

Legg Mason Barrett Financial Services Fund

Fund performance

Growth of a \$10,000 investment

Class A shares – inception through December 31, 2009
 Excluding the effects of sales charges



Average annual total returns & fund expenses (%) as of December 31, 2009

	Without sales charges					With maximum sales charges					Expenses		Inception date
	1-yr	3-yr	5-yr	10-yr	Since inception	1-yr	3-yr	5-yr	10-yr	Since inception	(Gross) ¹	(Net) ²	
Class A	9.55	-9.58	-1.78	5.77	4.68	3.21	-11.34	-2.93	5.14	4.12	1.71	1.50	11/16/98
Class B	8.69	-10.27	-2.52	5.13	4.11	3.69	-11.11	-2.67	5.13	4.11	2.85	2.25	11/16/98
Class C	8.65	-10.20	-2.48	4.99	3.91	7.65	-10.20	-2.48	4.99	3.91	2.21	2.21	11/16/98
S&P Financial Index	17.22	-24.74	-11.56	-2.61	–	17.22	-24.74	-11.56	-2.61	–			
S&P 500 Index	26.46	-5.63	0.42	-0.95	–	26.46	-5.63	0.42	-0.95	–			

Performance shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so shares, when redeemed, may be worth more or less than the original cost. Class A shares have a maximum front-end sales charge of 5.75%. Class B shares have a five-year contingent deferred sales charge (CDSC) of up to 5.0%. Class C shares have a one-year CDSC of 1.0%. If sales charges were included, performance shown would be lower. Total returns assume the reinvestment of all distributions at net asset value and the deduction of all Fund expenses. Performance data does not reflect trade date adjustments made to the NAV at month-end. Performance would have been lower if fees had not been waived in various periods. For the most recent month-end information,

please visit www.leggmason.com/individualinvestors. The Fund acquired the assets and liabilities of Legg Mason Financial Services Fund (the "Predecessor Fund") in a reorganization on March 16, 2007. The Predecessor Fund's performance and financial history has been adopted by the Fund and will be used going forward from the date of the reorganization. As a result, the performance shown for Class A shares is the performance of the Predecessor Fund's Financial Intermediary Class and the performance for Class B and C shares is the performance of the Predecessor Fund's Primary Class, all of which have been restated to reflect the impact of the maximum sales charge applicable to the class but have not been restated to reflect any difference in expenses.

Top five industries³ (%)

Regional Banks	15.2
Property & Casualty Insurance	12.7
Data Processing & Outsourced Svcs	10.4
Multi-line Insurance	8.9
Life & Health Insurance	7.3

Top holdings³ (%)

S1 Corp	5.3	Fiserv Inc	2.9
US Bancorp	3.7	Assurant Inc	2.9
Hanover Ins Group Inc	3.6	Metlife Inc	2.9
HCC Ins Holdings Inc	3.2	American Fnl Group Inc Ohio	2.8
Lenderprocessing Svcs Inc	3.0	Protective Life Corp	2.8
Total		Total	33.1

¹ Gross expenses are the Fund's total annual operating expenses for the share class(es) indicated as of the date of the Fund's most current prospectus and do not reflect fee waivers or reimbursements. These expenses include management fees, 12b-1 distribution and service fees and other expenses.

² Net expenses are the Fund's total annual operating expenses for the share class(es) indicated as of the date of the Fund's most current prospectus and reflect contractual fee waivers and/or reimbursements. The Fund's manager has contractually agreed to waive fees and/or reimburse operating expenses for certain share classes until 8/1/10, to limit total annual operating expenses

to 1.50% for Class A, 2.25% for Class B and 2.25% for Class C of the Fund's average daily net assets attributable to each share class.

³ Percentages are based on total portfolio as of quarter-end, are subject to change at any time and do not include trade date activity. For informational purposes only and not to be considered a recommendation to purchase or sell any security.

Prior to October 5, 2009, the Fund was known as Legg Mason Partners Financial Services Fund. The Fund's investment objective, portfolio managers and investment strategy have not changed. Please see the prospectus for details.

Symbols/CUSIPs by Class

A: SBFAX / 52469R105

B: SBF BX / 52469R204

C: SFS LX / 52469R303

Morningstar Rating™

Overall Rating as of December 31, 2009
 Class A and C



Class A and C shares of the Fund rated among 108 Financial Funds as of December 31, 2009.² Ratings based upon risk-adjusted returns. The Overall Morningstar Rating for the Fund is derived from a weighted average of the performance figures associated with its three-, five- and ten- year (if applicable) Morningstar Ratings metrics. Please see reverse for additional information.

Our goal

Long-term capital appreciation

What we invest in

The Fund invests primarily in equity securities of U.S. financial services industry companies and can invest up to 25% of total assets in foreign financial services companies.

