

Global Currents Advisory Brochure

June 28, 2012

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This brochure provides information about the qualifications and business practices of Global Currents Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (302) 476-3800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Global Currents Investment Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. Investment adviser registration does not imply a certain level of skill or training.

Statement of Material Change

No material changes have been made to this brochure since the last annual update dated June 29, 2011.

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Item 4

Advisory Business

Our Firm

Global Currents Investment Management, LLC (“Global Currents”) offers institutional and retail investors professional international and global value equity investment strategies. Headquartered in Wilmington, Delaware, Global Currents is a wholly-owned subsidiary of Legg Mason, Inc. (“Legg Mason”), a publicly-held company. As of March 31, 2012, Global Currents had approximately \$ 2.28 billion in assets under management in discretionary portfolios.

Global Currents was created in July 2008 when the investment team for international and global equities separated from its affiliate, Brandywine Global Investment Management, LLC, to form a new investment adviser. The investment team averages 19 years’ industry experience.

As described in Item 8 below, Global Currents also shares personnel and certain investment and other resources with its affiliate, ClearBridge Advisors, LLC (“ClearBridge”).

Our Clients

Global Currents provides investment management services to a variety of institutional clients including pension and profit-sharing plans, trusts, corporations, endowments, individual clients, and U.S. and non-U.S. investment funds (including U.S.-registered investment companies). Global Currents provides separate account investment advisory services directly to clients and as a sub-adviser to other financial firms. We also participate in a number of wrap programs through our affiliate, Legg Mason Private Portfolio Group, LLC (“LMPPG”). Under the wrap programs, a sponsor usually charges one fee to its clients for all services (brokerage, custody, reporting, advisory) and pays LMPPG or Global Currents a portion of its fees for the advisory services. In some cases, clients enter into agreements directly with LMPPG or Global Currents for the advisory portion of the services. These arrangements are referred to as dual contract arrangements and we get paid directly by the client. Global Currents may also participate in wrap programs where LMPPG delivers its model to the sponsor, which invests and executes the strategy with its own discretion. In these arrangements, Global Currents does not exercise discretion. As of March 31, 2012, Global Currents had \$229 million in non-discretionary assets under management.

For information on the arrangements pursuant to which Global Currents provides investment advisory services through LMPPG, please see Item 8 below or for a more complete description, please review the disclosure brochure that Global Currents shares with LMPPG and certain other affiliated managers (see [Global Currents/LMPPG Retail Client Brochure](#)).

Global Currents also provides its advisory services as sub-adviser to Boston Common Asset Management, LLC (“Boston Common”), an unaffiliated investment adviser. Global Currents provides its ValueCore International Equity investment strategy (described below) to separate account clients of Boston Common, with Boston Common providing socially responsible



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investment (SRI) overlay services for the accounts, including social screening, proxy voting and shareholder activism.

The resultant, collaborative separate account investment strategy is referred to as the “Boston Common/Global Currents International ValueCore Equity” strategy. Global Currents implements management of Boston Common client accounts invested in this strategy and exercises security-selection discretion subject to Boston Common social screening. For wrap clients of Boston Common, employees of LMPPG, dual-hatted into Global Currents, trades these accounts. Please see Appendix B for a discussion of LMPPG’s trading practices relevant to these clients.

As sub-adviser to Boston Common, Global Currents also provides certain of its investment strategies to certain pooled vehicles, with Boston Common providing SRI overlay services. As with the separate accounts, Global Currents implements management of the pooled vehicles and exercises security-selection discretion subject to Boston Common social screening.

Customization

Institutional clients can impose restrictions on certain securities or types of securities and structure their investment guidelines to accommodate a variety of client needs. These specific restrictions are usually negotiated with the client. In most wrap-fee arrangements, client-imposed restrictions will be applied if Global Currents determines that they are reasonably practical as an investment or operational manner.

Although most of Global Currents’ strategies are available to both retail and institutional clients, some are not. As Global Currents generally invests in non-US securities, retail clients can generally only access these securities by buying American Depositary Receipts (“ADRs”) while institutional accounts and commingled vehicles can purchase and sell these securities in the local markets. The services/product may only be available in a commingled vehicle or a client’s investment amount might not meet the minimum required for a product. Certain commingled vehicles have regulatory restrictions that prevent retail clients from investing in them or are designed for a specific type of institutional investor such as a pension plan. Also, institutional clients can specify reporting schedules and content and impose more restrictions on their accounts, such as percentage limitations in certain industries or sectors, that Global Currents cannot provide to retail clients.

Global Currents also provides model portfolios to wrap fee sponsors, either on a discretionary or non-discretionary basis. In non-discretionary, model delivery relationships, the sponsor will exercise discretion and may or may not follow the Global Currents model provided. As of March 31, 2012, Global Currents had \$229 million in non-discretionary assets under management.

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Fees and Compensation

Fees – How and When Clients Are Billed

Advisory fees for separate accounts, which are generally based on assets under management, are usually billed quarterly and are payable in arrears or as mutually agreed upon with the client. Clients may agree to pay by having their accounts debited by their custodian or by separate invoice.

In the event a client pays Global Currents fees in arrears and terminates its investment management agreement, the client will be charged a pro-rated fee through the termination date. In the event fees are paid in advance, a pro-rata refund of the fees will be made when the agreement is terminated prior to the end of the period for which fees have already been paid.

What's Not Included in Our Fee

The fees set forth below are solely for the provision of investment advisory services to separate accounts and do not include other fees a client may incur, such as brokerage commissions and mark-ups and mark-downs (see Item 12 for a discussion of our brokerage practices), transfer fees, exchange or similar fees (such as for ADRs), custody and fees charged by other service providers, such as consultants.

Fees for Fund Management

For fees charged by registered investment companies advised or subadvised by Global Currents, please see the appropriate fund prospectus. Global Currents also manages funds that are not registered under the US securities laws. See schedule below.

In General

While it is Global Currents' general policy to charge fees to its clients in accordance with the fee schedules in effect at the time of executing the investment management agreement, fees are subject to negotiation and may vary from the schedules provided below to reflect circumstances that may apply to a specific client account. For example, fees may differ from those stated because of long-standing relationships, anticipated client additions to assets under management, changing market conditions, or for other reasons. Account minimums may be waived for similar or other reasons.

From time to time, Global Currents may also charge performance-based advisory fees to qualified clients, the terms of which are negotiated between us and the client, but in all events, such arrangements shall comply with the applicable provisions under the Investment Advisers Act of 1940.

