

**This document contains important information about your investment and requires your attention. If you are in any doubt about the contents of this document, please consult a financial adviser.**

22 February 2021

Dear Shareholder,

**Changes to Legg Mason Funds ICVC (the "ICVC") and its sub-funds (the "Funds")**

We are writing to you as a shareholder in the ICVC to inform you of a number of forthcoming changes to the ICVC and its sub-funds.

As the authorised corporate director ("**ACD**") of the ICVC we frequently evaluate the Funds and available share classes to ensure we are offering value and meeting the needs and expectations of our investors. We do this against the seven Financial Conduct Authority ("**FCA**") prescribed criteria – being: (1) quality of service, (2) performance, (3) authorised fund manager costs (general), (4) economies of scale, (5) comparable market rates, (6) comparable services, and (7) classes of units (which includes shares).

**The table overleaf summarises the relevance of this letter to you as a shareholder in the ICVC and the key sections you should read.**

## Legg Mason Investment Funds Limited

Change	Shareholders principally affected	Relevant sections of this letter
<b>Conversion of Class A Shares to Class X Shares</b>	Shareholders in all Funds who currently hold Class A Shares	Section 1 below; Annex 1
<b>Amendments to the ICVC Prospectus wording relating to the mandatory conversion of Shares</b>	Shareholders in all Funds who currently hold Class A Shares, although other Shareholders may also be impacted by this change in the future	Section 2 below
<b>Reduction of minimum investment amounts for Class X Shares</b>	Shareholders who currently hold Class A Shares and whose shares will be converted into Class X Shares and Class X Shareholders	Section 3 below
<b>Changes to the investment policies of certain of the Funds</b>	Shareholders invested in the following Funds: <ul style="list-style-type: none"> <li>• Legg Mason IF QS UK Equity Fund,</li> <li>• Legg Mason IF Martin Currie Asia Unconstrained Fund, and</li> <li>• Legg Mason IF Martin Currie Emerging Markets Fund.</li> </ul>	Section 4 below;  Annex 2 and Annex 3
<b>Change to comparator benchmark for the Legg Mason IF Clearbridge US Equity Fund</b>	Shareholders invested in the Legg Mason IF Clearbridge US Equity Fund	Section 5 below

### 1. Conversion of Class A Shares to Class X Shares

If you currently hold Class A Shares (including Class A (Hedged) Shares), we are writing to let you know that we are planning to automatically convert all Class A Shares (including Class A (Hedged) Shares) issued in relation to the Funds into Class X Shares in the same Funds. **The automatic conversions are proposed to take place on 10 May 2021.**

The process to be followed to convert the relevant shares is supported by powers contained in the ICVC Prospectus (the current version is dated 27 November 2020) and reflects recent FCA guidance.

Consequently, to assist in the facilitation of the conversions, as from the date of this letter, Class A Shares are no longer available for further investment (22 February 12pm midday). **Please also be aware that, in order to enable the automatic conversion of Class A Shares to take place, from the 12 noon valuation point on 4 May 2021, we will not accept any dealing instructions received from Class A Shareholders in respect of their Class A Shares. This means that Class A Shareholders will not be able to redeem (or sell) or switch their investments in Class A Shares after the 12 noon valuation point on 4 May 2021. All dealing instructions received after this time will be rejected.**<sup>1</sup>

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<sup>1</sup> Please note that we propose to contact Class A Shareholders who provide dealing instructions in respect of their Class Shares after 4 May 2021 to confirm that their instructions have been rejected.

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Further information on this and the options available to you are set out in Annex 1 to this letter.

## 2. Amendments to the ICVC Prospectus wording relating to the mandatory conversion of shares

The ICVC Prospectus provides currently that a Shareholder will be sent a letter of confirmation containing transaction details on the next business day after the mandatory/compulsory conversion of a Shareholder's Shares has been effected. We are making minor amendments to this language to reflect that such letters of confirmation will be sent to Shareholders in due course once the relevant conversions have been effected.

