

PROSPECTUS SUPPLEMENT
September 23, 2005

For the following funds with Prospectuses dated December 31, 2004 – August 1, 2005

Legg Mason American Leading Companies Trust	Legg Mason Investment Grade Income Portfolio
Legg Mason Balanced Trust	Legg Mason Limited Duration Bond Portfolio
Legg Mason Cash Reserve Trust, Inc.	Legg Mason Maryland Tax-Free Income Trust
Legg Mason Classic Valuation Fund	Legg Mason Opportunity Trust
Legg Mason Core Bond Fund	Legg Mason Pennsylvania Tax-Free Income Trust
Legg Mason Emerging Markets Trust	Legg Mason Special Investment Trust, Inc.
Legg Mason Financial Services Fund	Legg Mason Tax-Exempt Trust, Inc.
Legg Mason Global Income Trust	Legg Mason Tax-Free Intermediate-Term Income Trust
Legg Mason Growth Trust	Legg Mason U.S. Government Money Market Portfolio
Legg Mason High Yield Portfolio	Legg Mason U.S. Small-Capitalization Value Trust
Legg Mason International Equity Trust	Legg Mason Value Trust, Inc.

The following information supplements the Mail options under the Prospectus sections “How to Invest” and “How to Redeem Your Shares” for Primary Class shareholders who purchase their shares through Legg Mason Funds Investor Services (“FIS”).

Beginning September 27, 2005, checks should be made payable to Legg Mason Funds. FIS clients who purchase additional shares of the funds or request a redemption of fund shares through the mail, should send their purchase or redemption orders to Boston Financial Data Services (“BFDS”), the funds’ transfer agent, at the following address:

Legg Mason Funds
c/o BFDS
P.O. Box 55214
Boston, MA 02205-8504

Beginning October 14, 2005, purchase and redemption orders received by FIS through the mail, or by any other means, will be forwarded to BFDS, a process that may take five days or longer. Purchase and redemption orders sent to the wrong location will not be considered “in good order” and therefore will not be processed until received by BFDS. Once received by BFDS all trade orders will be processed at the fund’s net asset value as set-forth in the Prospectus.

This supplement should be retained with your Prospectus for future reference.

Legg Mason Equity Funds

Primary Class
Institutional Class
Financial Intermediary Class
Prospectus

August 1, 2005



Value Trust, Inc.
Special Investment Trust, Inc.
American Leading Companies Trust
Balanced Trust
U.S. Small-Capitalization Value Trust
Financial Services Fund

The shares offered by this Prospectus are subject to various fees and expenses, which may include distribution and service (12b-1) fees. See “Fees and Expenses of the Funds” on page 26 and “Distribution Plan” on page 32.

As with all mutual funds, the Securities and Exchange Commission has not passed upon the accuracy or adequacy of this Prospectus, nor has it approved or disapproved these securities. It is a criminal offense to state otherwise.

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FUNDS**

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Investment Objectives and Policies

This prospectus describes the following Legg Mason Equity Funds: Legg Mason Value Trust, Inc. (“Value Trust”), Legg Mason Special Investment Trust, Inc. (“Special Investment Trust”), Legg Mason American Leading Companies Trust, (“American Leading Companies Trust”), Legg Mason Balanced Trust (“Balanced Trust”), Legg Mason U.S. Small-Capitalization Value Trust, (“Small-Cap Value Trust”) and Legg Mason Financial Services Fund (“Financial Services Fund”). Each fund (except Small-Cap Value Trust) offers three classes of shares: Primary Class, Financial Intermediary Class and Institutional Class. Small-Cap Value Trust offers Primary Class and Institutional Class. Each share class represents an investment in the same portfolio of securities, but is subject to different expenses, different sales charge structures and different eligibility requirements for investing. (See “Fees and Expenses of the Funds” beginning on page 26 and “Shareholder Eligibility” beginning on page 38).

Legg Mason Value Trust, Inc.

Investment objective: long-term growth of capital.

PRINCIPAL INVESTMENT STRATEGIES:

The fund invests primarily in equity securities that, in the adviser’s opinion, offer the potential for capital growth. The adviser follows a value discipline in selecting securities, and therefore seeks to purchase securities at large discounts to the adviser’s assessment of their intrinsic value. Intrinsic value, according to the adviser, is the value of the company measured, to different extents depending on the type of company, on factors such as, but not limited to, the discounted value of its projected future free cash flows, the company’s ability to earn returns on capital in excess of its cost of capital, private market values of similar companies and the costs to replicate the business. Qualitative factors, such as an assessment of the company’s products, competitive positioning, strategy, industry economics and dynamics, regulatory frameworks and more, may also be considered. Securities may be

undervalued due to, among other things, uncertainty arising from the limited availability of accurate information, economic growth and change, changes in competitive conditions, technological change, investor overreaction to negative news or events, and changes in government policy or geopolitical dynamics. The adviser takes a long-term approach to investing, generally characterized by long holding periods and low portfolio turnover. The fund generally invests in companies with market capitalizations greater than \$5 billion, but may invest in companies of any size.

The fund's adviser may decide to sell securities given a variety of circumstances, such as when a security no longer appears to the adviser to offer the potential for long-term growth of capital, when an investment opportunity arises that the adviser believes is more compelling, or to realize gains or limit potential losses.

The fund may also invest in debt securities of companies having one or more of the above characteristics. The fund may invest up to 25% of its total assets in long-term debt securities. Up to 10% of its total assets may be invested in debt securities rated below investment grade, commonly known as "junk bonds."

For temporary defensive purposes, or when cash is temporarily available, the fund may invest in investment grade, short-term debt instruments, including government, corporate and money market securities. If the fund invests substantially in such instruments, it may not be pursuing its principal investment strategies and may not achieve its investment objective.

Legg Mason Special Investment Trust, Inc.

Investment objective: capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES:

The fund invests primarily in equity securities, and securities convertible into equity securities, of companies whose market capitalizations are typically classified as small to mid-sized. The adviser defines small to mid-sized companies as those below the top 500 U.S. companies in terms of market capitalization. It also invests in "special situations" without regard to market capitalization. Special situations are companies undergoing unusual or possibly one-time developments that, in the opinion of the adviser, make them attractive for investment. Such developments may include actual or anticipated: sale or termination of an unprofitable part of the company's business; change in the company's management or in management's philosophy; basic change in the industry in which the company operates; introduction of new products or technologies; or the prospect or effect of acquisition or merger activities.

The adviser follows a value discipline in selecting securities, and therefore seeks to purchase securities at large discounts to the adviser's assessment of their intrinsic value. Intrinsic value, according to the adviser, is the value of the company measured, to different extents depending on the type of company, on factors such as, but not limited to, the discounted value of its projected future free cash flows, the company's ability to earn returns on capital in excess of its cost of capital, private market values of similar companies and the costs to replicate the business. Qualitative factors, such as an assessment of the company's products, competitive positioning, strategy, industry economics and dynamics, regulatory frameworks and more, are also important. Securities may be undervalued due to, among other things, uncertainty arising from the limited availability of accurate information, economic growth and change, changes in competitive conditions, technological change, and changes in government policy or geopolitical dynamics.

The fund also invests in debt securities of companies having one or more of the above characteristics. The fund may invest up to 35% of its net assets in debt securities rated below investment grade, commonly known as "junk bonds." The fund may invest up to 20% of its total assets in securities of companies involved in actual or anticipated reorganizations or restructurings.

The adviser typically sells a security when, in the adviser's assessment, the security no longer appears to offer a long-term above-average risk-adjusted rate of return, when a more compelling investment opportunity is found, when the original reason for investing no longer applies, or to realize gains or limit potential losses.

For temporary defensive purposes, or when cash is temporarily available, the fund may invest in investment grade, short-term debt instruments, including government, corporate and money market securities. If the fund invests substantially in such instruments, it may not be pursuing its principal investment strategies and may not achieve its investment objective.

Legg Mason American Leading Companies Trust

Investment objective: long-term capital appreciation and current income consistent with prudent investment risk.

PRINCIPAL INVESTMENT STRATEGIES:

The fund invests primarily in securities that, in the adviser's opinion, offer the potential for capital appreciation and potential for current income. Under normal circumstances, the fund will seek to achieve its objective by investing at least 80% of its net assets in common stocks of Leading

Companies that are tied economically to the United States. At least 75% of the dollar amount of stocks held by the fund will have a recent history of paying dividends. The adviser defines a “Leading Company” as one that, in the opinion of the adviser, has attained a major market share in one or more products or services within its industry(ies) and possesses the potential to maintain or increase market share and profit in the future. Such companies are typically well known as leaders in their respective industries; most are found in the top half of the Standard & Poor’s 500 Index (“S&P 500 Index”).

The adviser considers a number of factors to determine whether an investment is tied economically to the United States including: the primary trading market of the issuer’s securities; the issuer’s domicile, sources of revenue, and location of assets; whether the investment is included in an index generally considered representative of the United States securities markets; and whether the investment is exposed to the economic fortunes and risks of the United States.

The adviser follows a value discipline in selecting securities, and therefore seeks to purchase securities at large discounts to the adviser’s assessment of their intrinsic value. Intrinsic value, according to the adviser, is the value of the company measured, to different extents depending on the type of company, on factors such as, but not limited to, the discounted value of its projected future free cash flows, the company’s ability to earn returns on capital in excess of its cost of capital, private market values of similar companies and the costs to replicate the business. Qualitative factors, such as an assessment of the company’s products, competitive positioning, strategy, industry economics and dynamics, regulatory frameworks and more, are also important. Securities may be undervalued due to, among other things, uncertainty arising from the limited availability of accurate information, economic growth and change, changes in competitive conditions, technological change, and changes in government policy or geopolitical dynamics.

The adviser typically sells a security when, in the adviser’s assessment, the security no longer appears to offer a long-term above average risk-adjusted rate of return, when a more compelling investment opportunity is found, when the original reason for investing no longer applies, or to realize gains or limit potential losses.

Under normal circumstances, the fund expects to own a minimum of 35 different securities. The adviser currently anticipates that the fund will not invest more than 20% of its net assets in foreign securities.

During periods when the adviser believes the return on certain debt securities may equal or exceed the return on equity securities, the fund may invest up to 20% of its net assets in debt securities, including government, corporate and money market securities, consistent with its investment objective. The fund may invest in debt securities of any maturity of both foreign and domestic issuers. The debt securities in which the fund may invest, excluding investments in convertible securities, will be rated at least A by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") or Moody's Investors Service, Inc. ("Moody's"), or deemed by the adviser to be of comparable quality to a security with these ratings. The convertible securities in which the fund may invest will be rated at least BB by S&P or Ba by Moody's, or deemed by the adviser to be of comparable quality to a security with these ratings. Debt securities rated below BBB/Baa are commonly known as "junk bonds."

For temporary defensive purposes, or when cash is temporarily available, the fund may invest in repurchase agreements and money market instruments, including high-quality short-term debt securities. If the fund invests substantially in such instruments, it may not be pursuing its principal investment strategies and may not achieve its investment objective.

Legg Mason Balanced Trust

Investment objective: long-term capital appreciation and current income in order to achieve an attractive total investment return consistent with reasonable risk.

PRINCIPAL INVESTMENT STRATEGIES:

The fund may invest up to 75% of its net assets in equity securities. The adviser emphasizes equity securities that have a history of paying dividends and that, in the opinion of the adviser, offer the potential for long-term growth. In addition, the adviser may also invest in common stocks or securities convertible into common stocks that do not pay current dividends but offer prospects for capital appreciation and future income. Stocks are selected based on value-oriented selection criteria emphasizing factors such as the adviser's evaluation of asset value, future cash flow and earnings potential. The adviser seeks to reduce investment risk through portfolio diversification — by sector and by industry, as well as by issuer.

The fund invests not less than 25% of its net assets in fixed-income securities, including, without limitation, preferred stocks, bonds, debentures, municipal obligations, and mortgage-related securities; certificates of deposit; Treasury bills, notes, bonds and other obligations of the U.S. Government,

its agencies and instrumentalities; high-quality commercial paper and other money market instruments; and repurchase agreements. The fund may invest in securities of any maturity, but, under normal circumstances, expects to maintain its portfolio of fixed-income securities so as to have an average dollar-weighted maturity of between four and five years. No more than 5% of the fund's total assets will be invested in fixed-income or convertible securities rated below BBB or Baa, commonly known as "junk bonds," at the time of purchase, or comparable unrated securities.

Fixed-income security selection is based upon identifying those fixed-income securities that the adviser deems to be undervalued, taking into consideration sector analysis, yield curve analysis and credit analysis. Absent the ability to find undervalued securities outside the Treasury sector, the adviser will hold Treasury securities. The fund's fixed-income portfolio maintains a duration that is similar to that of its benchmark, the Lehman Brothers Intermediate Government/Credit Index. Duration is a measure of a bond or fixed-income portfolio's sensitivity to changes in interest rates. During periods of falling interest rates a portfolio with a shorter duration will generally not generate as high a level of total return as a portfolio with a longer duration. Conversely, when interest rates rise, a portfolio with a shorter duration will generally outperform longer duration portfolios.

Under normal market conditions, the fund is managed as a balanced fund. This approach attempts to "balance" the potential for growth and greater volatility of stocks with the historically stable income and more moderate average price fluctuations of fixed-income securities. The proportion of the fund's assets invested in each type of security will vary from time to time in accordance with the adviser's assessment of investment opportunities. It is currently anticipated that the fund will invest approximately 60% of its total assets in common stocks and the remaining 40% in various fixed-income securities. These percentages may vary in attempting to increase returns or reduce risk.

The adviser typically sells a stock when, in the adviser's assessment, the gap between market price and intrinsic value is eliminated by reason of higher market prices or downward reassessment of intrinsic value by the adviser.

The adviser typically sells a fixed-income security when one of the following criteria is met: (1) a security reaches fair value and is no longer deemed to be undervalued based upon the adviser's analysis; (2) the adviser continues to find value in a particular sector but has identified a security in that sector that appears to offer more attractive valuation characteristics; or (3) a change in fundamentals has occurred that alters the adviser's view of the prospects for that particular security or sector.

Legg Mason U.S. Small-Capitalization Value Trust

Investment objective: long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES:

The fund invests at least 80% of its net assets in equity securities of domestic small-capitalization value companies. The adviser regards small-capitalization companies as those whose market capitalizations at the time of investment range between \$10 million and the median of the New York Stock Exchange (“Exchange”) market capitalizations, currently about \$1.870 billion. Value companies are those in the lower quartile of price/earnings valuation.

The adviser’s security selection process starts with a universe of small-capitalization value companies. From this universe, the adviser follows a disciplined security exclusion process focusing on eliminating companies with characteristics that the adviser has found to detract from long-term portfolio returns.

