

Legg Mason Managed Solutions SICAV

A Société d'Investissement à Capital Variable under the Luxembourg Law with multiple compartments (Sub-Funds)

Audited Annual Report

For the Year Ended 31 December 2009

Legg Mason Managed Solutions SICAV

Société d'Investissement à Capital Variable under the Luxembourg Law

Audited Annual Report for the year ended 31 December 2009

Table of Contents

Legg Mason Managed Solutions SICAV	
General Information on Legg Mason Managed Solutions SICAV	2
Information to Shareholders	3
Directors' Report	4
Independent Auditor's Report	5
Schedule of Investments and Other Net Assets and Industrial Classification	
<i>Legg Mason Managed Solutions SICAV Legg Mason Euroland Cash Fund</i> <i>(referred to hereafter as Legg Mason Euroland Cash Fund)</i>	6
<i>Legg Mason Managed Solutions SICAV Legg Mason Euroland Equity Fund</i> <i>(referred to hereafter as Legg Mason Euroland Equity Fund)</i>	8
<i>Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Conservative Fund (USD)</i> <i>(referred to hereafter as Legg Mason Multi-Manager Conservative Fund (USD))</i>	10
<i>Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Conservative Fund (Euro)</i> <i>(referred to hereafter as Legg Mason Multi-Manager Conservative Fund (Euro))</i>	11
<i>Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Balanced Fund (USD)</i> <i>(referred to hereafter as Legg Mason Multi-Manager Balanced Fund (USD))</i>	12
<i>Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Balanced Fund (Euro)</i> <i>(referred to hereafter as Legg Mason Multi-Manager Balanced Fund (Euro))</i>	13
<i>Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Performance Fund (USD)</i> <i>(referred to hereafter as Legg Mason Multi-Manager Performance Fund (USD))</i>	14
<i>Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Performance Fund (Euro)</i> <i>(referred to hereafter as Legg Mason Multi-Manager Performance Fund (Euro))</i>	15
Financial Statements	
<i>Statement of Net Assets</i>	16
<i>Statement of Operations and Changes in Net Assets</i>	17
<i>Net Assets Information</i>	20
Notes to the Financial Statements as of 31 December 2009	26

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 Legg Mason Managed Solutions SICAV

Registered Office of the Company

Legg Mason Investments (Luxembourg) S.A.
145, rue du Kiem
L-8030 Strassen, Grand Duchy of Luxembourg

Incorporation

Legg Mason Managed Solutions SICAV ("the Company") was established in Luxembourg on 22 July 1997 as a Société d'Investissement à Capital Variable.

Legg Mason Investments (Luxembourg) S.A. has been appointed as the designated management company of the Company (the "Management Company") and 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 du 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 undertakings for collective investment

The Sub-Fund Legg Mason Euroland Bond Fund has been liquidated on 15 May 2009.

Board of Directors of the Company

Chairman

Joseph P. LaRocque
Legg Mason & Co. LLC
Managing Director
100 International Drive
11th floor, South West
Baltimore, MD 21202, U.S.A.

Directors

John Alldis
Director
Legg Mason Investments (Luxembourg) S.A.
145, rue du Kiem
L-8030 Strassen, Grand Duchy of Luxembourg
Joseph M. Keane
Consultant
15 Rathasker Heights
Nass. Co. Kildare, Ireland

General Portfolio Manager

Legg Mason Global Asset Allocation, LLC
620 Eighth Avenue
New York, NY 10018, U.S.A.

Investment Managers

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, EC2A2EN, United Kingdom

Legg Mason Investments (Hong Kong) Limited
20/F Three Exchange Square
8 Connaught Place, Central
Hong Kong

Western Asset Management Company
385 East Colorado Boulevard
Pasadena, CA 91101, U.S.A.

Western Asset Management Company Limited
10 Exchange Square
Primrose Street
London, EC2A 2EN, United Kingdom

Investment Advisors

The General Portfolio Manager and the Board of Directors of the Company have appointed the following Investment Advisors:

AXA Rosenberg Investment Management LLC
4 Orinda Way, Building E
Orinda, CA 94563, U.S.A.
(until 22 May 2009)

BlackRock Financial Management Inc.
40 East 52nd Street
New York, NY 10022, U.S.A.
(until 22 May 2009)

ClearBridge Advisors, LLC
620 Eighth Avenue, 48th Floor
New York, NY 10018, U.S.A.
(until 22 May 2009)

Gartmore Investment Limited
Gartmore House
8 Fenchurch Place
London, EC3M 4PB, United Kingdom
(until 22 May 2009)

Legg Mason International Equities Limited
(trading as "Esemplia Emerging Markets")*
10 Exchange Square
Primrose Street, 9th Floor
London, EC2A 2EN, United Kingdom
(until 22 May 2009)

* From 16 January 2009, Legg Mason International Equities Limited adopted the brand name of "Esemplia Emerging Markets". The use of a brand name in no way affects the legal vehicle through which the firm operates, which remains Legg Mason International Equities Limited.

General Information on Legg Mason Managed Solutions SICAV – (continued)

Martin Currie Investment Management Limited
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2ES, Scotland
(until 22 May 2009)

Schroder Investment Management (Singapore) Limited
65 Chulia Street # 47-01
OCBC Centre
Singapore 049513
(until 22 May 2009)

Western Asset Management Company Limited
10 Exchange Square
Primrose Street
London, EC2A 2EN, United Kingdom
(until 22 May 2009)

Custodian Bank, Administrator, Registrar and Transfer Agent

Citibank International plc (Luxembourg Branch)
Atrium Business Park
31, Z.A. Bourmicht
L-8070 Bertrange, Grand Duchy of Luxembourg

Independent Auditor

PricewaterhouseCoopers S.à r.l.
Réviseur d'entreprises
400, route d'Esch
L-1471 Luxembourg, Grand Duchy of Luxembourg

Regarding the Distribution of the Company 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 information, distribution and paying agent for Germany which is:

Marcard, Stein & Co. AG
Ballindamm 36
20095 Hamburg, Germany

Regarding the Distribution of the Company 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 representative and paying agent for Switzerland which is:

BNP Paribas Securities Services S.A., Paris
Zweigniederlassung Zürich
Selnaustrasse 16, P.O. Box,
CH-8022 Zürich, Switzerland

Information to Shareholders

Audited annual reports are available for inspection by Shareholders 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.

Directors' Report

Global Equities

After a tumultuous start to the year, 2009 proved far more positive for global equity markets than initially expected. Indeed, global equities as measured by the MSCI World Index rose by nearly 30% in US dollar terms over the course of the year as the rally that began in March gained momentum over the summer months. And, with the exception of a slight fall back in October, they continued to rise until the end of the year.

The unprecedented fiscal and monetary stimulus initiated by the world's central banks helped to stimulate this rebound and continued to support it as the global recovery gained traction. By the third quarter, GDP growth in both the US and the Eurozone had ticked up, although the UK economy remained in negative territory. Investors' aversion to risk, meanwhile, declined as the worst of the credit crisis appeared to be over. This was reflected in bond markets, where the difference in credit yields over government bonds (spreads) returned to levels recorded before the height of the crisis in late 2008, although levels still remained high compared to previous economic cycles.

In the UK, the stock market was helped by companies with an international dimension to their businesses, which performed strongly in the rally. Difficulties remained domestically, however, where consumer confidence was weak and retail sales were low. In continental Europe, manufacturing output grew, suggesting a faster economic recovery than previously expected. The top performing sectors in Europe included banks and financials ex-banks, together with the industrials and materials sectors, which all benefited from the government stimulus packages.

In Asia, cyclical industry groups such as automobiles & components, retailing and materials were among the leading performers over the six month period while more defensive groups such as utilities and telecoms lagged behind. More generally, while domestic consumption and infrastructure projects continued to support Asian markets, exports within the region and to emerging markets in other regions continued to grow in importance. This helped to reduce the region's dependence on the US and Europe. In the US itself, the S&P 500 Index rose by nearly 26% in US dollar terms over the year with some of the largest contributions to performance coming from the technology and financials sectors.

Global Bonds

Although the economic crisis initially deepened at the beginning of 2009, forward-looking economic indicators started to show tentative signs of improvement from the second quarter onwards. Investors also became less concerned about the recapitalisation needs of financial institutions, in particular following stress tests run by US regulators which showed that the largest US banks needed to raise less capital than feared. Investors were generally encouraged by the size and scale of governments' and central banks' policy action around the globe, leading them to reassess their pessimistic outlook on corporate defaults and the wider economy.

The major central banks and governments continued to provide support to financial markets and the wider economy over 2009. With policy rates already close to zero in the US, the Federal Reserve maintained its focus on other, more innovative, measures. This included in particular continued purchases of agency mortgage assets and Treasuries to add cash to the financial system (quantitative easing). At the same time, the government introduced further measures to support the financial system and the broader economy. In the UK meanwhile, the Bank of England reduced its key policy rate by 150 basis points (bps) to a record low of 0.5% early in the year and embarked on a quantitative easing programme of its own. In addition, the European Central Bank cut rates by 150 bps to 1.0% in the first half of the year and also announced a quantitative easing programme.

