LEGG MASON
GLOBAL ASSET MANAGEMENT

Crafted to perform

Legg Mason Australian Value Equity Trust

STANDARD & POOR'S #
S&P FUND RATING

Legg Mason
Australian Value Equity Trust

The Legg Mason Australian Value Equity Trust is finely tuned to produce a sound that is unique among Australian equity fund managers.

A combination of investment experience, business strength, clear long-term process and tax minimisation sets the tone for cutting edge performance.

Experience of the team and the process

The Trust is managed by Legg Mason Australian Equities, a Legg Mason fund manager with a 28-year track record in Australian equities.

The Legg Mason Australian Equities investment team includes 12 members with an average industry experience of 15 years. The portfolio manager for the Trust, Reece Birtles, has 17 years of experience and in contrast to many peers, has the added insights from managing global equity portfolios. The back-up portfolio manager, Michael Slack, has 20 years of industry experience.

Boutique culture with more

Legg Mason Australian Equities shares many of the characteristics of a typical boutique fund manager. The business is relatively small and specialised, and the investment team is focused 100% on delivering investment performance for investors.

However, there is a major difference – Legg Mason Australian Equities operates with the operational support of the 10th largest fund manager in the world, Legg Mason. This may not be noticeable when markets are performing well, but when markets are volatile (as with the global financial crisis) Legg Mason fund managers are equipped to continue investing in the clients' best interest.

Key features

Trust inception	November 2006
Trust size (May 2010)	$78 million
Investment objective	Greater than 3.5% p.a. above Benchmark over three years, before fees
Benchmark index	S&P/ASX 200 Accumulation Index
Target tracking error	3-6% p.a.
Number of stocks	25 - 40
Risk limits (away from Index)	Stocks 5% Sectors 11%

For updated performance and asset allocation, please visit www.leggmason.com.au

Meet the portfolio managers

Fifteen years working together **Reece Birtles** (left) and **Michael Slack** (right)

REECE BIRTLES
Chief Investment Officer

- 17 years investment experience
- Australian and international experience in research and portfolio management

MICHAEL SLACK
Head of Research

- 20 years investment experience
- Australian and international research experience

Long term process avoids short term mistakes

One of the most common and often repeated investment mistakes is making decisions based on short term events, or 'following the herd'.

The Legg Mason Australian Value Equity investment approach 'looks through' the ups and downs of the investment cycle; it is not influenced by short-term euphoria or pessimism. Companies are researched and valued according to their long term earnings potential, and just as importantly, the likelihood of realising that potential. This keeps the investment team disciplined and focused on what counts – long term earnings.

Legg Mason Australian Equities seeks to differentiate itself from peers by being able to identify when a company is trading below the price implied by its long term earnings potential (undervalued). What's also important is how likely it is that its earnings (and share price) will recover to its true potential in the future. This represents the reward for investors.

Externally rated

The Legg Mason Australian Value Equity Trust has been rated Four Stars by research house Standard & Poor's. A copy of the rating report is available from Legg Mason Australia.

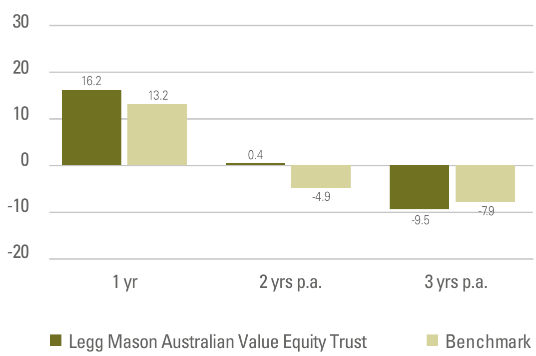
Tax considerations

When the investment team values companies, franked dividends are added to the final valuation. Conversely, unfranked dividends detract from valuations. Portfolio turnover is generally below 40% p.a. in order to reduce the realised capital gains component of Trust distributions.

Performance: music to your portfolio

The Legg Mason Australian Value Equity Trust has delivered a generally strong record of outperformance, particularly in the one and two years ended June 2010. Although the Trust commenced in 2006, it is based on an investment approach that has a 15-year history at Legg Mason Australian Equities.

Legg Mason Australian Value Equity Trust as at 30 June 2010



Meet the Legg Mason Fund Managers

- LEGG MASON AUSTRALIAN EQUITIES
- BATTERYMARCH
- GLOBAL CURRENTS
- ESEMPLIA
- BRANDYWINE GLOBAL
- WESTERN ASSET
- PERMAL

LEGG MASON
Australian Equities

The Legg Mason Australian Equities brand was launched in 2009, although the business has managed specialist Australian equity products since 1982. The fund manager has investment capabilities covering Value, Core, Small Companies and Property Securities.

Who is Legg Mason?

Legg Mason, Inc. is a global funds management company that owns 15 independently-run fund managers. Legg Mason fund managers are backed by the global resources of the parent company; this allows each to focus solely on investing for clients.

Each fund manager is considered an industry leader in its asset class. Names such as Western Asset, Batterymarch, Permal, Global Currents and Brandywine Global are all Legg Mason fund managers. As a group, Legg Mason is the 10th largest funds management company in the world, with AUD747 billion under management as at 31 March 2010.

Globally, Legg Mason employs nearly 550 investment professionals. That's a significant amount of intellectual capital in one business. Large scale fund managers like Legg Mason can offer a broad spectrum of investment solutions across major asset classes. Clients are diverse, ranging from large institutions to individual investors, located in over 190 countries.

An Australian history

In Australia, the business now known as Legg Mason Australia has a history that dates back to 1954, when the merchant bank 'Australia United Corporation' launched its balanced fund to Australian investors. Since then, the business has progressed under various world-class brands, including JP Morgan and Citigroup, before becoming part of Legg Mason in 2005. The multiple-brand history is a positive and differentiating part of the firm's fabric in Australia. The Australian business has been exposed like few others to the best insights from different cultures and business models.

Further Information

Please contact Legg Mason on freecall 1800 679 541
or visit our website at **www.leggmason.com.au**