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Institutional Account Fee Schedule

The following fees assume a minimum initial investment of \$10 million; otherwise, higher fees (up to 2.0%) may apply:

- **INTERNATIONAL VALUE EQUITY**
- **VALUECORE INTERNATIONAL EQUITY**

| <u>Annual Fee</u> | <u>Account Asset Value</u> |
|-------------------|---|
| 0.80% | On the first \$10 million |
| 0.75% | On the next \$15 million |
| 0.65% | On the next \$25 million |
| 0.55% | On the next \$50 million |
| 0.45% | On the next \$100 million |
| 0.40% | On portion of assets in excess of \$200 million |

- **INTERNATIONAL SMALL CAP OPPORTUNITY**

| <u>Annual Fee</u> | <u>Account Asset Value</u> |
|-------------------|----------------------------|
| 1.00% | Flat fee on all assets |

- **GLOBALVALUE EQUITY**
- **VALUECORE GLOBAL EQUITY**

| <u>Annual Fee</u> | <u>Account Asset Value</u> |
|-------------------|---|
| 0.75% | On the first \$10 million |
| 0.70% | On the next \$15 million |
| 0.60% | On the next \$25 million |
| 0.50% | On the next \$50 million |
| 0.40% | On the next \$100 million |
| 0.35% | On portion of assets in excess of \$200 million |

- **INTERNATIONAL VALUE EQUITY SRI**
- **VALUECORE INTERNATIONAL EQUITY SRI**
- **INTERNATIONAL VALUE EQUITY LABOR FRIENDLY**

| <u>Annual Fee</u> | <u>Account Asset Value</u> |
|-------------------|----------------------------|
| 0.90% | On the first \$10 million |
| 0.85% | On the next \$15 million |
| 0.75% | On the next \$25 million |
| 0.65% | On the next \$50 million |
| 0.55% | On the next \$100 million |
| 0.50% | Above \$200 million |

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- **GLOBAL VALUE EQUITY SRI**

| <u>Annual Fee</u> | <u>Account Asset Value</u> |
|-------------------|---|
| 0.85% | On the first \$10 million |
| 0.80% | On the next \$15 million |
| 0.70% | On the next \$25 million |
| 0.60% | On the next \$50 million |
| 0.50% | On the next \$100 million |
| 0.45% | On portion of assets in excess of \$200 million |

Commingled Account Fee Schedule

Global Currents provides investment management services to private commingled investment vehicles. Investors in these vehicles receive an offering memorandum or similar document that describes the vehicle in detail and the qualifications needed to invest. These vehicles may not be available to, or appropriate for, all investors. The following fees assume a minimum initial investment of \$1 million.

A. Global Currents Investment Management Group Trust

- **INTERNATIONAL VALUE EQUITY FUND**
- **INTERNATIONAL EQUITY LABOR – FRIENDLY FUND**

| <u>Annual Fee</u> | <u>Account Asset Value</u> |
|-------------------|----------------------------|
| 0.70% | Flat fee on all assets |

B. Global Currents Investment Management Investment Trust

- **INTERNATIONAL VALUE EQUITY FUND**

| <u>Annual Fee</u> | <u>Account Asset Value</u> |
|-------------------|----------------------------|
| 0.70% | Flat fee on all assets |

- **INTERNATIONAL SMALL CAP OPPORTUNITY EQUITY**

| <u>Annual Fee</u> | <u>Account Asset Value</u> |
|-------------------|----------------------------|
| 1.00% | Flat fee on all assets |

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Performance-Based Fees and Side by Side Management

Performance Based Fees and Conflicts of Interest

Global Currents generally charges fees based on assets under management but may enter into arrangements that allow for it to receive fees that are based on a share of the capital gains or capital appreciation of the assets of an account. The terms of these agreements are negotiated between Global Currents and the client, but in all events, such arrangements comply with the applicable provisions under the Investment Advisers Act of 1940.

Other Conflicts Created by Side-By-Side Management

In addition, Global Currents and its employees, including its portfolio managers and research analysts, may have significant interests in certain accounts managed by Global Currents or, in connection with its strategic relationship, ClearBridge, including the commingled vehicles referenced in Item 4 above. A Global Currents' employee's interest may be a direct ownership interest in the fund (or a fund that invests in the fund or a separate account) or an indirect interest in the fund, for example as a participant in a deferred compensation plan that invests in the fund (or a fund that invests in the account). The interests of Global Currents and its employees in a fund or separate account may constitute all or substantially all of the assets of that fund/account. The interests of Global Currents and its employees in these funds/accounts, which are treated as client accounts, may present a conflict of interest for Global Currents and its employees in allocating investment opportunities among such funds/accounts and other client accounts.

How We Address the Conflicts

To manage these potential conflicts of interest, Global Currents has adopted policies and procedures to ensure that all investment opportunities are allocated equitably to clients. The Compliance Department monitors the allocation of investment opportunities on a daily basis. Furthermore, to the extent possible, orders for accounts are aggregated and executions are allocated without consideration of client fee structure or ownership components. Compliance also reviews these allocations daily, as well as all investments in initial public offerings to ensure they comply with our policies. In addition, performance dispersion among similarly managed accounts is reviewed by Compliance on a quarterly basis. See also, Item 11.

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Types of Clients

Global Currents manages separate accounts for both institutional and retail clients. Institutional clients include pension and profit-sharing plans, trusts, corporations, endowments, and U.S. and non-U.S. investment funds. Global Currents manages direct institutional accounts in both the U.S. and in non-U.S. markets. The minimum investment in institutional accounts is generally \$10 million.

Global Currents also acts as subadviser to the Legg Mason Global Currents' Funds which are part of the Legg Mason Partners Equity Trust. These funds are predominately sold through intermediaries, including broker-dealers, registered investment advisers and banks. Global Currents also acts as subadviser to non-proprietary funds and also subadvise off-shore funds which are offered and sold by some of its off-shore affiliates which can serve as investment manager, distributor, and shareholder servicing agent. Global Currents has agreements with Legg Mason Australia, Legg Mason Canada, Legg Mason Asia, Legg Mason Europe and other agents and/or entities of the parent company that offer investments in non-U.S. markets.

Clients may access certain of our strategies through the Global Currents Global Trust or the Global Currents Investment Trust. In order to do so, clients must either be qualified purchasers or accredited investors. Account minimums are generally \$1 million.

Finally, Global Currents participates as either a discretionary or non-discretionary manager in various wrap fee programs, usually through its affiliate, LMPPG. Account minimums are set by the wrap fee sponsors, although they are generally \$50,000.

Information about these products can be found in the brochure entitled "Global Currents/LMPPG Retail Client Brochure."

Item 8

Methods of Analysis, Investment Strategies and Risk of Loss

Our Methods of Analysis

Global Currents employs an integrated global research process that includes a front-end quantitative model, company elimination process, and fundamental analysis to support the stock selection process. The research process is conducted by all members of the team – including analysts and portfolio managers. Global Currents performs research on an ongoing basis for the maintenance of existing investments and also in an effort to identify new investment opportunities. Research materials are shared among analysts and portfolio managers through a common technology platform, providing simultaneous access to past and current proprietary research as well as aggregated market intelligence from outside sources.

Both internally generated research and externally generated research are available to both analysts and portfolio managers at Global Currents. The sources of information on which internal research may be based include, but are not limited to:

- Meetings with company managements
- Public company filings (10Ks, 10Qs, 8Ks, etc.)
- On-site company visits
- Services such as FactSet, Reuters, Bloomberg, etc.
- Third-party research

External research may include research from across the spectrum of sell-side financial industry firms, as well as research and expertise from research boutiques and other firms. In addition, depending on the topic, Global Currents may obtain external research such as proprietary surveys, industry-specific legal advice and other specialized research services from consultants.

Global Currents may also obtain external research from independent research institutes and established think tanks.