The improvement in investors' risk appetite and their reassessment of the economic outlook led to a reversal in the fortunes of the various fixed income sectors compared to 2008. 2008 saw unprecedented weakness across all non-government sectors of the bond market, while government bond markets strengthened. In 2009, however, government bond markets generally lagged the non-government sectors, as investors allocated funds towards riskier asset classes and concerns emerged over the increasing issuance of public debt to finance fiscal stimulus measures. Meanwhile, non-government bonds generally recorded significant gains, with investment grade and high yield corporate bonds recording exceptional performance.

Legg Mason Managed Solutions SICAV Performance Review

In a much better year for equity markets following the carnage of 2008, the performance of the Legg Mason Managed Solutions SICAV was as follows:

Legg Mason Multi-Manager Balanced Fund (Euro) 22.38%
 Legg Mason Multi-Manager Balanced Fund (USD) 20.94%
 Legg Mason Multi-Manager Conservative Fund (Euro) 17.51%
 Legg Mason Multi-Manager Conservative Fund (USD) 15.42%
 Legg Mason Multi-Manager Performance Fund (Euro) 26.77%
 Legg Mason Multi-Manager Performance Fund (USD) 25.59%
 Legg Mason Euroland Cash Fund 8.01%
 Legg Mason Euroland Equity Fund 20.16%

Luxembourg, 19 April 2010

The Board of Directors

Note:

The information provided in this report by the Board of Directors represents opinions that are based on present conditions and is not intended to be a forecast of future events or an offer or solicitation with respect to the purchase or sale of any security and is subject to change without notice. Past investment results are not necessarily indicative of future investment results. This publication is for informational purposes only. Information contained herein is believed to be accurate, but cannot be guaranteed. Statements in this material should not be considered investment advice. Portfolio holdings and breakdowns are as of 31 December 2009 and are subject to change.



PricewaterhouseCoopers
Société à responsabilité limitée
Réviseur d'Entreprises
 400 Route d'Esch
 B.P. 1443
 L-1014 Luxembourg
 Telephone +352 494848-1
 Facsimile +352 494848-2900
 www.pwc.com/lu
 info@lu.pwc.com

Independent Auditor's Report

To the Shareholders of
Legg Mason Managed Solutions SICAV

Following our appointment by the General Meeting of the Shareholders dated 19 May 2009, we have audited the accompanying financial statements of Legg Mason Managed Solutions SICAV and of each of its Sub-Funds, which comprise the statement of net assets and the schedule of investments and other net assets as at 31 December 2009 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Board of Directors of the SICAV's responsibility for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Legg Mason Managed Solutions SICAV and of each of its Sub-Funds as of 31 December 2009, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matters

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

PricewaterhouseCoopers S.à r.l.
 Réviseur d'entreprises
 Represented by

Luxembourg, 19 April 2010

Valérie Arnold

Legg Mason Euroland Cash Fund

(expressed in EUR)

Schedule of Investments and Other Net Assets as of 31 December 2009

Quantity/ Nominal Value	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
EUR Mortgage and Asset Backed Securities			
1,112,877	Auto ABS FRN 25/Jul/2017	1,098,890	2.76
875,817	Epic FRN 22/Jan/2016	656,863	1.65
967,096	Lambda Finance FRN 15/Nov/2029	942,629	2.37
79,031	Noria FRN 31/Dec/2020	78,491	0.20
1,627,621	Paragon Mortg. FRN 15/May/2041	1,333,481	3.35
1,048,563	Permanent Finance FRN 10/Jun/2033	1,017,484	2.56
269,382	Vela Home FRN 24/Oct/2027	268,647	0.67
		5,396,485	13.56
Total Mortgage and Asset Backed Securities		5,396,485	13.56
EUR Collateralized debt obligations, loans and assimilated instruments			
830,112	Geldilux FRN 10/Jan/2014	803,632	2.02
		803,632	2.02
Total Collateralized debt obligations, loans and assimilated instruments		803,632	2.02
EUR Bonds			
611,662	Australia & New Zealand Banking Grp Limited FRN 18/Jul/2011	610,062	1.53
1,747,605	Bank of Nova Scotia FRN 23/Jul/2010	1,755,479	4.41
873,802	Bank of Scotland 4.500% 10/Sep/2010	892,074	2.24
436,901	Banque Fédérative du Crédit Mutuel FRN 6/Apr/2010	437,029	1.10
524,281	Banque Fédérative du Crédit Mutuel FRN 30/Apr/2010	525,510	1.32
961,183	Barclays Bank PLC FRN 25/Oct/2010	971,436	2.44
2,184,506	Citigroup FRN 5/Mar/2014	2,027,433	5.09
1,223,323	Commonwealth Bank of Australia FRN 2/Nov/2011	1,218,435	3.06
393,211	Compagnie de Fin. Foncier 3.750% 26/Feb/2010	395,030	0.99
436,901	Compagnie de Fin. Foncier 5.250% 20/Jan/2010	437,713	1.10
524,281	Crédit Agricole / London FRN 15/Apr/2010	525,112	1.32
436,901	Crédit Agricole / London FRN 8/Oct/2010	439,713	1.10
706,906	Crédit Suisse / London FRN 8/Apr/2010	707,901	1.78
1,310,703	Deutsche Bank FRN 18/Oct/2010	1,311,394	3.29
1,922,365	GE Capital European Fdg FRN 6/Sep/2011	1,925,429	4.84
1,572,844	Goldman Sachs Grp FRN 4/Feb/2013	1,517,287	3.81
1,572,844	HSBC Fin. Corp. FRN 14/Sep/2010	1,557,160	3.91
611,662	ING Bank FRN 21/May/2010	612,443	1.54
1,135,943	Intesa Sanpaolo FRN 3/Jun/2010	1,137,948	2.86
1,747,605	KBC e Financieringsmaatschappij FRN 25/Jan/2010	1,745,771	4.39
961,183	Ntl Australia Bank Limited FRN 23/Jan/2012	957,290	2.40
349,521	Nykredit Realkredit 5.000% 1/Jan/2010	349,521	0.88
318,938	Pohjola Bank PLC FRN 21/Jun/2011	316,535	0.80
349,521	Realkredit Danmark A/S 5.000% 1/Jan/2010	349,606	0.88
1,747,605	Santander Debt FRN 19/Feb/2010	1,746,114	4.39
524,281	Société Générale FRN 15/Apr/2010	525,096	1.32
1,135,943	Svenska Handelsbanken FRN 21/May/2010	1,138,675	2.86
1,922,365	Toronto-Dominion Bank FRN 10/Sep/2010	1,931,782	4.85
1,135,943	UBS / London FRN 26/Aug/2010	1,140,862	2.87

Quantity/ Nominal Value	Description	Market Value	% NAV
436,901	UniCredit FRN 28/May/2010	437,700	1.10
611,662	Westpac Banking FRN 27/Jun/2011	610,843	1.53
		30,254,383	76.00
Total Bonds		30,254,383	76.00
Total Transferable securities and money market instruments admitted to an official exchange listing			
		36,454,500	91.58
Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities			
EUR Bonds			
611,662	Rabobank Nederland FRN 22/May/2011	614,851	1.54
		614,851	1.54
Total Bonds		614,851	1.54
Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities			
		614,851	1.54
Total Investments in Securities		37,069,351	93.12
Other Net Assets		2,738,448	6.88
Total Net Assets		39,807,799	100.00

The accompanying notes form an integral part of these financial statements.

Legg Mason Euroland Cash Fund

Industrial Classification as of 31 December 2009

	%
	NAV
Banks	68.79
Mortgage and asset backed securities	15.58
Financial services	8.75
Total Investments in Securities	93.12
Other Net Assets	6.88
Total Net Assets	100.00

Legg Mason Euroland Equity Fund

(expressed in EUR)