We are making this change, principally, in order to assist us in facilitating the conversion of Class A Shares to Class X Shares. **This change will take place on or around 7 May 2021.**

## 3. Reduction of minimum investment amounts for Class X Shares

Following on from the above, we are also reducing the minimum investment and holding amounts applicable to Class X Shares such that they match those which currently apply to Class A Shares. **These changes will take place on or around 7 May 2021.**

The changes are summarised in the following table:

	Current Class X and minimum investment amounts*	Class X minimum investment and holding amounts to apply from 7 May 2021
<b>Minimum initial subscription for shares in a Fund</b>	£100,000	£3,000
<b>Minimum subsequent subscription for shares in a Fund</b>	No minimum applies	No minimum applies
<b>Minimum withdrawal amount for shares in a Fund</b>	No minimum applies	No minimum applies
<b>Minimum residual value for shares in a Fund</b>	£100,000	£3,000

\* Please note that waivers of these minimum investment and holding amounts are in operation for certain shareholders.

## 4. Changes to the investment policies of: (i) Legg Mason IF QS UK Equity Fund, (ii) Legg Mason IF Martin Currie Asia Unconstrained Fund, and (iii) Legg Mason IF Martin Currie Emerging Markets Fund

At the same time, we are also taking the opportunity to inform you of a number of updates which are to be reflected in the ICVC Prospectus (and certain Key Investor Information Documents) for the purposes of clarifying and providing further detail on the investment policies of certain of the relevant Funds. These updates and clarifications are described in Annex 2 and Annex 3 to this letter.

Please note that these clarifications and updates do not change the way in which the Funds are managed. **These clarifications and updates will be reflected in the ICVC Prospectus (and, in the case of the Legg Mason IF QS UK Equity Fund, the Key Investor Information Documents) to be made available on or around 7 May 2021.**

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### **5. Change of comparator benchmark for the Legg Mason IF Clearbridge US Equity Fund**

Finally, we are also writing to inform you that we are updating the ICVC Prospectus (and our documentation more generally) to refer to the Russell 1000 Value Index (the "**New Index**") in place of the S&P 500 Index (the "**Current Index**") as a benchmark index against which investors may wish to compare the performance of the Legg Mason IF Clearbridge US Equity Fund. In summary, we have decided to make this change as we consider that the Russell 1000 Value Index is likely to provide a more representative benchmark against which to compare the Legg Mason IF Clearbridge US Equity Fund's performance.

**This change will take place on or around 7 May 2021.**

### **Costs**

The costs associated with these changes and the updates described in this letter will be paid by us as ACD of the ICVC and its Funds.

### **Further information**

If you require further information, please contact our Investor Services Team on 0330 123 3790. However, please note that we cannot provide you with investment advice. If there is anything in this document you do not understand or if you are in doubt as to what action you should take (if any), you should consult a professional financial adviser.

If you wish to provide instructions to switch or sell/redeem your Class A Shares, you should telephone the Investor Services team on 0330 123 3790 before 12 noon on 4 May 2021.

Yours {Sincerely/faithfully}



**Jaspal Sagger**  
**Director**

For an on behalf of Legg Mason Investment Funds Limited  
(Authorised Corporate Director of Legg Mason Funds ICVC)

## **Annex 1 – Conversion of Class A Shares to Class X Shares**

### **Introduction – Why are we converting Class A Shares to Class X Shares?**

This action is being taken, principally, in order to provide Shareholders with better value for money.

This action follows from our Assessment of Value Report (the “**AoV Report**”) dated 29<sup>th</sup> February 2020 relating to the ICVC and its Funds. The AoV Report can be obtained from our website [www.leggmason.com](http://www.leggmason.com).

By way of background, under the FCA rules we are required to undertake an assessment and justification of the charges and expenses taken from the funds that we manage in the context of the overall service and value provided (an “**assessment of value**”). The assessment of value forms part of our overall duty to act in the best interests of shareholders and, therefore, the actions we take in connection with our assessments of value are undertaken for this purpose.

