

Legg Mason Investment Funds Limited

This document contains important information about your investment which you should read and consider. If you are in any doubt about the contents of this document please consult a financial adviser.

31 January 2020

Dear Shareholder

Change of Depositary and other service providers and changes to the way in which certain charges are taken from the Legg Mason Funds ICVC (the "ICVC") and each of its sub-funds (the "Funds")

We are writing to you as a shareholder in the ICVC to inform you of two upcoming changes to the ICVC and its Funds.

Change 1: Change to the Depositary of the ICVC and other service providers – to take effect on 1 March 2020

The Depositary performs an important function in respect of the ICVC and is responsible for, among other things, the custody and safekeeping of its assets.

We therefore wish to inform you that the current Depositary of the ICVC will be changing on 1 March 2020 from State Street Trustees Limited to The Bank of New York Mellon (International) Limited ("BNYM").

As a consequence of this change, we consider that the ICVC should benefit overall from a cost saving in respect of the Depositary and related services to be provided by BNYM. In particular, the ad valorem (i.e. the depositary's value based fee) will be reduced to a tiered range of between 0.015% - 0.0075% of the net asset value of a Fund, from the current 0.021% level.

You should be aware, however, that each Fund is subject to a minimum charge on the Depositary's ad valorem fee. This will be increasing from £6,000 - £17,000 when BNYM is appointed, however, we are proposing to apply an effective waiver for those Funds in respect of which this minimum fee would otherwise apply (i.e. where the size of the Fund means that the minimum fee would be chargeable). This waiver will operate to ensure that, in effect, the relevant Funds will not be subject to an increase in the minimum fee over and above the £6,000 charge in place currently.

We also wanted to inform you that, as from 1 March 2020, The Bank of New York Mellon (International) Limited and the Bank of New York Mellon (London Branch) (as applicable) will also be appointed in place of certain State Street group entities to provide (separately) various administration, fund accounting, registration and currency hedging and collateral management services to us in respect of the ICVC.

Change 2: Changes to the way in which certain charges are taken from the ICVC and its Funds – to take effect on 1 April 2020

The current GAC charging method for administrative costs

Currently, we make a general administration charge (the “**GAC**”) in respect of each Fund, the purpose of which is to reimburse us for certain costs, charges, fees and expenses which we may incur in respect of the administration of the Funds (the “**administrative costs**”). The administrative costs are described in detail in the ICVC Prospectus (under the section headed “Charges Payable out of the Scheme Property”) and include items such as fund accounting costs and the fees and expenses incurred in respect of establishing and maintaining the register of shareholders (among many other items).

The GAC is calculated at a single rate for each share class and the maximum GAC that is charged for a Share class is calculated as a percentage of the relevant scheme property of the ICVC. As such, the GAC is, in effect, an estimate of the likely amount of administrative costs attributable to a Fund and each Share class and may be viewed as an indirect method of charging the relevant costs and expenses to a Fund.

As a consequence, the GAC received by us may be greater or lesser than the various charges and expenses paid for by us in respect of Fund (and for which we are reimbursed through the GAC).

The new charging method for administrative costs

We have decided that it is appropriate to move away from the current GAC charging method, such that the various types of administrative costs will be charged to the ICVC directly. From the perspective of a shareholder, an advantage of this method, in our view, is that the ICVC will only pay the administrative costs which are actually incurred by it in relation to the operation of the Funds. In the future, therefore, this may make it easier for us to pass on certain cost savings to investors than would be the case under the current GAC charging method. We also consider the revised method to be more transparent and we will be providing more information in the ICVC’s Prospectus in relation to these administrative costs.

In order to protect shareholders and investors, however, we will be imposing a limit or cap on the maximum amount of administrative charges which may be borne by a Fund. Subject to the below, this cap will be disclosed in a revised version of the ICVC’s Prospectus (to be made available on the implementation of these changes) and will limit the relevant charges to 0.25% (of the value of scheme property attributable to each share class) over the annual accounting period of the ICVC.

To distinguish the new charging mechanism from the current GAC arrangements, the various types of administrative costs falling currently under the GAC (i.e. those for which we are reimbursed through the GAC) will be known as the “Administration Expenses” and the limit or cap we will impose for them will be referred to as the “Administration Expenses Maximum”.

For a limited number of Funds/share classes in respect of which the applicable GAC charge stated in the Prospectus is currently lower than 0.25%, we will, however, apply a lower limit or cap in the Prospectus (instead of the standard 0.25% cap) on the Administration Expenses which may be borne by a Share class equal to such current GAC charge. For all other Funds/share classes (i.e. where the current GAC charge is equal to or higher than 0.25%), the Administration Expenses Maximum of 0.25% will apply. Subject to the applicable rules, please also note that we may, from time to time and at our discretion, apply a limit or cap in respect of a Fund and/or a share class at a level lower than the applicable Administration Expenses Maximum and this will be reflected, as appropriate, in the Ongoing Charges Figure(s) published for a Fund.

For the avoidance of doubt, please also note that the ICVC will continue to pay out of the scheme property of the Company/a Fund the various other expenses listed under the section of the ICVC's Prospectus headed "Other Expenses". These expenses are not, and will continue not to be, subject to any limit or cap. Similarly, the various fees, charges and expenses of the ACD (e.g. its annual management charge and the charges payable in relation to share dealings) and BNYM in its capacity as depositary (with the exception of certain custody charges forming part of the Administration Expenses) will not be included in the Administration Expenses, and for the avoidance of doubt, will therefore not be subject to the Administration Expenses Maximum.

Action to be taken

You are not required to take any action in respect of these updates.

Further Information

The costs associated with the implementation of these changes and the updates described, will be paid for by us directly.

The changes described above will be reflected in revised versions of the ICVC's Prospectus to be made available on our website (www.leggmason.com/global) from:

- On or around 1 March 2020 in respect of the change of Depositary and other service providers; and
- On or around 1 April 2020 in respect of the change to the GAC charging method (as described above).

If you require further information, please contact your professional financial adviser, your Legg Mason representative or our Investor Services Team on 0330 123 3790.

Yours faithfully



Jaspal Sagger

Legg Mason Investment Funds Limited

(Authorised Corporate Director of Legg Mason Funds ICVC)