

## KEY FACTS

**Portfolio Management Team:** Paul Ehrlichman, Safa Muhtaseb, Sean Bogda, Elisa Mazen

### Research:

- Global sector research team evaluates universe of approximately 11,500 non-US publicly traded securities with a market capitalization between \$100 million and \$3 billion and sufficient liquidity, including developed & emerging countries and all 10 macro sectors
- Investment process combines quantitative screening, company elimination, and fundamental analysis with a focus on bottom up stock picking of companies in developed markets and opportunistic investing in emerging markets.

### Experience:

- Paul Ehrlichman (Head of Global Equity and Portfolio Manager) 29 years industry experience
- Sean M. Bogda, CFA (Portfolio Manager) 18 years industry experience
- Safa M. Muhtaseb, CFA (Portfolio Manager) 24 years industry experience
- Elisa Mazen (Portfolio Manager) 26 years industry experience

**Benchmark:** MSCI EAFE Small Cap Index (Net) (USD)

**OBJECTIVE:** Total return.

**PHILOSOPHY & STRATEGY:** The team seeks stocks that are believed to be trading below normal valuation with low expectations that have catalysts in place that may spur a return to normal valuation. The investment process is based on:

- Employing an all-cap active approach to stock selection
- Utilizing both quantitative and fundamental analysis
- Adding value primarily through stock selection
- Diverse investment across industries, sectors and market capitalizations
- Executing a bottom-up, fundamental value approach

## INVESTMENT PROCESS

<b>Step 1:</b> Screen Universe of Securities	11,500 non-US publicly traded securities with a market cap between than \$100 million and \$3 billion, including developed and emerging countries and all 10 macro sectors
<b>Step 2:</b> Quantitative Modeling	Seek stocks selling below their normal valuation levels
<b>Step 3:</b> Company Elimination	Eliminate stocks with negative characteristics and barriers to success
<b>Step 4:</b> Fundamental Analysis	Understand the business and focus on long term value
<b>Step 5:</b> Execute Client Portfolio	Construct final portfolio and monitor and manage portfolio risk on an ongoing basis

<sup>1</sup> There is no guarantee that the portfolio's objective will be met.

<sup>2</sup> Past performance is no guarantee of future results. Please see GIPS endnotes.

## PORTFOLIO CHARACTERISTICS & RISK STATISTICS <sup>1,2</sup>

As of March 31, 2012

Characteristics	Representative Portfolio	MSCI EAFE Small Cap Index (Net) (USD)
P/E Ratio (trailing 12 mos.)	10.8	12.5
P/E Ratio (forward 12 mos.)	10.3	12.6
Price/Book	1.1	1.2
EPS Growth Next 3-5 Years (%)	12.8	14.4
Weighted Median Market Cap (\$ bn)	0.8	1.1
Weighted Average Market Cap (\$ bn)	1.6	1.9
ROE	10.8	10.1
Dividend Yield	3.4	2.8

3 Year Risk Statistics	Composite	MSCI EAFE Small Cap Index (Net) (USD)
Standard Deviation (%)	20.41	22.25
Sharpe Ratio	1.10	1.08
Tracking Error (%)	5.20	--
R <sup>2</sup>	0.95	--
Alpha (%)	0.95	--
Beta	0.89	--

## TOP TEN HOLDINGS <sup>1</sup>

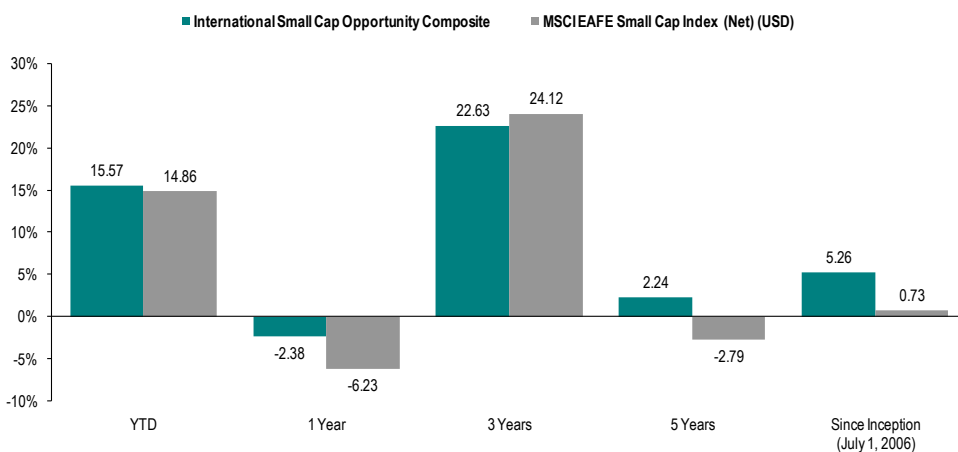
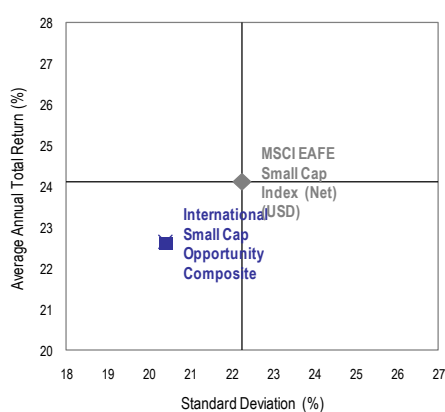
Security	(%) of Total Representative Portfolio
Filtrona PLC	2.08
Pal Co. Ltd.	2.05
Ingenico S.A.	1.87
Teleperformance	1.87
Loomis AB	1.84
Banco Latinoamericano de Comercio	1.76
EasyJet PLC	1.68
Newalta Corp.	1.67
Tom Tailor Holding AG	1.59
William Hill PLC	1.56
<b>Total</b>	<b>17.11</b>
<b>Total Number of Holdings</b>	<b>100</b>