As detailed in the AoV Report our board of directors has recommended, among other things, reviewing whether it would be appropriate to move shareholders from Class A Shares into Class X Shares given that, with the exception of Class X Shares available in the **Legg Mason IF Western Asset Retirement Income Bond Fund**, Class X Shares attract lower annual management charges.

In light of our assessment of value and our duties as ACD, we have therefore determined that it is appropriate for Class A Shares to be converted automatically into the equivalent Class X Shares in the same Fund on **10 May 2021** (the “**Conversion Date**”). Whilst, in the case of the **Legg Mason IF Western Asset Retirement Income Bond Fund**, Class X Shares bear the same management fees as Class A Shares, for the efficient management of the ICVC, we are also taking the opportunity to rationalise the share classes available in this Fund.

Please note that all investors invested in Class A Shares will benefit from the waiver of applicable investment minima (i.e. minimum subscription and holding amounts) when their Shares are converted to the X Share Class in the same Fund. As noted on page 3 of this letter, we are also reducing the minimum investment amounts applicable to Class X Shares such that they match those which currently apply to Class A Shares.

The key differences between the Class A Shares and Class X Shares are set out in the table on pages 7 to 8 below.

### **What do you need to do?**

**If you agree with the proposed changes you are not required to take any action. Your Class A Shares will convert automatically into the equivalent Class X Shares on the Conversion Date.**

**If you do not wish to receive Class X Shares in place of your Class A Shares there are, however, a number of options available to you. To assist shareholders in considering this, we set out below the available options:**

#### **1. Option 1 - Do nothing – Class A Shares converted automatically into Class X Shares**

As mentioned above, if you do nothing your Class A Shares will be converted automatically into the equivalent Class X Shares on the Conversion Date.

The conversion of Class A Shares will take place pursuant to the provisions of the ICVC Prospectus which permit us (as the ACD) to carry out mandatory conversions of Shares (“**Current Shares**”) where, in summary, the rights attached to the relevant alternative class of Shares in the same Fund into which the Current Shares are to be converted are the same as, or more favourable than, the rights attached to the Current Shares.

The number of X Shares created will be determined, in accordance with the ICVC Prospectus, by reference to the respective prices of the Class A Shares and the Class X Shares as at the 12 noon valuation point on Conversion Date.

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For the avoidance of doubt, the total value of your investments will not be affected by this conversion and a conversion charge will not be applied.

Please note that for UK resident Shareholders in a Fund, the conversion from Class A Shares to Class X Shares (in the same Fund) should not be treated as a disposal for UK tax purposes.

### 2. Option 2 - Switch your Class A Shares to Shares other than class A Shares ("New Shares") in a different Fund

As an alternative, you can choose to switch your Class A Shares to New Shares (in another Fund) prior to the 12 noon valuation point on 4 May 2021. **As mentioned on page 2 of this letter, in order to enable the automatic conversion of Class A Shares to take place, from the 12 noon valuation point on 4 May 2021, we will not accept any dealing instructions received from Class A Shareholders in respect of their Class A Shares. This means that Class A Shareholders will not be able to switch their Class A Shares to New Shares after the 12 noon valuation point on 4 May 2021. All dealing instructions received after this time will be rejected.**<sup>1</sup>

Switching requests shall be accepted free of charge and processed in the usual manner in accordance with the ICVC Prospectus. If you wish to provide instructions to switch your shares, you should telephone the Investor Services Team on 0330 123 3790.

The number of New Shares created will be determined by reference to the respective prices of the Class A Shares and the New Shares at the valuation point applicable at the time the switch is executed. For the avoidance of doubt, the total value of your investments will not be affected by this switch and a switching charge will not be applied.

You can find details of our full range of funds on our website [www.leggmason.com](http://www.leggmason.com) to help you make your selection. You must read the appropriate fund documentation and information, including the Key Investor Information Documents, available on our website before making your Fund choice. If you require advice you should contact a financial adviser.