Schedule of Investments and Other Net Assets as of 31 December 2009

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				2,391	L'Oreal SA	186,331	1.07
EUR Equities				2,442	LVMH SA	191,160	1.10
2,513	ACS Actividades de Construccion y Servicios SA	87,478	0.50	24,400	Mediaset SpA	139,934	0.80
15,949	Aegon NV	72,536	0.42	9,285	Mediobanca SpA	77,205	0.44
1,183	Air Liquide SA	98,650	0.57	3,269	Metro AG	139,161	0.80
3,827	Akzo Nobel NV	176,999	1.02	1,024	Mobistar SA	49,162	0.28
4,015	Allianz SE – Reg.	349,907	2.01	2,545	MTU Aero Engines Holding AG	97,194	0.56
2,886	Anheuser-Busch InBev NV	104,617	0.60	2,304	Muenchener Rueckversicherungs-Gesellschaft AG – Reg.	250,376	1.44
5,891	Arcelor Mittal	189,572	1.09	5,053	National Bank of Greece SA	90,044	0.52
9,556	Assicurazioni Generali SpA	179,844	1.03	28,292	Nokia OYJ	252,365	1.45
6,300	Atlantia SpA	114,975	0.66	2,940	OMV AG	90,258	0.52
10,487	AXA SA	174,346	1.00	6,603	Opap SA	102,347	0.59
33,109	Banco Bilbao Vizcaya Argentaria SA	421,478	2.42	14,045	Portugal Telecom SGPS SA – Reg.	120,787	0.69
15,609	Banco Popolare SpA	82,259	0.47	1,378	PRR SA	115,091	0.66
19,653	Banco Popular Espanol SA	100,820	0.58	5,800	Prysmian SpA	70,702	0.41
60,998	Banco Santander SA	704,526	4.06	3,106	Publicis Groupe	89,391	0.51
8,500	Bank of Cyprus Public Company Limited	41,310	0.24	1,783	Raiffeisen International Bank Holding AG	70,429	0.40
7,738	BASF SE	336,294	1.93	2,000	Red Electrica Corp. SA	77,640	0.45
4,150	Bayer AG	232,234	1.34	2,605	Repsol YPF SA	48,779	0.28
5,244	Bayerische Motoren Werke AG	166,759	0.96	15,808	Royal KPN NV	187,641	1.08
2,245	Belgacom SA	57,158	0.33	4,703	RWE AG	319,616	1.84
8,010	BNP Paribas	446,797	2.57	10,123	Sampo OYJ	172,293	0.99
3,650	Bolsas y Mercados Espanoles	82,125	0.47	8,474	Sanofi-Aventis SA	468,103	2.70
4,809	Carrefour SA	162,111	0.93	3,925	SAP AG	129,525	0.74
1,512	CNP Assurances	102,831	0.59	616	Schneider Electric SA	49,896	0.29
11,819	Commerzbank AG	69,555	0.40	5,900	SCOR SE	103,250	0.59
5,543	Compagnie Générale de Géophysique-Veritas	83,145	0.48	5,466	Siemens AG – Reg.	350,972	2.02
2,284	Continental AG	86,038	0.49	33,700	Snam Rete Gas SpA	116,939	0.67
1,650	Corporacion Financiera Alba	60,308	0.35	4,166	Société Générale	204,551	1.18
4,534	Daimler AG – Reg.	168,801	0.97	1,600	Solvay SA	121,296	0.70
4,988	DCC PLC	97,017	0.56	13,402	STMicroelectronics NV	84,634	0.49
1,904	Delhaize Group	102,549	0.59	2,181	Technip SA	107,131	0.62
3,515	Deutsche Bank AG – Reg.	173,711	1.00	91,123	Telecom Italia SpA	99,142	0.57
23,937	Deutsche Telekom AG – Reg.	246,312	1.42	27,375	Telefonica SA	534,359	3.07
12,427	E.ON AG	363,240	2.09	7,744	Telenet Group Holding NV	153,292	0.88
1,600	Endesa SA	38,312	0.22	6,328	Tenaris SA	95,047	0.55
58,917	Enel SpA	238,467	1.37	3,100	Thales SA	110,096	0.63
23,954	Energias de Portugal SA	75,263	0.43	3,875	ThyssenKrupp AG	102,300	0.59
21,112	ENI SpA	375,794	2.16	15,630	Total SA	703,740	4.06
7,381	European Aeronautic Defense & Space Company	101,489	0.58	3,655	UCB SA	110,235	0.63
3,093	Fomento de Construcciones y Contratas SA	91,089	0.52	106,154	UniCredit SpA	248,666	1.42
16,092	France Telecom SA	281,851	1.62	10,643	Unilever NV	242,023	1.39
4,300	Fresenius Medical Care AG	158,842	0.91	11,668	UPM-Kymmene OYJ	97,078	0.56
10,476	GDF Suez	314,751	1.81	4,452	Valeo SA	108,807	0.63
7,813	Grifols SA	95,358	0.55	2,209	Vienna Insurance Group	79,524	0.46
1,700	Groupe Danone	72,539	0.42	4,552	Vinci SA	180,804	1.04
3,550	Hannover Rueckversicherung AG – Reg.	116,121	0.67	11,040	Vivendi	230,129	1.32
1,539	HeidelbergCement AG	74,226	0.43	6,800	Voestalpine AG	174,760	1.00
2,445	Heineken Holding NV	71,577	0.41			17,132,103	98.51
2,590	Heineken NV	86,636	0.50				
7,487	Hellenic Telecommunications Organization SA	76,817	0.44				
4,147	Henkel AG & Company KGaA – Pfd	151,075	0.87				
19,865	Iberdrola SA	132,500	0.76				
7,900	Imtech NV	149,192	0.86				
21,809	Infineon Technologies AG	84,619	0.49				
28,283	ING Groep NV	195,520	1.12				
28,963	Intesa Sanpaolo SpA	91,233	0.52				
8,621	Koninklijke Philips Electronics NV	178,325	1.03				
					Total Equities	17,132,103	98.51

Legg Mason Euroland Equity Fund

(expressed in EUR)

Schedule of Investments and Other Net Assets as of 31 December 2009 – (continued)

Quantity/ Nominal Value	Description	Market Value	% NAV
	Warrant		
8,843	Mediobanca SpA – 09-11 ⁽¹⁾	958	0.01
		958	0.01
	Total Warrant	958	0.01
	Total Transferable securities and money market instruments admitted to an official exchange listing	17,133,061	98.52
	Total Investments in Securities	17,133,061	98.52
	Other Net Assets	257,793	1.48
	Total Net Assets	17,390,854	100.00

⁽¹⁾ Illiquid security

Industrial Classification as of 31 December 2009

	% NAV
Banks	15.80
Telecommunication services	10.39
Insurance	10.33
Electrical utilities	8.97
Oil and gas producers	7.56
Chemicals	5.55
Food services	4.13
Pharmaceuticals	3.87
Iron and steel	3.23
Engineering and construction	2.92
Broadcasting, radio and television	2.13
Miscellaneous machinery	2.02
Auto manufacturers	1.93
Aerospace and defence	1.78
Oil and gas services	1.77
Beverages	1.51
Telecommunication equipment	1.45
Automobile parts and equipment	1.12
Diversified companies	1.10
Cosmetics and personal care	1.07
Electronic equipment	1.03
Semiconductors	0.97
Financial services	0.92
Healthcare services	0.91
Household products	0.87
Software	0.74
Electrical equipment	0.69
Retail	0.66
Transportation	0.66
Leisure and entertainment	0.59
Forest products and paper	0.56
Advertising	0.51
Building materials	0.43
Investment companies	0.35
Total Investments in Securities	98.52
Other Net Assets	1.48
Total Net Assets	100.00

Legg Mason Multi-Manager Conservative Fund (USD)

(expressed in USD)

Schedule of Investments and Other Net Assets
as of 31 December 2009

Industrial Classification as of 31 December 2009

Quantity/ Nominal Value	Description	Market Value	% NAV		% NAV
	Undertakings for collective investments in transferable securities				
	USD Funds				
58,999	AXA Rosenberg Equity Alpha Trust – US Equity Alpha Fund – A	716,836	9.66	Open-ended funds	99.94
22,014	BlackRock Global Funds SICAV – US Dollar Core Bond Fund – A2	518,868	6.99	Total Investments in Securities	99.94
34,573	Fidelity Funds – US High Yield Fund – A	379,264	5.11	Other Net Assets	0.06
25,234	Invesco Global Real Estate Securities Fund – C	225,588	3.04	Total Net Assets	100.00
54,977	JPMorgan Funds – Global Dynamic Fund – C	730,096	9.84		
3,463	Legg Mason Global Funds PLC – ClearBridge US Appreciation Fund – A	302,324	4.07		
3,178	Legg Mason Global Funds PLC – Royce US Small Cap Opportunity Fund- A	235,400	3.17		
6,508	Legg Mason Global Funds PLC – Western Asset Global Multi Strategy Fund – A	744,780	10.04		
61,283	Schroder International Selection Fund SICAV – US Dollar Bond – C	1,114,738	15.04		
101,652	SSgA Fixed Income Funds PLC – US Corporate Bond Index Fund – I	1,337,891	18.04		
80,819	SSgA Fixed Income Funds PLC – US Government Bond Index Fund – I	1,108,476	14.94		
2	Western Asset Liquidity Fund PLC – Western Asset US Dollar Liquidity Fund – C	313	0.00		
		7,414,574	99.94		
	Total Funds	7,414,574	99.94		
	Total Undertakings for collective investments in transferable securities	7,414,574	99.94		
	Total Investments in Securities	7,414,574	99.94		
	Other Net Assets	4,476	0.06		
	Total Net Assets	7,419,050	100.00		

The accompanying notes form an integral part of these financial statements.

