.26
Iron and steel	0.25
Packaging and containers	0.23
Water utilities	0.20
Total Investments in Securities	99.17
Other Net Assets	0.83
Total Net Assets	100.00

Legg Mason US Growth and Value Fund

Industrial Classification as of 30 September 2010

	%
	NAV
Oil and gas producers	8.54
Banks	7.78
Pharmaceuticals	6.65
Miscellaneous machinery	4.89
Retail	4.58
Software	3.95
Computers and peripherals	3.90
Food services	3.79
Oil and gas services	3.35
Semiconductors	3.16
Broadcasting, radio and television	3.12
Healthcare supplies and equipment	2.87
Telecommunication equipment	2.78
Transportation	2.40
Beverages	2.34
Chemicals	2.29
Tobacco	2.29
Aerospace and defence	2.26
Internet software and services	2.18
Financial services	2.13
Commercial services	2.08
Cosmetics and personal care	1.96
Building materials	1.82
Precious metals	1.66
Biotechnology	1.55
Home builders	1.55
Telecommunication services	1.55
Household products	1.35
Electrical utilities	1.33
Energy – alternate sources	1.20
Forest products and paper	1.12
Machinery	1.07
Electronic equipment	0.99
Insurance	0.93
Mining (non precious)	0.89
Iron and steel	0.50
Total Investments in Securities	96.80
Other Net Assets	3.20
Total Net Assets	100.00

Legg Mason Emerging Markets Equity Fund

(expressed in USD)