Please note that for UK resident Shareholders in a Fund, switches from Class A Shares to New Shares in another Fund should be treated as a disposal of Class A Shares for UK tax purposes and therefore may give rise to a liability to UK capital gains tax or UK corporation tax on chargeable gains in respect of gains arising from the disposal.

### 3. Option 3 - Redeeming your Class A Shares

Finally, you may choose to redeem your Class A Shares. Redemption requests shall be accepted free of charge and processed in the usual manner in accordance with the ICVC Prospectus prior to 12 noon valuation point on 4 May 2021. **As mentioned on page 2 of this letter, in order to enable the automatic conversion of Class A Shares to take place, from the 12 noon valuation point on 4 May 2021, we will not accept any dealing instructions received from Class A Shareholders in respect of their Class A Shares. This means that Class A Shareholders will not be able to redeem their Class A Shares after the 12 noon valuation point on 4 May 2021. All dealing instructions received after this time will be rejected.**<sup>2</sup>

Please note that for UK resident Shareholders in a Fund, the redemption of Class A Shares will be treated as a disposal of those Class A Shares for UK tax purposes and result in a liability to UK capital gains tax or UK corporation tax on chargeable gains.

Please also refer to the ICVC Prospectus, as further options may be available to you depending on your circumstances.

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<sup>1</sup> Please note that we propose to contact Class A Shareholders who provide dealing instructions in respect of their Class A Shares after 4 May 2021 to confirm that their instructions have been rejected.

<sup>2</sup> Please note that we propose to contact Class A Shareholders who provide dealing instructions in respect of their Class A Shares after 4 May 2021 to confirm that their instructions have been rejected.

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### Key differences between Class A Shares and Class X Shares

For your information, the table below sets out details relating to the annual management charge (AMC)\* and Ongoing Charges Figure (OCF)\*\* applicable to Class A Shares and Class X Shares. The table also details the current cap that applies in relation to certain administrative/operational expenses (the "Administration Expenses Maximum" or "AEM"\*\*\*, for the purposes of the table below) relating to the Company or the Funds, as described in detail in the ICVC Prospectus.

	Share Class	
	Class A (including Class A (Hedged) as applicable)	Class X (including Class X (Hedged) as applicable)
<b>Legg Mason IF Brandywine Global Income Optimiser Fund</b>		
AMC (%)	0.70%	0.55%
OCF (%)	0.82%	0.66%
AEM	0.25%	0.25%
<b>Legg Mason IF Clearbridge Global Equity Income Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.25%	1.00%
AEM	0.25%	0.25%
<b>Legg Mason IF Clearbridge Global Infrastructure Income Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.11%	0.85%
AEM	0.20%	0.15%
<b>Legg Mason IF Clearbridge US Equity Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.26%	1.01%
AEM	0.25%	0.25%
<b>Legg Mason IF Clearbridge US Equity Income Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.28%	0.92%
AEM	0.25%	0.25%
<b>Legg Mason IF Japan Equity Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.08%	0.83%
AEM	0.25%	0.25%
<b>Legg Mason IF Martin Currie Asia Unconstrained Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.14%	0.91%

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AEM	0.25%	0.25%
<b>Legg Mason IF Martin Currie Emerging Markets Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.30%	1.05%
AEM	0.25%	0.25%
<b>Legg Mason IF Martin Currie European Unconstrained Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.26%	1.01%
AEM	0.25%	0.25%
<b>Legg Mason IF Martin Currie Global Unconstrained Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.20%	0.95%
AEM	0.19%	0.19%
<b>Legg Mason IF Martin Currie US Unconstrained Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.11%	0.86%
AEM	0.16%	0.16%
<b>Legg Mason IF QS UK Equity Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.23%	0.98%
AEM	0.25%	0.25%
<b>Legg Mason IF Royce US Smaller Companies Fund</b>		
AMC (%)	1%	0.75%
OCF (%)	1.13%	0.88%
AEM	0.25%	0.25%
<b>Legg Mason IF Western Asset Global Multi Strategy Bond Fund</b>		
AMC (%)	0.80%	0.625%
OCF (%)	0.94%	0.77%
AEM	0.25%	0.25%
<b>Legg Mason IF Western Asset Retirement Income Bond Fund</b>		
AMC (%)	0.30%	0.30%
OCF (%)	0.42%	0.42%
AEM	0.07%	0.07%

