

# WESTERN ASSET INVESTMENT GRADE INCOME FUND INC. (PAI)

## Investment overview

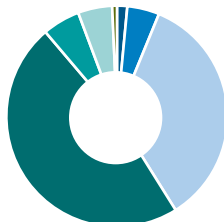
Provides a portfolio of primarily investment grade debt, including government securities, bank debt, commercial paper, and cash/cash equivalents

Seeks a high level of current income, along with capital appreciation

Emphasizes team management and extensive credit research expertise to identify attractively priced securities

## Credit quality allocation (%) as of Jun. 30, 2019

AAA	1.5
AA	4.7
A	34.9
BBB	47.7
BB	5.5
B	5.0
Not Rated	0.7

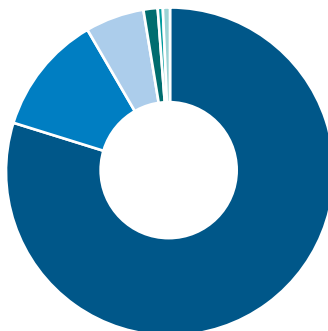


## Top high yield Industries (%) as of Jun. 30, 2019

Basic Industry	1.7
Finance Companies	1.2
Banking	1.0
Communications	0.7
Consumer Non Cyclical	0.6

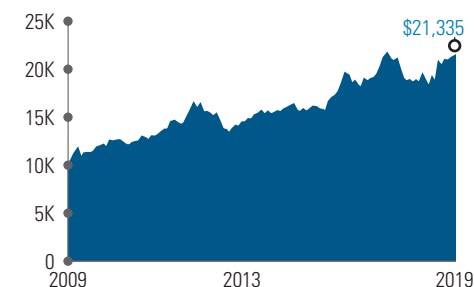
## Asset allocation (%) as of Jun. 30, 2019

Investment Grade Corporate Bonds	79.8
Emerging Market Debt	11.8
Sovereign Debt External Currency	7.2
Corporates External Currency	4.6
High Yield Corporate Bonds	5.8
Municipal	1.4
Government	0.5
Cash & Other Securities	0.7



## Growth of \$10,000 investment

Market Price – for the 10-year period ending Jun. 30, 2019



**Performance shown represents past performance and is no guarantee of future results.** Returns based on Market Price assume reinvestment of all distributions at the Dividend Reinvestment Plan Price and the deduction of management fees, operating expenses and all other fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.

## Fund Data as of Jun. 30, 2019

Trading Symbol	PAI
NAV Symbol	XPAIX
Listed Exchange	NYSE
Inception Date	03/22/73
Net Asset Value (NAV) <sup>1</sup>	\$15.16
Market Price <sup>1</sup>	\$14.87
Premium/Discount	-1.9%
Distribution <sup>2</sup>	\$0.0575
Distribution Rate (Mkt Price) <sup>2</sup>	4.6%
Distribution Rate (NAV) <sup>2</sup>	4.6%
Distribution Frequency	Monthly

## Portfolio characteristics as of Jun. 30, 2019

Total Assets	\$143.9M
Loans	0.0%
Preferred Shares	0.0%
Reverse Repo	0.0%
Net Assets <sup>3</sup>	\$143.9M
Weighted Average Coupon	5.8%
Weighted Average Life	11.6 yrs
Effective Duration	7.3 yrs

<sup>1</sup> **Net Asset Value (NAV)** is total assets less total liabilities divided by the number of shares outstanding. **Market Price**, determined by supply and demand, is the price an investor purchases or sells the fund. The Market Price may differ from a fund's NAV.

<sup>2</sup> Distribution rate is calculated by annualizing the most recent distribution amount paid, excluding special distributions, divided by the closing market price or NAV. As of 06/30/2019, the fund estimates that the distributions will be paid from: 100.00% investment income; 0.00% realized capital gains; and, 0.00% return of capital. The Distribution Rate is subject to change and is not a quotation of Fund performance. The Board of Directors may terminate or suspend the managed distribution policy at any time. Any such termination or suspension could have an adverse effect on the market price of the Fund's shares. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder's investment. For more information about a distribution's composition refer to the Fund's distribution press release or, if applicable, the Section 19 notice located in the press release section of our website.