Schedule of Investments and Other Net Assets as of 30 September 2010

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							
HKD Structured notes							
14,360,000	Morgan Stanley BV 14/Jan/11	5,087,217	0.48				
Total Structured notes				5,087,217	0.48		
BRL Equities							
227,200	Amil Participacoes SA	2,167,865	0.20				
752,100	Banco do Brasil SA	13,912,026	1.30				
768,600	Banco Indusval SA	3,736,639	0.35				
638,900	Cyrela Brazil Realty SA	9,168,570	0.86				
56,000	Estacio Participacoes SA	618,304	0.06				
578,000	Klabin SA	1,621,683	0.15				
371,700	Log-in Logistica Intermodal SA	1,985,592	0.19				
106,200	Lupatech SA	1,343,634	0.13				
144,800	Odontoprev SA	1,650,494	0.15				
987,400	Perdigao SA	14,603,508	1.36				
1,016,792	Petroleo Brasileiro SA Pfd	16,378,249	1.53				
275,911	Tam SA Pfd	6,209,106	0.58				
200,300	Tegma Gestao Logistica	2,227,966	0.21				
		75,623,636	7.07				
CAD Equities							
5,171,500	Cap-Link Ventures Limited	1,753,476	0.16				
329,742	Pacific Rubiales Energy Corp.	9,043,352	0.85				
638,297	Transatlantic Petroleum Limited	1,824,148	0.17				
		12,620,976	1.18				
GBP Equities							
351,958	African Minerals Limited	2,197,751	0.21				
3,455,000	Bellzone Mining PLC	3,684,408	0.34				
1,212,769	Cadogan Petroleum PLC	383,199	0.04				
14,453,665	Polo Resources Limited	947,637	0.09				
7,308,594	Sunkar Resources PLC	3,233,015	0.30				
		10,446,010	0.98				
HKD Equities							
2,038,000	AAC Acoustic Technologies Holdings Inc.	4,448,692	0.42				
23,859,000	Agricultural Bank of China – H	12,297,788	1.15				
26,553,000	China Construction Bank – H	23,061,537	2.16				
2,250,000	China High Precision Automation Group Limited	1,452,563	0.14				
2,689,400	China Mobile Hong Kong Limited	27,516,340	2.57				
2,075,800	China Pacific Insurance Group Company Limited – H	7,783,828	0.73				
11,570,000	China Railway Group Limited – H	9,019,937	0.84				
2,697,000	China Shenhua Energy Company Limited – H	11,138,424	1.04				
2,700,000	China South Locomotive and Rolling Stock Corp. – H	2,515,457	0.24				
4,208,000	China Yurun Food Group Limited	15,670,697	1.46				
11,205,000	CNOOC Limited	21,600,222	2.02				
16,611,000	Evergrande Real Estate Group	5,565,240	0.52				
21,605,000	Industrial & Commercial Bank of China – H	16,091,512	1.50				
3,534,000	Ju Teng International Holdings Limited	1,771,458	0.17				
8,008,500	KWG Property Holding Limited	6,088,607	0.57				
7,218,000	PCD Stores Limited	2,269,454	0.21				
1,008,000	Real Gold Mining Limited	1,792,480	0.17				
1,886,000	Shanghai Industrial Holdings Limited	9,514,549	0.89				
2,091,000	SJM Holdings Limited	2,395,359	0.22				
4,690,000	Uni-President China Holdings Limited	3,583,788	0.33				
6,911,200	Wynn Macau Limited	11,951,453	1.12				
4,684,000	Yanzhou Coal Mining Company Limited – H	11,480,007	1.07				
		209,009,392	19.54				
IDR Equities							
1,518,000	Astra International Tbk PT	9,600,104	0.90				
61,204,000	Delta Dunia Petroindo Tbk PT	6,875,045	0.64				
1,546,000	Indocement Tunggal Prakarsa Tbk PT	3,238,800	0.30				
6,178,000	Indofood Sukses Makmur Tbk PT	3,816,861	0.36				
3,300,000	International Nickel Indonesia Tbk PT	1,788,574	0.17				
11,284,000	Telekomunikasi Indonesia Tbk PT	11,724,668	1.10				
18,450,000	XL Axiata Tbk PT	11,087,813	1.04				
		48,131,865	4.51				
INR Equities							
1,033,991	Bank of India	12,009,302	1.12				
1,205,045	Cairn India Limited	9,088,687	0.85				
251,384	Dr Reddys Laboratories Limited	8,159,544	0.76				
856,864	Housing Development & Infrastructure Limited	5,036,109	0.47				
1,196,858	Indian Bank	7,492,239	0.70				
745,400	IVRCL Infrastructures & Projects Limited	2,712,720	0.25				
124,448	Jammu & Kashmir Bank Limited	2,197,353	0.21				
3,295,116	JSW Energy Limited	8,786,880	0.82				
227,966	Reliance Industries Limited	5,061,678	0.47				
20,863	Sks Microfinance Limited	623,864	0.06				
3,122,706	Sterlite Industries India Limited	11,518,547	1.08				
595,250	Tata Consultancy Services Limited	12,349,278	1.15				
		85,036,201	7.94				
KRW Equities							
149,918	Celltrion Inc.	2,938,535	0.27				
284,030	Dongbu Corp.	1,746,151	0.16				
76,489	Duksan Hi-Metal Company Limited	1,509,319	0.14				
126,046	GS Engineering & Construction Corp.	9,694,563	0.91				
165,530	KB Financial Group Inc.	7,113,321	0.66				
1,180,480	Korea Life Insurance Company Limited	7,899,194	0.74				
55,799	LG Electronics Inc.	4,702,723	0.44				
40,641	POSCO	18,391,353	1.72				
52,067	Samsung Electronics Company Limited	35,479,964	3.32				
565,073	Shinhan Financial Group Company Limited	21,631,587	2.02				
20,188	Silicon Works Company Limited	1,239,341	0.12				
		112,346,051	10.50				
MXN Equities							
2,934,600	Alsea SAB de CV	2,963,143	0.28				
695,800	Gruma SAB de CV	1,001,437	0.09				
2,284,956	Grupo Financiero Banorte SAB de CV	8,686,716	0.81				
1,684,200	Grupo Mexico SAB de CV	4,850,704	0.45				
437,352	Urbi Desarrollos Urbanos SAB de CV	913,703	0.09				
		18,415,703	1.72				
MYR Equities							
3,182,700	Genting BHD	10,187,953	0.95				
PLN Equities							
440,054	Powszechna Kasa Oszczednosci Bank Polski SA	6,571,582	0.61				
68,192	Powszechny Zaklad Ubezpieczen SA	9,278,929	0.87				
		15,850,511	1.48				
SGD Equities							
9,929,500	China Hongxing Sports Limited	1,356,799	0.13				
6,541,000	China Milk Products Group Limited	1,191,711	0.11				
1,928,000	Straits Asia Resources Limited	3,205,286	0.30				
		5,753,796	0.54				