First, the adviser adjusts stated earnings for any unusual and non-recurring gains or losses to reach true operating earnings and eliminates companies which no longer meet the adviser’s low price/earnings criteria. Second, the adviser eliminates companies that have pre-announced earnings declines. Third, the adviser excludes companies which have experienced excessive price appreciation over and above the market. Fourth, the adviser reviews company-specific fundamentals to eliminate stocks that the adviser regards as having minimal potential to increase in value or that the adviser believes have substantial risk of decline.

Portfolios are constructed from the companies that have passed through the adviser’s stock exclusion process. Positions are purchased with attention to low cost transactions.

The adviser typically sells companies when the adviser believes they are no longer small-capitalization value companies or if their fundamentals deteriorate.

For temporary defensive purposes, or when cash is temporarily available, the fund may invest in repurchase agreements and money market instruments. If the fund invests substantially in such instruments, it may not be pursuing its principal investment strategies and may not achieve its investment objective. The adviser does not currently intend to invest in foreign securities.

Legg Mason Financial Services Fund

Investment objective: long-term growth of capital.

PRINCIPAL INVESTMENT STRATEGIES:

The fund’s adviser, under normal circumstances, concentrates the fund’s investments by investing at least 80% of the fund’s net assets in equity securities of issuers in the financial services industry that it believes are

undervalued and thus may offer above average potential for capital appreciation. Equity securities include common stocks, preferred stocks, convertible securities, rights and warrants.

Financial services companies include, but are not limited to:

- regional and money center banks
- securities brokerage firms
- asset management companies
- savings banks and thrift institutions
- specialty finance companies (*e.g.*, credit card, mortgage providers)
- insurance and insurance brokerage firms
- government sponsored agencies, such as Government National Mortgage Association
- financial conglomerates
- foreign financial services companies (limited to 25% of total assets, not including American Depositary Receipts).

Investments may also include companies that derive more than 50% of their revenues from providing products and services to the financial services industry, including software, hardware, publishing, news services, credit research and ratings services, Internet services and business services.

The adviser believes the financial services industry is undergoing many changes due to legislative reform and the shifting demographics of the population. In deciding what securities to buy, the adviser analyzes an issuer's financial statements to determine earnings per share potential. It also reviews, as appropriate, the economy where the issuer does business, the products offered, its potential to benefit from industry changes and the strength and goals of management.

The adviser typically will sell a security in the fund's portfolio if that security experiences earnings problems.

For temporary defensive purposes, or when cash is temporarily available, the fund may invest in money market instruments, cash equivalents, short-term government and corporate obligations or repurchase agreements. If the fund invests substantially in such instruments, it may not be pursuing its principal investment strategies and may not achieve its investment objective.

* * * * *

Each fund's investment objective is non-fundamental and may be changed by the fund's Board of Directors without shareholder approval. Each of American Leading Companies Trust, Small-Cap Value Trust and Financial Services Fund may not change its policy to invest at least 80% of its net assets in the type of securities suggested by its name (as described above), without providing shareholders at least 60 days' prior written notice.

Principal Risks

IN GENERAL:

There is no assurance that a fund will meet its investment objective; investors could lose money by investing in a fund. As with all mutual funds, an investment in any of these funds is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Unless otherwise stated, the following risks apply to each of the funds:

MARKET RISK:

Prices of equity securities generally fluctuate more than those of other securities, such as debt securities. Market risk, the risk that prices of securities will go down because of the interplay of market forces, may affect a single issuer, industry or sector of the economy or may affect the market as a whole. A fund may experience a substantial or complete loss on an individual stock.

VALUE STYLE RISK:

The value approach to investing involves the risk that value stocks may remain undervalued. Value stocks as a group may be out of favor and underperform the overall equity market for a long period of time, while the market concentrates on “growth” stocks.

Value funds often concentrate much of their investments in certain industries, and thus will be more susceptible to factors adversely affecting issuers within that industry than would a more diversified portfolio of securities.

SMALL AND MID-SIZED COMPANY SECURITIES – VALUE TRUST, SPECIAL INVESTMENT TRUST, SMALL-CAP VALUE TRUST AND FINANCIAL SERVICES FUND:

Investing in the securities of smaller companies involves special risks. Small companies may have limited product lines, operating histories, markets or financial resources, or they may be dependent upon a limited management group. Among other things, the prices of securities of small and mid-sized companies generally are more volatile than those of larger companies; the securities of small companies generally are less liquid; and smaller companies generally are more likely to be adversely affected by poor economic or

market conditions. Small-sized companies may also be undervalued because few, if any, investment researchers regularly follow them.

It is anticipated that some of the portfolio securities may not be widely traded and that a fund's position in such securities may be substantial in relation to the market for such securities. Accordingly, it may be difficult for a fund to dispose of such securities quickly at prevailing market prices, and market prices may not always be readily available for use in determining a fund's net asset value.

Investments in securities of companies with small market capitalizations are generally considered to offer greater opportunity for appreciation but also may involve greater risks than customarily are associated with more established companies. The securities of smaller companies may be subject to more abrupt fluctuations in market price than larger, more established companies. In addition to exhibiting greater volatility, small-cap stocks may, to a degree, fluctuate independently of larger-cap stocks, *i.e.*, small-cap stocks may decline in price as the prices of large-cap stocks rise or vice versa. Small-cap companies are often involved in actual or anticipated reorganizations or restructurings, which involve risks, including difficulty in obtaining information as to the financial conditions of such companies.

CONCENTRATION RISK – FINANCIAL SERVICES FUND:

Financial Services Fund invests primarily in securities of companies in the financial services industry. A fund concentrating most of its investments in a single industry will be more susceptible to factors adversely affecting issuers within that industry than would a more diversified portfolio of securities.

Financial services companies are subject to extensive government regulation, and their prospects may be affected by new regulations or regulatory interpretations that impede particular lines of business. The profitability of financial services companies is dependent on the availability and cost of funds, and can fluctuate significantly when interest rates change. Economic downturns, credit losses and severe price competition can negatively affect this industry. Recent federal legislation permits increased competition among financial services companies. The impact of this change on any individual company or on the industry as a whole cannot be predicted.

COMPANY RISK – VALUE TRUST, SPECIAL INVESTMENT TRUST AND AMERICAN LEADING COMPANIES TRUST:

Each fund identified above invests in securities that often involve certain special circumstances that the adviser believes offer the opportunity for long-term capital appreciation. These investments may involve greater risks of loss

than investments in securities of well-established companies with a history of consistent operating patterns. There is always a risk that the adviser will not properly assess the potential for an issuer's future growth, or that an issuer will not realize that potential. Additionally, investments in securities of companies being restructured involve special risks, including difficulty in obtaining information as to the financial condition of such issuers and the fact that the market prices of such securities are subject to above-average price volatility.

EXPOSURE TO FOREIGN MARKETS – ALL FUNDS EXCEPT SMALL-CAP VALUE TRUST:

Investments in foreign securities (including those denominated in U.S. dollars) involve certain risks not typically associated with investments in domestic issuers. These risks can include political and economic instability, foreign taxation, different or lower standards in accounting, auditing and financial reporting, less-developed securities regulation and trading systems, fluctuations in foreign currency exchange rates, and the risk that a country may impose controls on the exchange or repatriation of foreign currency. Many of these risks are greater when investing in countries with developing economies and securities markets, also known as “emerging markets.” Moreover, securities of many foreign issuers may be less liquid and their prices more volatile than those of comparable domestic issuers.

INVESTMENT MODELS:

The proprietary models used by an adviser to evaluate securities or securities markets are based on the adviser's understanding of the interplay of market factors and do not assure successful investment. The markets or the prices of individual securities may be affected by factors not foreseen in developing the models.

DEBT SECURITIES:

Debt securities are subject to interest rate risk, which is the possibility that the rates of interest income generated by a fund's fixed-income investments may decline due to a decrease in market interest rates and the market prices of a fund's fixed-income investments may decline due to an increase in market interest rates. Generally, the longer the maturity of a fixed-income security, the greater the effect on its value when rates increase.

Debt securities are also subject to credit risk, *i.e.*, the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. This is broadly gauged by the credit ratings of the securities in which a fund invests. However, ratings are only the opinions of the companies issuing them and are not absolute guarantees as to quality.

Debt securities rated BBB/Baa or better, and unrated securities considered by a fund's adviser to be of equivalent quality, are considered investment grade. Debt securities rated below BBB/Baa, commonly known as "junk bonds," which a fund may purchase from time to time, are deemed by the ratings companies to be speculative and may involve major risk or exposure to adverse conditions. Those in the lowest rating categories may involve a substantial risk of default or may be in default. Changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of such securities to make principal and interest payments than is the case for higher grade debt securities. Special Investment Trust may be especially affected by the risks involved with investing in debt securities rated below investment grade, as it may invest up to 35% of its net assets in such securities.

Securities rated below BBB/Baa may be less liquid than higher-rated securities, which means a fund may have difficulty selling them at times, and may have to apply a greater degree of judgment in establishing a price for purposes of valuing shares of the fund. Moody's considers debt securities rated in the lowest investment grade category (Baa) to have speculative characteristics.

CALL RISK:

Many fixed-income securities, especially those issued at high interest rates and with longer maturities, provide that the issuer may repay them early. Issuers often exercise this right when prevailing interest rates are lower than the interest rate of the security. Accordingly, holders of callable securities may not benefit fully from the increase in value that other fixed-income securities experience when rates decline. Furthermore, the funds most likely would have to reinvest the proceeds of the payoff at current yields, which would be lower than those paid by the security that was paid off.

SPECIAL RISKS OF MORTGAGE-BACKED SECURITIES – BALANCED TRUST:

Mortgage-backed securities represent an interest in a pool of mortgages. When market interest rates decline, more mortgages are refinanced, and mortgage-backed securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. The effect on the fund's return is similar to that discussed above for call risk. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancings and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities, potentially increasing the volatility of the fund.

CONVERTIBLE SECURITIES:

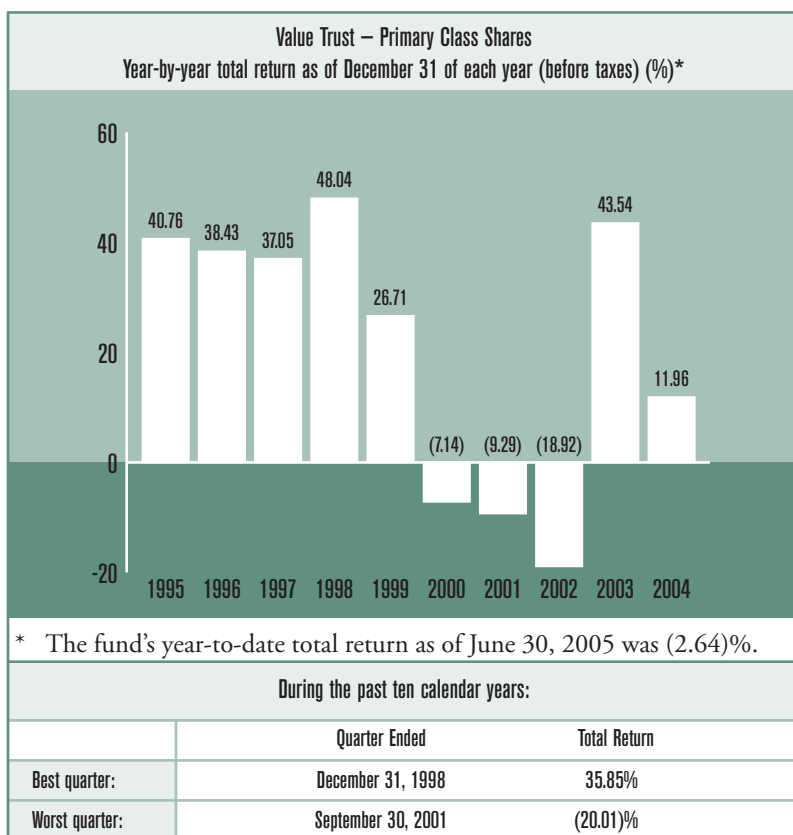
A convertible security is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive the interest paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion or exchange, such securities ordinarily provide a stream of income with generally higher yields than common stocks of the same or similar issuers, but lower than the yield on non-convertible debt.

The value of a convertible security is usually a function of (1) its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege and (2) its worth, at market value, if converted into or exchanged for the underlying common stock. Convertible securities are typically issued by smaller capitalized companies whose stock prices may be volatile. The price of a convertible security often reflects such variations in the price of the underlying common stock in a way that non-convertible debt does not.



Performance

The information below provides an indication of the risks of investing in each fund by showing changes in its performance from year to year and by showing how each fund's average annual total returns for various periods compare with those of a broad measure of market performance. Annual returns assume reinvestment of all distributions, if any. Historical performance of a fund, whether before or after taxes, does not necessarily indicate what will happen in the future.



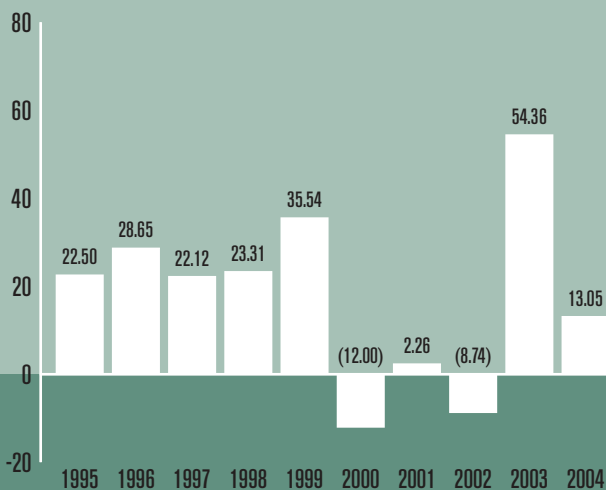
The table below shows the fund's average annual total returns before taxes for all classes. In addition, returns after taxes is shown for Primary Class shares to illustrate the effect of federal taxes on fund returns. The table also shows returns for the Standard & Poor's 500 Stock Composite Index ("S&P 500 Stock Composite Index"), a market capitalization-weighted index, composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market.

Average Annual Total Returns For the periods ended December 31, 2004:			
Value Trust	1 Year	5 Years	10 Years (or Life of Class)
Primary Class Shares – Return Before Taxes	11.96%	1.88%	18.58%
Return After Taxes on Distributions (a)	11.96%	0.97%	17.34%
Return After Taxes on Distributions and Sale of Fund Shares (a)	7.77%	1.30%	16.31%
Financial Intermediary Class Shares – Return Before Taxes	12.71%	N/A	7.09%(b)
Institutional Class Shares – Return Before Taxes	13.09%	2.90%	19.77%
S&P 500 Stock Composite Index (reflects no deduction for fees, expenses or taxes)	10.88%	(2.30)%	12.07%

During periods of fund losses, the return after taxes on distributions and sale of fund shares may exceed the fund's other returns because the loss generates a tax benefit that is factored into the result.

- (a) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns for the fund's other classes will differ from those shown above for Primary Class shares. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts ("IRAs").
- (b) March 23, 2001 (commencement of operations) to December 31, 2004.