Our approach

The Fund's manager identifies stocks of financial services companies she believes are undervalued, and therefore offer above-average capital-appreciation potential, by analyzing financial statements to determine earnings-per-share potential. The manager also considers such factors as the economy in which a company does business, products offered and the strength of management.

Legg Mason Barrett Financial Services Fund

What should I know before investing?

Equity securities are subject to price fluctuation and possible loss of principal. The financial services sector may be subject to greater governmental regulation, competitive pressures and rapid technological change and obsolescence, which may have a materially adverse effect on the sector. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. As a nondiversified fund, it is permitted to invest a higher percentage of its assets in any one issuer than a diversified fund, which may magnify the fund's losses from events affecting a particular issuer. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance.

Where can I find more information?

Online you'll find the most current performance data, commentary, prospectus and more information on each of our managers and products.

Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, which is available at www.leggmason.com/individualinvestors. Please read it carefully.

Meet your Barrett Associates manager

Amy LaGuardia, CFA is your Fund's portfolio manager, and she has over 25 years of investment industry experience.

She's part of the team at Barrett Associates, an investment counseling firm founded in 1937. Barrett is dedicated to serving its clients, focusing all resources and efforts on the common goal of satisfying client needs.

Legg Mason's unique structure provides you with access to this specialized expertise. We offer a powerful portfolio of solutions through our independent investment management firms.

Portfolio statistics as of December 31, 2009

Net assets (in millions)	\$61.5	Measures below are based on a trailing 3-year period for Class A shares
Number of issues	57	
Average market cap (in billions)	11.4	
Median market cap (in billions)	2.6	
Dividend frequency	Annually, if any	
Lipper category	Financial Services	
Beta		0.42
R-squared		0.80
Sharpe ratio		-0.63
Standard deviation ⁵		17.0%

Year-to-date and calendar-year total returns (%) as of December 31, 2009

Without sales charges	YTD	2008	2007	2006	2005	2004	2003	2002	2001	2000
Class A	9.55	-25.12	-9.89	14.02	8.45	14.69	36.04	-2.02	-3.72	30.24
Class B	8.69	-25.67	-10.56	13.11	7.71	13.79	35.06	-2.75	-4.52	29.33
Class C	8.65	-25.58	-10.45	13.11	7.71	13.79	35.06	-2.75	-4.52	29.33
S&P Financial Index ⁶	17.22	-55.32	-18.63	19.19	6.47	10.89	31.03	-14.64	-8.95	25.70
S&P 500 Index ⁷	26.46	-37.00	5.49	15.79	4.91	10.88	28.69	-22.10	-11.88	-9.11

Performance shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so shares, when redeemed, may be worth more or less than the original cost. If sales charges were included, performance shown would be lower. Year-to-date (YTD) returns are calculated from January 1 of the reporting year. All classes of shares are not available through all distribution channels.

What terms should I know?

Beta is a measure of a portfolio's volatility, or systematic risk, in comparison to the market as a whole. A beta below 1 indicates less volatility than the market; a higher beta indicates more volatility.

R-squared measures how closely a portfolio's performance correlates with that of its benchmark, thus representing how much of the portfolio's performance can be explained by the overall market or index. 1 indicates perfect correlation; 0 indicates no correlation.

Sharpe ratio refers to a risk-adjusted measure calculated using standard deviation and excess returns to determine reward per unit of risk. The higher the ratio, the greater the risk-adjusted performance.

⁴ Morningstar proprietary ratings are as of December 31, 2009 and are subject to change every month. A 4- or 5-star rating does not necessarily imply that a fund achieved positive results for the period. Past performance is no guarantee of future results. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. Class A and C shares of the Fund were rated against 108, 101, and 64 U.S. -domiciled Financial Funds over the 3-, 5- and 10-year periods, respectively. With respect to these Financial Funds, Class A and C shares of the Fund received Morningstar Ratings of 4, 4, and 4; and 4, 4, and 4 stars for the 3-, 5- and 10-year

periods, respectively. Ratings are for A and C share classes only; other classes may have different performance characteristics. Classes have a common portfolio.

⁵ Standard deviation indicates the percentage by which a fund's performance has varied from its average performance in any given month during the last 36 months. The higher the standard deviation, the greater the range of performance, indicating greater volatility.

⁶ The S&P Financial Index is a capitalization-weighted index representing nine financial groups and 53 financial companies, calculated monthly with dividends reinvested at month end.

⁷ The S&P 500 Index is a market capitalization-weighted, price-only index composed of 500 widely held common stocks listed on the New York Stock Exchange, American Stock Exchange and the over-the-counter market. The S&P 500 Index was the Predecessor Fund's primary benchmark. It is not possible to invest directly in an index.

Prior to March 16, 2007, the Fund operated under a different investment strategy.

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