Legg Mason Emerging Markets Equity Fund

Industrial Classification as of 30 September 2010

	%
	NAV
Banks	18.68
Oil and gas producers	10.28
Mining (non precious)	9.36
Telecommunication services	8.66
Electronic equipment	5.11
Iron and steel	4.37
Engineering and construction	4.16
Semiconductors	3.92
Financial services	3.88
Real estate	3.13
Computers and peripherals	2.93
Food services	2.88
Insurance	2.49
Leisure and entertainment	2.29
Transportation	1.64
Food	1.57
Chemicals	1.46
Forest products and paper	1.39
Retail	1.39
Precious metals	1.23
IT Consulting and services	1.15
Electrical equipment	0.96
Diversified companies	0.89
Home builders	0.84
Electrical utilities	0.82
Apparel	0.77
Pharmaceuticals	0.76
Building materials	0.59
Machinery	0.37
Healthcare services	0.31
Broadcasting, radio and television	0.29
Biotechnology	0.27
Real estate investment trust	0.24
Oil and gas services	0.15
Other	0.15
Total Investments in Securities	99.38
Other Net Assets	0.62
Total Net Assets	100.00

Statement of Net Assets as of 30 September 2010

	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	21,557,534	11,331,680	889,130,428	922,019,642
Unrealised appreciation/(depreciation) (note 2b)	2,222,090	1,570,947	174,141,995	177,935,032
Investments at market value (note 2b)	23,779,624	12,902,627	1,063,272,423	1,099,954,674
Liquid assets	321,154	576,601	2,934,769	3,832,524
Dividends receivable (note 2d)	55,942	10,550	1,991,015	2,057,507
Subscriptions receivable	475	1,930	2,908,652	2,911,057
Receivable from securities sold	–	–	552,834	552,834
Accrued securities lending income	–	–	21,881	21,881
Total assets	24,157,195	13,491,708	1,071,681,574	1,109,330,477
Liabilities				
Redemptions payable	101,204	11,812	88,577	201,593
Accrued expenses	77,853	81,290	1,692,952	1,852,095
Payable for securities purchased	–	68,792	–	68,792
Total liabilities	179,057	161,894	1,781,529	2,122,480
Net assets	23,978,138	13,329,814	1,069,900,045	1,107,207,997

^Φ Please see note 2g.

Statement of Operations and Changes in Net Assets for the period ended 30 September 2010

	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 period	26,665,467	14,700,920	7,949,673	26,059,404
Income				
Dividend income (note 2d)	317,923	78,926	20,684	67,153
Interest income (note 2c)	56	–	24	–
Securities lending income (note 2j)	–	–	–	–
Total income	317,979	78,926	20,708	67,153
Expenses				
Management fees (note 5)	165,672	99,758	51,272	138,847
Custody, transfer agent and administration fees (note 4)	19,128	10,175	5,147	15,482
Publication and printing fees	1,597	886	517	854
Taxation (note 7)	4,825	2,920	870	2,150
Audit and legal fees	4,318	2,387	1,087	11,266
Regulatory fees	4,534	1,914	852	6,272
Directors' and insurance fees	452	251	109	804
Liquidation and merging fees (note 11)	–	–	56	–
Total expenses	200,526	118,291	59,910	175,675
Net income / (loss) from investments	117,453	(39,365)	(39,202)	(108,522)
Net realised gain / (loss) on:				
Sales of investments (notes 2a, 2e)	(133,217)	41,077	132,305	1,146,510
Forward foreign exchange contracts (note 2f)	(8,726)	(3,103)	(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)	(718,332)	(620,915)	(1,227,363)	(3,152,238)
Forward foreign exchange contracts	–	–	–	–
Future contracts	–	–	–	–
Option contracts	–	–	–	–
Swap agreements	–	–	–	–
Net change in net assets for the period resulting from operations	(742,822)	(622,306)	(1,153,236)	(2,116,648)
Proceeds from subscriptions	553,979	1,293,429	3,985,929	1,705,401
Payments for redemptions	(2,495,268)	(2,042,229)	(10,782,338)	(25,647,612)
Net payments from subscription and redemption activity	(1,941,289)	(748,800)	(6,796,409)	(23,942,211)
Dividend distributions (note 10)	(3,218)	–	(28)	(545)
Net assets at the end of the period	23,978,138	13,329,814	–	–