Special Investment Trust – Primary Class Shares
Year-by-year total return as of December 31 of each year (before taxes) (%)*



* The fund's year-to-date total return as of June 30, 2005 was (1.07)%.

During the past ten calendar years:

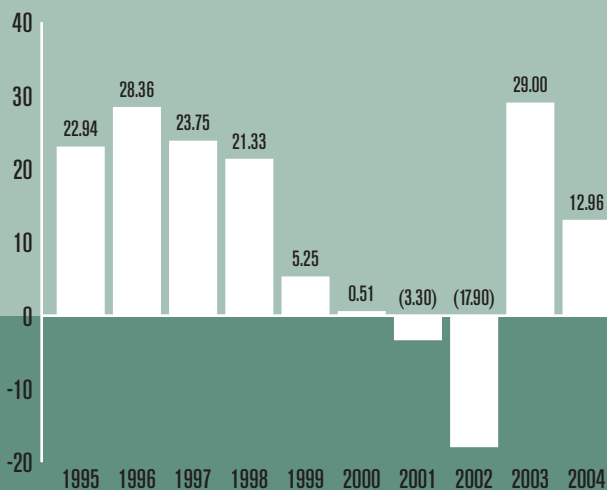
	Quarter Ended	Total Return
Best quarter:	December 31, 1998	40.13%
Worst quarter:	September 30, 2001	(26.29)%

The table below shows the fund's average annual total returns before taxes for all classes. In addition, returns after taxes is shown for Primary Class shares to illustrate the effect of federal taxes on fund returns. The table also shows returns for the S&P MidCap 400 Index, a market capitalization-weighted index composed of 400 stocks that is generally considered representative of mid-sized U.S. companies.

Average Annual Total Returns For the periods ended December 31, 2004:			
Special Investment Trust (a)	1 Year	5 Years	10 Years
Primary Class Shares – Return Before Taxes	13.05%	7.46%	16.51%
Return After Taxes on Distributions (b)	11.76%	6.67%	15.02%
Return After Taxes on Distributions and Sale of Fund Shares (b)	10.13%	6.22%	14.22%
Institutional Class Shares – Return Before Taxes	14.22%	8.59%	17.74%
S&P MidCap 400 Index (reflects no deduction for fees, expenses or taxes)	16.48%	9.54%	16.10%

- (a) The Financial Intermediary Class of Special Investment Trust commenced operations on July 30, 2004. As such, the class does not yet have a full calendar year of performance information to report. Annual total returns for Financial Intermediary Class shares would differ from those of Primary Class only to the extent that they would pay lower expenses, and therefore would generally be expected to have higher returns, than Primary Class shares.
- (b) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns for the fund's other classes will differ from those shown above for Primary Class shares. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts ("IRAs").

American Leading Companies Trust – Primary Class Shares
Year-by-year total return as of December 31 of each year (before taxes) (%)*



* The fund's year-to-date total return as of June 30, 2005 was 0.86%.

During the past ten calendar years:

	Quarter Ended	Total Return
Best quarter:	December 31, 1998	23.95%
Worst quarter:	September 30, 2002	(17.56)%

The table below shows the fund's average annual total returns before taxes for all classes. In addition, returns after taxes is shown for Primary Class shares to illustrate the effect of federal taxes on fund returns. The table also shows returns for the S&P 500 Stock Composite Index, a market capitalization-weighted index, composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market.

Average Annual Total Returns For the periods ended December 31, 2004:			
American Leading Companies Trust (a)	1 Year	5 Years	10 Years (or Life of Class)
Primary Class Shares – Return Before Taxes	12.96%	3.06%	11.23%
Return After Taxes on Distributions (b)	12.95%	3.04%	10.68%
Return After Taxes on Distributions and Sale of Fund Shares (b)	8.43%	2.62%	9.78%
Institutional Class Shares – Return Before Taxes	14.06%	N/A	5.36%(c)
S&P 500 Stock Composite Index (reflects no deduction for fees, expenses or taxes)	10.88%	(2.30)%	12.07%

- (a) As of the date of the prospectus, the Financial Intermediary Class of American Leading Companies Trust has not commenced operations. Annual total returns for Financial Intermediary Class shares would differ from those of Primary Class only to the extent that they would pay lower expenses, and therefore would generally be expected to have higher returns, than Primary Class shares.
- (b) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns for the fund's other classes will differ from those shown above for Primary Class shares. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts ("IRAs").
- (c) June 14, 2001 (re-commencement of operations) to December 31, 2004. Shares of the Institutional Class of American Leading Companies Trust were held by investors during the period from October 4, 1996 to December 3, 1998. On June 14, 2001, the Institutional Class re-commenced operations.

Balanced Trust – Primary Class Shares
Year-by-year total return as of December 31 of each year (before taxes) (%)*



* The fund's year-to-date total return as of June 30, 2005 was 1.09%.

During the past eight calendar years:

	Quarter Ended	Total Return
Best quarter:	December 31, 1998	9.00%
Worst quarter:	September 30, 2002	(8.71)%

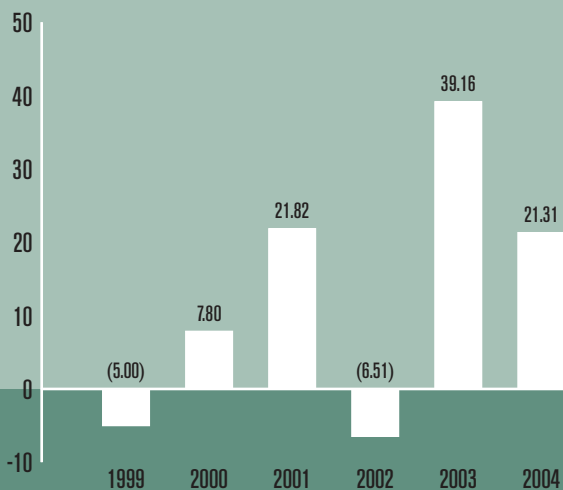
The table below shows the fund's average annual total returns before taxes for all classes. In addition, returns after taxes is shown for Primary Class shares to illustrate the effect of federal taxes on fund returns. The table also shows returns for the S&P 500 Stock Composite Index, a market capitalization-weighted index, composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market and the Lehman Intermediate Government/Credit Bond Index, a total return index consisting of investment grade corporate debt issues as well as debt issues of U.S. government agencies and the U.S. Treasury. The debt issues all maintain maturities within a range of one to 10 years.

Average Annual Total Returns For the periods ended December 31, 2004:			
Balanced Trust	1 Year	5 Years	Life of Class
Primary Class Shares – Return Before Taxes	6.89%	1.73%	4.15%(a)
Return After Taxes on Distributions (b)	6.33%	1.07%	3.35%(a)
Return After Taxes on Distributions and Sale of Fund Shares (b)	4.86%	1.20%	3.17%(a)
Financial Intermediary Class Shares – Return Before Taxes	7.43%	N/A	3.05%(c)
Institutional Class Shares – Return Before Taxes	7.76%	N/A	3.33%(c)
S&P 500 Stock Composite Index (reflects no deduction for fees, expenses or taxes)	10.88%	(2.30)%	8.78%(d)
Lehman Intermediate Government/Credit Bond Index (reflects no deduction for fees, expenses or taxes)	3.04%	7.21%	6.67%(d)

During periods of fund losses, the return after taxes on distributions and sale of fund shares may exceed the fund's other returns because the loss generates a tax benefit that is factored into the result.

- (a) October 1, 1996 (commencement of operations) to December 31, 2004.
- (b) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns for the fund's other classes will differ from those shown above for Primary Class shares. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts ("IRAs").
- (c) March 16, 2001 (commencement of operations) to December 31, 2004.
- (d) For the period September 30, 1996 to December 31, 2004.

Small-Cap Value Trust – Primary Class Shares
Year-by-year total return as of December 31 of each year (before taxes) (%)*



* The fund's year-to-date total return as of June 30, 2005 was 1.77%.

During the past six calendar years:

	Quarter Ended	Total Return
Best quarter:	June 30, 2003	24.30%
Worst quarter:	September 30, 2002	(19.90)%

The table below shows the fund's average annual total returns before taxes for all classes. In addition, returns after taxes is shown for Primary Class shares to illustrate the effect of federal taxes on fund returns. The table also shows returns for the Russell 2000 Index, an unmanaged index comprised of the 2,000 smallest companies of the 3,000 largest U.S. companies based on market capitalization.

Average Annual Total Returns For the periods ended December 31, 2004:			
Small-Cap Value Trust	1 Year	5 Years	Life of Class
Primary Class Shares – Return Before Taxes	21.31%	15.69%	8.53%(a)
Return After Taxes on Distributions (b)	19.04%	15.23%	7.96%(a)
Return After Taxes on Distributions and Sale of Fund Shares (b)	15.42%	13.69%	7.18%(a)
Institutional Class Shares – Return Before Taxes	22.86%	16.89%	9.81%(c)
Russell 2000 Index (reflects no deduction for fees, expenses or taxes)	18.33%	6.61%	6.93%(d)

- (a) June 15, 1998 (commencement of operations) to December 31, 2004.
- (b) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns for the fund's other classes will differ from those shown above for Primary Class shares. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts ("IRAs").
- (c) June 19, 1998 (commencement of operations) to December 31, 2004.
- (d) For the period May 31, 1998 to December 31, 2004.

Financial Services Fund – Primary Class Shares
Year-by-year total return as of December 31 of each year (before taxes) (%)*



* The fund's year-to-date total return as of June 30, 2005 was (0.07)%.

During the past six calendar years:

	Quarter Ended	Total Return
Best quarter:	September 30, 2000	17.88%
Worst quarter:	September 30, 1999	(13.23)%

The table below shows the fund's average annual total returns before taxes for all classes. In addition, returns after taxes is shown for Primary Class shares to illustrate the effect of federal taxes on fund returns. The table also shows returns for the S&P 500 Stock Composite Index, a market capitalization-weighted index, composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market.

Average Annual Total Returns For the periods ended December 31, 2004:			
Financial Services Fund (a)	1 Year	5 Years	Life of Class
Primary Class Shares – Return Before Taxes	13.80%	13.04%	9.43%(b)
Return After Taxes on Distributions (c)	11.30%	12.48%	8.99%(b)
Return After Taxes on Distributions and Sale of Fund Shares (c)	11.65%	11.37%	8.21%(b)
Financial Intermediary Class Shares – Return Before Taxes	14.69%	13.90%	10.27%(b)
S&P 500 Stock Composite Index (reflects no deduction for fees, expenses or taxes)	10.88%	(2.30)%	3.12%(d)

During periods of fund losses, the return after taxes on distributions and sale of fund shares may exceed the fund's other returns because the loss generates a tax benefit that is factored into the result.

- (a) On October 5, 1999, this fund was reorganized from a series of Bartlett Capital Trust to a series of Legg Mason Investors Trust, Inc. Investors held shares of the fund's Institutional Class only during the period from October 7, 1999 to May 12, 2000; there were no Institutional Class shares of the fund outstanding on the date of this prospectus. Annual total returns for Institutional Class shares would differ from those of Primary Class and Financial Intermediary Class only to the extent that they would pay lower expenses, and therefore would generally be expected to have higher returns, than Primary Class or Financial Intermediary Class shares.
- (b) November 16, 1998 (commencement of operations) to December 31, 2004. On July 31, 2004, Class A shares of the fund were renamed Financial Intermediary Class. Class A shares were subject to a maximum initial sales charge of 4.75%. Financial Intermediary Class does not have an initial sales charge. The returns shown above do not reflect the imposition of an initial sales charge.
- (c) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns for the fund's other classes will differ from those shown above for Primary Class shares. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts ("IRAs").
- (d) For the period October 31, 1998 to December 31, 2004.



Fees and Expenses of the Funds

The tables below describe the fees and expenses you may incur directly or indirectly as an investor in each respective class of a fund. Each fund pays operating expenses directly out of the assets of the appropriate class, thereby lowering that class's dividends and/or share price. Other expenses include, but are not limited to, transfer agency, custody, professional and registration fees.

PRIMARY CLASS

Shareholder Fees (fees paid directly from your investment)						
Primary Class Shares of:	Value Trust	Special Investment Trust	American Leading Companies Trust	Balanced Trust	Small- Cap Value Trust	Financial Services Fund
Sales Charge (Load) Imposed on Purchases	None	None	None	None	None	None
Sales Charge (Load) Imposed on Reinvested Dividends	None	None	None	None	None	None
Redemption Fee	None	None	None	None	None	None

Annual Fund Operating Expenses (expenses that are deducted from fund assets)						
Primary Class Shares of:	Value Trust	Special Investment Trust	American Leading Companies Trust	Balanced Trust	Small-Cap Value Trust	Financial Services Fund
Management Fees (a)	0.66%	0.68%	0.75%	0.75%	0.79%	1.00%
Distribution and/or Service (12b-1) Fees	0.95%	1.00%	1.00%	0.75%	1.00%	1.00%
Other Expenses	0.07%	0.08%	0.13%	0.52%	0.21%	0.38%
Total Annual Fund Operating Expenses (a)	1.68%	1.76%	1.88%	2.02%	2.00%	2.38%

(a) The investment adviser currently intends to voluntarily waive fees or reimburse expenses so that Primary Class operating expenses (exclusive of taxes, interest, brokerage and extraordinary expenses) do not exceed the following annual rates of average daily net assets attributable to Primary Class shares: 1.95% for American Leading Companies Trust; 1.85% for Balanced Trust; 2.00% for Small-Cap Value Trust; and 2.25% for Financial Services Fund. These voluntary waivers are currently expected to continue until August 1, 2006, but may be terminated at any time. Including the effect of waivers, total annual fund operating expenses for the fiscal year ended March 31, 2005 were 1.85% for Balanced Trust; and 2.25% for Financial Services Fund. No fee waivers were necessary during this period for American Leading Companies Trust or Small-Cap Value Trust.

Example:

This example helps you compare the cost of investing in Primary Class shares of a fund with the cost of investing in other mutual funds. Although your actual costs and returns may be higher or lower, you would pay the following expenses on a \$10,000 investment in Primary Class shares of a fund, assuming (1) a 5% return each year, (2) Primary Class's operating expenses remain the same as shown in the table above (not including the effect of any voluntary fee waivers), and (3) you redeem all of your shares at the end of the time periods shown.