\* The Annual Management Charge for each Fund referred to in the table above is calculated as a percentage of the scheme property of that Fund and charged to that Fund. The rate shown, in each case, reflects the actual amounts charged as at 3 February 2021.

\*\* As of 31 December 2020.

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\*\*\* The Administration Expenses Maximum (or AEM) operates such that for each share class the total amount of all Administration Expenses (as described in the ICVC Prospectus) which may be taken from the scheme property attributable to a share class over the annual accounting period of the ICVC (ending on the last day of February) shall not exceed an applicable percentage in value of such share class.

\*\*\*\* The ACD may in its discretion charge a lower AMC to that stated in the table.

### **What will happen now?**

If you do not take any action, then your Class A Shares will be converted automatically to the equivalent Class X Shares in the same Fund. This will take place on the Conversion Date.

### **United Kingdom taxation**

We summarise above the expected key tax consequences for UK resident Shareholders arising from the selection by a Shareholder of options 1 – 3 above. These summaries do not constitute UK tax advice, do not provide an exhaustive review of all of the possible UK tax consequences arising as a result of options 1 – 3, may not apply to certain classes of Shareholders and do not consider the individual circumstances of any UK resident Shareholder. We recommend that you seek specialised advice from an appropriately qualified financial or tax adviser if you are in doubt as to what action you should take and the related tax consequences in the United Kingdom and in any other jurisdiction in which you are subject to tax, whether in addition to or instead of the United Kingdom.

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## Annex 2 – Summary of changes to Fund investment policies

### Funds affected by the changes

As part of our ongoing review of the ICVC we have determined that it is appropriate to make a number of changes to the investment policies of the following Funds:

1. **Legg Mason IF QS UK Equity Fund,**
2. **Legg Mason IF Martin Currie Asia Unconstrained Fund, and**
3. **Legg Mason IF Martin Currie Emerging Markets Fund.**

The changes are summarised below and are intended, principally, to provide shareholders with additional information on the way in which the Funds are managed and the assets in which they invest. Please note that the changes will not impact on the way in which these Funds will be managed in practice.

### Legg Mason IF QS UK Equity Fund

We are making a number of changes to the investment policy of this fund in order to provide shareholders with additional detail on, among other things, the investment manager's stock selection process and the role that income received by the fund (in the form of dividends paid by the companies in which the fund invests) plays in the management of the fund and the pursuit of its objective of providing capital growth. This follows from a recommendation of our board of directors which was also detailed in the AoV Report.

The text of the proposed changes to the fund's investment policy (as described in the ICVC Prospectus) is contained in Annex 3 to this letter.

### Legg Mason IF Martin Currie Asia Unconstrained Fund

We are updating this fund's investment policy, primarily, to provide shareholders with additional information relating to fund's investment in China. This includes investments made in China 'A Shares' via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (together, known as the "**Stock Connects**"). Further information on the Stock Connects is contained in the risk factors section of the ICVC Prospectus.

We have also decided to remove wording from the investment policy relating to the fund's leverage generated from the use of derivative instruments. On reflection, given that this wording describes the maximum exposure limit applicable in relation to the fund, we have determined that this additional description may not necessarily assist a shareholder in their understanding of the fund.

The text of the changes to the fund's investment policy (as described in the ICVC Prospectus) is contained in Annex 3 to this letter.