Legg Mason Multi-Manager Conservative Fund (Euro)

(expressed in EUR)

Schedule of Investments and Other Net Assets
as of 31 December 2009

Industrial Classification as of 31 December 2009

Quantity/ Nominal Value	Description	Market Value	% NAV		% NAV
Undertakings for collective investments in transferable securities					
EUR Funds					
129,849	BlackRock Global Funds SICAV – Euro Bond Fund – A2	2,594,379	7.00	Open-ended funds	100.10
107,769	DWS Eurorenta	5,539,343	14.94	Total Investments in Securities	100.10
155,369	Fidelity Funds – Euro Corporate Bond Fund – A	3,332,662	8.99	Other Net Liabilities	(0.10)
198,207	Fidelity Funds – European Aggressive Fund – A	1,157,134	3.12	Total Net Assets	100.00
216,436	Fidelity Funds – European High Yield Fund – A	1,880,393	5.07		
178,998	Henderson Horizon Fund – Pan European Equity Fund – I2	2,683,177	7.24		
138,136	Invesco Global Real Estate Securities Fund – CH	1,117,523	3.01		
701,643	JPMorgan Funds – Global Dynamic Fund – C	3,536,280	9.54		
26,281	MFS Meridian Funds SICAV – European Equity Fund – I1	2,705,121	7.30		
431,341	SSgA Fixed Income Funds PLC – EMU Government Bond Index Fund – I	5,720,253	15.43		
524,698	SSgA Fixed Income Funds PLC – Euro Corporate Bond Index Fund – I	6,841,226	18.46		
0	Western Asset Liquidity Fund PLC – Western Asset Euro Liquidity Fund – C	3	0.00		
		37,107,494	100.10		
	Total Funds	37,107,494	100.10		
	Total Undertakings for collective investments in transferable securities	37,107,494	100.10		
	Total Investments in Securities	37,107,494	100.10		
	Other Net Liabilities	(38,486)	(0.10)		
	Total Net Assets	37,069,008	100.00		

Legg Mason Multi-Manager Balanced Fund (USD)

(expressed in USD)

Schedule of Investments and Other Net Assets
as of 31 December 2009

Industrial Classification as of 31 December 2009

Quantity/ Nominal Value	Description	Market Value	% NAV
Undertakings for collective investments in transferable securities			
EUR Funds			
100,347	Fidelity Funds – European Aggressive Fund – A	837,790	3.94
		837,790	3.94
USD Funds			
214,828	AXA Rosenberg Equity Alpha Trust – US Equity Alpha Fund – A	2,610,157	12.28
43,871	Fidelity Funds – Pacific Fund – A	740,973	3.49
79,467	Fidelity Funds – US High Yield Fund – A	871,757	4.10
33,310	Invesco Emerging Markets Bond Fund – A	632,894	2.98
141,928	Invesco Global Real Estate Securities Fund – C	1,268,836	5.97
21,621	JPMorgan Funds – Emerging Markets Equity Fund – A	433,711	2.04
11,702	Legg Mason Global Funds PLC – ClearBridge US Aggressive Growth Fund – A	910,027	4.28
13,554	Legg Mason Global Funds PLC – ClearBridge US Appreciation Fund – A	1,183,097	5.57
12,135	Legg Mason Global Funds PLC – Royce US Small Cap Opportunity Fund – A	898,822	4.23
9,230	Legg Mason Global Funds PLC – Western Asset Global Multi Strategy Fund – A	1,056,288	4.97
15,234	MFS Meridian Funds SICAV – European Equity Fund – I1	1,685,953	7.93
46,526	Schroder International Selection Fund SICAV – US Dollar Bond – C	846,305	3.98
297,087	SSgA Fixed Income Funds PLC – US Corporate Bond Index Fund – I	3,910,117	18.38
235,704	SSgA Fixed Income Funds PLC – US Government Bond Index Fund – I	3,232,809	15.20
		20,281,746	95.40
	Total Funds	21,119,536	99.34
	Total Undertakings for collective investments in transferable securities	21,119,536	99.34
	Total Investments in Securities	21,119,536	99.34
	Other Net Assets	139,798	0.66
	Total Net Assets	21,259,334	100.00

	% NAV
Open-ended funds	99.34
Total Investments in Securities	99.34
Other Net Assets	0.66
Total Net Assets	100.00

The accompanying notes form an integral part of these financial statements.

Legg Mason Multi-Manager Balanced Fund (Euro)

(expressed in EUR)

Schedule of Investments and Other Net Assets
as of 31 December 2009

Industrial Classification as of 31 December 2009

Quantity/ Nominal Value	Description	Market Value	% NAV		% NAV
Undertakings for collective investments in transferable securities					
EUR Funds					
23,259	DWS Eurorenta	1,195,520	2.98	Open-ended funds	100.01
37,695	Fidelity Funds – Euro Corporate Bond Fund – A	808,563	2.01	Total Investments in Securities	100.01
349,398	Fidelity Funds – European Aggressive Fund – A	2,039,785	5.08	Other Net Liabilities	(0.01)
185,954	Fidelity Funds – European High Yield Fund – A	1,615,568	4.02	Total Net Assets	100.00
315,790	Henderson Horizon Fund – Pan European Equity Fund – I2	4,733,698	11.80		
55,450	Invesco Emerging Markets Bond Fund – AH	1,208,803	3.01		
298,763	Invesco Global Real Estate Securities Fund – CH	2,416,993	6.02		
73,728	JPMorgan Funds – Emerging Markets Equity Fund – A	825,012	2.05		
13,640	Legg Mason Global Funds PLC – ClearBridge US Appreciation Fund – A	1,238,369	3.08		
12,676	Legg Mason Global Funds PLC – Royce US Small Cap Opportunity Fund – A	864,880	2.15		
44,349	MFS Meridian Funds SICAV – European Equity Fund – I1	4,564,879	11.37		
463,231	SSgA Fixed Income Funds PLC – EMU Government Bond Index Fund – I	6,143,171	15.31		
563,466	SSgA Fixed Income Funds PLC – Euro Corporate Bond Index Fund – I	7,346,697	18.31		
		35,001,938	87.19		
USD Funds					
245,879	AXA Rosenberg Equity Alpha Trust – US Equity Alpha Fund – A	2,088,962	5.20		
121,450	Fidelity Funds – Pacific Fund – A	1,434,365	3.57		
20,333	Legg Mason Global Funds PLC – Western Asset Global Multi Strategy – A	1,627,098	4.05		
		5,150,425	12.82		
	Total Funds	40,152,363	100.01		
	Total Undertakings for collective investments in transferable securities	40,152,363	100.01		
	Total Investments in Securities	40,152,363	100.01		
	Other Net Liabilities	(2,241)	(0.01)		
	Total Net Assets	40,150,122	100.00		

Legg Mason Multi-Manager Performance Fund (USD)

(expressed in USD)

Schedule of Investments and Other Net Assets
as of 31 December 2009

Industrial Classification as of 31 December 2009

Quantity/ Nominal Value	Description	Market Value	% NAV
Undertakings for collective investments in transferable securities			
EUR Funds			
32,057	Fidelity Funds – European Aggressive Fund – A	267,639	4.87
		267,639	4.87
USD Funds			
66,374	AXA Rosenberg Equity Alpha Trust – US Equity Alpha Fund – A	806,441	14.66
16,598	Fidelity Funds – Pacific Fund – A	280,341	5.10
25,602	Fidelity Funds – US High Yield Fund – A	280,854	5.11
13,982	Invesco Emerging Markets Bond Fund – A	265,654	4.83
49,173	Invesco Global Real Estate Securities Fund – C	439,607	7.99
11,258	JPMorgan Funds – Emerging Markets Equity Fund – A	225,833	4.11
3,776	Legg Mason Global Funds PLC – ClearBridge US Aggressive Growth Fund – A	293,630	5.34
5,112	Legg Mason Global Funds PLC – ClearBridge US Appreciation Fund – A	446,216	8.12
4,039	Legg Mason Global Funds PLC – Royce US Small Cap Opportunity Fund- A	299,177	5.44
4,641	MFS Meridian Funds SICAV – European Equity Fund – I1	513,604	9.34
57,779	SSgA Fixed Income Funds PLC – US Corporate Bond Index Fund – I	760,457	13.83
42,992	SSgA Fixed Income Funds PLC – US Government Bond Index Fund – I	589,663	10.72
		5,201,477	94.59
	Total Funds	5,469,116	99.46
	Total Undertakings for collective investments in transferable securities	5,469,116	99.46
	Total Investments in Securities	5,469,116	99.46
	Other Net Assets	29,527	0.54
	Total Net Assets	5,498,643	100.00

	% NAV
Open-ended funds	99.46
Total Investments in Securities	99.46
Other Net Assets	0.54
Total Net Assets	100.00

The accompanying notes form an integral part of these financial statements.