Primary Class Shares of:	1 Year	3 Years	5 Years	10 Years
Value Trust	\$ 171	\$530	\$ 913	\$1,987
Special Investment Trust	\$ 179	\$554	\$ 954	\$2,073
American Leading Companies Trust	\$191	\$591	\$1,016	\$2,201
Balanced Trust	\$205	\$634	\$1,088	\$2,348
Small-Cap Value Trust	\$203	\$627	\$1,078	\$2,327
Financial Services Fund	\$241	\$742	\$1,270	\$2,716

FINANCIAL INTERMEDIARY CLASS

Shareholder Fees (fees paid directly from your investment)					
Financial Intermediary Class Shares of:	Value Trust	Special Investment Trust	American Leading Companies Trust	Balanced Trust	Financial Services Fund
Sales Charge (Load) Imposed on Purchases	None	None	None	None	None
Sales Charge (Load) Imposed on Reinvested Dividends	None	None	None	None	None
Redemption Fee	None	None	None	None	None

Annual Fund Operating Expenses (expenses that are deducted from fund assets)					
Financial Intermediary Class Shares of:	Value Trust	Special Investment Trust	American Leading Companies Trust	Balanced Trust	Financial Services Fund
Management Fees	0.66%	0.68%	0.75%	0.75%	1.00%
Distribution and/or Service (12b-1) Fees	0.25%(a)	0.25%(a)	0.25%(a)	0.25%(a)	0.25%
Other Expenses	0.12%	0.12%	0.15%(b)	0.47%	0.34%
Total Annual Fund Operating Expenses	1.03%	1.05%	1.15%(c)	1.47%(c)	1.59%(c)

- (a) The 12b-1 fees shown in the table reflect the amount at which the Directors have currently limited payments under each fund's Financial Intermediary Class Distribution Plan. Pursuant to each Distribution Plan, the Directors may authorize payment of up to 0.40% of average net assets without shareholder approval.
- (b) "Other expenses" are estimated for the current fiscal year.
- (c) The investment adviser currently intends to voluntarily waive fees or reimburse expenses so that Financial Intermediary Class operating expenses (exclusive of taxes, interest, brokerage and extraordinary expenses) do not exceed the following annual rates of average daily net assets attributable to Financial Intermediary Class shares: 1.20% for American Leading Companies Trust; 1.35% for Balanced Trust and 1.50% for Financial Services Fund. These voluntary waivers are currently expected to continue until August 1, 2006, but may be terminated at any time. Including the effect of waivers, total annual fund operating expenses for the fiscal year ended March 31, 2005 were 1.35% for Balanced Trust and 1.50% for Financial Services Fund.

Example:

This example helps you compare the cost of investing in Financial Intermediary Class shares of a fund with the cost of investing in other mutual funds. Although your actual costs and returns may be higher or lower, you would pay the following expenses on a \$10,000 investment in Financial Intermediary Class shares of a fund, assuming (1) a 5% return each year, (2) Financial Intermediary Class's operating expenses remain the same as shown in the table above (not including the effect of any voluntary fee waivers), and (3) you redeem all of your shares at the end of the time periods shown.

Financial Intermediary Class Shares of:	1 Year	3 Years	5 Years	10 Years
Value Trust	\$105	\$328	\$569	\$1,259
Special Investment Trust	\$107	\$334	\$579	\$1,283
American Leading Companies Trust	\$117	\$365	\$633	\$1,398
Balanced Trust	\$150	\$465	\$803	\$1,757
Financial Services Fund	\$162	\$502	\$866	\$1,889

INSTITUTIONAL CLASS

Shareholder Fees (fees paid directly from your investment)						
Institutional Class Shares of:	Value Trust	Special Investment Trust	American Leading Companies Trust	Balanced Trust	Small-Cap Value Trust	Financial Services Fund
Sales Charge (Load) Imposed on Purchases	None	None	None	None	None	None
Sales Charge (Load) Imposed on Reinvested Dividends	None	None	None	None	None	None
Redemption Fee	None	None	None	None	None	None

Annual Fund Operating Expenses (expenses that are deducted from fund assets)						
Institutional Class Shares of:	Value Trust	Special Investment Trust	American Leading Companies Trust	Balanced Trust	Small-Cap Value Trust	Financial Services Fund
Management Fees (a)	0.66%	0.68%	0.75%	0.75%	0.79%	1.00%
Distribution and/or Service (12b-1) Fees	None	None	None	None	None	None
Other Expenses	0.03%	0.05%	0.15%	0.42%	0.14%	0.34%(b)
Total Annual Fund Operating Expenses (a)	0.69%	0.73%	0.90%	1.17%	0.93%	1.34%

(a) The investment adviser currently intends to voluntarily waive fees or reimburse expenses so that Institutional Class operating expenses (exclusive of taxes, interest, brokerage and extraordinary expenses) do not exceed the following annual rates of average daily net assets attributable to Institutional Class shares: 0.95% for American Leading Companies Trust; 1.10% for Balanced Trust; 1.00% for Small-Cap Value Trust; and 1.25% for Financial Services Fund. These voluntary waivers are currently expected to continue until August 1, 2006, but may be terminated at any time. Including the effect of waivers, total annual fund operating expenses for the fiscal year ended March 31, 2005 were 1.10% for Balanced Trust. No fee waivers were necessary during this period for American Leading Companies Trust or Small-Cap Value Trust.

(b) "Other expenses" are estimated for the current fiscal year.

Example:

This example helps you compare the cost of investing in Institutional Class shares of a fund with the cost of investing in other mutual funds. Although your actual costs and returns may be higher or lower, you would pay the following expenses on a \$10,000 investment in Institutional Class shares of a fund, assuming (1) a 5% return each year, (2) Institutional Class's operating expenses remain the same as shown in the table above (not including the effect of any voluntary fee waivers), and (3) you redeem all of your shares at the end of the time periods shown.

Institutional Class Shares of:	1 Year	3 Years	5 Years	10 Years
Value Trust	\$ 70	\$221	\$384	\$ 859
Special Investment Trust	\$ 75	\$233	\$406	\$ 906
American Leading Companies Trust	\$ 92	\$287	\$498	\$1,108
Balanced Trust	\$119	\$372	\$644	\$1,420
Small-Cap Value Trust	\$ 95	\$296	\$515	\$1,143
Financial Services Fund	\$136	\$425	\$734	\$1,613



Distribution Plan

Distributor of a Fund's Shares:

Legg Mason Wood Walker, Incorporated (“Legg Mason”), 100 Light Street, Baltimore, Maryland 21202, distributes each fund's shares.

Each fund has adopted a plan under Rule 12b-1 with respect to its Primary Class and Financial Intermediary Class shares that allows it to pay fees for the sale of its shares and for services provided to the shareholders of that particular class. These fees are calculated daily and paid monthly. Because these fees are paid out of each fund's assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

For Primary Class shares under each plan, a fund may pay Legg Mason an annual distribution fee equal to 0.75% of the fund's average daily net assets (0.70% for Value Trust and 0.50% for Balanced Trust) and an annual service fee equal to 0.25% of its average daily net assets attributable to Primary Class shares.

For Financial Intermediary Class shares under each plan, a fund may pay Legg Mason an annual 12b-1 fee in an amount up to 0.40% (0.25% in the case of Financial Services Fund) of the fund's average daily net assets attributable to Financial Intermediary Class shares. The Boards of these funds have currently approved payment of 0.25% of each fund's average daily net assets attributable to Financial Intermediary Class under the plans.

Other Compensation to Dealers:

Legg Mason may enter into agreements with other brokers to sell Primary Class shares of each fund. Legg Mason pays these brokers up to 100% of the distribution and service fee that it receives from a fund for those sales and for services to the investors who hold the shares. Legg Mason may also enter into agreements with and make payments to brokers or other entities that support the distribution of fund shares or are engaged in the servicing or maintenance of shareholder accounts including, but not limited to, providing sub-accounting and recordkeeping services.

Legg Mason, Legg Mason Capital Management, Inc. and Legg Mason Fund Adviser, Inc. may pay non-affiliated entities out of their own assets to support the distribution of Financial Intermediary Class and Institutional Class shares and shareholder servicing.

Salespersons and others entitled to receive compensation for selling or servicing fund shares may receive more with respect to one class than another.



Management

MANAGERS AND ADVISERS:

Legg Mason Fund Adviser, Inc. (“LMFA”), 100 Light Street, Baltimore, Maryland 21202, is the manager of Balanced Trust, Small-Cap Value Trust and Financial Services Fund. LMFA is responsible for overseeing these funds’ relationships with outside service providers, such as the custodian, transfer agent, and lawyers.

Legg Mason Capital Management, Inc. (“LMCM”), 100 Light Street, Baltimore, Maryland 21202, is the investment adviser and manager for Value Trust, Special Investment Trust and American Leading Companies Trust. LMCM is responsible for the investment management of these funds, which includes making investment decisions to buy, sell or hold particular securities. As of March 31, 2005, LMCM had aggregate assets under management of approximately \$47.1 billion. Prior to April 1, 2005, Legg Mason Funds Management, Inc. (“LMFM”) acted in the capacity in which LMCM currently acts. LMCM and LMFM are both wholly owned subsidiaries of Legg Mason, Inc. and the advisory personnel who managed the fund as employees of LMFM continue to do so as employees of LMCM. The compensation arrangement between the fund and LMCM is identical to the previous arrangement between the fund and LMFM. LMCM has delegated certain administrative responsibilities for these funds to LMFA.

For its services during the fiscal year ended March 31, 2005, each fund paid LMFA or LMCM a percentage of its average daily net assets (net of any fee waivers) as follows:

Value Trust	0.66%
Special Investment Trust	0.68%
American Leading Companies Trust	0.75%
Balanced Trust	0.68%
Small-Cap Value Trust	0.79%
Financial Services Fund	0.91%

LMFA has entered into investment advisory agreements with Bartlett & Co. (“Bartlett”), Brandywine Asset Management, LLC (“Brandywine”), and Barrett Associates, Inc. (“Barrett”) to provide investment advisory services to Balanced Trust, Small-Cap Value Trust, and Financial Services Fund, respectively.

Bartlett, 36 East Fourth Street, Cincinnati, Ohio 45202, as investment adviser to Balanced Trust, is responsible for the investment management of the fund, which includes making investment decisions to buy, sell or hold particular securities. Bartlett provides investment advice to individuals, corporations, pension and profit sharing plans, trust accounts and mutual funds. Aggregate assets under management of Bartlett were approximately \$2.8 billion as of March 31, 2005.

Brandywine, 201 North Walnut Street, Wilmington, Delaware 19801, as investment adviser to Small-Cap Value Trust, is responsible for the investment management of the fund, which includes making investment decisions to buy, sell or hold particular securities. Brandywine acts as adviser or sub-adviser to individuals, public funds, corporations, pension and profit sharing plans, Taft-Hartley Plans, endowments and foundations, as well as to investment company portfolios. Aggregate assets under management of Brandywine were approximately \$20.2 billion as of March 31, 2005.

Barrett, 90 Park Avenue, New York, New York 10016, as investment adviser to Financial Services Fund, is responsible for the investment management of the fund, which includes making investment decisions to buy, sell or hold particular securities. Barrett provides investment advice to individuals and families, endowments, foundations, trust accounts and mutual funds. Aggregate assets under management of Barrett were approximately \$1.7 billion as of March 31, 2005.

For their services during the fiscal year ended March 31, 2005, LMFA paid the advisers a fee equal to the following percentage of each fund’s average daily net assets (net of any fee waivers):

Balanced Trust (Bartlett)	0.45%
Small-Cap Value Trust (Brandywine)	0.47%
Financial Services Fund (Barrett)	0.54%

The funds’ Annual Report to Shareholders for the period ended March 31, 2005 provides a discussion regarding the basis for each fund’s Board of Directors’ approval of the continuance of the Management Agreement and the Advisory Agreement.

PORTFOLIO MANAGEMENT:

Value Trust and Special Investment Trust. Bill Miller, CFA, has had primary responsibility for the day-to-day management of Value Trust since 1990. From Value Trust's inception, in 1982, to November 1990, Mr. Miller co-managed the fund. Mr. Miller and Samuel M. Peters, CFA, are co-portfolio managers responsible for the day-to-day management of Special Investment Trust. Mr. Miller managed or co-managed Special Investment Trust from its inception in 1985 until 2001. From 2001 to 2004, another portfolio manager at LMCM managed the fund. Mr. Miller resumed management responsibilities for the fund on January 14, 2004. Mr. Peters began co-managing the fund in April 2005. Mr. Miller has been employed by one or more subsidiaries of Legg Mason, Inc. since 1981. Mr. Miller assumed overall responsibility for the equity funds management area of Legg Mason in late 1990. He currently serves as Chief Executive Officer & Chief Investment Officer for Legg Mason Funds Management, Inc. and Legg Mason Capital Management, Inc., and Managing Member for LMM, LLC. Prior to joining LMCM in April 2005, Mr. Peters worked for Fidelity Management & Research as a portfolio manager.

American Leading Companies Trust. David E. Nelson, CFA, has had primary responsibility for the day-to-day management of American Leading Companies Trust since March 9, 1998. Mr. Nelson currently serves as Senior Vice President and Director of Market Analysis for Legg Mason Funds Management, Inc. and Legg Mason Capital Management, Inc.

Balanced Trust. Peter A. Sorrentino, CFA, David P. Francis and Troy R. Snider are responsible for the day-to-day management of Balanced Trust. Mr. Sorrentino has been responsible for the equity portion of Balanced Trust since 1999. In this role he implements the recommendations of the equity research analysts, relating to individual securities, sector and industry weightings. In addition, he oversees the asset allocation of the fund between stocks, bonds and cash equivalents. Mr. Sorrentino has been Chief Investment Officer and a Managing Director of Bartlett since 1999. Prior to that time, Mr. Sorrentino was Director of Research and Portfolio Management in the Trust Division of Firststar Bank of Cincinnati. Mr. Francis and Mr. Snider have been responsible for managing Balanced Trust's fixed-income strategy and fixed-income security selection since its inception in October 1996. Mr. Francis and Mr. Snider have been employed as fixed-income managers at Bartlett for the past five years.

Small-Cap Value Trust. Henry F. Otto and Steven M. Tonkovich are responsible for the day-to-day management of Small-Cap Value Trust. Both are Managing Directors of Brandywine. Mr. Otto is a senior portfolio manager and has been

employed at Brandywine since 1987. Mr. Tonkovich is a senior portfolio manager and analyst and has been employed at Brandywine since 1989.

Financial Services Fund. Amy LaGuardia is responsible for the day-to-day management of Financial Services Fund. Ms. LaGuardia joined Barrett on May 1, 2003. Prior to joining Barrett, Ms. LaGuardia was Senior Vice President and Director of Research at Gray Seifert where she had been employed since 1982. Ms. LaGuardia co-managed the fund since its inception while employed at Gray Seifert.

The funds' Statement of Additional Information provides information about each portfolio manager's compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the fund(s) they advise.

LMCM, LMFA, Bartlett, Brandywine, Barrett and Legg Mason are subsidiaries of Legg Mason, Inc., a financial services holding company.



Shareholder Eligibility

Summarized below are the eligibility requirements for each share class. Once you determine which share class is available to you for investment, you should follow the purchasing instructions beginning on page 41 for Primary Class or the instructions beginning on page 43 for Institutional Class and Financial Intermediary Class.