## SECTOR WEIGHTINGS <sup>1</sup>

Sector	Representative Portfolio (%)	EAFE Small Cap(Net) (USD) Index (%)	Relative Weight (%)
Consumer Discretionary	27.1	17.9	9.2
Industrials	26.5	22.9	3.6
Financials	13.5	19.2	-5.8
Information Technology	12.0	9.1	2.9
Materials	6.6	11.2	-4.6
Consumer Staples	5.8	6.2	-0.4
Health Care	4.0	5.3	-1.3
Energy	1.4	5.3	-3.9
Telecommunication Services	1.2	1.2	-0.1
Utilities	2.0	1.7	0.3

## INTERNATIONAL SMALL CAP OPPORTUNITY AVERAGE ANNUAL TOTAL RETURN (GROSS OF FEES) As of March 31, 2012

### RISK VS. REWARD: 3 YEARS PERIOD



Performance source: Internal.  
 Benchmark source: Morgan Stanley Capital International.  
 Past performance is no guarantee of future results.

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### ENDNOTES:

#### Compliance Statement

Global Currents Investment Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Global Currents Investment Management has been independently verified for the periods January 1, 1993 - December 31, 2010. The verification report(s) is/are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

#### Firm Information

Global Currents Investment Management, LLC ("GCIM") is a wholly-owned subsidiary of Legg Mason, Inc. ("Legg Mason"). GCIM was formed in connection with an internal reorganization at Legg Mason (the "Reorganization"). In connection with the Reorganization, the international and global equity investment management team (the "Team") employed by Brandywine Global Investment Management, LLC, which is also a wholly-owned subsidiary of Legg Mason, Inc., was transferred to GCIM on or about July 1, 2008. In connection with the Reorganization, Brandywine Global transferred investment advisory and investment management agreements with international and global equity clients to GCIM. The process of transferring such agreements to GCIM commenced in May 2008 and was completed on September 30, 2008 (the "Transition Period"). During the Transition Period, the Team managed international and global equity accounts whose investment advisory or management agreements had transferred to GCIM on behalf of GCIM, and accounts whose agreements had not transferred to GCIM on behalf of Brandywine Global. For purposes of complying with the Global Investment Performance Standards ("GIPS"), the Firm is defined as Global Currents Investment Management, which encompasses all fee-paying and non-fee-paying assets managed or advised on a discretionary or non-discretionary basis by GCIM. The Firm was created on May 1, 2008 and encompasses only those assets managed by the Team on behalf of GCIM. In managing international and global equity accounts on behalf of GCIM, the Team follows the same investment philosophy, strategies and processes that the Team has followed in managing international and global equity accounts on behalf of Brandywine Global, and thus meets the GIPS requirements for performance record portability. + Note: Percentage of Firm Assets and rate of return data presented for periods prior to July 2008 reflect all accounts managed by the Team, including on behalf of GCIM and on behalf of Brandywine Global. Percentage of Firm Assets and rate of return data that are presented for more recent periods reflect only those accounts that the Team managed on behalf of GCIM.

#### Composite Information

The International Small Cap Opportunity Composite (the "Composite") holds approximately 80 - 120 securities from 19 differing countries. The composite holds a non-fee paying Commingled fund that made up 100% of the composite assets from inception to October 2010. As of December 2010 and December 2011 the percentages were 34% and 32% respectively. GCIM uses WM/Reuters daily FX rates taken at 4 p.m. London time, which may vary from Benchmark indices' exchange rates periodically. The main risks in this strategy are issuer risk, equity risk, style risk, market capitalization risk, foreign security risk and emerging market risk.

The Composite Inception Date has been corrected to July 1, 2006, from January 1, 2007, and composite returns have been recalculated to reflect to correct inception date.

#### Input and Calculation Data

New accounts enter the composite during the first full month under management. Closed accounts are included through the completion of the last full month under management. All accounts are valued at calendar month end based on principal market value plus accrued income. Return calculations at the portfolio level are time-weighted to account for external contributions and withdrawals. The composite's monthly rates of return are the asset-weighted averages of the account's monthly results, which are then linked to determine the annual returns. Net of fee returns included in the schedules are calculated by reducing each monthly composite gross rate of return by the highest current annual model fee charged for the product ((\$M)), pro-rated to a monthly ratio. GCIM utilizes the Asset-Weighted Standard Deviation measure of dispersion. Only accounts that have been managed within the composite style for a full year are included in the Asset-Weighted Standard Deviation calculation. No alteration of composites has occurred because of changes in personnel or other reasons at any time. Any material change in the status of an account resulted in the removal of the account from the composite. A complete list and description of all composites maintained is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not necessarily indicative of future results.

#### Benchmark Information

The Composite returns are benchmarked to the Morgan Stanley Capital International Europe, Australia, Far East Small Cap Total Return Net Index (MSCI EAFE Small Cap @ Total Return - Net) MSCI EAFE Small Cap @ Total Return - Net measures total market performance, including price appreciation and income from net-dividend payments. The "Net" Index series assumes that dividends are reinvested after the deduction of withholding tax. The index uses withholding tax rates applicable to Luxembourg holding companies.

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