Global Currents strives to provide investors with value-oriented non-U.S. and global equity investment strategies that will outperform applicable indices (generally, the MSCI EAFE Index, MSCI ACWI ex U.S. Index and the MSCI World Index, respectively) over a full investment cycle of 3-5 years. Global Currents' quantitative model creates a universe of undervalued securities by comparing each stock's current valuation-as measured by its price-to-earnings, price-to-book, and price-to-cash flow ratios-to historical sector, country, and individual company valuation ranges. The investment team incorporates fundamental analysis in the stock selection process, which concentrates on understanding and valuing the underlying business. Economic and currency analysis is incorporated into stock selection. The use of currency hedging is limited and only for defensive purposes.



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Stock selection for all our portfolios entails both quantitative and fundamental analysis. The security screening process is designed to identify those stocks that are believed to be trading below normal valuation and with low expectations, while the fundamental research highlights those firms that have the catalysts in place to spur a return to normal valuation.

Our Investment Strategies

The following are Global Currents' investment strategies followed by a discussion of risks. All investments carry the risk of loss of principal.

Global Value Equity

Global Value Equity portfolios seek to provide a value-based, global equity strategy that will outperform the MSCI World Index (net) over a full market cycle of 3-5 years. Investments are made from a universe of approximately 17,000 U.S. and non-U.S. publicly traded securities with a market capitalization greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations.

Global Value Equity-SRI

Global Value Equity-SRI portfolios seek to provide a value-based, global equity strategy that will outperform the MSCI World Index (net) over a full market cycle of 3-5 years. Investments are made from a universe of approximately 17,000 U.S. and non-U.S. publicly traded securities with a market capitalization greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations. Social screens are used to help identify and exclude companies that do not meet our clients' standards for corporate behavior.

ValueCore Global Equity

ValueCore Global Equity portfolios seek to provide a value-based, global equity strategy that will outperform the MSCI World Index (net) over a full market cycle of 3-5 years. Investments are made from a universe of international companies with American Depositary Receipts ("ADRs") and U.S. listed stocks with a market capitalization greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations.

International Value Equity

International Value Equity portfolios seek to provide a value-based, international equity strategy that will outperform the MSCI EAFE Index (net) over a full market cycle of 3-5 years. Investments are made from a universe of approximately 12,500 non-U.S. publicly traded securities with a market capitalization greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations.

International Value Equity – SRI

International Value Equity-SRI portfolios seek to provide a value-based, international equity strategy that will outperform the MSCI EAFE Index (net) over a full market cycle of 3-5 years. Investments are made from a universe of approximately 12,500 non-U.S. publicly traded securities with a market capitalization greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations. Social screens are used to help identify and exclude companies that do not meet our clients' standards for corporate behavior.

International Value Equity – Labor Friendly

International Value Equity-Labor Friendly portfolios seek to provide a value-based, international equity strategy that will outperform the MSCI EAFE Index (net) over a full market cycle of 3-5 years. Investments are made from a universe of approximately 12,500 non-U.S. publicly traded securities with a market capitalization greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations. Labor-friendly screens are used to help identify and exclude companies that do not meet our clients' standards for corporate behavior.

ValueCore International Equity

ValueCore International Equity portfolios seek to provide a value-based, international equity strategy that will outperform the MSCI EAFE (net) Index over a full market cycle of 3-5 years. Investments are made from the universe of international companies with ADRs listed on the major U.S. exchanges that have market capitalizations greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations.

ValueCore International Equity – SRI

ValueCore International Equity-SRI portfolios seek to provide a value-based, international equity strategy that will outperform the MSCI EAFE (net) Index over a full market cycle of 3-5 years. Investments are made from the universe of international companies with ADRs listed on the major U.S. exchanges that have market capitalizations greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations. Social screens are used to help identify and exclude companies that do not meet our clients' standards for corporate behavior.

ValueCore International Equity-Labor Friendly

ValueCore International Equity-Labor Friendly portfolios seek to provide a value-based, international equity strategy that will outperform the MSCI EAFE (ret) Index over a full market cycle of 3-5 years. Investments are made from the universe of international companies with ADRs listed on the major U.S. exchanges that have market capitalizations greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations. Labor-friendly



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screens are used to help identify and exclude companies that do not meet our clients' standards for corporate behavior.

International Small-Cap Opportunity

International Small-Cap Opportunity portfolios seek to provide a value-based, international equity strategy that will outperform the S&P/Citigroup EPAC EMI Index (net) over a full market cycle of 3-5 years. Investments are made from a universe of approximately 11,500 non-U.S. publicly traded securities with a market capitalization between \$100 million and \$3 billion. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations.

For descriptions of our strategies offered in wrap programs and their risks, please see the brochure entitled [**Global Currents/LMPPG Retail Client Brochure**](#).

Risks

There can be multiple factors that contribute to investment risk and risks vary, depending upon investment strategy. Global Currents does not guarantee the future performance of a client's account or any specific level of performance. The following are certain important risks that should be considered by clients before investing.

Risk of Loss

Investing in securities involves risk of loss, including the risk of loss of principal.

Issuer Risk

Securities may decline in value because of changes in the financial condition of the issuer. An individual security may perform differently than the market as a whole.

Equity Risk

Investments in equity securities (e.g., common stocks, preferred stocks, convertible securities, right, warrants and depository receipts) are subject to greater price volatility than fixed income securities. Investments in income-producing equities are subject to the risk that the issuer may reduce or discontinue the dividend.

Style Risk

We follow a value strategy while others may follow a growth or core strategy. At any point in time, one strategy or another may be in or out of favor with investors which means that our value strategy will underperform other investment styles.

Market Capitalization Risk

Risks may vary depending upon an issuer's market capitalization. Strategies that primarily invest in either large, mid, or small cap stocks take on the risk that one category may be out of favor. The stocks of small and mid cap companies may carry more risks than those of large capitalization companies as their businesses may have less financial resources and

their prices are often more volatile. Small and mid cap stocks may underperform larger capitalization companies and their shares may be less liquid and therefore harder to sell.

Foreign Securities

Our strategies primarily invest in securities of non-U.S. issuers. These investments are made in the form of ADRs (American Depositary Receipts), ordinary shares of non-U.S. companies traded in non-U.S. markets or U.S.-traded securities of foreign issuers. Investments in foreign securities carry greater risks than those of U.S. securities. Non-U.S. markets may be more volatile and less liquid than U.S. markets, be effected by political and economic instability and there may be less information available about companies and markets than in the U.S. and lower accounting standards and regulatory oversight. Investments in foreign securities may be subject to non-U.S. withholding and other taxes. Foreign securities are also subject to currency exchange rate fluctuations which may have a negative effect on investments.

American Depositary Receipts (“ADRs”)

Generally, ADRs, in registered form, are denominated in U.S. dollars and are designed for use in the U.S. securities market. Usually issued by a U.S. bank or trust company, ADRs are receipts that demonstrate ownership of underlying non-U.S. securities. ADRs may be sponsored or unsponsored. Issuers of securities underlying unsponsored ADRs are not contractually obligated to disclose material information in the United States. Accordingly, there may be less information available about such issuers than there is with respect to U.S. companies and non-U.S. issuers of securities underlying sponsored ADRs. As an alternative to purchasing or selling ADRs in the U.S. market, ADRs may be created and purchased or canceled and sold through a custodian bank in the local market for the ADRs underlying non-U.S. securities. The bank usually charges a fee for converting the underlying non-U.S. securities to ADRs (in the case of a purchase) or the ADRs to the underlying non-U.S. securities (in the case of a sale). ADRs that are purchased via such a conversion may have low trading liquidity in the U.S. market and may therefore need to be sold in the local market for the ADRs underlying non-U.S. securities in order to avoid excessive transaction costs that likely would result from selling such ADRs in the U.S. market.