The funds reserve the right to revise the minimum initial investment and other eligibility requirements at any time. In addition, the funds, through their Distributor, may waive the minimum initial investment requirements in their sole discretion.

PRIMARY CLASS SHARES

For questions regarding your eligibility to invest in Primary Class shares, contact your Legg Mason Financial Advisor, Legg Mason Funds Investor Services (“FIS”) at 1-800-822-5544 or another authorized entity that has entered into an agreement with the funds’ distributor to sell shares of the funds.

	Primary Class Shares
Investment Minimums - Initial Investment (per fund)	\$1,000
Subsequent Investments (per fund)	\$100
Automatic Investment Plans, including Legg Mason Future First® Systematic Investment Plan (Minimum per transaction)	\$50
Minimum Account Size (per fund)	\$500

RETIREMENT PLANS

Employer-sponsored retirement plans (*i.e.* 401(k), 403(b) or equivalent) where a Legg Mason Financial Advisor is providing advice, record-keeping or

other shareholder services to the plan, are eligible for Primary Class shares in accordance with the minimum initial investment criteria set forth above.

INSTITUTIONAL CLASS AND FINANCIAL INTERMEDIARY CLASS SHARES

For questions regarding your eligibility to invest in Institutional Class or Financial Intermediary Class shares, contact Legg Mason Institutional Funds at 1-888-425-6432.

Prospective investors who are eligible to invest in Institutional Class or Financial Intermediary Class shares must advise the funds' Distributor, or other financial intermediary through which they are effecting a purchase, of their eligibility to purchase such shares and, where applicable, provide appropriate documentation confirming their eligibility.

The following classes of investors may purchase Institutional Class shares:

- Institutional investors that make an initial investment of at least \$1 million in a fund. Generally, institutional investors are limited to corporations, banks, trust companies, insurance companies, investment companies, foundations, endowments, pension and profit-sharing plans, and similar entities.
- Investors that invest in the funds through banks, brokers, dealers, insurance companies, investment advisers, financial consultants, mutual fund supermarkets and other financial intermediaries that have entered into an agreement with the Distributor and that offer their clients Institutional Class shares through investment programs (such as (i) fee-based advisory or brokerage account programs, (ii) employee benefit plans such as 401(k) or 403(b) retirement plans or (iii) college savings vehicles such as 529 plans) authorized by the Distributor.
- Shareholders of an Institutional Class of a fund as of the opening of regular trading on the Exchange on July 25, 2001 that have remained in the fund since that date may continue to purchase Institutional Class shares of that fund.
- Employees of the investment adviser to a Legg Mason fund and their spouses and children of such employees may purchase Institutional Class shares of that Legg Mason fund. For such investors, the minimum initial investment is \$1,000 per fund and the minimum for each purchase of additional shares is \$100. Due to operational limitations, some investment advisers may not have the operational capability to process transactions for their employees' accounts. Employees of an investment adviser

should contact their operations department to determine if Institutional Class shares are available for their purchase.

The following classes of investors may purchase Financial Intermediary Class shares:

- Institutional investors that make an initial investment of at least \$1 million in a fund. Generally, institutional investors are limited to corporations, banks, trust companies, insurance companies, investment companies, foundations, endowments, pension and profit-sharing plans, and similar entities.
- Investors that invest through banks, brokers, dealers, insurance companies, investment advisers, financial consultants, mutual fund supermarkets and other financial intermediaries that have entered into an agreement with the Distributor and that offer their clients Financial Intermediary Class shares through investment programs (such as (i) fee-based advisory or brokerage account programs, (ii) employee benefit plans such as 401(k) or 403(b) retirement plans or (iii) college savings vehicles such as 529 plans) authorized by the Distributor.
- Shareholders of the Financial Intermediary Class of a fund as of the opening of regular trading on the Exchange on July 25, 2001 that have remained in the fund since that date may continue to purchase Financial Intermediary Class shares of that fund.
- Shareholders of Class A shares of Financial Services Fund on July 31, 2004 that have remained in the fund since that date may continue to purchase Financial Intermediary Class shares of that fund.

How to Invest

PURCHASING PRIMARY CLASS SHARES

Prior to opening an account you should consult the section “Shareholder Eligibility” on page 38, which outlines share class eligibility requirements as well as initial and subsequent investment minimums.

To open a regular, retirement or Coverdell Education Savings Account, contact a Legg Mason Financial Advisor, FIS, or another entity that has entered into an agreement with the funds’ distributor to sell shares of a fund.

Retirement accounts include traditional IRAs, spousal IRAs, Roth IRAs, simplified employee pension plans, savings incentive match plans for employees and other qualified retirement plans. Contact your Legg Mason Financial Advisor, FIS, or other entity offering a fund’s shares to discuss which type of account might be appropriate for you. To view additional information regarding each type of account, visit www.leggmasonfunds.com.

Certain investment methods (for example, through certain retirement plans) may be subject to lower minimum initial and/or additional investment amounts. In certain limited circumstances, the minimum initial and additional purchase amounts may be waived. Arrangements may also be made with some employers and financial institutions for regular automatic monthly investments in shares of a fund. Contact your Legg Mason Financial Advisor, FIS, or other entity offering the funds’ shares with any questions regarding your investment options.

PRIMARY CLASS SHAREHOLDERS

Once your account is open, you may use the following methods to purchase additional shares of the funds:

In Person If your account is through Legg Mason, give your Legg Mason Financial Advisor a check payable to Legg Mason Wood Walker, Incorporated. If your account is through another entity, provide payment to that entity in accordance with its instructions.

Mail If your account is through Legg Mason, mail your check, payable to Legg Mason Wood Walker, Incorporated to your Legg Mason Financial Advisor or to Legg Mason Funds Investor Services at P.O. Box 17023, Baltimore, MD 21297-0356. If your account is through another entity, mail payment to that entity in accordance with its instructions.

Telephone or Wire If your account is through Legg Mason, including FIS, call your Legg Mason Financial Advisor or FIS at 1-800-822-5544 to transfer available cash balances in your brokerage account or arrange with your bank to transfer money directly from your bank. If your account is through another entity, contact that entity in accordance with its instructions. Wire transfers may be subject to a service charge by your bank.

Internet or TeleFund FIS clients may purchase shares of a fund through Legg Mason's Internet site at www.leggmasonfunds.com or through *TeleFund*, the automated telephone account management service, at 1-877-6-LMFUNDS (1-877-656-3863).

Automatic Investments Arrangements may be made with some employers and financial institutions for regular automatic monthly investments in shares of a fund. You may also reinvest dividends from certain unit investment trusts or other Legg Mason funds in shares of a fund.

Future First® Systematic Investment Plan Contact a Legg Mason Financial Advisor or FIS to enroll in Legg Mason's Future First® Systematic Investment Plan. This plan allows you to automatically invest a specific dollar amount at regular intervals. The transfer agent will transfer money directly from your checking or savings account, your Legg Mason brokerage account, or another Legg Mason fund to purchase shares of the desired fund.

Investments made through entities other than Legg Mason may be subject to transaction fees or other purchase conditions established by those entities. You should consult their program literature for further information.

Purchase orders received by your Legg Mason Financial Advisor, FIS or other authorized entity before the close of regular trading on the Exchange, normally 4:00 p.m., Eastern time, will be processed at the fund's net asset value as of the close of the Exchange on that day. Orders received after the close of the Exchange will be processed at the fund's net asset value as of the close of the Exchange on the next day the Exchange is open. Payment must be made within three business days to Legg Mason.

If you pay with a check or ACH transfer that does not clear or if your payment is not received in a timely manner, your purchase may be cancelled and you may be liable for any loss to the fund. The funds and their agents have the right to reject or cancel any purchase due to nonpayment.

PURCHASING INSTITUTIONAL CLASS AND FINANCIAL INTERMEDIARY CLASS SHARES

Eligible investors may purchase Institutional Class or Financial Intermediary Class shares by contacting Legg Mason Institutional Funds directly at 1-888-425-6432.

Customers of authorized financial intermediaries may purchase shares only in accordance with instructions and limitations pertaining to their account at the authorized financial intermediary. Financial intermediaries may set different minimum investment requirements for their Customers' investments in accounts invested in Institutional Class or Financial Intermediary Class shares.

Prior to or concurrent with the initial purchase of Institutional Class or Financial Intermediary Class shares, each investor or financial intermediary must open an account for the fund by completing and signing an application and mailing it to Legg Mason Institutional Funds at the following address: P.O. Box 17635, Baltimore, Maryland 21297-1635.

Purchase orders, together with payment in one of the forms described in the following paragraphs, received by Legg Mason Institutional Funds or Boston Financial Data Services ("BFDS" or the "Transfer Agent") before the close of regular trading on the Exchange, normally 4:00 p.m., Eastern time, will be processed at the net asset value for that class as of the close of the Exchange on that day. The funds are open for business every day the Exchange is open. Orders received after the close of the Exchange will be processed at the net asset value for that class as of the close of the Exchange on the next day the Exchange is open.

INSTITUTIONAL CLASS AND FINANCIAL INTERMEDIARY CLASS SHAREHOLDERS

Additional investments may be made at any time at the relevant net asset value for that class by following the procedures outlined below. Investors should always furnish a shareholder account number when making additional purchases. Purchases will be made in full and fractional shares. In the interest of economy and convenience, certificates for shares will not be issued.

Mail	If your account is through Legg Mason Institutional Funds, mail your check, payable to Legg Mason Wood Walker, Incorporated to Legg Mason Institutional Funds at P.O. Box 17635, Baltimore, MD 21297-1635. If your account is through another entity, mail payment to that entity in accordance with its instructions.
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Telephone	If your account is through Legg Mason Institutional Funds, call 1-888-425-6432 to purchase additional shares. If your account is through another entity, contact that entity in accordance with its instructions.
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Wire Transfers Shares can be purchased by wiring federal funds to State Street Bank and Trust Company, the fund's custodian. Before wiring federal funds, you must first telephone Legg Mason Institutional Funds at 1-888-425-6432 to receive instructions for wire transfer. On the telephone, the following information will be required: shareholder name; name of the person authorizing the transaction; shareholder account number; name of the fund and class of shares to be purchased; amount being wired; and name of the wiring bank.

Funds should be wired through the Federal Reserve System to:

State Street Bank and Trust Company
ABA #011-000-028
DDA #99046096 Legg Mason [Insert name of fund]
[Insert account name and number]

The wire should state that the funds are for the purchase of shares of a specific fund and share class and include the account name and number.

Contributions of Eligible Securities Shares may be purchased and paid for by the contribution of eligible portfolio securities, subject in each case to approval by the fund's adviser. Approval will depend on, among other things, the nature and quality of the securities offered and the current needs of the fund in question. Investors who wish to purchase fund shares through the contribution of securities should contact Legg Mason Institutional Funds at 1-888-425-6432 for instructions.

Investors should realize that at the time of contribution they may be required to recognize a gain or loss for tax purposes on securities contributed. The adviser, on behalf of a fund, has full discretion to accept or reject any appropriate securities offered as payment for shares. Securities will not be accepted in payment of fund shares from persons who are affiliated with the fund's adviser or the fund.

Securities offered in payment for shares will be valued in the same way and at the same time the fund values its portfolio securities for the purpose of determining net asset value. (See "Calculation of Net Asset Value" below.)

Future First Systematic Investment Plan:

Certain Institutional Class shareholders, as described below, may be eligible to participate in Legg Mason's Future First® Systematic Investment Plan. This plan allows you to automatically invest a specific dollar amount at regular intervals. Contact a Legg Mason Financial Advisor or FIS to enroll in the plan. The transfer agent will transfer money directly from your checking or savings account, your Legg Mason brokerage account or another Legg Mason fund to purchase shares of the desired fund.

Eligible Shareholders	Minimum Investment Amount (per transaction)
Shareholders who hold shares through fee-based advisory or brokerage account programs.	\$500 (\$50 for shareholders of a fund as of the opening of regular trading on the Exchange on June 23, 2005 that have remained in the fund since that date.)
Employees of a fund's investment adviser and their spouses and children of such employees.	\$50

Certain financial intermediaries that have agreements with Legg Mason or a fund may be authorized to accept purchase and redemption orders on their behalf. Once the authorized intermediary accepts the order, the intermediary's customer will receive the next determined net asset value. Orders received by certain retirement plans and other financial intermediaries before the close of regular trading on the Exchange and communicated to Legg Mason Institutional Funds by 9:00 a.m., Eastern time, on the following business day will be processed at the net asset value determined on the prior business day. It is the financial intermediary's responsibility to transmit your order to the funds in a timely fashion.

As described above, Institutional Class or Financial Intermediary Class shares may be available through authorized financial intermediaries. Each fund may pay such financial intermediaries for their services out of that class's assets pursuant to the class's distribution plan or otherwise, as appropriate. Legg Mason and its affiliates (including the advisers) may also from time to time, at their own expense, make payments to financial intermediaries that make shares of the funds available to their clients or to other parties in connection with the sale of shares. If investors effect transactions through a broker or agent, investors may be charged a fee by that broker or agent.

Any shares purchased or received as a distribution will be credited directly to the investor's account.

Shares of the funds may be available for purchase by retirement plans, including 401(k) plans and 403(b) plans. The administrator of a plan or employee benefits office can provide participants or employees with detailed information on how to participate in the plan and how to elect a fund as an investment option. Participants in a retirement or savings plan may be permitted to elect different investment options, alter the amounts contributed to the plan, or change how contributions are allocated among investment options in accordance with the plan's specific provisions.

For questions about participant accounts, participants should contact their employee benefits office, the plan administrator, or the organization that provides recordkeeping services for the plan. Investors who purchase shares through retirement plans should be aware that the plan administrator may aggregate purchase and redemption orders of participants in the plan. Therefore, there may be a delay between the time the investor places an order with the plan administrator and the time the order is forwarded to the Transfer Agent for execution.

If you are a customer of an institution or a client of a financial intermediary through whom you invest, be sure to consult their program literature for any policies on purchasing a fund's shares.

Shares of a fund may not be available for sale in certain states. Prospective investors should inquire as to whether shares of a particular fund are available for sale in their state of residence.