### Legg Mason IF Martin Currie Emerging Markets Fund

We are also updating this fund's investment policy to provide shareholders with additional information relating to the fund's investment in China. This includes investments made in China 'A Shares' via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (together, known as the "**Stock Connects**"). As mentioned above, further information on the Stock Connects is contained in the risk factors section of the ICVC Prospectus.

The text of the changes to the fund's investment policy (as described in the ICVC Prospectus) is contained in Annex 3 to this letter.

### Implementation

In accordance with applicable rules and regulations, we sought FCA approval for the changes to the Funds' investment policies described above. The FCA has confirmed that the relevant changes will not affect the ongoing authorisation of these Funds.

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These changes will be reflected in the ICVC Prospectus (and, in the case of the Legg Mason IF QS UK Equity Fund, the Key Investor Information Documents) to be made available on or around 7 May 2021. Copies of the revised Prospectus and the relevant KIIDs will be made available from our website: [www.leggmason.com](http://www.leggmason.com).

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## Annex 3 – Text of changes to Fund investment policies

Details of the changes to the investment policy of each applicable Fund (as described in the ICVC Prospectus) are reflected below in track changes: any addition appears in bold and underlined, whereas any deletion appears in red strikethrough text.

<b>Legg Mason IF QS UK Equity Fund</b>
<p>The Fund seeks to achieve its objective by investing at least 80% of its net asset value in <del>dividend-paying</del> stocks issued by large and mid-cap UK companies listed on the London Stock Exchange and being constituents of the FTSE All Share Index. For these purposes, a UK company is defined as a company domiciled, incorporated or having a significant part of its business in the UK.</p> <p><del>The Fund may also invest in other investments as permitted by the FCA Rules as applicable from time to time, which may include collective investment schemes (up to a maximum of 10% of the net asset value of the Fund).</del> <b><u>investment manager uses a quantitative, model based, systematic process (an approach which incorporates the use of mathematical modelling, computer systems and data analysis) to assist it in selecting stocks for the Fund with the aim of generating capital growth whilst, at the same time, managing volatility (large price rises and falls) through the specific investments it selects for the Fund. The investment manager may also take certain additional, non-quantitative factors into account when selecting stocks for the Fund (including its macroeconomic outlook).</u></b></p> <p><b><u>The investment manager seeks to manage volatility by favouring investment in stocks issued by companies that (i) it has identified, through its proprietary risk assessment process, as having less risk in aggregate relative to the overall risk of the UK equity market (being the market of UK companies in which the Fund may invest), (ii) have historically paid attractive dividends relative to other peer group companies, (iii) the dividends of which have demonstrated a high level of growth and (iv) have, in the opinion of the investment manager, appropriate cash flows to continue supporting the payment of dividends in the future. The investment manager views the payment of dividends by a company as an indicator of its financial health and stability.</u></b></p> <p><b><u>Following on from the above, the investment manager also seeks to invest in dividend paying companies (of the type described in the paragraph above) in order to generate income for reinvestment purposes.</u></b></p> <p><b><u>For the purposes described above, the investment manager looks to select a portfolio of stocks for the Fund providing, in aggregate, a dividend yield that is at least equal to that of the FTSE All Share Index yield plus 0.75%. For the avoidance of doubt, dividend yield is a factor taken into account by the investment manager in portfolio construction, and the provision of income is not an objective the Fund seeks to achieve.</u></b></p> <p><b><u>The ACD and the investment manager expect that the Fund's portfolio will typically consist of between 60 and 90 different issuers, though less than 60 issuers (provided that the Fund remains sufficiently diversified in accordance with the FCA Rules) or more than 90 issuers may be held if deemed to be in the best interests of the Fund by the investment manager.</u></b></p> <p><b><u>No more than 10% in value of the scheme property of the Fund may consist of units in collective investment schemes. The collective investment schemes in which the Fund may invest may include those managed or operated by the ACD and/or one or more of its associates.</u></b></p> <p>The Fund may also use derivatives for efficient portfolio management <b><u>purposes only</u></b>, as explained in the Prospectus.</p>
<b>Legg Mason IF Martin Currie Asia Unconstrained Fund</b>
<p>The Fund seeks to achieve its objective by investing at least 80% of its net asset value in equities and equity-related securities, that are: (i) listed or traded on markets located in mainland China, Hong Kong, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, South Korea, Taiwan and Thailand (collectively, the "<b>Primary Countries</b>") or (ii) listed or traded on markets located in countries other than the Primary Countries but which are issued by companies whose principal activities are conducted, or which derive the majority of their business profits from, the Primary Countries.</p> <p>The Fund invests in businesses which, in the opinion of the ACD and/or the investment manager, are able to grow with the region and which have the potential to translate the potential growth of Asian economies into returns for shareholders. The investment manager will typically focus on companies with a franchise which the investment manager believes can grow value, as measured by the free cash flow available to shareholders (of the companies) and retained earnings. The Fund looks to buy securities of such companies at a valuation considered reasonable by the investment manager and to make a long-term capital commitment.</p> <p>The investment manager will focus on finding companies for investment which appear in the <b><u>Manager's investment manager's</u></b> opinion to offer sustainable growth, strong management and a strategic market position. To assist in asset selection for the Fund, the investment manager has developed a valuation method based on an assessment of the long-term fundamental value of a business's cash-generating ability. A due diligence approach is also employed that includes an accounting diagnostic review of a company's historical financials and an assessment of its corporate governance.</p> <p>The Fund may invest up to 20% of its net asset value in aggregate in: money market instruments; deposits; derivatives; and units or shares of other collective investment schemes (and which may include those managed by the ACD or by one or more of its associates), provided that the Fund may invest no more than 10% of its net asset value in units or shares of such other collective investment schemes, and investment in such schemes will be for the purposes of gaining exposure to the types of instruments described in this investment policy or otherwise to pursue the investment objective and policies of the Fund.</p>