Legg Mason Multi-Manager Performance Fund (Euro)

(expressed in EUR)

Schedule of Investments and Other Net Assets
as of 31 December 2009

Industrial Classification as of 31 December 2009

Quantity/ Nominal Value	Description	Market Value	% NAV		% NAV
Undertakings for collective investments in transferable securities					
EUR Funds					
444,742	Fidelity Funds – European Aggressive Fund – A	2,596,405	7.10	Open-ended funds	99.46
210,435	Fidelity Funds – European High Yield Fund – A	1,828,257	5.00	Total Investments in Securities	99.46
346,792	Henderson Horizon Fund – Pan European Equity Fund – I2	5,198,409	14.21	Other Net Assets	0.54
82,542	Invesco Emerging Markets Bond Fund – AH	1,799,413	4.92	Total Net Assets	100.00
361,185	Invesco Global Real Estate Securities Fund – CH	2,921,989	7.99		
132,915	JPMorgan Funds – Emerging Markets Equity Fund – A	1,487,315	4.07		
12,271	Legg Mason Global Funds PLC – ClearBridge US Appreciation Fund – A	1,114,071	3.05		
11,295	Legg Mason Global Funds PLC – Royce US Small Cap Opportunity Fund – A	770,626	2.11		
50,442	MFS Meridian Funds SICAV – European Equity Fund – I1	5,191,972	14.19		
270,568	SSgA Fixed Income Funds PLC – EMU Government Bond Index Fund – I	3,588,151	9.81		
331,169	SSgA Fixed Income Funds PLC – Euro Corporate Bond Index Fund – I	4,317,913	11.81		
		30,814,521	84.26		
USD Funds					
306,564	AXA Rosenberg Equity Alpha Trust – US Equity Alpha Fund – A	2,604,539	7.12		
156,763	Fidelity Funds – Pacific Fund – A	1,851,429	5.06		
13,783	Legg Mason Global Funds PLC – Western Asset Global Multi Strategy Fund – A	1,102,911	3.02		
		5,558,879	15.20		
	Total Funds	36,373,400	99.46		
	Total Undertakings for collective investments in transferable securities	36,373,400	99.46		
	Total Investments in Securities	36,373,400	99.46		
	Other Net Assets	198,076	0.54		
	Total Net Assets	36,571,476	100.00		

The accompanying notes form an integral part of these financial statements.

Statement of Net Assets as of 31 December 2009

	Legg Mason Euroland Cash Fund (Euro)	Legg Mason Euroland Equity Fund (Euro)	Legg Mason Multi-Manager Conservative Fund ^α (USD)	Legg Mason Multi-Manager Conservative Fund ^α (Euro)	Legg Mason Multi-Manager Balanced Fund ^α (USD)
Assets					
Investments at cost (note 2b)	37,884,156	16,709,476	6,545,431	32,715,045	18,024,020
Unrealised appreciation/(depreciation) (note 2b)	(814,805)	423,585	869,143	4,392,449	3,095,516
Investments at market value (note 2b)	37,069,351	17,133,061	7,414,574	37,107,494	21,119,536
Liquid assets	2,576,985	259,524	11,658	75,336	124,432
Subscriptions receivable	199,544	–	50	46,364	6,095
Interest receivable (note 2c)	133,830	–	–	–	–
Receivable from securities sold	1,004	–	–	–	6,496
Tax reclaim	–	93,955	–	–	–
Dividends receivable (note 2d)	–	–	–	–	14,210
Other receivables ^β	32,319	13,881	16,592	39,679	50,668
Total assets	40,013,033	17,500,421	7,442,874	37,268,873	21,321,437
Liabilities					
Accrued expenses	150,282	99,219	23,824	124,177	62,103
Payable for securities purchased	37,446	–	–	–	–
Redemptions payable	17,506	10,348	–	75,688	–
Total liabilities	205,234	109,567	23,824	199,865	62,103
Net assets	39,807,799	17,390,854	7,419,050	37,069,008	21,259,334

	Legg Mason Multi-Manager Balanced Fund ^α (Euro)	Legg Mason Multi-Manager Performance Fund ^α (USD)	Legg Mason Multi-Manager Performance Fund ^α (Euro)	Combined [∞] (USD)
Assets				
Investments at cost (note 2b)	34,796,076	4,573,303	30,573,396	248,197,728
Unrealised appreciation/(depreciation) (note 2b)	5,356,287	895,813	5,800,004	26,607,724
Investments at market value (note 2b)	40,152,363	5,469,116	36,373,400	274,805,452
Liquid assets	61,268	24,199	276,133	4,822,145
Subscriptions receivable	1,513	–	–	361,132
Interest receivable (note 2c)	–	–	–	192,013
Receivable from securities sold	981	1,444	12,615	28,887
Tax reclaim	–	–	–	134,802
Dividends receivable (note 2d)	–	5,964	–	20,174
Other receivables ^β	60,186	16,345	53,940	370,562
Total assets	40,276,311	5,517,068	36,716,088	280,735,167
Liabilities				
Accrued expenses	116,203	18,425	109,570	964,414
Payable for securities purchased	–	–	–	53,726
Redemptions payable	9,986	–	35,042	213,161
Total liabilities	126,189	18,425	144,612	1,231,301
Net assets	40,150,122	5,498,643	36,571,476	279,503,866

^α Please see note 11.

^β Mainly corresponds to retrocession fees from target funds and VAT refund.

[∞] Please see note 2g.

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets for the year ended 31 December 2009

	Legg Mason Euroland Cash Fund (Euro)	Legg Mason Euroland Bond Fund [§] (Euro)	Legg Mason Euroland Equity Fund (Euro)	Legg Mason Multi-Manager Conservative Fund [¶] (USD)
Net assets at the beginning of the year	65,247,968	5,266,404	17,113,849	2,917,405
Income				
Interest income (note 2c)	1,542,416	96,397	1,059	–
Dividend income (note 2d)	–	–	577,307	28,236
Other income ⁷	–	–	–	18,117
Total income	1,542,416	96,397	578,366	46,353
Expenses				
Management fees (note 5)	235,165	17,340	228,830	53,509
Audit and legal fees	84,341	250	27,594	11,051
Custody, transfer agent and administration fees (note 4)	88,037	3,014	28,992	10,734
Publication and printing fees	69,306	2,848	20,447	9,117
Regulatory fees	41,689	2,133	16,139	6,281
Taxation (note 6)	4,180	526	7,905	1,867
Directors' and insurance fees	4,287	206	1,300	470
Financing fees (note 7)	–	74	106	–
Formation expenses (note 2h)	–	–	–	1,476
Merger & liquidation fees (note 11)	–	11,557	–	–
Total expenses	527,005	37,948	331,313	94,505
Net income/(loss) from investments	1,015,411	58,449	247,053	(48,152)
Net realised gain/(loss) on:				
Sales of investments (notes 2a, 2e)	(843,410)	(2,183,110)	(2,977,376)	(264,563)
Forward foreign exchange contracts (note 2f)	–	34,223	–	–
Future contracts (note 2f)	–	4,721	–	–
Option contracts (note 2f)	–	(3,345)	–	–
Net change in unrealised appreciation/(depreciation) on:				
Investments (note 2b)	2,893,637	2,016,183	5,524,384	1,332,130
Forward foreign exchange contracts	–	(42,091)	–	–
Future contracts	–	8,384	–	–
Option contracts	–	(10,730)	–	–
Net change in net assets for the year resulting from operations	3,065,638	(117,316)	2,794,061	1,019,415
Proceeds from subscriptions	6,091,654	37,789	973,159	5,539,369
Payments for redemptions	(34,428,226)	(5,186,877)	(3,413,100)	(2,055,906)
Net proceeds/(payments) from subscription and redemption activity	(28,336,572)	(5,149,088)	(2,439,941)	3,483,463
Dividend distributions (note 10)	(169,235)	–	(77,115)	(1,233)
Net assets at the end of the year	39,807,799	–	17,390,854	7,419,050

⁷ Corresponds to retrocession income.

[§] Liquidated on 15 May 2009. Please see note 11.

[¶] Please see note 11.

Statement of Operations and Changes in Net Assets for the year ended 31 December 2009 – (continued)

	Legg Mason Multi-Manager Conservative Fund ^α (Euro)	Legg Mason Multi-Manager Balanced Fund ^α (USD)	Legg Mason Multi-Manager Balanced Fund ^α (Euro)	Legg Mason Multi-Manager Performance Fund ^α (USD)
Net assets at the beginning of the year	8,311,535	3,761,750	8,873,508	1,129,795
Income				
Interest income (note 2c)	1,242	–	1,638	–
Dividend income (note 2d)	210,619	99,894	153,617	36,705
Other income ^γ	42,557	54,801	58,774	17,939
Total income	254,418	154,695	214,029	54,644
Expenses				
Management fees (note 5)	279,632	153,413	293,156	41,586
Audit and legal fees	53,016	24,138	46,172	6,624
Custody, transfer agent and administration fees (note 4)	48,776	27,604	50,440	7,208
Publication and printing fees	30,756	18,972	32,338	7,611
Regulatory fees	25,164	14,718	26,399	5,569
Taxation (note 6)	4,646	5,680	7,904	1,457
Directors' and insurance fees	2,127	1,130	2,139	305
Financing fees (note 7)	337	–	362	–
Formation expenses (note 2h)	808	1,476	808	987
Merger & liquidation fees (note 11)	–	–	–	–
Total expenses	445,262	247,131	459,718	71,347
Net income/(loss) from investments	(190,844)	(92,436)	(245,689)	(16,703)
Net realised gain/(loss) on:				
Sales of investments (notes 2a, 2e)	(810,557)	(371,977)	(1,426,330)	(233,969)
Forward foreign exchange contracts (note 2f)	–	–	–	–
Future contracts (note 2f)	–	–	–	–
Option contracts (note 2f)	–	–	–	–
Net change in unrealised appreciation/(depreciation) on:				
Investments (note 2b)	6,010,615	4,297,654	8,166,137	1,391,416
Forward foreign exchange contracts	–	–	–	–
Future contracts	–	–	–	–
Option contracts	–	–	–	–
Net change in net assets for the year resulting from operations	5,009,214	3,833,241	6,494,118	1,140,744
Proceeds from subscriptions	33,290,490	18,456,285	32,862,930	4,408,453
Payments for redemptions	(9,258,756)	(4,785,160)	(7,854,677)	(1,174,349)
Net proceeds/(payments) from subscription and redemption activity	24,031,734	13,671,125	25,008,253	3,234,104
Dividend distributions (note 10)	(283,475)	(6,782)	(225,757)	(6,000)
Net assets at the end of the year	37,069,008	21,259,334	40,150,122	5,498,643

^γ Corresponds to retrocession income.