Account Registration Changes:

Changes in registration or account privileges for accounts held directly with Legg Mason Institutional Funds must be made in writing to Legg Mason Institutional Funds. Signature guarantees are required. (See "Signature Guarantee" below.) All correspondence must include the account number and must be sent to:

Legg Mason Institutional Funds
P.O. Box 17635
Baltimore, Maryland 21297-1635

How to Redeem Your Shares

REDEEMING PRIMARY CLASS SHARES

You may use any of the following methods to redeem shares of the funds:

Telephone	<p>Call your Legg Mason Financial Advisor or FIS at 1-800-822-5544 or other entity through which you hold shares to request a redemption. Please have the following information ready when you call: the name of the fund, dollar amount (or number of shares) to be redeemed and your shareholder account number.</p> <p>Proceeds will be credited to your brokerage account or a check will be sent to you by Legg Mason or the entity through which you hold shares at your direction. Wire requests to Legg Mason will be subject to a fee. For wire transfers, be sure that Legg Mason or the entity through which you hold shares has your bank account information on file.</p>
Internet or TeleFund	<p>FIS clients may request a redemption of fund shares through Legg Mason's Internet site at www.leggmasonfunds.com or through <i>TeleFund</i> at 1-877-6-LMFUNDS (1-877-656-3863). Proceeds will be credited to your brokerage account or a check will be sent to you by Legg Mason at your direction.</p>
Mail	<p>Send a letter to your Legg Mason Financial Advisor, to Legg Mason Funds Investor Services at P. O. Box 17023, Baltimore, MD 21297-0356, or the entity through which you hold shares requesting redemption of your shares. The letter should be signed by all of the owners of the account. Redemption requests for shares valued at \$10,000 or more or when the proceeds are to be paid to someone other than the accountholder(s) may require a signature guarantee. (See "ACCOUNT POLICIES - Signature Guarantee.")</p> <p>Proceeds will be credited to your brokerage account or a check will be sent to you by Legg Mason or the entity through which you hold shares, at your direction. Wire requests to Legg Mason will be subject to a fee. For wire transfers, be sure that Legg Mason or the entity through which you hold shares has your bank account information on file.</p>

Fund shares will be redeemed at the next net asset value calculated after your redemption request is received in proper form by the fund from your Legg Mason Financial Advisor, FIS or another authorized entity offering shares of the fund.

Additional documentation may be required from corporations, executors, partnerships, administrators, trustees or custodians.

Redemptions made through entities other than Legg Mason may be subject to transaction fees or other conditions established by those entities. You should consult their program literature for further information.

REDEEMING INSTITUTIONAL CLASS AND FINANCIAL INTERMEDIARY CLASS SHARES

Institutional Class and Financial Intermediary Class shareholders may redeem shares through any of the four methods listed below. All requests for redemption should indicate: 1) the number of shares or dollar amount to be redeemed and the investor's shareholder account number; 2) the investor's name and the names of any co-owners of the account, using exactly the same name or names used in establishing the account; 3) proof of authorization to request redemption on behalf of any co-owner of the account (please contact Legg Mason Institutional Funds for further details); and 4) the name, address, and account number to which the redemption payment should be sent.

Telephone	Call Legg Mason Institutional Funds at 1-888-425-6432 to request a redemption. Please have your account information, as discussed above, ready when you call. Redemptions over \$10,000,000 may be initiated by telephone, but must be confirmed in writing prior to processing.
Mail	Send a written request for redemption to Legg Mason Institutional Funds, P.O. Box 17635, Baltimore, Maryland 21297-1635. Please include your account information, as discussed above, with your written request.
Fax	You can fax a request for redemption to Legg Mason Institutional Funds at 410-454-5050. Please include your account information, as discussed above, with your faxed request.
Wire Communication	To request a redemption by wire communication with the Transfer Agent notify Legg Mason Institutional Funds at 1-888-425-6432 of your intention to redeem shares. Please have your account information, as discussed above, ready when you call.

Customers of financial intermediaries may redeem only in accordance with instructions and limitations pertaining to their account at the financial intermediary.

Upon receipt of a request for redemption as described below (a request "in good order") before the close of regular trading on the Exchange on any day the Exchange is open, the Transfer Agent will redeem fund shares at that day's net asset value per share by class. Requests for redemption received by the Transfer Agent after the close of regular trading on the Exchange will be executed at the net asset value next determined. However, orders received by certain retirement plans and other financial intermediaries by the close of regular trading on the Exchange and communicated to the Transfer Agent by 9:00 a.m., Eastern time, on the following business day will be effected at the net asset value determined on the prior business day.

Other supporting legal documents, such as copies of any trust instrument or power of attorney, may be required from corporations or other organizations, fiduciaries or persons other than the shareholder of record making the request for redemption. If you have a question concerning the sale or redemption of shares, please contact Legg Mason Institutional Funds by calling 1-888-425-6432.

Payment of redemption proceeds normally will be made by wire one business day after receipt of a redemption request in good order.

ADDITIONAL INFORMATION ABOUT REDEMPTIONS:

Legg Mason and Legg Mason Institutional Funds will follow reasonable procedures to ensure the validity of any telephone, Internet or wire redemption requests, such as requesting identifying information from users or employing identification numbers. Legg Mason and Legg Mason Institutional Funds will not be responsible for any account losses due to fraudulent telephone, Internet or wire orders that it reasonably believes to be genuine.

Payment of redemption proceeds of shares that were recently purchased by check, automatic investment arrangements or acquired through reinvestment of distributions paid on such shares by the fund may be delayed for up to ten days from the purchase date until the check or automatic investment has cleared.

Each fund has reserved the right under certain conditions to redeem its shares in-kind by distributing portfolio securities in payment for redemptions. Shareholders who receive a redemption in-kind may incur costs to dispose of the securities they receive and may receive illiquid securities.



Account Policies

CALCULATION OF NET ASSET VALUE:

Net asset value per share of each class of shares is determined daily as of the close of regular trading on the Exchange on every day the Exchange is open. The Exchange is normally closed on all national holidays and Good Friday. To calculate each class of shares' sales price, the fund's assets attributable to that class of shares are valued and totaled, liabilities attributable to that class of shares are subtracted, and the resulting net assets are divided by the number of shares outstanding for that class.

Each fund's securities are generally valued on the basis of closing market prices or market quotations. OTC securities, and securities traded on exchanges for which there is no sale on a particular day (including debt securities), are valued at the mean of latest closing bid and asked prices. When closing market prices or market quotations are not readily available (such as when trading in a security is halted or when the principal exchange on which a security is traded closes early) or are considered by the adviser to be unreliable, a fund's securities are valued at fair value as determined under policies approved by the Board of Directors. Where a security is traded on more than one market, which may include foreign markets, the security generally is valued on the market considered by the adviser to be the primary market. A fund values its foreign securities in U.S. dollars on the basis of foreign currency exchange rates prior to the close of trading on the Exchange, generally, 2:00 p.m., Eastern time. Fixed-income securities generally are valued using market quotations or independent pricing services that use prices provided by market makers or estimates of market values. Fair value methods are necessarily estimates, and the use of fair value prices may cause the net asset value of a fund's shares to differ from the net asset value that would be calculated using other methods of valuation.

To the extent that a fund has portfolio securities that are primarily listed on foreign exchanges that trade on days when the fund does not price its shares, the net asset value of the fund may change on days when shareholders will not be able to purchase or redeem the fund's shares.

SIGNATURE GUARANTEE:

When a signature guarantee is called for, the shareholder should have “Signature Guaranteed” stamped under his or her signature and guaranteed by any of the following entities: U.S. banks, foreign banks having a U.S. correspondent bank, credit unions, savings associations, U.S. registered securities dealers and brokers, municipal securities dealers and brokers, government securities dealers and brokers, national securities exchanges, registered securities associations, and clearing agencies (each an “Eligible Guarantor Institution”). Each fund and its agents reserve the right to reject any signature guarantee pursuant to written signature guarantee standards or procedures, which may be revised in the future to permit them to reject signature guarantees from Eligible Guarantor Institutions that do not, based on credit guidelines, satisfy such written standards or procedures. Any fund may change the signature guarantee requirements from time to time without prior notice to shareholders.

A signature guarantee may be required for the following situations:

- Remitting redemption proceeds to any person, address or bank account not on record.
- Making changes to the account registration after the account has been opened.
- Transferring shares to an account in another Legg Mason fund with a different account registration.

OTHER:

Fund shares may not be held in, or transferred to, an account with any firm that does not have an agreement with Legg Mason or one of its affiliates.

If your account falls below \$500, a fund may ask you to increase your balance. If after 60 days your account is still below \$500, the fund may close your account and send you the proceeds. A fund will not require you to redeem accounts that fall below \$500 solely as a result of a reduction in the fund's net asset value.

The funds will not accept cash, money orders, traveler's checks, or credit card convenience checks. Third-party checks will not be accepted unless they are from another financial institution made for the purpose of transfer or rollover. The funds will accept non-retirement checks from other fund families and investment companies as long as the registration name on your fund account is the same as that listed on the check.

Federal anti-money laundering regulations require all financial institutions to obtain, verify and record information that identifies each person who opens an account. When you sign your account application, you may be asked to provide additional information in order for the funds to verify your identity in accordance with these regulations. Accounts may be restricted and/or closed, and the monies withheld, pending verification of this information or as otherwise required under these and other federal regulations.

Each fund reserves the right to:

- suspend the offering of shares for a period of time;
- change its minimum investment amounts;
- redeem shares if information provided in the application should prove to be incorrect in any manner judged by the fund to be material (*i.e.*, in a manner such as to render the shareholder ineligible to purchase shares of that class); and
- delay sending out redemption proceeds for up to seven days if, in the judgment of the adviser, the fund could be adversely affected by immediate payment. A fund may delay redemptions beyond seven days, or suspend redemptions, only as permitted by the Securities and Exchange Commission (“SEC”) or the Investment Company Act of 1940, as amended.

FREQUENT TRADING OF FUND SHARES:

Frequent trading in a fund’s shares increases the fund’s administrative costs associated with processing shareholder transactions. In addition, frequent trading may potentially interfere with the efficient management of a fund’s portfolio and increase the fund’s costs associated with trading the fund’s portfolio securities. Under certain circumstances, frequent trading may also dilute the returns earned on shares held by a fund’s other shareholders. The funds therefore discourage frequent purchases and redemptions by shareholders.

Each fund reserves the right to refuse any client or reject any purchase order for shares (including exchanges) for any reason. In particular, the funds’ Board of Directors has determined that the funds are not designed to serve as vehicles for frequent trading in response to short-term fluctuations in the securities markets.

Under the funds’ frequent trading policy, each fund reserves the right to restrict or reject purchases of shares (including exchanges) without prior notice whenever a fund detects a pattern of excessive trading. The policy provides that a fund will use its best efforts to restrict a shareholder’s trading privileges

in the Legg Mason Funds if that shareholder has engaged in four or more “Round Trips” during any rolling 12-month period. However, each fund has the discretion to make inquiries or to take action against any shareholder whose trading appears inconsistent with the frequent trading policy.

Examples of the types of actions a fund may take to deter excessive trading in a shareholder account include restricting the shareholder from purchasing additional shares in the fund altogether or imposing other restrictions (such as requiring purchase orders to be submitted by mail) that would deter the shareholder from trading frequently in the fund.

A “Round Trip” is defined as a purchase (including subscriptions and exchanges) into a fund followed by a sale (including redemptions and exchanges) of the same or a similar number of shares out of the fund within 30 days of such purchase. Purchases and sales of a fund’s shares pursuant to the Automatic Investment Plan and Systematic Withdrawal Plan are not considered in determining Round Trips.

With respect to accounts where shareholder transactions are processed or records are kept by third-party intermediaries, the funds use reasonable efforts to monitor such accounts to detect suspicious trading patterns. For any such account that is so identified, a fund will make such further inquiries and take such other actions as shall be considered necessary or appropriate to enforce the funds’ frequent trading policy against the shareholder(s) trading through such account and, if necessary, the third-party intermediary maintaining such account. A fund may accept undertakings from intermediaries to enforce frequent trading policies on behalf of the fund that provide a substantially similar level of protection against excessive trading.

Although each fund will monitor shareholder transactions for certain patterns of frequent trading activity, there can be no assurance that all such trading activity can be identified, prevented or terminated.



Services for Investors

For further information regarding any of the services below, please contact your Legg Mason Financial Advisor, FIS, Legg Mason Institutional Funds, or other entity offering shares of the funds for sale.

CONFIRMATIONS AND ACCOUNT STATEMENTS:

Primary Class Shareholders: You will receive a confirmation from Legg Mason or the firm through which you invest after each transaction involving Primary Class shares (except a reinvestment of dividends or capital gain distributions, an investment made through the Future First® Systematic Investment Plan, or other automatic investment arrangement, and withdrawals made through the Systematic Withdrawal Plan). Legg Mason or the entity through which you invest will send you account statements monthly unless there has been no activity in the account. If there has been no monthly activity in your account, you will receive a quarterly statement.

Institutional Class and Financial Intermediary Class Shareholders: The Transfer Agent will send confirmations of each purchase and redemption transaction. Confirmations sent to financial intermediaries will include the total number of shares being held in safekeeping by the Transfer Agent. Beneficial ownership of shares held by customer accounts will be recorded by the financial intermediary and reflected in its regular account statements.

Institutional Class and Financial Intermediary Class shareholders who hold shares through fee-based advisory or brokerage account programs will receive confirmations and account statements from Legg Mason or other entity through which they hold shares in accordance with the procedures noted above for Primary Class shareholders.

SYSTEMATIC WITHDRAWAL PLAN:

Primary Class shareholders who are purchasing or already own shares of a fund with a net asset value of \$5,000 or more (\$1,000 or more for IRAs and Coverdell Education Savings Accounts), may elect to make systematic withdrawals from the fund. The minimum amount for each withdrawal is \$50. Certain Institutional Class and Financial Intermediary Class shareholders may also be eligible to make systematic withdrawals from a fund. These shareholders

should contact Legg Mason Institutional Funds at 1-888-425-6432 to determine their account's eligibility. Ordinarily, you should not purchase additional shares of the fund when you are a participant in the plan, because there are tax disadvantages associated with such purchases and withdrawals.

EXCHANGE PRIVILEGE:

Primary Class: Primary Class shares of the funds may be exchanged for Primary Class shares of any of the other Legg Mason funds and for Consultant Class shares of The Royce Funds (except Royce TrustShares Fund). You can request an exchange in writing or by telephone. FIS clients may also request an exchange through *TeleFund* or the Internet at www.leggmasonfunds.com.

Institutional Class and Financial Intermediary Class: Institutional Class and Financial Intermediary Class shares of a fund may be exchanged for shares of Legg Mason Cash Reserve Trust or for shares of the same class of any of the other Legg Mason funds, provided the investor meets the eligibility criteria of that class of that fund and the value of exchanged shares is at least \$1 million. You can request an exchange in writing or by telephone. Some financial intermediaries and retirement plan administrators may not offer the Institutional Class or Financial Intermediary Class shares of all Legg Mason funds for exchange.

In each case, the fund into which you are exchanging must be eligible for sale in your state of residence. Be sure to read the current prospectus for any fund into which you are exchanging.

There is currently no fee for exchanges. An exchange of a fund's shares will be treated as a sale of the shares, and any gain on the transaction will be subject to tax.

Each fund reserves the right to terminate or modify the exchange privilege after at least 60 days' written notice to shareholders.

MAILING OF REPORTS AND PROSPECTUSES:

If two or more members of a household own the same fund, we economize on fund expenses by combining all account communications in one convenient mailing. To take advantage of Legg Mason's free "householding" service contact your financial adviser, FIS or Legg Mason Institutional Funds as appropriate. If you do not want your mailings to be consolidated in that way, please follow the instructions listed below for your share class and we will send separate reports and prospectuses to each account holder living in your household.