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**Subject to the FCA Rules, there is no limit on the Fund's maximum exposure to Chinese equities (including through the Stock Connects). However, the Fund's maximum indirect investment in China A-Shares (including, through investments in structured notes, participation notes and low exercise price warrants) is limited to 10% of the Fund's net asset value.**

The Fund may also invest in certain types of derivatives, including low exercise price warrants, futures (equity and index), options on equity indices, and forward currency exchange contracts, for investment purposes and efficient portfolio management. ~~The Fund may be leveraged up to 100% of its net asset value as a result of its use of derivatives.~~

The investment manager may, from time to time, look to hedge certain currency exposure for the purposes of efficient portfolio management, with the aim of reducing risk. However, the investment manager is not obliged to routinely seek to hedge the portfolio back to Pound Sterling, meaning that the Fund may be exposed to exchange rate risk where the Fund is invested in securities denominated in currencies other than sterling.

The Fund will usually invest in a concentrated portfolio (typically 20-40 holdings).

### **Legg Mason IF Martin Currie Emerging Markets Fund**

The Fund seeks to achieve its objective by investing at least 80% of its net asset value in securities of companies domiciled or having their principal activities in emerging market countries.

The Fund will invest principally (being at least 80% of the Fund's net asset value) in equity securities but may also invest in other transferable securities, money market instruments, derivatives and forward transactions (for investment purposes as well as efficient portfolio management purposes), deposits and collective investment schemes. The collective investment schemes in which the Fund may invest may include those managed or operated by the ACD and/or one or more of its associates. No more than 10% in value of the scheme property of the Fund may consist of units in collective investment schemes.

**Subject to the FCA Rules, there is no limit on the Fund's maximum exposure to Chinese equities (including through the Stock Connects). However, the Fund's maximum indirect investment in China A-Shares (including, through investments in structured notes, participation notes and low exercise price warrants) is limited to 10% of the Fund's net asset value.**

The Fund will usually invest in a concentrated portfolio (typically 40-60 holdings).

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