

Legg Mason UK Equity Fund

This Final Short Report covers the year to 28 February 2014

Fund Facts

Fund Inception Date:	31 October 1995
Total Net Assets:	£48.0m
Income Payments Dates:	31 January & 31 October
OCF Class 'A' Acc:	1.94%
OCF Class 'X' Acc:	1.19%
XD Dates:	28 February (final) 31 August

Investment Manager

Batterymarch Financial Management was established in 1969. Their UK equity investment team uses a combination of fundamental analysis and quantitative techniques to bring structure and discipline to investing in UK stock markets, following a bottom-up growth orientated investment approach.

Investment opportunities are identified by employing sophisticated technology that evaluates and ranks hundreds of stocks across the UK on a daily basis. The investment team then incorporate their own bottom-up analysis of each company – their opinions are equally weighted with the quantitative rankings to generate a list of stock ideas.

Summary Investment Objective and Policy

The objective of this Fund is to achieve capital growth through investment in quoted securities of UK companies. The Fund seeks to achieve its objective by investing principally in large and mid-cap UK company shares listed on the London Stock Exchange and being constituents of the FTSE All Share index. Income will not be a primary objective. The Fund may also invest in other investments as permitted by the Financial Conduct Authority Rules as applicable from time to time and as explained in the Prospectus.

Legg Mason UK Equity Fund Review

The Legg Mason UK Equity Fund increased by 15.18% in sterling terms over the period under review while its benchmark, the FTSE All-Share Index, recorded a gain in sterling terms of 13.29%. Stock selection and sector allocation had a positive impact on relative returns over the review period. Stock picking in the consumer discretionary sector added the most value, although investments within materials also helped. Conversely, selection in the telecommunications sector weighed on relative performance. In terms of sector allocation, the Fund's underweight exposure to materials, which struggled over the period, was beneficial. An overweight allocation to the underperforming consumer staples segment detracted, however.

In terms of the Fund's investment strategy, the manager maintained a broadly diversified portfolio across the UK market during the period under review. Its largest overweight positions included the utilities, consumer staples and industrials sectors, while its largest underweight positions included the materials, energy and healthcare groups.

Looking ahead, after the headwinds of January, world equity markets are seeing gains again. The manager's investment outlook remains somewhat positive. While valuation multiples have expanded, corporate margins are up. Despite geopolitical developments, the manager expects macro influences again to subside, leaving the markets guided by company fundamentals. The UK should be no exception.

Major Holdings

Top 5 largest investments as at 28.02.14		Top 5 largest investments as at 28.02.13	
British Sky Broadcasting	2.80%	Vodafone	3.06%
Severn Trent	2.77%	GlaxoSmithKline	3.04%
Imperial Tobacco	2.70%	British American Tobacco	3.03%
Resolution	2.66%	Tesco	3.00%
BP	2.65%	HSBC	3.00%

Fund Performance

Share Class	Pence per share 28.02.14	Pence per share 28.02.13	Net Asset value % Change
Class 'A' (acc)	276.73	240.25	15.18
Class 'X' (acc)	119.08	102.58	16.09