Primary Class Shareholders	Call your financial adviser or FIS at 1-800-822-5544 or write to Legg Mason Funds Investor Services, 100 Light Street, P.O. Box 17023, Baltimore, MD 21297-0356.
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Institutional Class and Financial Intermediary Class Shareholders	Contact Legg Mason Institutional Funds at 1-888-425-6432 or write to Legg Mason Institutional Funds, P.O. Box 17635, Baltimore, MD 21297-1635.
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Distributions and Taxes

Each fund except Balanced Trust declares and pays dividends from any net investment income annually. Balanced Trust declares and pays any such dividends quarterly.

Each fund distributes substantially all its net capital gain (*i.e.*, the excess of net long-term capital gain over net short-term capital loss), the excess of net short-term capital gain over net long-term capital loss and net realized gains from foreign currency transactions, if any, after the end of the taxable year in which the gain is realized. A second distribution of such gain(s) may be necessary in some years to avoid imposition of a federal excise tax.

Your dividends and other distributions will be automatically reinvested in the distributing class of shares of the fund unless you elect to receive dividends and/or other distributions in cash. To change your election, you must notify the fund at least ten days before the next distribution is to be paid. Primary Class shareholders who have a minimum account balance of \$10,000 may request that their dividends and/or other distributions be invested in Primary Class shares of another eligible Legg Mason fund or Consultant Class shares of The Royce Funds (except Royce TrustShares Fund), provided these funds are available for sale in your state.

If the postal or other delivery service is unable to deliver your distribution check, your distribution election will automatically be converted to having all dividends and other distributions reinvested in fund shares. No interest will accrue on amounts represented by uncashed distribution or redemption checks.

Fund dividends and other distributions are taxable to investors (other than retirement plans and other tax-exempt investors) whether received in cash or reinvested in additional shares of a fund. Dividends from a fund's investment company taxable income (which includes net investment income, the excess of net short-term capital gain over net long-term capital loss, and net gains from certain foreign currency transactions, all determined without regard to any deduction for dividends paid) are taxable as ordinary income, except

that the part of the dividends that is “qualified dividend income” (*i.e.*, dividends on stock of most U.S. corporations and certain foreign corporations with respect to which the fund satisfies certain holding period, debt-financing and other restrictions), if any, is subject to a maximum federal income tax rate of 15% for individual shareholders who satisfy those restrictions with respect to their shares on which the fund dividends are paid.

Distributions of a fund’s net capital gain are taxable as long-term capital gain (also at a maximum 15% rate for individual shareholders), regardless of how long you have held your fund shares. A tax statement will be sent to you after the end of each year detailing the tax status of your distributions.

The sale or exchange of fund shares may result in a taxable gain or loss, depending on whether the proceeds are more or less than the cost of your shares. Any capital gain an individual shareholder recognizes on a redemption or exchange through 2008 of his or her fund shares that have been held for more than one year will qualify for a 15% maximum federal income tax rate.

As required by law, each fund will withhold 28% of all dividends, capital gain distributions and redemption proceeds otherwise payable to individuals and certain other non-corporate shareholders who do not provide the fund with a valid taxpayer identification number. Each fund is also required to withhold 28% of all dividends and capital gain distributions payable to those shareholders who are otherwise subject to backup withholding.

Because each investor’s tax situation is different, please consult your tax adviser about federal, state and local tax considerations.



Portfolio Disclosure Policy

A description of the funds' policies and procedures with respect to the disclosure of their portfolio securities holdings is available in the funds' Statement of Additional Information. Each fund's complete portfolio holdings are available on the Legg Mason Funds' website at <http://www.leggmason.com/funds/ourfunds/portfolioholdings/> approximately on the next to last business day of the month following each quarter-end, and partial information concerning the funds' portfolio holdings (such as top ten holdings) is available on the Legg Mason Funds' website, in fact sheets and other formats, on a quarterly basis approximately on the 10th business day of the month following each quarter-end. Such information will remain available until the next quarter's holdings are posted.



Financial Highlights

The financial highlights table is intended to help you understand each fund's financial performance for the past five years or since inception. Certain information reflects financial results for a single fund share. Total return represents the rate that an investor would have earned (or lost) on an investment in a fund, assuming reinvestment of all dividends and other distributions. For Value Trust and Special Investment Trust, this information has been audited by their independent registered public accounting firm, PricewaterhouseCoopers LLP, whose reports, along with the funds' financial statements, are incorporated by reference into the funds' Statement of Additional Information (see back cover) and are included in the annual reports for these funds. For American Leading Companies Trust, Balanced Trust, Small-Cap Value Trust and Financial Services Fund, this information has been audited by Ernst & Young LLP, their independent registered public accounting firm during those periods, whose report, along with the funds' financial statements, are incorporated by reference into the funds' Statement of Additional Information and are included in the annual report for these funds. The funds' annual reports are available upon request by calling toll-free 1-800-822-5544 for holders of Primary Class shares or 1-888-425-6432 for holders of Financial Intermediary Class or Institutional Class shares.

Value Trust

Primary Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$57.55	\$39.41	\$48.23	\$53.73	\$75.25
Investment operations:					
Net investment loss	(.46)	(.31)	(.15)(A)	(.28)(A)	(.25)
Net realized and unrealized gain (loss) on investments	4.26	18.45	(8.67)	(4.96)	(6.80)
Total from investment operations	3.80	18.14	(8.82)	(5.24)	(7.05)
Distributions:					
From net realized gain on investments	–	–	–	(.26)	(14.47)
Total distributions	–	–	–	(.26)	(14.47)
Net asset value, end of year	\$61.35	\$57.55	\$39.41	\$48.23	\$53.73
Ratios/Supplemental Data:					
Total return	6.60%	46.03%	(18.29)%	(9.82)%	(9.99)%
Expenses to average net assets	1.68%	1.70%	1.72%(B)	1.68%(B)	1.69%(B)
Net investment income/(loss) to average net assets	(.77)%	(.61)%	(.37)%	(.53)%	(.44)%
Portfolio turnover rate	8.8%	3.8%	25.0%	24.4%	27.0%
Net assets, end of year (in thousands)	\$11,208,979	\$10,790,770	\$6,981,433	\$9,378,228	\$10,319,107

(A) Computed using average shares outstanding.

(B) Interest expense incurred with respect to borrowings did not affect the expense ratio, which, excluding interest expense, was 1.72% for the year ended March 31, 2003, 1.68% for the year ended March 31, 2002, and 1.69% for the year ended March 31, 2001.

Value Trust

Financial Intermediary Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001(B)
Net asset value, beginning of year	\$61.67	\$41.95	\$50.97	\$56.38	\$54.47
Investment operations:					
Net investment income/(loss)	(.07)	.02	.12(A)	.08(A)	(.01)
Net realized and unrealized gain/(loss) on investments	4.58	19.70	(9.14)	(5.23)	1.92
Total from investment operations	4.51	19.72	(9.02)	(5.15)	1.91
Distributions:					
From net realized gain on investments	—	—	—	(.26)	—
Total distributions	—	—	—	(.26)	—
Net asset value, end of period	\$66.18	\$61.67	\$41.95	\$50.97	\$56.38
Ratios/Supplemental Data:					
Total return	7.31%	47.01%	(17.70)%	(9.20)%	3.51%(C)
Expenses to average net assets	1.03%	1.03%	1.07%(D)	1.01%(D)	.93%(D),(E)
Net investment income/(loss) to average net assets	(.14)%	.04%	.27%	.14%	(.44)%(E)
Portfolio turnover rate	8.8%	3.8%	25.0%	24.4%	27.0%
Net assets, end of period (in thousands)	\$944,489	\$500,241	\$227,189	\$157,964	\$171,427

(A) Computed using average shares outstanding.

(B) For the period March 23, 2001 (commencement of operations) to March 31, 2001.

(C) Not annualized.

(D) Interest expense incurred with respect to borrowings did not affect the expense ratio, which, excluding interest expense, was 1.07% for the year ended March 31, 2003, 1.01% for the year ended March 31, 2002, and 0.93% for the year ended March 31, 2001.

(E) Annualized.

Value Trust

Institutional Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$62.26	\$42.21	\$51.12	\$56.38	\$77.52
Investment operations:					
Net investment income	.12	.18	.28(A)	.25(A)	.35(A)
Net realized and unrealized gain/(loss) on investments	4.66	19.87	(9.19)	(5.25)	(7.02)
Total from investment operations	4.78	20.05	(8.91)	(5.00)	(6.67)
Distributions:					
From net realized gain on investments	—	—	—	(.26)	(14.47)
Total distributions	—	—	—	(.26)	(14.47)
Net asset value, end of year	\$67.04	\$62.26	\$42.21	\$51.12	\$56.38
Ratios/Supplemental Data:					
Total return	7.68%	47.50%	(17.43)%	(8.95)%	(9.09)%
Expenses to average net assets	.69%	.70%	.72%(B)	.70%(B)	.71%(B)
Net investment income/(loss) to average net assets	.21%	.38%	.64%	.45%	.54%
Portfolio turnover rate	8.8%	3.8%	25.0%	24.4%	27.0%
Net assets, end of year (in thousands)	\$4,353,817	\$2,928,977	\$1,434,110	\$1,762,276	\$1,658,522

(A) Computed using average shares outstanding.

(B) Interest expense incurred with respect to borrowings did not affect the expense ratio, which, excluding interest expense, was 0.72% for the year ended March 31, 2003, 0.70% for the year ended March 31, 2002, and 0.71% for the year ended March 31, 2001.

Special Investment

Primary Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$46.06	\$29.28	\$35.72	\$31.83	\$40.28
Investment operations:					
Net investment loss	(.60)	(.51)	(.28)	(.33)	(.34)
Net realized and unrealized gain/(loss) on investments	2.16	18.51	(4.96)	5.22	(6.59)
Total from investment operations	1.56	18.00	(5.24)	4.89	(6.93)
Distributions:					
From net realized gain on investments	(3.69)	(1.22)	(1.20)	(1.00)	(1.52)
Total distributions	(3.69)	(1.22)	(1.20)	(1.00)	(1.52)
Net asset value, end of year	\$43.93	\$46.06	\$29.28	\$35.72	\$31.83
Ratios/Supplemental Data:					
Total return	3.23%	61.72%	(14.84)%	15.48%	(17.74)%
Expenses to average net assets	1.76%	1.78%	1.83%	1.79%	1.79%
Net investment loss to average net assets	(1.37)%	(1.33)%	(.93)%	(1.00)%	(.94)%
Portfolio turnover rate	17.7%	14.7%	18.5%	36.6%	36.7%
Net assets, end of year (in thousands)	\$3,366,869	\$3,375,792	\$1,968,420	\$2,380,611	\$2,091,594

Special Investment

Financial Intermediary Class:

	Period Ended March 31, 2005(A)
Net asset value, beginning of period	\$48.25
Investment operations:	
Net investment loss	(.21)
Net realized and unrealized gain/(loss) on investments	5.40
Total from investment operations	5.19
Distributions:	
From net realized gain on investments	(3.19)
Total distributions	(3.19)
Net asset value, end of period	\$50.25
Ratios/Supplemental Data:	
Total return	10.59%(B)
Expenses to average net assets	1.05%(C)
Net investment income/(loss) to average net assets	(.66)%(C)
Portfolio turnover rate	17.7%
Net assets, end of period (in thousands)	\$16,987

(A) For the period July 30, 2004 (commencement of operations) to March 31, 2005.

(B) Not annualized.

(C) Annualized.

Special Investment

Institutional Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$51.76	\$32.47	\$39.05	\$34.35	\$42.91
Investment operations:					
Net investment income/(loss)	(.15)	(.12)	.04	.05	.04
Net realized and unrealized gain/(loss) on investments	2.44	20.63	(5.42)	5.65	(7.08)
Total from investment operations	2.29	20.51	(5.38)	5.70	(7.04)
Distributions:					
From net realized gain on investments	(3.69)	(1.22)	(1.20)	(1.00)	(1.52)
Total distributions	(3.69)	(1.22)	(1.20)	(1.00)	(1.52)
Net asset value, end of year	\$50.36	\$51.76	\$32.47	\$39.05	\$34.35
Ratios/Supplemental Data:					
Total return	4.30%	63.40%	(13.91)%	16.69%	(16.86)%
Expenses to average net assets	0.73%	0.75%	0.78%	0.76%	0.75%
Net investment income/(loss) to average net assets	(.33)%	(.30)%	.11%	.04%	.75%
Portfolio turnover rate	17.7%	14.7%	18.5%	36.6%	36.7%
Net assets, end of year (in thousands)	\$208,331	\$179,400	\$90,532	\$103,741	\$99,958

American Leading Companies

Primary Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$19.85	\$14.54	\$18.13	\$18.28	\$18.69
Investment operations:					
Net investment income/(loss)	-(A)	.01	(.01)	(.08)	(.13)
Net realized and unrealized gain/(loss) on investments	2.01	5.30	(3.58)	(.07)	(.17)
Total from investment operations	2.01	5.31	(3.59)	(.15)	(.30)
Distributions:					
From net investment income	(.01)	-(B)	-	-	-
From net realized gain on investments	-	-	-	-	(.11)
Total distributions	(.01)	-	-	-	(.11)
Net asset value, end of year	\$21.85	\$19.85	\$14.54	\$18.13	\$18.28
Ratios/Supplemental Data:					
Total return	10.12%	36.54%	(19.80)%	(.82)%	(1.65)%
Expenses to average net assets	1.88%	1.90%	1.92%	1.93%	1.95%
Net investment income/(loss) to average net assets	(.01)%	.05%	(.05)%	(.47)%	(.65)%
Portfolio turnover rate	19.4%	19.6%	19.0%	22.7%	31.0%
Net assets, end of year (in thousands)	\$654,019	\$585,295	\$410,331	\$551,061	\$272,150

(A) \$(.001) per share

(B) \$(.003) per share

American Leading Companies

Institutional Class:

	Years Ended March 31,			
	2005	2004	2003	2002(A)
Net asset value, beginning of period	\$20.28	\$14.83	\$18.27	\$19.08
Investment operations:				
Net investment income/(loss)	.21	.20	.15	.09
Net realized and unrealized gain(loss) on investments	2.06	5.42	(3.59)	(.90)
Total from investment operations	2.27	5.62	(3.44)	(.81)
Distributions:				
From net investment income	(.21)	(.17)	–	–
From net realized gain on investments	–	–	–	–
Total distributions	(.21)	(.17)	–	–
Net asset value, end of period	\$22.34	\$20.28	\$14.83	\$18.27
Ratios/Supplemental Data:				
Total return	11.21%	37.96%	(18.83)%	(4.25)%(B)
Expenses to average net assets	.90%	.85%	.87%	.87%(C)
Net investment income/(loss) to average net assets	.99%	1.14%	1.02%	.62%(C)
Portfolio turnover rate	19.4%	19.6%	19.0%	22.7%(C)
Net assets, end of period (in thousands)	\$21,386	\$16,996	\$8,729	\$9,649

(A) For the period June 14, 2001 (re-commencement of operations) to March 31, 2002.