^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 period ended 30 September 2010 – (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 period	47,502,341	71,162,795	2,059,904,834	44,306,824
Income				
Dividend income (note 2d)	438,161	1,212,687	2,696,944	601,013
Interest income (note 2c)	40	–	–	27
Securities lending income (note 2j)	–	–	–	–
Total income	438,201	1,212,687	2,696,944	601,040
Expenses				
Management fees (note 5)	207,768	373,944	10,255,730	269,950
Custody, transfer agent and administration fees (note 4)	27,826	41,193	1,065,940	26,920
Publication and printing fees	2,965	4,431	57,382	2,732
Taxation (note 7)	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
Directors' and insurance fees	1,857	2,514	36,889	714
Liquidation and merging fees (note 11)	13,967	88,140	–	54,000
Total expenses	289,257	556,060	12,173,712	385,708
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)	1,155,163	3,669,347	(187,295,849)	4,879,236
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 period resulting from operations	(5,358,879)	(2,879,743)	(391,576,246)	(717,154)
Proceeds from subscriptions	1,684,907	1,032,906	24,974,091	568,547
Payments for redemptions	(43,828,132)	(69,314,682)	(1,693,302,679)	(44,155,948)
Net payments from subscription and redemption activity	(42,143,225)	(68,281,776)	(1,668,328,588)	(43,587,401)
Dividend distributions (note 10)	(237)	(1,276)	–	(2,269)
Net assets at the end of the period	–	–	–	–

^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 period ended 30 September 2010 – (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 period	1,040,554,213	25,185,156	444,976	22,158,996
Income				
Dividend income (note 2d)	15,531,741	–	–	4,709
Interest income (note 2c)	–	425,908	847	311,491
Securities lending income (note 2j)	194,773	–	–	–
Total income	15,726,514	425,908	847	316,200
Expenses				
Management fees (note 5)	3,438,405	66,304	–	70,373
Custody, transfer agent and administration fees (note 4)	803,996	12,451	112	12,008
Publication and printing fees	66,631	955	–	360
Taxation (note 7)	64,522	2,060	44	2,386
Audit and legal fees	182,769	8,094	–	6,237
Regulatory fees	155,047	5,769	–	5,074
Directors' and insurance fees	19,229	878	–	740
Liquidation and merging fees (note 11)	–	27,024	4,459	14,880
Total expenses	4,730,599	123,535	4,615	112,058
Net income / (loss) from investments	10,995,915	302,373	(3,768)	204,142
Net realised gain / (loss) on:				
Sales of investments (notes 2a, 2e)	49,668,419	(2,704,850)	(191,290)	503,240
Forward foreign exchange contracts (note 2f)	(2,071,518)	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)	23,811,588	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 period resulting from operations	82,407,497	692,194	25,756	492,155
Proceeds from subscriptions	37,874,912	133,316	–	250,503
Payments for redemptions	(90,929,146)	(26,010,666)	(470,732)	(22,853,512)
Net payments from subscription and redemption activity	(53,054,234)	(25,877,350)	(470,732)	(22,603,009)
Dividend distributions (note 10)	(7,431)	–	–	(48,142)
Net assets at the end of the period	1,069,900,045	–	–	–

^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 period ended 30 September 2010 – (continued)

	Combined [Ⓞ] USD
Net assets at the beginning of the period	1,384,905,532[Ⓞ]
Income	
Dividend income (note 2d)	18,743,383
Interest income (note 2c)	850,499
Securities lending income (note 2j)	194,773
Total income	19,788,655
Expenses	
Management fees (note 5)	5,164,820
Custody, transfer agent and administration fees (note 4)	1,006,329
Publication and printing fees	84,338
Taxation (note 7)	98,950
Audit and legal fees	288,642
Regulatory fees	230,396
Directors' and insurance fees	29,160
Liquidation and merging fees (note 11)	239,603
Total expenses	7,142,238
Net income / (loss) from investments	12,646,417
Net realised gain / (loss) on:	
Sales of investments (notes 2a, 2e)	57,428,346
Forward foreign exchange contracts (note 2f)	(2,466,022)
Future contracts (note 2f)	(478,614)
Option contracts (note 2f)	138,306
Swap agreements (note 2f)	(8,353)
Net change in unrealised appreciation / (depreciation) on:	
Investments (note 2b)	(2,970,406)
Forward foreign exchange contracts	124,828
Future contracts	51,222
Option contracts	2,178
Swap agreements	17,933
Net change in net assets for the period resulting from operations	64,485,835
Proceeds from subscriptions	49,844,319
Payments for redemptions	(391,946,757)
Net payments from subscription and redemption activity	(342,102,438)
Dividend distributions (note 10)	(80,932)
Net assets at the end of the period	1,107,207,997

[Ⓞ] Please see note 2g.