<sup>3</sup> The difference between total assets and net assets, if any, is due primarily to the Fund's use of borrowings and other liabilities; net assets do not include borrowings. The Fund may employ leverage in the form of loans, preferred stock, reverse repurchase agreements and/or other instruments. When the Fund engages in transactions that have a leveraging effect on the Fund's portfolio, the value of the Fund will be more volatile and all other risks will tend to be compounded.

Prior to March 29, 2018, this fund was known as Western Asset Income Fund.

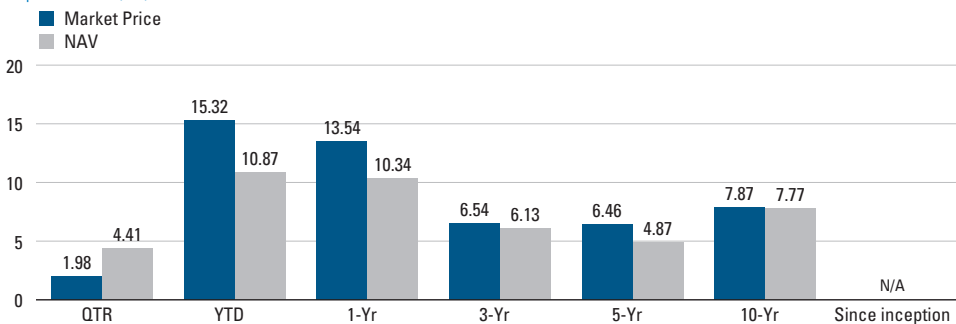
*Any information, statement or opinion set forth herein is general in nature, is not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.*

Percentages are based on total portfolio as of quarter-end and are subject to change at any time. For informational purposes only and not to be considered a recommendation to purchase or sell any security. Negative allocations and allocations in excess of 100% are primarily due to the Fund's unsettled trade activity.

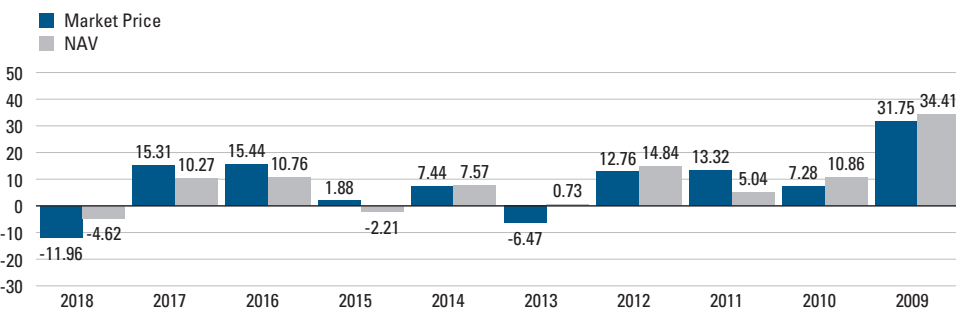
## WESTERN ASSET INVESTMENT GRADE INCOME FUND INC. (PAI)

## Average annual total returns (%) as of Jun. 30, 2019

Inception date 03/22/73



## Calendar-year total returns (%)



**Performance shown represents past performance and is no guarantee of future results.** Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so shares, when sold, may be worth more or less than the original cost. Returns based on Market Price or NAV, and assume the reinvestment of all distributions at the Dividend Reinvestment Plan Price or NAV, respectively. All returns include the deduction of management fees, operating expenses and all other fund expenses, and do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares. Quarter (QTR) and Year-To-Date (YTD) returns are cumulative figures and are not annualized. YTD is calculated from January 1 of the reporting year. For current month-end performance, visit [www.lmcef.com](http://www.lmcef.com).

