

Global Emerging Markets Equity

Batterymarch's process represents a unique synthesis of quantitative and fundamental investment disciplines. Our bottom-up strategy incorporates rigorous stock selection, effective risk control and cost-efficient trading. Using a proprietary stock selection model, we objectively rank the relative attractiveness of 1,750 liquid stocks across five dimensions traditionally followed by fundamental investors: Cash Flow, Earnings Growth, Expectations, Value and Technical. In cases where additional pertinent information is available, we apply fundamental opinions that are equal weighted with the quantitative rankings. The result is a comprehensive relative ranking of all investable stocks, which we use to dynamically construct and trade portfolios in relation to client-specific benchmarks, guidelines and restrictions.

Performance Commentary—Performance for the quarter benefited from security selection, especially in China, Turkey and Brazil. An underweight in Russia also added value. Selection in Brazil, Turkey, China and Mexico benefited returns for the year, as did overall country allocation, including overweights in Brazil and Russia and underweight exposure to Eastern Europe and Malaysia.

Composite Performance Results

Gross-of-fee returns (%) for periods ending December 31, 2009

	Q409	1 Year	3 Years	5 Years	7 Years	10 Years
Batterymarch Gross of Fees	11.1	82.2	5.2	17.0	24.8	11.9
MSCI Emerging Markets Standard Total Return—Gross	8.6	79.0	5.4	15.9	22.4	10.1

Returns have been annualized for periods greater than one year.

Please see the reverse side of this document for **net-of-fee returns** and disclosures.

Representative Portfolio Characteristics

December 31, 2009

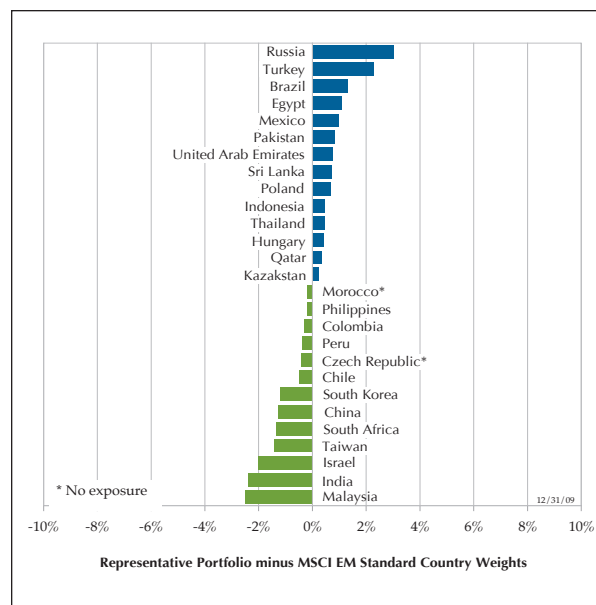
	Batterymarch	MSCI EM Standard
Future 12 Month P/E	11.6x	12.7x
Price/Cash Flow	6.2x	7.4x
Price/Sales Ratio	1.0x	1.3x
Price/Book Ratio	2.2x	2.1x
Current Yield	2.1%	1.9%
Cap-Weighted Market Value (\$M)	\$26,475	\$32,503

Product Information

Inception Date: January 1, 1994
 Market Capitalization Range: Benchmark neutral
 Number of Holdings: 180 - 200
 Expected Annual Turnover: 80 - 120%
 Historical Tracking Error Range: 5 - 7%
 Expected Return: Benchmark + 300 basis points (Gross of fees)

Portfolio Positioning vs. MSCI EM Standard

December 31, 2009



Batterymarch's Team Approach

All of Batterymarch's products are quantitatively implemented through our shared investment architecture and supported by our entire team of investment professionals.

The members of our investment team are responsible for conducting research to improve the effectiveness of Batterymarch's models across stock selection, portfolio construction and trading. Because of our common architecture, the quantitative research conducted for specific products can be applied or modified for other product groupings. A key advantage of this structure is that each client benefits from the best thinking of the firm, regardless of mandate.

Emerging Markets Team	Years of Experience	Years at Batterymarch
Portfolio Managers		
Claudio Brocado	17	4
David W. Lazenby, CFA	22	22
Ray S. Prasad, CFA	14	12
Nathalie Wallace	17	2*
Courtney Wei, CFA	7	6
Quantitative Analysts		
Ken D'Souza	<1	**
Jana N. Minn	1	1

* Rejoined Batterymarch in 2009

** Joined Batterymarch in 2009

Our Emerging Markets portfolio managers average over 16 years of investment experience, with an average of nine years at Batterymarch.