[Ⓞ] The opening balance was combined using the foreign exchange rates as of 30 September 2010. 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 30 September 2010, 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	30 September 2010	23,978,138	13,329,814	–	–
	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 30 September 2010					
Class A Ordinary					
USD		184.86	94.58	–	–
EUR		135.86	68.51	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		132.41	67.87	–	–
Class C Ordinary					
USD		174.17	87.99	–	–
EUR		126.82	63.56	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		–	101.68	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		238.99	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Number of units outstanding as of 30 September 2010					
Class A Ordinary					
USD		61,096.383	96,466.117	–	–
EUR		37,358.382	18,817.218	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		3,383.277	6,813.893	–	–
Class C Ordinary					
USD		3,287.057	10,312.750	–	–
EUR		12,231.644	7,079.881	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		–	3,000.585	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		10,419.802	–	–	–
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 30 September 2010, 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 ^β 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.

^β Please see note 11.

Net Assets Information as of 30 September 2010, 31 March 2010 and 31 March 2009 – (continued)

		Legg Mason US Fundamental Value Fund ^{aβ} USD	Legg Mason Pan-Europe Equity Fund ^β EUR	Legg Mason Japan Equity Fund ^β JPY	Legg Mason Asia Pacific (ex Japan) Fund ^β USD
Net assets as of	30 September 2010	–	–	–	–
	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 30 September 2010					
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 30 September 2010					
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.

^β Please see note 11.

Net Assets Information as of 30 September 2010, 31 March 2010 and 31 March 2009 – (continued)

	Legg Mason US Fundamental Value Fund ^{aβ} USD	Legg Mason Pan-Europe Equity Fund ^β EUR	Legg Mason Japan Equity Fund ^β JPY	Legg Mason Asia Pacific (ex Japan) Fund ^β 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.

^β Please see note 11.

Net Assets Information as of 30 September 2010, 31 March 2010 and 31 March 2009 – (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 as of	30 September 2010	1,069,900,045	–	–	–
	31 March 2010	1,040,554,213	25,185,156	444,976	22,158,996
	31 March 2009	622,605,309	32,681,522	59,768,485	25,423,104
Net asset value per unit as of 30 September 2010					
Class A Ordinary					
USD		349.34	–	–	–
EUR		256.69	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		252.86	–	–	–
Class C Ordinary					
USD		326.05	–	–	–
EUR		239.54	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		431.65	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		505.00	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Number of units outstanding as of 30 September 2010					
Class A Ordinary					
USD		246,738.354	–	–	–
EUR		7,089.689	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class A Distribution					
EUR		24,659.626	–	–	–
Class C Ordinary					
USD		1,728.074	–	–	–
EUR		8,331.854	–	–	–
JPY		–	–	–	–
GBP		–	–	–	–
Class C Distribution					
EUR		–	–	–	–
Class I Ordinary					
USD		1,544,342.157	–	–	–
EUR		–	–	–	–
JPY		–	–	–	–
Class M Ordinary					
USD		599,706.596	–	–	–
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 30 September 2010, 31 March 2010 and 31 March 2009 – (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 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	–	–	–	–

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

^β Please see note 11.

Notes to the Financial Statements as of 30 September 2010

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 in Transferable Securities (UCITS) qualifying under Part I of the Luxembourg law of 20 December 2002.

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 period, 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 30 September 2010, the Fund is offering the following type of Investment Series, which is designed to meet different investors' needs. It provides several options that differ in terms of risk level and currency denomination.

The Equity Series is comprised of 3 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 30 September 2010 are:

1USD=	AUD	1.03226	KRW	1140.25086
	BRL	1.70725	MXN	12.47863
	CAD	1.03225	MYR	3.08650
	CHF	0.97575	NOK	5.85981
	CNY	6.68682	PLN	2.92495
	EUR	0.73535	SEK	6.74050
	GBP	0.63297	SGD	1.31730
	HKD	7.76042	THB	30.39976
	HUF	2.04089	TRY	1.45670
	IDR	8902.3132	TWD	31.23536
	INR	44.56924	ZAR	6.96995
	JPY	83.64001		

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 the end of the period 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 period 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) Mortgage Related Securities – To Be Announced Securities (TBAs)

TBA positions refer to the common trading practice in the mortgage-backed securities market in which a security is to be bought from a mortgage pool (Ginnie Mae, Fannie Mae or Freddie Mac) for a fixed price at a future date. At the time of purchase the exact security is not known, but the main characteristics of it are specified. Although the price has been established at the time of purchase, the principal value has not been finalised.