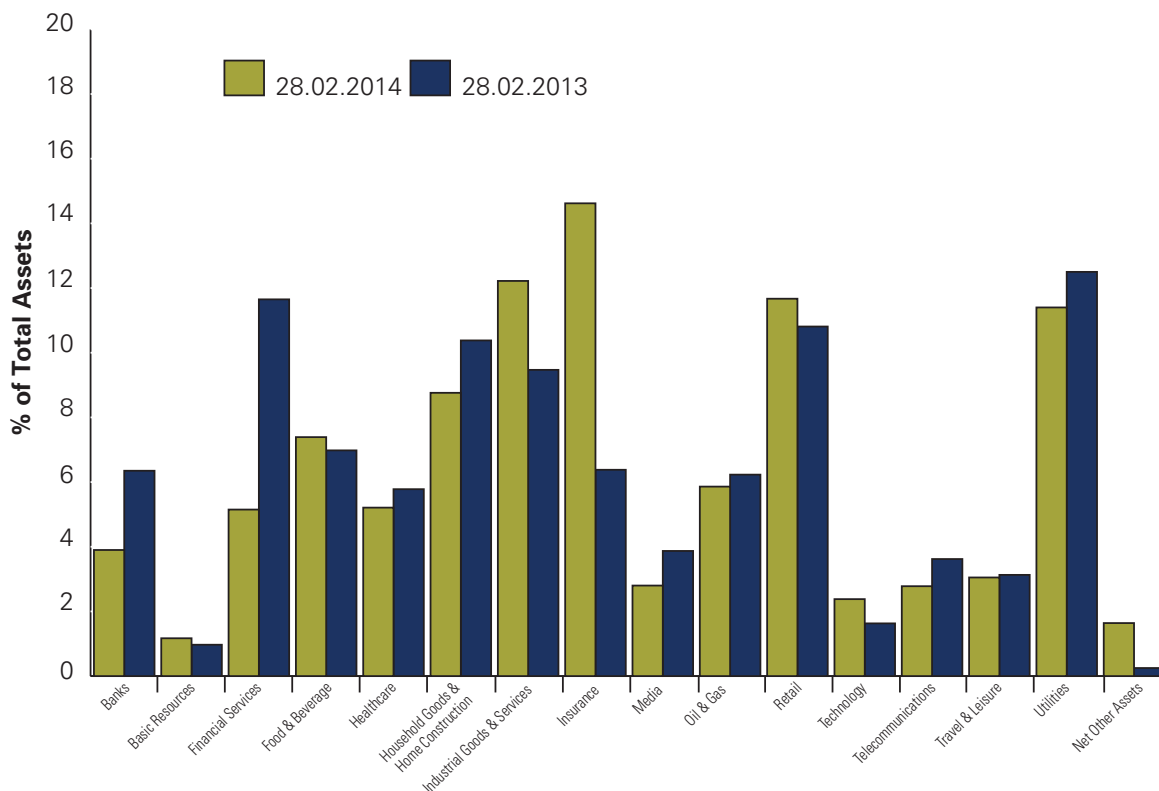
Performance History

	2014-2013	2013-2012	2012-2011	2011-2010	2010-2009	5 years	Since Launch
Class 'A' (acc)	15.18	9.07	1.57	18.00	35.52	104.05	178.45

Source for performance figures: Legg Mason. Performance is calculated on a NAV to NAV basis. The performance reflects all fees and charges payable by the fund but does not reflect any entry or exit charge that might be payable. For performance purposes only, any distributed income (with the deduction of UK income tax) has been reinvested.

Past performance is no guide to future returns and may not be repeated.

Legg Mason UK Equity Fund (continued)



Share Price Range and Net Income Distribution

Calendar Year	Net Income per share (pence)	Highest share price (pence)	Lowest share price (pence)
2009			
Class 'A' (acc)	4.5150	189.90	126.50
2010			
Class 'A' (acc)	3.3446	216.90	169.70
2011			
Class 'A' (acc)	2.7073	226.30	180.80
2012			
Class 'A' (acc)	4.5455	225.30	195.70
2013			
Class 'A' (acc)	4.5291	270.50	226.30
Class 'X' (acc) ³	0.3983	116.20	99.55
2014			
Class 'A' (acc)	6.1058 ¹	277.00 ²	261.80 ²
Class 'X' (acc)	3.4725 ¹	119.20 ²	112.60 ²

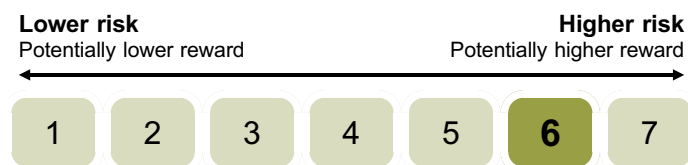
¹ To 30 April 2014.

² To 28 February 2014.

³ Launched on 29 January 2013.

Legg Mason UK Equity Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection.

The Fund is in its risk/reward category because it invests in shares of companies from various sectors which have historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical location: This Fund invests primarily in the United Kingdom, which means that it is more sensitive to local economic, market, political or regulatory events in the United Kingdom, and will be more affected by these events than other Funds that invest in a broader range of regions.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Annual Report and Financial Statements

This report is to inform unitholders on the activities of the Fund during the reporting period, and the results of those activities at the end of the reporting period. For more information please contact the Authorised Corporate Director. Copies of the full Long Form Report and the Key Investor Information Document are available free of charge upon request from the Client Services Team on 0207 070 7444.

Authorised Corporate Director:

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