Emerging Markets

The risks of foreign investing are increased when investments are made in emerging markets countries. These countries tend to have economic, political and legal systems that are less developed and less stable than those of the U.S. and other developed countries. In addition, securities markets in emerging markets may be relatively illiquid and subject to greater price volatility.

Socially Responsible Investing (SRI) Investing Risk

A strategy subject to SRI policy guidelines and restrictions could underperform accounts invested in a similar strategy without the same restrictions because the SRI guidelines can force a portfolio manager to avoid or liquidate a well-performing security because it does not meet the SRI criteria.

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Disciplinary Information

There are no reportable legal or disciplinary events for Global Currents or its employees.

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Other Financial Industry Activities and Affiliations

Our Limited Purpose Broker-Dealer Affiliate

Global Currents has an affiliate, Legg Mason Investor Services, LLC (“LMIS”), which is registered as a limited purpose broker/dealer. Its primary purpose is to act as the principal underwriter of the several fund families sponsored by Legg Mason and its affiliates and to market retail separate account products to the financial institutions that sponsor these wrap programs. In order to assist LMIS in marketing Global Currents products, some members of senior management and several Global Currents employees are registered representatives. No one at Global Currents receives any compensation based on the sale of any of Global Currents products nor do they receive commissions on client transactions.

In addition to acting as principal underwriter of the registered investment companies for which Global Currents serves as a subadviser, LMIS also serves as placement agent for certain unregistered commingled vehicles which Global Currents manages. LMIS does not collect a fee for such services and Global Currents employees do not receive transaction-based compensation for the sale of interests in these vehicles.

Commodities

Neither Global Currents nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Related Person Relationships

CLEARBRIDGE ADVISORS, LLC

As noted above in Item 4, Global Currents has a strategic relationship with its affiliate, ClearBridge, pursuant to which we share personnel. As part of this relationship, ClearBridge provides support to Global Currents in the following functional areas: trading, operations, legal, compliance, risk management, technology, finance, human resources, client services, marketing, institutional sales and consultant relations. To facilitate the relationship, all ClearBridge employees are dual-hatted into Global Currents and vice versa. Senior management of ClearBridge (President, Chief Investment Officer, Chief Financial Officer, General Counsel/Chief Compliance Officer) is also senior management of Global Currents. So as to prevent any conflicts of interest from arising, especially in view of the fact that ClearBridge traders trade for Global Currents accounts, all Global Currents compliance

procedures (except Proxy Voting) were amended to mirror ClearBridge's procedures. In that way, all accounts are subject to the same policies and procedures designed to mitigate conflicts of interest and risks. Furthermore, ClearBridge's Chief Compliance Officer became Global Currents' Chief Compliance Officer and ClearBridge's Compliance Department replaced that of Global Currents.

LEGG MASON PRIVATE PORTFOLIO GROUP, LLC

As noted above in Item 4, and more fully described in the disclosure brochure that Global Currents shares with LMPPG and other affiliated managers (see [Global Currents/LMPPG Retail Client Brochure](#)), Global Currents participates as an investment adviser on a subadvisory basis through LMPPG in certain wrap programs. In these arrangements, LMPPG contracts with wrap sponsors to provide discretionary investment advisory services to their clients. Global Currents provides LMPPG with instructions that LMPPG either implements and trades or provides to the sponsors for their implementation and trading. Global Currents may also participate in non-discretionary wrap programs where LMPPG delivers its recommendations to the sponsors which determine whether to use the model. Finally, as part of its relationship with LMPPG, LMPPG's trading desk trades Boston Common wrap accounts as dual-hatted employees of Global Currents. Boston Common/Global Currents clients should see Appendix B for important information about LMPPG's trading practices.

Affiliated Funds

Global Currents acts as subadviser to several registered open end investment companies pursuant to agreements with its affiliate, Legg Mason Partners Fund Advisor, LLC. Global Currents also acts as subadviser to non-proprietary funds and also subadvise off-shore funds which are offered and sold by some of its off-shore affiliates which can serve as investment manager, distributor, and shareholder servicing agent. Global Currents has agreements with Legg Mason Australia, Legg Mason Canada, Legg Mason Asia, Legg Mason Europe and other subsidiaries of our parent company that offer investments in non-U.S. markets.

Item 11

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Global Currents has adopted a code of ethics (the "Code") imposing standards of business conduct, including requirements to put client interests first and not to take inappropriate advantage of employment-related information. The Code is intended to mitigate or obviate potential conflicts of interest between employees and investment advisory clients and assure compliance with applicable laws and regulations. To ensure that employees do not take advantage of the knowledge of which securities are being purchased and sold on behalf of clients, the Code imposes restrictions on employee personal securities transactions. The Code requires Global Currents employees to obtain pre-approval of most personal securities

transactions from the Compliance Department. If there is an open order for a security on the trading desk, unless there is a de minimis exception where it is believed that the size of the employee's trade will not impact those of clients, the Code prohibits the employee from trading. The Code imposes greater restrictions on portfolio managers, who cannot trade in the same securities for their personal accounts for seven days before and after they have implemented a trade for client accounts. By having these "black-out" periods, the Code seeks to prevent employees from "front-running" client trades, possibly benefiting from the impact of client trades on the market. In addition, when seeking preclearance to trade in personal accounts, employees are required to certify that they are not (i) taking an investment opportunity from a client and (ii) trading on material non-public information.

Additional restrictions imposed by the Code include minimum holding periods for profitable trades so that employees, especially portfolio managers and analysts, devote their time to managing client accounts and not their own, as well as mandatory holding periods for mutual funds we manage to prevent marketing timing. Upon employment, all employees are required to report their personal securities accounts, transactions and holdings to the Compliance Department and to certify to the completeness of the information and their compliance with the Code on an annual basis.

Existing and prospective Global Currents clients may obtain copies of the Code by mailing a written request for such document to:

Global Currents Investment Management, LLC
620 8th Avenue, 47th Floor
New York, NY 10018
Attention: Compliance Department

On occasion, Global Currents and/or its parent, Legg Mason, may invest corporate money or, as with the case of deferred compensation, certain employees' deferred compensation, in one or more vehicles that it has "seeded" to establish a performance track record for a new strategy. These accounts are managed as client accounts and are subject to the same compliance oversight and testing as all other accounts to ensure that they are not being given favorable treatment because they contain insiders' money. To the extent that they invest in the same securities as client accounts, Global Currents' Compliance Department monitors the allocation of investment opportunities on a daily basis. Furthermore, to the extent possible, orders for accounts are aggregated and executions are allocated without consideration of ownership of the accounts or interests in the account. Compliance also reviews these allocations daily, as well as all investments in initial public offerings, to ensure they comply with our policies.

Item 12

Brokerage Practices

A. Factors Considered in Selecting Broker-Dealer

It is Global Currents' policy to seek best execution when executing transactions on behalf of clients. Best execution consists of obtaining the most favorable result, considering the full range of services provided, within the current parameters of the market. Best execution is not necessarily measured by the circumstances surrounding a single transaction but may be measured over time through multiple transactions.