Although a Sub-Fund will generally enter into TBA purchase commitments with the intention of acquiring securities, a Sub-Fund may also dispose of a commitment prior to settlement if it is deemed appropriate to do so. Proceeds of TBA sales are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities, or an offsetting TBA purchase commitment (deliverable on or before the sale commitment date), are held as cover for the transaction.

Negative positions reflect the Sub-Fund's sale commitments of TBAs.

i) Repurchase Agreements and Reverse Repurchase Agreements

A repurchase agreement is an agreement under which, on payment of the purchase price, the Fund receives (purchases) securities from a seller who agrees to repurchase them at or within a specified time at a specified price. A repurchase agreement is similar in effect to a loan by the Fund to the seller collateralised by the securities. The Fund does not record the purchase of the securities received but does record the repurchase agreement as if it were a loan. Because a repurchase agreement between the two specific parties involved is generally for a relatively short time and is not transferable, it has no ready market. The Fund carries repurchase agreements at cost, which, combined with accrued interest, approximates market value.

j) 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 30 September 2010 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	19,594,511

3. Pooling and Co-Management of Assets

The Management Company may invest and manage all or any part of the portfolio of assets by using joint investment management techniques for the purpose of efficient portfolio management. A Sub-Fund using joint investment management techniques transfers all or part of its assets to the pool (or Joint Investment Account) of assets, subject to such assets being appropriate in respect of the investment policy of the pool concerned. In return, the Sub-Fund receives the notional pool units representing a certain pro rata of the pool's assets and liabilities. As of 30 September 2010, the investment holdings in the pools have been allocated to the Sub-Funds based on each Sub-Fund's ownership percentage in the pools at that date. All quantities (securities holdings) are rounded to the nearest unit. In instances where quantities are shown as 0, a Sub-Fund's percentage allocation of a security may result in a fractional value of less than 0.5.

For profit and loss purposes, the notional pool units held by the Sub-Fund determine the proportional allocation of the results, revenues and expenses of the pool on each net asset value date. The profit and loss allocation is recorded in the accounting records for the Sub-Fund. Co-managed assets are only co-managed with assets intended to be invested pursuant to investment objectives identical to those applicable to the co-managed assets in order to ensure that investment decisions are fully compatible with the investment policy of the Sub-Funds. Co-managed assets are only co-managed with assets for which the Custodian Bank is also acting as depository in order to ensure that the Custodian Bank is able, with respect to the Fund or Sub-Funds, to fully carry out its functions and responsibilities pursuant to the law of 20 December 2002 on undertakings for collective investment. The Custodian Bank keeps at all times the Fund's assets segregated from the assets of other co-managed entities and is therefore able at all times to identify the assets of the Fund and of each Sub-Fund. Since co-managed entities may have investment policies, which are not strictly identical to the investment policy of a Sub-Fund, it is possible that, as a result, the common policy implemented may be more restrictive than that of that Sub-Fund.

The Management Company may decide at any time and without notice, to terminate the co-management arrangement.

4. 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.

5. 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%	–	–
Legg Mason US Growth and Value Fund	1.42%	2.17%	–	0.65%
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%	–	0.40%
Legg Mason Pan-Europe Equity Fund ^β	1.42%	2.17%	–	0.40%
Legg Mason Japan Equity Fund ^β	1.42%	2.17%	–	0.50%
Legg Mason Asia Pacific (ex Japan) Fund ^β	1.62%	2.37%	–	0.50%
Legg Mason Emerging Markets Equity Fund	1.92%	2.67%	–	0.80%
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%	–	–

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

^β Please see note 11.

6. 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".

7. 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.

8. Other Commitments on Derivatives

As of 30 September 2010, the Fund has no other outstanding commitment on derivatives.

9. 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.

10. 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 period from 1 April 2010 to 30 September 2010, the Fund has recorded the following dividends (on Class A Distribution):

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

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. Further, the Board also agreed that the acceptance of the redemption requests would further prejudice the remaining unitholders. 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 and took place on 27 August 2010.

The costs relating to the mergers have been booked to the Absorbed Sub-Funds in the total amount of USD 336,000.

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

^B Please see note 11.