^α Please see note 11.

Statement of Operations and Changes in Net Assets for the year ended 31 December 2009 – (continued)

	Legg Mason Multi-Manager Performance Fund ^α (Euro)	Combined [∞] (USD)
Net assets at the beginning of the year	4,147,512	164,140,423 [‡]
Income		
Interest income (note 2c)	1,525	2,359,127
Dividend income (note 2d)	142,212	1,719,752
Other income ^γ	65,954	330,869
Total income	209,691	4,409,748
Expenses		
Management fees (note 5)	259,907	2,133,813
Audit and legal fees	41,346	404,402
Custody, transfer agent and administration fees (note 4)	41,876	420,209
Publication and printing fees	27,500	298,539
Regulatory fees	22,400	218,715
Taxation (note 6)	5,634	53,187
Directors' and insurance fees	1,734	18,825
Financing fees (note 7)	–	1,262
Formation expenses (note 2h)	1,168	7,933
Merger & liquidation fees (note 11)	–	16,581
Total expenses	401,565	3,573,466
Net income/(loss) from investments	(191,874)	836,282
Net realised gain/(loss) on:		
Sales of investments (notes 2a, 2e)	(941,175)	(14,044,323)
Forward foreign exchange contracts (note 2f)	–	49,101
Future contracts (note 2f)	–	6,773
Option contracts (note 2f)	–	(4,799)
Net change in unrealised appreciation/(depreciation) on:		
Investments (note 2b)	7,569,880	53,192,655
Forward foreign exchange contracts	–	(60,390)
Future contracts	–	12,029
Option contracts	–	(15,395)
Net change in net assets for the year resulting from operations	6,436,831	39,971,933
Proceeds from subscriptions	33,726,826	181,897,748
Payments for redemptions	(7,634,353)	(105,257,015)
Net proceeds/(payments) from subscription and redemption activity	26,092,473	76,640,733
Dividend distributions (note 10)	(105,340)	(1,249,223)
Net assets at the end of the year	36,571,476	279,503,866

^γ Corresponds to retrocession income.

[∞] Please see note 2g.

[‡] The opening balance was combined using the foreign exchange rates as of 31 December 2009. The same net assets combined using the foreign exchange rates ruling as of 31 December 2008 reflected a figure of USD 161,928,211.

^α Please see note 11.

Net Assets Information as of 31 December 2009, 2008 and 2007

		Legg Mason Select Conservative Portfolio ^a (Euro)	Legg Mason Select Conservative Portfolio ^a (GBP)	Legg Mason Select Conservative Portfolio ^a (USD)	Legg Mason Select Balanced Portfolio ^a (Euro)
Net assets as of	31 December 2009	-	-	-	-
	31 December 2008	28,744,303	702,295	5,493,600	31,370,877
	31 December 2007	57,806,944	1,454,323	15,305,077	61,428,006

Net asset value per share as of 31 December 2009

Class A					
Capitalisation shares	-	-	-	-	-
Distribution shares	-	-	-	-	-
Class B					
Capitalisation shares	-	-	-	-	-
Class C					
Capitalisation shares	-	-	-	-	-
Distribution shares	-	-	-	-	-

Net asset value per share as of 31 December 2008

Class A					
Capitalisation shares	6.84	14.01	131.42	6.07	
Distribution shares	5.52	-	103.99	5.55	
Class B					
Capitalisation shares	6.67	-	-	5.91	
Class C					
Capitalisation shares	6.48	-	-	5.74	
Distribution shares	-	-	-	-	

Net asset value per share as of 31 December 2007

Class A				
Capitalisation shares	7.94	15.12	155.57	7.78
Distribution shares	6.55	-	125.58	7.20
Class B				
Capitalisation shares	7.77	-	-	7.61
Class C				
Capitalisation shares	7.57	-	-	7.41
Distribution shares	-	-	-	-

Number of shares outstanding as of 31 December 2009

Class A				
Capitalisation shares	-	-	-	-
Distribution shares	-	-	-	-
Class B				
Capitalisation shares	-	-	-	-
Class C				
Capitalisation shares	-	-	-	-
Distribution shares	-	-	-	-

^a Please see note 11.

Net Assets Information as of 31 December 2009, 2008 and 2007 – (continued)

		Legg Mason Select Balanced Portfolio ^a (GBP)	Legg Mason Select Balanced Portfolio ^a (USD)	Legg Mason Select Growth Portfolio ^a (Euro)	Legg Mason Select Growth Portfolio ^a (GBP)
Net assets as of	31 December 2009	–	–	–	–
	31 December 2008	818,680	19,811,577	15,029,539	842,697
	31 December 2007	1,740,166	36,788,740	31,619,782	1,528,966
Net asset value per share as of 31 December 2009					
Class A					
Capitalisation shares		–	–	–	–
Distribution shares		–	–	–	–
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		–	–	–	–
Distribution shares		–	–	–	–
Net asset value per share as of 31 December 2008					
Class A					
Capitalisation shares		12.80	118.30	5.25	11.42
Distribution shares		–	103.41	5.15	–
Class B					
Capitalisation shares		–	–	5.12	–
Class C					
Capitalisation shares		–	–	4.97	–
Distribution shares		–	–	–	–
Net asset value per share as of 31 December 2007					
Class A					
Capitalisation shares		14.51	155.36	7.48	13.58
Distribution shares		–	137.33	7.36	–
Class B					
Capitalisation shares		–	–	7.35	–
Class C					
Capitalisation shares		–	–	7.13	–
Distribution shares		–	–	–	–
Number of shares outstanding as of 31 December 2009					
Class A					
Capitalisation shares		–	–	–	–
Distribution shares		–	–	–	–
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		–	–	–	–
Distribution shares		–	–	–	–

^a Please see note 11.

Net Assets Information as of 31 December 2009, 2008 and 2007 – (continued)

		Legg Mason Select Growth Portfolio ^a (USD)	Legg Mason Select Enhanced Growth Portfolio ^a (Euro)	Legg Mason Select Enhanced Growth Portfolio ^a (USD)	Legg Mason Euroland Cash Fund (Euro)
Net assets as of	31 December 2009	–	–	–	39,807,799
	31 December 2008	3,033,942	11,426,084	530,831	65,247,968
	31 December 2007	6,099,032	16,402,751	1,136,655	150,451,202

Net asset value per share as of 31 December 2009

Class A					
Capitalisation shares		–	–	–	133.28
Distribution shares		–	–	–	103.59
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		–	–	–	–
Distribution shares		–	–	–	–

Net asset value per share as of 31 December 2008

Class A					
Capitalisation shares		106.07	4.52	66.83	123.29
Distribution shares		102.31	4.51	–	99.94
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		–	4.27	–	–
Distribution shares		–	–	–	–

Net asset value per share as of 31 December 2007

Class A					
Capitalisation shares		156.14	7.19	112.99	123.80
Distribution shares		150.60	7.19	–	103.79
Class B					
Capitalisation shares		–	7.10	–	–
Class C					
Capitalisation shares		–	6.86	–	–
Distribution shares		–	–	–	–

Number of shares outstanding as of 31 December 2009

Class A					
Capitalisation shares		–	–	–	266,753,338
Distribution shares		–	–	–	41,084,441
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		–	–	–	–
Distribution shares		–	–	–	–

^a Please see note 11.