Effective June 1, 2017, the Fund changed its security pricing methodology to now use the mean value of the bid and ask prices (of underlying fund holdings) to calculate the NAV. Funds may show a one-time increase of the NAV, which is due to this change in pricing methodology.

## Top investment grade industries (%) as of Jun. 30, 2019

Banking	22.4	Basic Industry	4.4
Energy	12.6	Insurance	4.2
Consumer Non Cyclical	9.9	Consumer Cyclical	2.2
Communications	8.8	Electric	2.2
Capital Goods	5.5	Technology	1.8

**Weighted Average Life (WAL)** is the weighted average of the life of the securities held in a fund or portfolio and can be used as a measure of sensitivity to changes in liquidity and/or credit risk. Generally, the higher the value, the greater the sensitivity. However, unlike Weighted Average Maturity, WAL does not include interest rate resets in its calculation. Funds that employ leverage calculate Weighted Average Life based off of Gross Assets.

**Weighted Average Coupon** is a figure calculated from a fund's portfolio by weighing the coupon of each bond by its relative size in the portfolio. Coupons are percentages paid out on a fixed-income security on a periodic basis. Funds that employ leverage calculate Weighted Average Coupon based off of Gross Assets.

**Effective Duration** is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. Please note, duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. Funds that employ leverage calculate effective duration based off of Net Assets.

**Credit quality** is a measure of a bond issuer's ability to repay interest and principal in a timely manner. The credit ratings shown are based on each portfolio security's rating as provided by Standard and Poor's, Moody's Investors Service and/or Fitch Ratings, Ltd. and typically range from AAA (highest) to D (lowest), or an equivalent and/or similar rating. For this purpose, when two or more of the agencies have assigned differing ratings to a security, the highest rating is used. Securities that are unrated by all three agencies are reflected as such. The credit quality of the investments in the Fund's portfolio does not apply to the stability or safety of the Fund. These ratings are updated monthly and may change over time. **Please note, the Fund itself has not been rated by an independent rating agency.**

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## Portfolio management

Western Asset Management is one of the world's leading fixed-income managers. With a focus on long-term fundamental value investing that employs a top-down and bottom-up approach, the firm has nine offices around the globe and deep experience across the range of fixed-income sectors. Founded in 1971, Western Asset has been recognized for an approach emphasizing team management and intensive proprietary research, supported by robust risk management.

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

## What should I know before investing?

All investments are subject to risks, including the possible loss of principal. The Fund's investments are subject to credit risk, inflation risk, and interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund's share price. The Fund may invest in lower-rated high yield bonds which are subject to greater credit risk (risk of default) than higher-rated obligations. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss. The Fund may invest to a limited extent in foreign securities, including emerging markets. These securities involve additional risks. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance.

## Distributions are not guaranteed and are subject to change.

A general rise in interest rates may lead to increased portfolio volatility.

## Where can I find more information?

For more information, including current performance, Semi/Annual Reports, and Section 19 Notices, please visit [www.lmcef.com](http://www.lmcef.com) or call 888-777-0102.

## The Closed-End Funds are not sold or distributed by Legg Mason Investor Services, LLC ("LMIS") or any affiliate of Legg Mason, Inc.

Unlike open-end funds, shares are not continually offered. Like other public companies, closed-end funds have a one-time initial public offering, and once their shares are first issued, are generally bought and sold through non-affiliated broker/dealers and trade on nationally recognized stock exchanges. Share prices will fluctuate with market conditions and, at the time of sale, may be worth more or less than your original investment. Shares of exchange-traded closed-end funds may trade at a discount or premium to their original offering price, and often trade at a discount to their net asset value. Investment return, market price and net asset value will fluctuate with changes in market conditions. The Funds are subject to investment risks, including the possible loss of principal invested.