

Legg Mason Permal Global Absolute Trust

Absolute Returns can arise
from Absolutely Any Asset,
Absolutely Anywhere



Legg Mason Permal Global Absolute Fund

Legg Mason is drawing on the specialised knowledge and expertise of its affiliate, The Permal Group, one of the world's oldest and largest alternative asset management firms, to manage the Legg Mason Permal Global Absolute Trust. This innovative new strategy incorporates global macro skills in a daily liquidity vehicle and aims to deliver positive absolute returns, over the medium term, with relatively low volatility. It is based on Permal's depth of experience and unique investment process which combines proprietary, quantitative analysis with qualitative insights.

The Legg Mason Permal Global Absolute Trust offers:

An attractive absolute return objective:

The Trust aims to deliver positive absolute returns in all market conditions. The Trust targets an annualised return of 8% to 10% p.a.* , gross of fees over a full market cycle (3 to 5 years) and targets a volatility range of 6% to 8% p.a.*

A global macro approach:

Through a diversified exposure to a wide range of opportunities, the Trust has the flexibility to capture the investment potential offered by an ever-changing macroeconomic environment.

Daily liquidity:

Trust offers daily liquidity, trading and valuation.

Access to an experienced alternative fund manager:

The Trust is based upon Permal's experience and highly differentiated process, which combines proprietary quantitative factor analysis with the top-down, qualitative skills and macroeconomic views of Permal's expert Investment Committee.

Protection from currency volatility:

The Trust will be hedged back to the Australian dollar to protect against currency fluctuations eroding the absolute return target.

Diversification and Correlation:

The Trust offers broad exposure to a wide range of investments according to where Permal believes the best opportunities lie. The Trust has no benchmark, nor does it have any set investment parameters. It can invest (both long and short) in bonds, equities, commodities, physical assets, infrastructure, currencies, cash and regulated hedge funds. Accordingly, correlations with most major market indices are expected to be low. Short term correlation spikes may occur after large scale market events-cause multiple asset classes to correct simultaneously. However, we expect the broadly diversified nature of the portfolio to limit long term correlations to any specific market index overall.

Growing Investor Demand

We believe recent volatility levels have increased investor appetite for more robust and sustainable absolute return solutions. By taking a macro approach with a truly global multi-asset focus and applying it to a stringent investment process with experienced managers we believe we are well positioned to provide such sustainable long term results.



* These are targets and there is no guarantee that they will be met.

Access to one of the World's Largest Alternative Managers

The Permal Group:

- Together with Permal, Legg Mason has created a macro investment product with daily liquidity that incorporates Permal's macro skills with execution and oversight skills of Legg Mason.
- After three decades in asset management, Permal's businesses have grown to include Permal Asset Management, Inc., an SEC-registered investment advisor in New York, and Permal Investment Management Services Limited, an FSA-authorised and regulated investment manager in London. Permal also has offices in Singapore, Dubai, and Hong Kong which provide 'on-the-ground' global insights into the day-to-day dynamics of economies.
- Established in 1973, Permal, an affiliate of Legg Mason, is one of the world's largest alternative asset management firms and a recognised leader in the industry, with a credible track record of delivering consistently strong returns.
- Has around US\$20 billion under management making it probably one of the top-five alternative managers in an industry where size counts.
- Pioneered globally based multi-strategy funds and has around one third of its assets under management in Global Macro strategies.

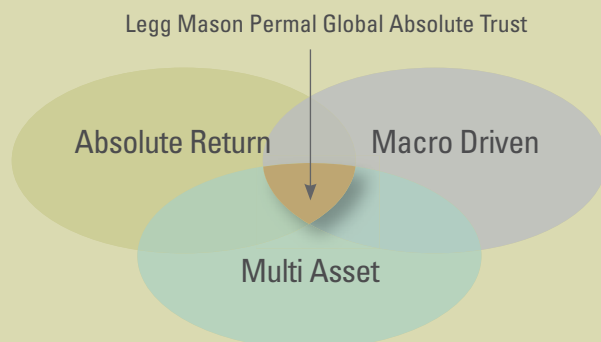
"What we do is an artful science. We want to achieve very good participation on the upside, and limited exposure on the downside."

Omar Kodmani, Senior Executive Officer, The Permal Group

- Has a stable and highly experienced management team who have worked together through all market cycles; the result is a repeatable process and a solid, long-term performance record.
- Has a unique working relationship with a global network of top investment experts who provide valuable insights which help shape allocation decisions.
- Has a strong Investment Committee, comprising four senior members (supported by six senior portfolio managers) whose 90 years total industry experience provide a qualitative overlay to Permal's proprietary, quantitative process in the Legg Mason Permal Global Absolute Fund.

All information is as of 31 December 2009, unless otherwise stated.

Capturing Three Concepts in a Single Fund



The **Legg Mason Permal Global Absolute Trust** offers investors the ability to capture absolute return, macro-driven and multi-asset features in a single trust through active allocation.

What is Global Macro?

In an increasingly uncertain and volatile investment environment, it is essential that managers fully comprehend volatility, the opportunities it brings for long and short investment, and how to obtain the best combination of risk and return from it. Macro managers seek to understand the world's changing economic and political dynamics and take advantage of them to enhance returns. By accessing global opportunities, investing across multiple asset classes and frequently taking significant (and contrarian) positions in deep, liquid markets, they aim to deliver attractive returns, with significantly lower volatility.

Legg Mason Permal Global Absolute Trust: Unique Investment Process

Determining the key return drivers of beta:

The first stage of the investment process is quantitative. Permal's proprietary quantitative tools and techniques measure the risk and return drivers behind the performance of Permal Macro Holdings Ltd (PMH). By identifying and understanding the betas of PMH, a model is created that captures the successful beta exposures in PMH. This provides the initial exposure guidelines for the Legg Mason Permal Global Absolute Trust. PMH is issued under the laws of the British Virgin Islands, The investments of are made principally with portfolio managers aiming to exploit changes in global economies.

Adding extra alpha:

Since quantitative models are often retrospective, the next stage is qualitative. The top-down macro-economic views of Permal's expert Investment Committee add a three to six month forward-looking perspective on the asset classes in which to invest. Drawing on their wealth of experience, with input from a global network of top investment experts, their views on the constantly changing environment determine asset allocation strategy. Their timely assessment of markets identifies alpha opportunities globally and adds value to the overall portfolio, while bridging any gap that may exist to the absolute return target.

Asset allocation blueprint:

The portfolio managers express this unique combination of quantitative inputs with qualitative views as an asset allocation blueprint for the Trust. They identify the optimal mix of investments that best represent the asset allocation views and this overall innovative approach increases the likelihood of achieving a more stable, long-term investment target.

Further Information

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

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Investment Universe

- Global equity
- Global fixed income
- Real estate and infrastructure
- Commodity investments
- Foreign currencies
- Eligible hedge fund strategies
- Cash and cash equivalents