(B) Not annualized.

(C) Annualized.

Balanced Trust

Primary Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$10.99	\$9.36	\$10.97	\$11.64	\$12.20
Investment operations:					
Net investment income/(loss)	.08(A)	.10(A)	.13(A)	.11(A),(B)	.17(A)
Net realized and unrealized gain/(loss) on investments	.37	1.66	(1.57)	.02(B)	(.61)
Total from investment operations	.45	1.76	(1.44)	.13	(.44)
Distributions:					
From net investment income	(.08)	(.13)	(.10)	(.11)	(.12)
From net realized gain on investments	(.21)	—	(.07)	(.69)	—
Total distributions	(.29)	(.13)	(.17)	(.80)	(.12)
Net asset value, end of year	\$11.15	\$10.99	\$9.36	\$10.97	\$11.64
Ratios/Supplemental Data:					
Total return	4.02%	19.03%	(13.20)%	.89%	(3.68)%
Expenses to average net assets	1.85%(A)	1.85%(A)	1.85%(A)	1.85%(A)	1.85%(A)
Net investment income/(loss) to average net assets	.70%(A)	.94%(A)	1.37%(A)	1.04%(A),(B)	1.38%(A)
Portfolio turnover rate	42.4%	42.1%	29.5%	55.4%	58.4%
Net assets, end of year (in thousands)	\$37,602	\$38,936	\$32,914	\$36,308	\$35,971

- (A) Net of fees waived by LMFA pursuant to a voluntary expense limitation of 1.85% of average daily net assets. If no fees had been waived by LMFA, the annualized ratio of expenses to average daily net assets would have been as follows: for the years ended March 31, 2005, 2.02%; 2004, 1.96%; 2003, 2.03%; 2002, 2.02%; and 2001, 2.00%.
- (B) As required, effective April 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide, Audits of Investment Companies, and began amortizing discount and premium on debt securities. The effect of this adoption for the year ended March 31, 2002, was an increase in the Fund's net investment income per share of \$0.01, a decrease in net realized and unrealized gain/(loss) per share of \$0.01, and an increase in the ratio of net investment income from 0.96% to 1.04%. Per share data and ratios for periods prior to April 1, 2001, have not been restated to reflect this change in accounting.

Balanced Trust

Financial Intermediary Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001(A)
Net asset value, beginning of period	\$11.00	\$9.37	\$10.96	\$11.64	\$11.58
Investment operations:					
Net investment income/(loss)	.13(B)	.15(B)	.20(B)	.17(B),(C)	N.M.(B)
Net realized and unrealized gain/(loss) on investments	.36	1.66	(1.58)	.01(C)	.06
Total from investment operations	.49	1.81	(1.38)	.18	.06
Distributions:					
From net investment income	(.15)	(.18)	(.14)	(.17)	–
From net realized gain on investments	(.21)	–	(.07)	(.69)	–
Total distributions	(.36)	(.18)	(.21)	(.86)	–
Net asset value, end of period	\$11.13	\$11.00	\$9.37	\$10.96	\$11.64
Ratios/Supplemental Data:					
Total return	4.53%	19.52%	(12.72)%	1.35%	.52%(D)
Expenses to average net assets	1.35%(B)	1.35%(B)	1.35%(B)	1.35%(B)	1.35%(B),(E)
Net investment income/(loss) to average net assets	1.21%(B)	1.46%(B)	1.88%(B)	1.55%(B),(C)	.27%(B),(E)
Portfolio turnover rate	42.4%	42.1%	29.5%	55.4%	58.4%
Net assets, end of period (in thousands)	\$21,695	\$21,812	\$20,182	\$26,463	\$30,976

(A) For the period from March 16, 2001 (commencement of operations) to March 31, 2001.

(B) Net of fees waived by LMFA pursuant to a voluntary expense limitation of 1.35% of average daily net assets. If no fees had been waived by the adviser, the annualized ratio of expenses to average daily net assets would have been as follows: for the years ended March 31, 2005, 1.47%; 2004, 1.44%; 2003, 1.46%; 2002, 1.48%; and for the period ended March 31, 2001, 1.45%.

(C) As required, effective April 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide, Audits of Investment Companies, and began amortizing discount and premium on debt securities. The effect of this adoption for the year ended March 31, 2002, was an increase in the Fund's net investment income per share of \$0.01, a decrease in net realized and unrealized gain/(loss) per share of \$0.01, and an increase in the ratio of net investment income from 1.47% to 1.55%. Per share data and ratios for periods prior to April 1, 2001, have not been restated to reflect this change in accounting.

(D) Not annualized.

(E) Annualized.

N.M. - Not meaningful.

Balanced Trust

Institutional Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001(A)
Net asset value, beginning of period	\$11.01	\$9.38	\$10.98	\$11.64	\$11.58
Investment operations:					
Net investment income/(loss)	.17(B)	.17(B)	.22(B)	.19(B),(C)	N.M(B)
Net realized and unrealized gain(loss) on investments	.36	1.68	(1.59)	.03(C)	.06
Total from investment operations	.53	1.85	(1.37)	.22	.06
Distributions:					
From net investment income	(.20)	(.22)	(.16)	(.19)	–
From net realized gain on investments	(.21)	–	(.07)	(.69)	–
Total distributions	(.41)	(.22)	(.23)	(.88)	–
Net asset value, end of period	\$11.13	\$11.01	\$9.38	\$10.98	\$11.64
Ratios/Supplemental Data:					
Total return	4.86%	19.87%	(12.58)%	1.68%	.52%(D)
Expenses to average net assets	1.10%(B)	1.10%(B)	1.10%(B)	1.10%(B)	1.10%(E),(B)
Net investment income/(loss) to average net assets	1.47%(B)	1.68%(B)	2.14%(B)	1.79%(B),(C)	.52%(E),(B)
Portfolio turnover rate	42.4%	42.1%	29.5%	55.4%	58.4%(E)
Net assets, end of period (in thousands)	\$628	\$499	\$341	\$391	\$325

(A) For the period from March 16, 2001 (commencement of operations) to March 31, 2001.

(B) Net of fees waived by LMFA pursuant to a voluntary expense limitation of 1.10% of average daily net assets. If no fees had been waived by the adviser, the annualized ratio of expenses to average daily net assets would have been as follows: for the years ended March 31, 2005, 1.17%; 2004, 1.12%; 2003, 1.17%; 2002, 1.21%; and for the period ended March 31, 2001, 1.16%.

(C) As required, effective April 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide, Audits of Investment Companies, and began amortizing discount and premium on debt securities. The effect of this adoption for the year ended March 31, 2002, was an increase in net investment income per share of \$0.01, a decrease in net realized and unrealized gain/(loss) per share of \$0.01, and an increase in the ratio of net investment income from 1.71% to 1.79%. Per share data and ratios for periods prior to April 1, 2001, have not been restated to reflect this change in accounting.

(D) Not annualized.

(E) Annualized.

N.M. - Not meaningful.

Small-Cap Value Trust

Primary Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$14.52	\$8.93	\$11.73	\$9.05	\$7.45
Investment operations:					
Net investment income/(loss)	(.05)	(.07)(A)	(.06)(A)	(.06)(A)	(.02)(A)
Net realized and unrealized gain/(loss) on investments	1.38	5.75	(2.74)	2.74	1.62
Total from investment operations	1.33	5.68	(2.80)	2.68	1.60
Distributions:					
From net realized gain on investments	(1.42)	(.09)	–	–	–
Total distributions	(1.42)	(.09)	–	–	–
Net asset value, end of year	\$14.43	\$14.52	\$8.93	\$11.73	\$9.05
Ratios/Supplemental Data:					
Total return	9.67%	63.71%	(23.87)%	29.61%	21.48%
Expenses to average net assets	2.00%	2.00%(A)	2.00%(A)	2.00%(A)	2.00%(A)
Net investment income/(loss) to average net assets	(.39)%	(.61)% (A)	(.52)% (A)	(.82)% (A)	(.21)% (A)
Portfolio turnover rate	46.7%	44.3%	61.0%	32.1%	60.7%
Net assets, end of year (in thousands)	\$242,719	\$226,351	\$144,447	\$182,201	\$68,629

(A) Net of fees waived by LMFA pursuant to a voluntary expense limitation of 2.00% of average daily net assets. If no fees had been waived by LMFA, the annualized ratio of expenses to average daily net assets would have been as follows: for the years ended March 31, 2004, 2.05%; 2003, 2.13%; 2002, 2.24%; and 2001, 2.46%.

Small-Cap Value Trust

Institutional Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$15.39	\$9.36	\$12.16	\$9.30	\$7.59
Investment operations:					
Net investment income/(loss)	.09	.05	.05(A)	(.02)(A)	.02(A)
Net realized and unrealized gain(loss) on investments	1.53	6.07	(2.85)	2.88	1.69
Total from investment operations	1.62	6.12	(2.80)	2.86	1.71
Distributions:					
From net realized gain on investments	(1.42)	(.09)	–	–	–
Total distributions	(1.42)	(.09)	–	–	–
Net asset value, end of year	\$15.59	\$15.39	\$9.36	\$12.16	\$9.30
Ratios/Supplemental Data:					
Total return	11.06%	65.49%	(23.03)%	30.75%	22.53%
Expenses to average net assets	.93%	.98%	1.00%(A)	1.00%(A)	1.00%(A)
Net investment income/(loss) to average net assets	.69%	.41%	.50%(A)	.18%(A)	.82%(A)
Portfolio turnover rate	46.7%	44.3%	61.0%	32.1%	60.7%
Net assets, end of year (in thousands)	\$14,349	\$10,351	\$5,589	\$5,529	\$711

(A) Net of fees waived by LMFA pursuant to a voluntary expense limitation of 1.00% of average daily net assets. If no fees had been waived by the adviser, the annualized ratio of expenses to average daily net assets would have been as follows: for the years ended March 31, 2003, 1.05%; 2002, 1.20%; and 2001, 1.43%.

Financial Services Fund

Primary Class:

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$15.44	\$11.20	\$12.51	\$11.02	\$9.18
Investment operations:					
Net investment income/(loss)	(.07)(A)	(.08)(A)	(.08)(A)	(.09)(A)	(.05)(A)
Net realized and unrealized gain/(loss) on investments	1.10	4.58	(1.23)	1.58	1.89
Total from investment operations	1.03	4.50	(1.31)	1.49	1.84
Distributions:					
From net realized gain on investments	(2.15)	(.26)	–	–	–
Total distributions	(2.15)	(.26)	–	–	–
Net asset value, end of year	\$14.32	\$15.44	\$11.20	\$12.51	\$11.02
Ratios/Supplemental Data:					
Total return	6.89%	40.27%	(10.47)%	13.52%	20.04%
Expenses to average net assets	2.25%(A)	2.25%(A)	2.25%(A)	2.25%(A)	2.25%(A)
Net investment income/(loss) to average net assets	(.50)% (A)	(.58)% (A)	(.64)% (A)	(.69)% (A)	(.55)% (A)
Portfolio turnover rate	28.3%	29.6%	38.2%	28.9%	37.2%
Net assets, end of year (in thousands)	\$56,139	\$57,398	\$40,367	\$45,473	\$46,705

(A) Net of fees waived by LMFA pursuant to a voluntary expense limitation of 2.25%. If no fees had been waived by LMFA, the annualized ratio of expenses to average daily net assets would have been as follows: for the years ended March 31, 2005, 2.38%; 2004, 2.35%; 2003, 2.46%; 2002, 2.44%; and 2001, 2.71%.

Financial Services Fund

Financial Intermediary Class (formerly Class A shares):

	Years Ended March 31,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$16.10	\$11.58	\$12.84	\$11.22	\$9.28
Investment operations:					
Net investment income/(loss)	.04(A)	.03(A)	.01(A)	.02(A)	.03(A)
Net realized and unrealized gain/(loss) on investments	1.15	4.75	(1.27)	1.60	1.91
Total from investment operations	1.19	4.78	(1.26)	1.62	1.94
Distributions:					
From net realized gain on investments	(2.15)	(.26)	—	—	—
Total distributions	(2.15)	(.26)	—	—	—
Net asset value, end of year	\$15.14	\$16.10	\$11.58	\$12.84	\$11.22
Ratios/Supplemental Data:					
Total return	7.65%	41.37%(B)	(9.81)%(B)	14.44%(B)	20.91%(B)
Expenses to average net assets	1.50%	1.50%(A)	1.50%(A)	1.50%(A)	1.50%(A)
Net investment income/(loss) to average net assets	.24%(A)	.17%(A)	.12%(A)	.07%(A)	.21%(A)
Portfolio turnover rate	28.3%	29.6%	38.2%	28.9%	37.2%
Net assets, end of year (in thousands)	\$11,145	\$11,793	\$9,154	\$9,960	\$9,594

- (A) Net of fees waived by LMFA pursuant to a voluntary expense limitation of 1.50%. If no fees had been waived by LMFA, the annualized ratio of expenses to average daily net assets would have been as follows: for the years ended March 31, 2005, 1.59%; 2004, 1.55%; 2003, 1.65%; 2002, 1.64%; and 2001, 1.91%.
- (B) Excluding sales charge applicable to Class A shares. Sales charges were eliminated beginning July 31, 2004, when Class A shares were renamed Financial Intermediary Class shares.

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Legg Mason Equity Funds

The following additional information about the funds is available upon request and without charge:

Statement of Additional Information (SAI) – The SAI is filed with the SEC and is hereby incorporated by reference into (is considered part of) this Prospectus. The SAI provides further information and additional details about each fund and its policies. The funds' SAI is available free of charge at the Legg Mason Funds websites listed below.

Annual and Semi-Annual Reports – Additional information about each fund's investments is available in the funds' annual and semi-annual reports to shareholders. In the funds' annual reports, you will find a discussion of the market conditions and investment strategies that significantly affected each fund's performance during its last fiscal year. The funds' annual and semi-annual reports are available free of charge at the Legg Mason Funds websites listed below.

To request the SAI or any reports to shareholders, or to obtain more information:

**Primary Class
Shareholders**

Legg Mason Funds Investor Services
100 Light Street, P.O. Box 17023
Baltimore, Maryland 21297-0356
1-800-822-5544
www.leggmasonfunds.com

**Institutional Class and
Financial Intermediary
Class Shareholders**

Legg Mason Institutional Funds
P.O. Box 17635
Baltimore, Maryland 21297-1635
1-888-425-6432
www.lminstitutionalfunds.com

Information about the funds, including the SAI, can be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-942-8090. Reports and other information about the funds are available on the EDGAR database on the SEC's Internet site at <http://www.sec.gov>. Investors may also obtain this information, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102.