Net Assets Information as of 31 December 2009, 2008 and 2007 – (continued)

		Legg Mason Euroland Bond Fund ^a (Euro)	Legg Mason Euroland Equity Fund (Euro)	Legg Mason Multi-Manager Income Fund ^a (USD)	Legg Mason Multi-Manager Income Fund ^a (Euro)
Net assets as of	31 December 2009	–	17,390,854	–	–
	31 December 2008	5,266,404	17,113,849	807,118	6,981,430
	31 December 2007	11,089,966	41,822,608	2,391,846	19,553,558
Net asset value per share as of 31 December 2009					
Class A					
Capitalisation shares		–	96.15	–	–
Distribution shares		–	88.22	–	–
Class B					
Capitalisation shares		–	91.90	–	–
Class C					
Capitalisation shares		–	85.61	–	–
Distribution shares		–	84.21	–	–
Net asset value per share as of 31 December 2008					
Class A					
Capitalisation shares		100.73	80.11	98.02	101.55
Distribution shares		77.17	75.31	–	97.18
Class B					
Capitalisation shares		99.25	77.19	–	–
Class C					
Capitalisation shares		95.48	72.12	96.49	98.63
Distribution shares		–	71.57	–	–
Net asset value per share as of 31 December 2007					
Class A					
Capitalisation shares		124.14	140.94	105.24	107.13
Distribution shares		98.15	133.84	103.32	104.68
Class B					
Capitalisation shares		122.64	136.99	103.51	–
Class C					
Capitalisation shares		118.44	128.29	–	104.82
Distribution shares		–	160.73	–	–
Number of shares outstanding as of 31 December 2009					
Class A					
Capitalisation shares		–	78,726,376	–	–
Distribution shares		–	40,023,121	–	–
Class B					
Capitalisation shares		–	123,722	–	–
Class C					
Capitalisation shares		–	73,188,551	–	–
Distribution shares		–	160,733	–	–

^a Please see note 11.

Net Assets Information as of 31 December 2009, 2008 and 2007 – (continued)

		Legg Mason Multi-Manager Conservative Fund ^a (USD)	Legg Mason Multi-Manager Conservative Fund ^a (Euro)	Legg Mason Multi-Manager Balanced Fund ^a (USD)	Legg Mason Multi-Manager Balanced Fund ^a (Euro)
Net assets as of	31 December 2009	7,419,050	37,069,008	21,259,334	40,150,122
	31 December 2008	2,917,405	8,311,535	3,761,750	8,873,508
	31 December 2007	5,805,303	31,865,756	10,295,687	33,774,450
Net asset value per share as of 31 December 2009					
Class A					
Capitalisation shares		104.58	107.52	99.74	105.75
Distribution shares		98.42	101.35	94.19	99.92
Class B					
Capitalisation shares		–	107.15	–	105.40
Class C					
Capitalisation shares		101.00	103.55	96.19	101.85
Distribution shares		–	–	–	–
Net asset value per share as of 31 December 2008					
Class A					
Capitalisation shares		90.08	91.04	81.85	85.49
Distribution shares		86.40	88.13	78.79	82.39
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		87.64	88.34	79.54	82.95
Distribution shares		–	–	–	–
Net asset value per share as of 31 December 2007					
Class A					
Capitalisation shares		108.54	110.55	113.30	115.04
Distribution shares		105.73	108.57	110.81	112.85
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		106.28	108.07	110.85	112.46
Distribution shares		–	–	–	–
Number of shares outstanding as of 31 December 2009					
Class A					
Capitalisation shares		66,997,801	184,333,859	206,238,257	251,856,224
Distribution shares		689,118	100,740,786	4,271,883	111,140,950
Class B					
Capitalisation shares		–	624,039	–	1,092,463
Class C					
Capitalisation shares		3,409,117	67,340,947	2,978,985	22,539,111
Distribution shares		–	–	–	–

^a Please see note 11.

Net Assets Information as of 31 December 2009, 2008 and 2007 – (continued)

		Legg Mason Multi-Manager Performance Fund ^a (USD)	Legg Mason Multi-Manager Performance Fund ^a (Euro)	Legg Mason Multi-Manager Opportunity Fund ^a (USD)	Legg Mason Multi-Manager Opportunity Fund ^a (Euro)
Net assets as of	31 December 2009	5,498,643	36,571,476	–	–
	31 December 2008	1,129,795	4,147,512	1,114,864	2,530,803
	31 December 2007	3,863,866	14,115,225	6,213,181	9,937,159
Net asset value per share as of 31 December 2009					
Class A					
Capitalisation shares		97.99	105.76	–	–
Distribution shares		93.52	101.57	–	–
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		94.57	101.91	–	–
Distribution shares		–	–	–	–
Net asset value per share as of 31 December 2008					
Class A					
Capitalisation shares		77.26	82.32	71.04	74.22
Distribution shares		74.77	80.21	70.06	72.28
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		75.21	79.93	66.24	72.09
Distribution shares		–	–	–	–
Net asset value per share as of 31 December 2007					
Class A					
Capitalisation shares		117.68	121.52	119.80	123.43
Distribution shares		115.69	120.38	119.04	122.41
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		115.01	118.91	117.44	120.84
Distribution shares		–	–	–	–
Number of shares outstanding as of 31 December 2009					
Class A					
Capitalisation shares		49,946.789	258,718.792	–	–
Distribution shares		4,503.873	63,730.073	–	–
Class B					
Capitalisation shares		–	–	–	–
Class C					
Capitalisation shares		1,938.833	26,853.678	–	–
Distribution shares		–	–	–	–
^a	Please see note 11.				

Notes to the Financial Statements as of 31 December 2009

1. Description of the Company

Legg Mason Managed Solutions SICAV (referred to hereafter as "the Company") is a Société d'Investissement à Capital Variable established in Luxembourg on 22 July 1997 under the law of the Grand Duchy of Luxembourg.

The Company is an Undertaking for Collective Investment in Transferable Securities (UCITS) qualifying under Part I of the Luxembourg law of 20 December 2002.

The Company is an umbrella fund in so far as the Company is divided into different Sub-Funds, each representing a portfolio of assets (a "Sub-Fund"). Shares 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 as well as their availability to certain types of investors.

For certain classes, the offering is further divided into shares for which, at the discretion of the Company, dividends may be declared or earnings reinvested ("Accumulation Shares") and shares entitled to dividend payments ("Dividend Shares").

As of 31 December 2009, the Company is offering two families of Sub-Funds each designed to meet different investors' needs.

The Asset Class Sub-Funds Series are comprised of 2 Sub-Funds:

- Legg Mason Managed Solutions SICAV Legg Mason Euroland Cash Fund
- Legg Mason Managed Solutions SICAV Legg Mason Euroland Equity Fund

The Managed Solutions Multi-Manager Sub-Funds are comprised of 6 Sub-Funds:

- Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Conservative Fund (USD)
- Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Conservative Fund (Euro)
- Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Balanced Fund (USD)
- Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Balanced Fund (Euro)
- Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Performance Fund (USD)
- Legg Mason Managed Solutions SICAV Legg Mason Multi-Manager Performance Fund (Euro)

The Company may in the future create new Sub-Funds and new share classes.

The Company's assets are segregated from the assets of other co-managed entities.

The accounting year of the Company ends on 31 December of each year.

2. Summary of Significant Accounting Policies

The accounting policies of the Company 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 31 December 2009 are:

1 USD =	EUR	0.696986
	GBP	0.62459
	JPY	92.999984

b) Investment Securities

Securities listed on an official exchange or dealt on another regulated market are valued on the basis of the last available market price.

If a security is listed on several stock exchanges, the last available sales price at the stock exchange which constitutes the main market for such securities prevail. For securities, for which trading on the relevant stock exchange is thin and secondary market trading is done between dealers who, as main market makers, offer prices in response to market conditions, the Board of the Directors of the Company may decide to value such securities in line with the prices so established. Fixed income securities are valued on the basis of the latest available middle price on the relevant stock exchange or the middle prices of last available quotes from market makers which constitute the main market for such securities.

Securities which are neither listed on any stock exchange nor dealt in on a regulated market are valued at their last available market price. If there is no such market price, they are valued in good faith by the Company in accordance with such prudent valuation rules as the Board of the Directors of the Company may determine and on the basis of the reasonable foreseeable sales prices.

Liquid assets and money market instruments 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) with maturities 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. Assets denominated in a currency other than that in which the Net Asset Value will be expressed, will be converted at the applicable market rate as set out in (a) above. In that context, account shall be taken of hedging instruments used to cover foreign exchange risks.

In the event of it being impossible or incorrect to carry out a valuation in accordance with the above rules due to particular circumstances, such as hidden credit risk, the Board of the Directors of the Company is entitled to use other generally recognised valuation principles, which can be examined by the Auditor of the Company in order to reach a proper valuation of the total assets of the Company.

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 year-end 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. Units or shares in underlying open-ended investment funds are valued at their 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 year 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 will be 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 price 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".

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 and are presented for information purposes only.

For this purpose, the corresponding statements of each Sub-Fund have been translated into United States dollars at the exchange rates prevailing at the balance sheet date.

h) Formation Expenses

Expenses in connection with the formation of the Company and its Sub-Funds have been capitalised in the Sub-Funds and amortised over a period not exceeding five years on a straight line basis.