As discussed in Items 4 and 10, ClearBridge employees dual-hatted into Global Currents, trade Global Currents' clients accounts and all trading-related policies for both entities, including oversight functions, are the same. In selecting broker-dealers to execute securities transactions, we consider the difficulty of the trade and other market-related factors that may influence trading costs, such as the liquidity of the security being traded and the size of the transaction. Criteria considered include whether a broker-dealer is willing to commit capital, counterparty risk, the broker-dealer's record of timely and proper delivery of securities and payment for trades and the broker-dealer's expertise in the types of securities traded. Global Currents also considers the value of research services provided by broker-dealers, as described below. Alternative execution services venues (such as electronic communications networks ("ECNs"), crossing networks, direct market access, algorithmic trading and program trading) are also utilized to seek best execution.

ClearBridge's Brokerage Committee oversees both Global Currents' and ClearBridge's trading activities to ensure that client transactions are executed in the most cost-effective manner and that client brokerage is utilized in an efficient and beneficial manner. Members of the Brokerage Committee consist of representatives from the business, research, trading, portfolio management, legal, compliance and risk. An objective of the Brokerage Committee is to assure that the broker-dealers selected to execute transactions are the most appropriate, considering several factors, such as price, execution capabilities, and the receipt of research or other benefits.

Twice a year, the portfolio managers and analysts engage in a "broker vote" for the purpose of selecting those brokers who they believe provide the best overall services. Since the commencement of the strategic relationship, Global Currents' portfolio managers and analysts participate in the vote to the same extent as ClearBridge. These services include company meetings, idea generation, proprietary research, surveys and channel checks, among others. The broker vote methodology is overseen by the Brokerage Committee. The target amounts determined by this voting process, are considered by the trading desk in selecting broker-dealers, but achievement of any specific target is always subject to best execution.

Currency trades for settlement and hedging of international stocks are executed in-house with five different counterparties. We trade currencies throughout the course of the day in real time markets sourcing liquidity with the top FX counterparties in the market. We have recently

added algorithmic trading venues to capture volume within currencies' quoted spreads. Prices are monitored within stated quotes during the day.

On a daily basis, the Head of Trading, with assistance from the Risk Management Department, monitors counterparty risk. On a daily basis, the Head of Trading also monitors the performance of executing brokers by reviewing trade costs analyses provided by a third party vendor utilized to measure and monitor equity securities trading performance. On a quarterly basis, the Brokerage Committee reviews the broker-dealers the firm has used to effect transactions on behalf of clients in each prior quarter, utilizing trade cost analyses provided by the third party vendor to enable it to evaluate the overall effectiveness of the trading desk's trading activities.

1. Research and Other Soft Dollar Benefits

Global Currents uses "soft dollars" to obtain research which supplements our internally generated research. By using clients' commissions, the firm receives a benefit because it does not have to directly pay for this research. This creates a conflict of interest because the firm may have an incentive to select a broker-dealer in order to receive research, not because that broker-dealer is providing best execution.

We believe that by using Client Commission Arrangements (CCAs), we can more effectively address potential conflicts. CCAs allow Global Currents to separate the costs of trade execution from those of research. Accordingly, the firm is able to compensate research providers even when they are not used for trade execution. The CCAs allow Global Currents to unbundle the costs of research and execution. Brokers execute trades at execution rates that have been negotiated separate from the cost of research. The agreements allow for the creation of pools of credits that we direct the executing broker-dealers to use to compensate research providers. Trade Support electronically monitors the credits daily to ensure that they are being properly credited. On a periodic basis, the Head of Trading directs Trade Support to notify the broker-dealers to pay the third party research providers.

The use of CCAs are subject to the firm's policy of seeking best execution and come within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, which permits the payment of commissions that exceed commissions other broker-dealers may charge if Global Currents determines that the commissions are reasonable in relation to the research or brokerage services provided. Global Currents' pays higher commissions when the firm pays for research, as well as execution. In those instances, a good faith determination has been made that the higher commissions are reasonable in relation to the value of research and brokerage services provided, viewed in terms of either that particular transaction or the firm's overall responsibilities with respect to all clients' accounts.

Under Section 28(e), Global Currents may only use soft dollars to obtain brokerage and research services that provide lawful and appropriate assistance to it in carrying out its investment decision-making responsibilities. Research received may include proprietary research generated by the broker-dealers that execute the transactions or research

generated by a third party. They may be structured as traditional soft dollar arrangements whereby a broker-dealer is obligated to pay for a specific research product or they may be structured to allow Global Currents to designate payments to specific independent research providers based on the broker vote.

The research service must provide lawful and appropriate assistance to the investment decision-making process, and may only include:

1. Advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; or
2. Analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts.

Specific types of research Global Currents may receive include, without limitation, reports on insider transactions, meetings with security analysts, government representatives and company and industry representatives, attendance at research conferences (including conferences relating to social investing issues), reports of third-party market strategists, earnings information (including estimates), surveys and custom research reports and performance attribution software and analyses.

Global Currents does not allocate the relative costs or benefits of research, believing that the research received is, in the aggregate, of assistance in fulfilling its overall responsibilities to clients. Accordingly, any research received from a particular client's brokerage commissions may be useful to the client, but also may be useful in the management of other client accounts, including ClearBridge's accounts. We may also use research paid through CCAs to benefit accounts other than the accounts that paid the soft dollar commissions.

For Boston Common wrap clients, please see Appendix B for a discussion for a complete discussion of LMPPG's trading practices.

2. Brokerage for Client Referrals

Global Currents does not consider whether the firm, or any of its related persons, receives referrals from a broker-dealer before selecting that broker-dealer to execute client transactions.

3. Directed Brokerage

When requested by institutional separate account clients or mutual funds that wish to recapture part of their brokerage, we will attempt to accommodate a client request to direct us to use a specific broker-dealer. Our policy is to accept reasonable directed brokerage instructions for a client's commissions on an annual basis. Global Currents will use best efforts to honor the client requests for directed business while our primary responsibility remains best execution. We use correspondent brokers as a means to meet

client requests for directed broker credit. This process allows us to aggregate the client's orders with other clients to obtain best execution. ERISA accounts may be subject to additional requirements and restrictions.

Clients who have requested that all of their brokerage be directed to one broker ("Directed Broker") should be aware that: (i) Global Currents will not negotiate trade execution services for the client's account or the Directed Broker's compensation for such services, (ii) Global Currents will not be in a position to, and will not monitor for best price and execution of the transactions the Directed Broker executes for the client's account, and (iii) there may be a disparity between the prices and execution quality achieved for the client's account and the prices and execution quality achieved for other clients. In addition, Global Currents may have business relationships with a Directed Broker. The relationship may be perceived to give Global Currents an incentive to recommend that a client direct its brokerage to the Directed Broker, although Global Currents makes no such recommendations. A client that directs Global Currents to use a Directed Broker to execute trades may terminate such direction by giving written notice to Global Currents. Termination shall become effective after Global Currents has made any necessary adjustments to its trading systems and/or practices for the client's account, and Global Currents shall have a reasonable amount of time after receipt of notice to make any such adjustments. Accounts subject to client directions to use Directed Brokers for trade execution generally are excluded from purchasing securities in initial or secondary offerings.