Performance Disclosure

Year	Gross Return (%)	Net Return (%)	MSCI EM Standard Return (%)	Composite Dispersion (%)	Total Composite Assets (US\$M) End of Period	Number of Composite Portfolios End of Period	Total Firm Assets (US\$M) End of Period
2009	82.20	80.91	79.02	0.8	4,547	10	20,323
2008	-57.12	-57.55	-53.18	0.3	2,140	7	16,556
2007	48.85	47.84	39.78	1.0	4,083	5 or fewer	29,791
2006	35.00	34.16	32.59	0.3	2,847	5 or fewer	24,790
2005	39.70	38.85	34.54	0.6	2,161	5 or fewer	14,980
2004	21.87	21.09	25.95	0.5	1,783	5 or fewer	13,881
2003	75.92	74.86	56.28	0.4	1,384	5 or fewer	10,995
2002	-12.34	-12.97	-6.00	0.0	842	5 or fewer	6,851
2001	3.88	3.15	-2.37	0.8	947	5 or fewer	6,375
2000	-28.29	-28.85	-30.61	0.1	898	5 or fewer	6,133

Returns (%) for Periods Ending December 31, 2009

	Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
Gross of Fees	11.06	82.20	82.20	5.16	17.01	24.75	11.87
Net of Fees	10.85	80.91	80.91	4.32	16.16	23.88	11.08
MSCI EM Standard	8.58	79.02	79.02	5.42	15.88	22.39	10.11

Annualized for periods greater than one year

Compliance – Batterymarch Financial Management, Inc. (Batterymarch) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Batterymarch has been verified for the periods January 1, 1993 through June 30, 2009 by Ashland Partners & Company, LLP. **Firm** – Batterymarch is an SEC-registered investment adviser specializing in US and non-US equity investing. A wholly owned subsidiary of Legg Mason, Inc., the firm was known as Batterymarch Financial Management until its acquisition on January 5, 1995. Batterymarch is headquartered in Boston. **Composite** – The composite inception date is January 1, 1994, with a creation date of January 1, 1994. The composite uses a bottom-up, core investment strategy. It includes all discretionary, fee-paying Global Emerging Markets accounts managed against the MSCI Emerging Markets Standard Index (MSCI EM Standard) whose investment guidelines do not differ materially from the standard guidelines established by Batterymarch for its Global Emerging Markets accounts. A performance examination of the composite was conducted by an independent accounting firm from January 1, 1994 through June 30, 2009. **Benchmark** – The benchmark is the MSCI EM Standard (Total Return –Gross). The MSCI EM Standard is designed to measure equity performance of emerging markets and includes approximately 22 emerging market country indices. Batterymarch portfolios are actively managed, while the index is unmanaged and may contain securities different from those included in Batterymarch portfolios. MSCI Inc. (MSCI) is the source and owner of the MSCI index data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is Batterymarch's presentation of the data. MSCI is not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof. **Returns** – Past performance is not indicative of future results; current performance may differ from that shown in this presentation. Performance is expressed in US dollars and net of non-redeemable withholding taxes. Returns include the effect of currency. Prior to April 1, 1994, Batterymarch's source for foreign exchange rates differed from that of the benchmark. Additionally, from April 1, 1994 through July 25, 2000, Batterymarch's foreign exchange rate source for Latin American countries differed from that of the benchmark. There are no other known discrepancies in foreign exchange rates. Gross returns are calculated after the deduction of brokerage commissions and include the reinvestment of dividends and income. Unless otherwise noted, performance results are presented before the deduction of management and custodial fees. Gross returns will be reduced by management fees and other expenses that may be incurred in the management of an account. Net of fee performance is calculated at the composite level by deducting fees from gross quarterly composite returns. Effective July 1, 2007, fees deducted are the actual management fees charged for each separately managed account and the highest management fees payable to Batterymarch and its affiliates by any share class for each pooled investment vehicle. From January 1, 1999 to June 30, 2007, fees deducted were the actual management fees charged for all accounts in the composite. Prior to January 1, 1999, fees deducted were based on the highest management fees payable, without the benefit of breakpoints. The dispersion of annual returns is measured by the asset-weighted standard deviation of portfolios in the composite for the entire year. **Fees** – Advisory fees are described in Batterymarch's Form ADV, Part II. The standard asset-based fee schedule for Global Emerging Markets Equity: 1.00% of assets. Actual management fees may vary depending upon, among other things, the applicable management fee schedule and portfolio size. **Available upon Request** – GIPS verification report; Batterymarch's Form ADV, Part II; additional information regarding policies for calculating and reporting returns; a list and description of all Batterymarch composites; a list of other Legg Mason subsidiaries.