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, together with Legg Mason Funds Investment Series (Luxembourg) 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 31 December 2009, 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 investments decision 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 General Portfolio Manager 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 Shares	Class B Shares	Class C Shares
Legg Mason Euroland Cash Fund	0.52%	–	–
Legg Mason Euroland Bond Fund	0.82%	0.72%	1.42%
Legg Mason Euroland Equity Fund	1.025%	0.825%	2.125%
Legg Mason Multi-Manager Conservative Fund (USD)	0.90%	–	1.65%
Legg Mason Multi-Manager Conservative Fund (Euro)	0.90%	0.90%	1.65%
Legg Mason Multi-Manager Balanced Fund (USD)	1.00%	–	1.75%
Legg Mason Multi-Manager Balanced Fund (Euro)	1.00%	1.00%	1.75%
Legg Mason Multi-Manager Performance Fund (USD)	1.05%	–	1.80%
Legg Mason Multi-Manager Performance Fund (Euro)	1.05%	–	1.80%

As of 31 December 2009, actual management fees rates at target fund level are the following:

Target funds	Management fees
AXA Rosenberg Equity Alpha Trust – US Equity Alpha Fund – A	0.70%
BlackRock Global Funds – Euro Bond Fund – A2	0.75%
BlackRock Global Funds – US Dollar Core Bond Fund – A2	0.90%
DWS Eurorenta	0.85%
Fidelity Funds – Euro Corporate Bond Fund – A	0.75%
Fidelity Funds – European Aggressive Fund – A	1.50%
Fidelity Funds – European High Yield Fund – A	1.00%
Fidelity Funds – Pacific Fund – A	1.50%
Fidelity Funds – US High Yield Fund – A	1.00%
Henderson Horizon Fund – Pan European Equity Fund – I2	1.00%
Invesco Emerging Markets Bond Fund – A	1.00%
Invesco Emerging Markets Bond Fund – AH	1.00%
Invesco Global Real Estate Securities Fund – C	0.80%
Invesco Global Real Estate Securities Fund – CH	0.80%
JPMorgan Funds – Emerging Markets Equity Fund – A	1.50%
JPMorgan Funds – Global Dynamic Fund – C	0.80%
Legg Mason Global Funds PLC – ClearBridge US Aggressive Growth Fund – A	1.30%
Legg Mason Global Funds PLC – ClearBridge US Appreciation Fund – A	1.25%
Legg Mason Global Funds PLC – Royce US Small Cap Opportunity Fund – A	1.50%
Legg Mason Global Funds PLC – Western Asset Global Multi Strategy Fund – A	1.10%
MFS Meridian Funds SICAV – European Equity Fund – I1	0.85%
Schroder International Selection Fund SICAV – US Dollar Bond – C	0.50%
SSgA Fixed Income Funds PLC – EMU Government Bond Index Fund – I	0.15%
SSgA Fixed Income Funds PLC – Euro Corporate Bond Index Fund – I	0.15%
SSgA Fixed Income Funds PLC – US Corporate Bond Index Fund – I	0.15%
SSgA Fixed Income Funds PLC – US Government Bond Index Fund – I	0.15%
Western Asset Liquidity Fund PLC – Western Asset Euro Liquidity Fund – C	0.35%
Western Asset Liquidity Fund PLC – Western Asset US Dollar Liquidity Fund – C	0.35%

6. Taxation

The Company's assets are subject to a tax ("taxe d'abonnement") in the Grand Duchy of Luxembourg of 0.05% per annum, payable quarterly on the basis of the net assets of the Company at the end of each quarter provided that no such tax is due on the portion of the Company invested in other Luxembourg collective investment undertakings (if any). A reduced tax of 0.01% per annum, as provided in article 129 (2) a) and d) of the Law of 20 December 2002 relating to Undertakings for Collective Investment, will apply for the Class I Shares as well as Legg Mason Euroland Cash Fund.

7. Financing fees

Class B shares are offered with no initial sales charge. However, Class B shares are subject to a Contingent Deferred Sales Charge (CDSC) payable if the shares are redeemed within four years of the date of purchase. The CDSC is collected by the Distributor and paid to an affiliate of Legg Mason, Inc. (the Sponsor) to defray expenses incurred in providing distribution-related services to the Fund.

For each subscription of Class B shares arranged by the Distributor for its customers, the Distributor is entitled to the Class B sales concession for each settled sale of Class B shares. The amount of the Class B sales concession is paid by the Sponsor to the Distributor. The financing fees represent partial compensations paid by the Management Company to the Sponsor for its payments of the Class B sales concessions. Class B Shares are subject to an annual fee of up to 1.00%, which is accrued daily and payable monthly.

8. Commitments on Derivatives

As of 31 December 2009, the Company has no outstanding commitment on derivatives.

9. Changes in the Investment Portfolio

Changes in the investment portfolio during the reporting year are available to the Shareholders at the registered offices of the Company and the Custodian Bank.

10. Dividend Distributions

The Management Company may declare distributions periodically from the net income from investment and realised gain, realised and unrealized profits attributable to each Sub-Fund provided that the net assets of the Company are not less than EUR 1,250,000 or its equivalent in U.S. dollars after distribution. During the year, the following dividends were paid:

<i>Ex-Date: 3 June 2009</i>	<i>Payment Date: 5 June 2009</i>		
Sub-Funds	Class	Currency	Amount per unit
Legg Mason Euroland Cash Fund	A	EUR	4.1641
Legg Mason Euroland Equity Fund	A	EUR	1.8697
Legg Mason Euroland Equity Fund	C	EUR	0.6544
Legg Mason Multi-Manager Conservative Fund (USD)	A	USD	1.6937
Legg Mason Multi-Manager Conservative Fund (Euro)	A	EUR	2.4452
Legg Mason Multi-Manager Balanced Fund (USD)	A	USD	1.5913
Legg Mason Multi-Manager Balanced Fund (Euro)	A	EUR	1.7483
Legg Mason Multi-Manager Performance Fund (USD)	A	USD	1.3333
Legg Mason Multi-Manager Performance Fund (Euro)	A	EUR	1.2682

11. Important Events

The Board of Directors (the "Board") of Legg Mason Investments (Luxembourg) S.A., the Management Company of the Fund decided, in conformity with Article 28 of the Fund's Articles of Incorporation, to liquidate the Fund's Legg Mason Euroland Bond Fund (the "Sub-Fund") as the Sub-Fund was experiencing a continuing decline in assets, which contributed to an increase in the total expense ratio of the Fund. These declines are a result of the significant falls in global financial markets and continuing trend of redemptions. As such, the Board has decided it was in the best interests of the remaining shareholders to liquidate the Sub-Fund in order to protect them against the adverse effects of a continued decline in assets. The effective date of liquidation of the Sub-Fund was 15 May 2009.

The Board decided to merge the following absorbed Sub-Funds into the absorbing Sub-Funds in conformity with Article 28 of the Fund's Articles of Incorporation. The mergers took place on 22 May 2009.

Absorbed Sub-Funds – being Sub-Funds of Legg Mason Managed Solutions SICAV

Merger of Legg Mason Multi-Manager Income Fund (Euro)
Merger of Legg Mason Multi-Manager Income Fund (USD)
Merger of Legg Mason Multi-Manager Opportunity Fund (Euro)
Merger of Legg Mason Multi-Manager Opportunity Fund (USD)
Merger of Legg Mason Select Balanced Portfolio (Euro)
Merger of Legg Mason Select Balanced Portfolio (GBP)
Merger of Legg Mason Select Balanced Portfolio (USD)
Merger of Legg Mason Select Conservative Portfolio (Euro)
Merger of Legg Mason Select Conservative Portfolio (GBP)
Merger of Legg Mason Select Conservative Portfolio (USD)
Merger of Legg Mason Select Enhanced Growth Portfolio (Euro)
Merger of Legg Mason Select Enhanced Growth Portfolio (USD)
Merger of Legg Mason Select Growth Portfolio (USD)
Merger of Legg Mason Select Growth Portfolio (Euro)
Merger of Legg Mason Select Growth Portfolio (GBP)

Absorbing Sub-Funds – being Sub-Funds of Legg Mason Managed Solutions SICAV

into Legg Mason Multi-Manager Conservative Fund (Euro)
into Legg Mason Multi-Manager Conservative Fund (USD)
into Legg Mason Multi-Manager Performance Fund (Euro)
into Legg Mason Multi-Manager Performance Fund (USD)
into Legg Mason Multi-Manager Balanced Fund (Euro)
into Legg Mason Multi-Manager Balanced Fund (Euro)
into Legg Mason Multi-Manager Balanced Fund (USD)
into Legg Mason Multi-Manager Conservative Fund (Euro)
into Legg Mason Multi-Manager Conservative Fund (Euro)
into Legg Mason Multi-Manager Conservative Fund (USD)
into Legg Mason Multi-Manager Performance Fund (Euro)
into Legg Mason Multi-Manager Performance Fund (USD)
into Legg Mason Multi-Manager Performance Fund (USD)
into Legg Mason Multi-Manager Performance Fund (Euro)
into Legg Mason Multi-Manager Performance Fund (Euro)

12. Subsequent Event

A new prospectus has been issued in January 2010.

LEGG MASON
GLOBAL ASSET MANAGEMENT