B. Allocation and Aggregation of Client Orders

Our policy is to treat each client account fairly and equitably in the aggregation of trade orders and the allocation of available securities. Trades are generally aggregated, and the allocation documented, prior to execution. It is our policy to aggregate or bunch client orders when it is determined that it is in the best interests clients. If there are orders for the same securities for ClearBridge's clients, those orders will be aggregated with Global Currents' clients' orders and allocated in the same manner. Our trade allocation procedures are designed to ensure that: (i) clients are treated fairly as to the securities purchased and sold for their accounts; (ii) clients are treated fairly with respect to the priority of execution of orders; (iii) clients are treated fairly with respect to the allocation of trades; (iv) allocation of trades is done on a timely basis; and (v) all accounts receive the same treatment with respect to average price on transactions. Aggregated transactions are allocated according to one or more methods designed to ensure equitable and fair treatment. These methods include pro rata allocation, which is the usual allocation method. In situations where the trading desk determines that a partial execution quantity falls short of allowing a meaningful pro rata allocation, the trading system will randomly allocate the fill. If a client prohibits the aggregation of its order with those of other clients, that client's order is placed after the execution of the order for accounts that allow aggregation. If there is more than one client that prohibits aggregation, order placement is rotated among those clients.

As discussed in Item 6, Global Currents does not consider account performance or fee structure in making investment opportunity allocation decisions. Orders for account in which Global



Global Currents Advisory Brochure

Currents employees have an interest are aggregated with orders for other accounts. Global Currents' Compliance Department monitors trade allocations on a daily basis to ensure that our policies are followed.

Global Currents maintains an "IPO Allocation Policy" to ensure that shares of initial public offerings and secondary offerings are allocated in a manner that, over time, treats all advisory accounts fairly. The procedures are designed to allocate IPO shares in as objective a manner as possible among accounts for which the security is suitable. (Clients who direct their brokerage usually cannot participate in these fixed price offerings.) These policies and procedures require fair and equitable allocation of IPO shares among accounts.

Portfolio managers who are interested in obtaining an allocation of an IPO must prepare an IPO Eligibility/Suitability Form expressing his or her interest, detailing the client account participation and indicating whether they are "long-term holders" or "short-term holders." (Long-term holders are expected to hold their shares for at least 60 days, unless there is an increase or decrease of 30% or more from the IPO price.) IPO shares are first allocated based upon whether the portfolio managers who submitted indications of interest are long-term holders or short-term holders, pursuant to percentages reflected in a matrix covered in the policy.

The Compliance Department monitors each instance of an IPO and follow-on or secondary offering to ensure the allocations are in accordance with the policy.

Under the Global Currents–LMPPG arrangement described in Item 8 above, whereby private and retail client accounts are managed by LMPPG following Global Currents' instructions, Global Currents has no responsibility for the trade execution functions carried out by LMPPG. LMPPG's trading desk operates independently of the institutional trading desk. Accordingly, trades placed by the institutional trading desk are not aggregated with trades that are placed by LMPPG's trading desk.

In order to treat all of its clients fairly and equitably, Global Currents generally transmits investment instructions at the same time to its trading desk and to LMPPG and any other other financial firm to which it provides a non-discretionary model. As a result of the simultaneous transmission of orders, trades placed by the institutional trading desk in most cases may end up competing in the marketplace with orders placed by the trading desks of LMPPG and any other financial firm. This competition has the potential to negatively impact all clients involved, though competition concerns are mitigated where the securities involved have significant trading volume and are highly liquid. In the case of less liquid securities, Global Currents seeks to mitigate competition concerns through the use of limit orders and specific price targets. Given these mitigants to competition concerns, Global Currents believes that simultaneously communicating investment instructions to the institutional trading desk, LMPPG and any other applicable financial firm is, as a general rule, preferable to following a rotation process. Issues associated with a rotation process include detrimental market impact (i.e., earlier trades may move the market causing subsequent trades to receive an inferior price), "signaling" concerns

(i.e., broker-dealers anticipate additional trades in the same security and use this information to the detriment of the manager's client), and timing differences that result in clients obtaining different execution prices and performance dispersion among accounts. There may be circumstances in which Global Currents determines not to transmit investment instructions to all relevant parties at the same time. In those cases, Global Currents will transmit its investment instructions by following trade rotation policies and procedures designed to ensure that its investment instructions are communicated in a manner and sequence that is fair and equitable to all clients.

Error Resolution Procedures

Our Breaches and Error Resolution Procedures cover errors made in the investment decision-making process as well as errors in the trading process. The correction method we use for an error must put the client in the same position the client would have been in had the error not occurred (i.e., the client must be made whole for any error-related losses and costs suffered). Gains realized in a client account because of an error caused by Global Currents generally will remain in the client's account. In the case of an error discovered before settlement, We may seek to have the broker cancel the erroneous transaction if it is flat or at a loss; provided, that, in the case of an error affecting a U.S.-registered investment company ("fund") client, a trade cancellation may be effected to correct the error only if it would not change the net asset value of the fund.

Item 13

Review of Accounts

On a daily basis, Global Currents' portfolio managers review client accounts and approve the securities trades they initiate for client accounts. These reviews generally focus on accounts' performance relative to applicable benchmarks and the continued investment appropriateness of the account's composition, in light of factors such as the strategy selected and market conditions. Portfolio managers also utilize performance attribution analysis to help understand the sources of alpha (i.e., sector and stock selection components) for their investment strategies relative to applicable benchmarks and to assess portfolio diversification.

As part of the strategic relationship with ClearBridge, Global Currents maintains a Risk Management group and a Risk Management Committee that meets no less frequently than quarterly to review investment strategy performance, performance attribution, tracking error and other key performance-related matters. These strategy reviews focus on identifying and managing investment risk by evaluating risk factors associated with each strategy. The Risk Management Committee consists of Global Currents' President, Chief Investment Officer, a Senior Portfolio Manager and the Head of Risk Management. Global Currents' Head of Global Equity participates in the review of all Global Currents' strategies. The Risk Management Committee receives reports from the Risk Management team on a daily (counterparty, leverage, derivatives, etc.), weekly (credit instruments, top holdings, watch list, sector concentration, etc.), monthly (Northfield Risk Model results) and quarterly (risk profile analysis for each strategy) basis.

The Compliance Department performs a daily review of accounts to ensure consistency with regulatory and guideline restrictions. In addition, Compliance performs a daily trade blotter review to ensure that investment opportunities are equitably allocated and that clients that participated in aggregated trades receive appropriate allocations.

Global Currents' Client Services Department provides value-added service to clients through frequent client meetings and discussions, prompt dissemination of pertinent organizational and portfolio information, and timely responses to client-requested deliverables. As part of a client's relationship with Global Currents, the client may receive quarterly statements describing performance of the client's account in absolute terms and relative to the client's benchmark, as well as a breakdown of the account's current structure with changes during the period outlined. Monthly statements are also available. To meet specific needs, the Client Services Department also can produce customized monthly or quarterly reports containing in-depth performance data and metrics.

For clients who access Global Currents' products through financial institutions, they generally receive quarterly reports from those sponsors. For those who also request reports from Global Currents, we urge them to carefully compare our reports with those of their custodians.

Item 14

Client Referrals and Other Compensation

Other than research services described in Item 12, Global Currents does not receive economic benefits from anyone who is not a client in connection with the advisory services we provide to our clients.

Global Currents may enter into agreements with, and pay fees to, individuals and firms that solicit clients for its investment advisory services. For every arrangement with an unaffiliated third party solicitor, the structure of the solicitation agreement, including the compensation payable to the solicitor, will be disclosed to the client as required by applicable law.

Global Currents, or its distribution affiliates, may pay firms that sponsor or recommend Global Currents' products to their clients for the costs of marketing or promotional expenses, for expenses incurred in connection with training or educational seminars for personnel of the firms or for expenses incurred in connection with client or prospective client meetings relating to Global Currents investment services. These benefits could give firms and their personnel incentives to favor Global Currents investment management services and Global Currents-managed products over those of firms that do not provide the same payments and benefits. These payments and benefits are subject to internal policies and regulatory restrictions.

Item 15

Custody

We do not take physical custody of our clients' assets. Clients typically retain their own custodians under arrangements negotiated independently between them and their custodians. Although we do not have possession of client assets, under SEC rules we may be deemed to have custody of client assets if the client directs its custodian to pay Global Currents its advisory fee. In this circumstance, Global Currents ascertains that the custodian sends the client an account statement at least quarterly. Clients are urged to compare their custodial statements with those provided by Global Currents.

Under SEC rules, we are also deemed to have custody of the private funds we manage. The funds which comprise the Global Currents Group Trust and the Global Currents Investment Trust are audited annually by an independent auditor.

Item 16

Investment Discretion

We require clients to enter into written agreements with us that set forth the terms of our relationship. Under these agreements, Global Currents generally has discretionary authority to determine the securities to be bought and sold for client accounts, including the amounts of such securities. We also generally have the authority to select broker-dealers to execute transactions and to determine the price at which to transact such transactions.

Our discretionary authority is in all cases subject to the specific objectives, guidelines and restrictions in the investment management agreement. Investment guidelines generally set forth permitted investments and usually provide a benchmark against which the account is managed. As noted in Item 4 above, guidelines may also contain restrictions or limitations on issuers or types of issuers, percentage limitations on issuers, sectors or foreign securities, prohibited investments and prohibitions or limitations on investments in specific instruments, such as derivatives.

Clients in wrap fee programs usually enter into an agreement with the sponsor that contain a power of attorney appointing us to manage the client account in a specific strategy or strategies. In dual contract programs, clients enter into agreements directly with us to manage their accounts according to specific strategies or as a private client account. Please see the Global Currents/LMPPG Retail Client Brochure for a discussion of client-imposed restrictions in those circumstances.

Global Currents has self-imposed rules with regard to maximum size of positions in a security that may be held across the firm and in individual accounts. In addition, Global Currents may be prohibited from purchasing or holding certain securities by virtue of legal, regulatory or issuer-imposed restrictions, including, without limitation, restrictions on the amount of securities that may be held or controlled by any one entity.

Under Global Currents' Policy on Material Non-Public Information, if Global Currents is in possession of material non-public information about an issuer, whether acquired unintentionally or otherwise, in general, neither Global Currents nor its employees are permitted to trade in that issuer's securities for client accounts or their own accounts, until such time as the information is no longer deemed to be material non-public information. As such, there may be circumstances which will prevent the purchase or sale of securities for client accounts for a period of time.

Finally, clients may limit Global Currents' authority by directing that all or a portion of a client's brokerage transactions be executed through a directed broker. See discussion in Item 12 above regarding directed brokerage.

Item 17

Proxy Voting

Global Currents has implemented policies and procedures that it believes are reasonably designed to ensure that proxies are voted in the best interests of clients and with the goal of maximizing the value of the assets of client accounts. Global Current's authority to vote proxies is established through investment management agreements or comparable documents. In exercising its proxy voting authority, Global Currents will not consult or enter into agreements with officers, directors or employees of its parent, Legg Mason Inc., or its affiliates, regarding the voting of any securities owned by its clients.

Global Currents utilizes the services of a third party vendor which provides research and recommendations as to how to vote each proxy. The final determination, however, is made by Global Currents. Global Currents may vote proxies for the same security differently for different clients, depending upon the client's mandate. Global Currents may determine not to vote proxies on behalf of a client where it believes that the expected benefit of voting shares is outweighed by countervailing considerations, such as in countries that require "share blocking," and in other extraordinary circumstances.

Global Currents also has procedures for monitoring for potential material conflicts of interest on its part or the part of its employees in voting proxies on behalf of client accounts. Except for extraordinary circumstances, in any instance in which a material conflict of interest is identified, the conflict is resolved by either excluding any conflicted person from the voting process (in the case of a conflict on the part of one or more employees instead of a firm-level conflict) or by voting in accordance with the recommendation of the independent third party.

If you have authorized Global Currents to vote proxies on your behalf and would like to know how your proxies were voted, or would like to receive a copy of Global Currents' Proxy Voting Policies and Procedures, please write to:

Global Currents Investment Management, LLC
Delaware Corporate Center II
2 Righter Parkway, Suite 100
Wilmington, DE 19803
Attention: Client Service

Item 18

Financial Information

Not Applicable

Appendix A

Your Privacy at Global Currents Investment Management, LLC

We are concerned about the privacy of the individuals for whom we provide advisory services. We are sending this notice to individuals (“you”) who invest, for personal, family, or household purposes, in accounts that we manage. This is to help you understand how we handle, protect and limit certain nonpublic personal information that we may collect in order to conduct and process your business with us. The provisions of this notice apply to former individual advisory clients as well as current individual advisory clients unless we state otherwise.

We protect any personal information we collect about you by maintaining physical, electronic and procedural safeguards that meet or exceed applicable law. Third parties who have access to such personal information must agree to follow appropriate standards of security and confidentiality. We train people who work for us in how to properly handle such personal information, and we restrict access to it.

The personal information that we may collect about you comes from the following sources:

- Information received from you, such as on applications or other forms.
- Information about your transactions with us, our affiliates and nonaffiliated third parties; and
- Information we may receive about you from other sources, such as your broker.

Our affiliates are the family of companies controlled by Legg Mason, Inc. If you are a customer of other Legg Mason, Inc. affiliates and you receive notices from them, you will need to read those notices separately.

We do not disclose any nonpublic personal information about you except as permitted by law. For example, we are permitted to disclose nonpublic personal information to our affiliates and non-affiliated third parties that perform various services on our behalf, including custodians, broker-dealers and companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements. These companies agree to use this information only for the services for which we hired them and are not permitted to use or share this information for any other purpose.

Appendix B

Brokerage Practices Applicable to Certain Boston Common Asset Management, LLC Clients

As noted in Items 4 and 12, certain personnel of Global Currents' affiliate, Legg Mason Private Portfolio Group, LLC ("LMPPG"), acting as "dual-hatted" employees of Global Currents, place securities trades for Boston Common clients that are in wrap programs. Global Currents provides its advisory services as sub-adviser to Boston Common Asset Management, LLC, an unaffiliated investment adviser. Boston Common delivers socially responsible investment (SRI) overlay services for the accounts, including social screening, proxy voting and shareholder activism.

LMPPG's Trading Practices

LMPPG implements securities transactions at the direction of its affiliates, including Global Currents, for clients who have entered into "wrap fee" programs and designate the use of one broker-dealer ("Directed Broker"), subject to best execution.

A. Basis for Selection of Broker-Dealers

LMPPG's policy is to seek the best qualitative execution when placing trades with broker-dealers for execution. Best execution consists of obtaining the most favorable result, considering the full range of services provided, within the current parameters of the market. Best execution is not necessarily measured by the circumstances surrounding a single transaction but may be sought over time across multiple transactions. LMPPG may select broker-dealers, including alternative execution services (e.g., electronic communication networks and crossing networks), for trade execution which, in its best judgment, provide prompt and reliable execution at favorable security prices with reasonable commission rates and/or other transaction costs. The best net price, giving effect to brokerage commissions, commission equivalents, spreads, clearing and settlement related processing charges and other costs, is an important factor in this decision, although a number of other factors may also enter into the decision. These factors may include: price level; available commission rates, mark-ups, mark-downs and/or spread levels; the nature of the security being traded; the size and complexity of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular securities; confidentiality; execution, clearance and settlement capabilities; counterparty financial condition and reliability; the availability of capital commitment; and other relevant and appropriate services of the broker-dealer.

To execute transactions in ADRs for client accounts, LMPPG may select broker-dealers that purchase the ADR issuer's underlying ordinary shares in non-U.S. markets and then package such shares into an ADR (in the case of an ADR purchase) or convert the ADR into underlying ordinary shares of the ADR issuer and then sell such shares in non-U.S. markets (in the case of an ADR sale). These transactions typically involve foreign exchange, ADR conversion and related costs and charges that are reflected in the net price paid or received

by the client.

For securities transactions driven by client account-specific activity, such as account contributions and withdrawals, LMPPG expects to select the client's Directed Broker to execute all or a large percentage of these transactions. Clients typically will not pay any transaction-specific commissions on these securities transactions. For securities transactions driven by a change in Global Currents' investment model and that need to be simultaneously effected for many clients (i.e., model-change trades), LMPPG generally will aggregate these transactions for execution as a block trade through a single broker-dealer. A client account included in a block trade may pay transaction-specific commissions, commission equivalents or spreads, as well as clearing and settlement-related processing charges. If there are such fees or charges, they will be in addition to any fee the client pays as part of its arrangement with the Directed Broker. The executing broker-dealer may separately charge these fees or charges to the client's account or reflect them in the net security price paid or received.

LMPPG believes that handling equity model change trades in this manner generally enhances its ability to obtain best execution for client accounts. The alternative to this approach is to use a trade rotation process for model change trades, in which LMPPG separately and sequentially effects the securities transactions for each firm's clients. LMPPG believes this alternative approach often may create detrimental market impact and information leakage (i.e., broker-dealers anticipate additional trades in the same security and use this information to the detriment of LMPPG clients), resulting in less advantageous trade prices for clients whose accounts LMPPG trades after making the same trade for other clients. Also, LMPPG believes that effecting model-change trades as a block trades often may enable LMPPG to benefit all participating client accounts by negotiating volume price discounts and taking advantage of additional sources of liquidity that certain broker-dealers can provide.

Although LMPPG expects to have all or substantially all model-change trades executed as block trades, LMPPG may instead follow a trade rotation approach if it decides the block trade approach is not practical or consistent with best execution for a particular model-change trade. If LMPPG makes such a decision, LMPPG will execute the trade with each wrap sponsor firm or Directed Broker by following trade rotation policies and procedures designed to ensure the communication of trade orders and instructions in a manner and sequence that is fair and equitable to LMPPG's clients.

1. **Research and Soft Dollar Benefits:** LMPPG does not direct client brokerage transactions to any broker-dealer in exchange for products and services (e.g., research). It compensates broker-dealers only for execution.
2. **Brokerage for Client Referrals:** We do not consider whether we, or any of our related persons, receive referrals from a broker-dealer before selecting that broker-dealer to execute client transactions.

B. Aggregation of Trade Orders and Trade Allocation

LMPPG generally seeks to aggregate trades driven by a change in a Global Currents' investment model and that need to be simultaneously effected for many client accounts. LMPPG generally allocates securities purchased or sold as part of an aggregated order to each participating account in an amount equal to its percentage of the aggregated order. Each participating account receives the average price for the transaction and shares any transaction costs pro rata based upon the account's level of participation in the aggregated order. If a client's Directed Broker charges trade away processing, clearing or settlement charges for the trade, the client's account separately bears these charges.

In the case of a partially-filled aggregated order, LMPPG allocates the securities purchased or sold among participating accounts according to one or more methods designed to ensure that the allocation is equitable and fair. These methods include pro rata allocation and random allocation. Under the pro rata method, LMPPG allocates all securities purchased or sold pro rata to all of the accounts included in the order based upon the amount of securities LMPPG intended to purchase or sell for each participating account. Under the random allocation method, LMPPG allocates the partially filled order to accounts included in the aggregated order on a random basis. The random allocation method is intended for situations in which the partial execution quantity is an amount that does not allow for a pro rata allocation of securities to all accounts or does not allow for a meaningful allocation of securities to all accounts. Where an aggregated order covers clients in multiple investment programs, LMPPG first allocates the securities to the investment programs participating in the order following one of the accepted trade allocation methods. LMPPG then allocates the securities to clients within each investment program following one of the accepted trade allocation methods.

Communication and Implementation of Global Currents Model Changes

Global Currents communicates investment model changes to LMPPG in accordance with procedures designed to be fair and equitable to LMPPG's clients in relation to Global Currents' other clients. Such procedures may include the simultaneous communication of model change information to multiple venues, including LMPPG and Global Currents' trading desk to effect transactions for other client accounts, or other procedures. In the case of simultaneous communication, LMPPG anticipates that orders LMPPG places for clients in most cases will end up competing in the marketplace with orders placed by the Global Currents' trading desk for other clients. This competition may negatively affect all clients, but Global Currents and LMPPG expect that, for securities with significant liquidity and trading volume, this liquidity and volume generally will offset all or a significant portion of any negative effect from such competition. In addition, for transactions in less liquid securities, Global Currents seeks to reduce the negative effect of any competition by means such as the use of limit orders and specific price targets.

While LMPPG has established processes to implement model change trades promptly, Global Currents' trading desk may, notwithstanding the simultaneous transmission of model change information, be able to place certain trade orders with broker-dealers for its client accounts serviced by its trading desk prior to the time that LMPPG is able to do so for client accounts

LMPPG services due to unique servicing requirements associated with such accounts. Client accounts serviced by LMPPG could be negatively impacted by such timing differences.

As a general matter, LMPPG seeks to communicate Global Currents' trade orders and investment instructions and recommendations for the same security to its own trading desk and to any sponsor firm or Directed Broker that is responsible for portfolio implementation, trade placement or trade execution at the same time. In certain cases, however, administrative requirements (e.g., formatting requirements) or implementation practices of a sponsor firm (e.g., accepting instructions or recommendations only once daily or only during particular times of the day) may delay the communication of investment instructions or recommendations. Similarly, required portfolio implementation work may delay LMPPG's communication of trade orders to a Directed Broker for execution. Due to such potential delays, as well as any delays by a sponsor firm in acting upon investment instructions or recommendations it receives, LMPPG's trading desk may be able to place certain trade orders with broker-dealers for certain client accounts before LMPPG is able to place trade orders in the same security with a Directed Broker and/or a sponsor firm is able to place trade orders in the security for accounts it services. In such cases, accounts serviced by a sponsor or Directed Broker could be negatively impacted by timing differences.