

## 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.**

17 October 2019

Legg Mason Funds ICVC (the "ICVC")  
Changes to certain sub-funds (the "Funds") of the ICVC – no action required from you

Dear Shareholder,

### Background – why we have made the changes

We are writing to you as a shareholder in one or more Funds to inform you principally of a number of connected changes we have made to the investment objectives and/or investment policies of certain Funds.

In February 2019 the Financial Conduct Authority ("FCA") issued its Policy Statement PS19/4, 'Asset Management Market Study – further remedies' (the "Policy Statement") which, among other things, contained new rules applicable to fund managers in relation to the identification and explanation of their use of indices and benchmarks in fund prospectuses and other fund documentation.

The purpose of these new rules is generally to improve the quality, comparability and robustness of the information available to investors in UK authorised funds. The additional information now explicitly required to be disclosed by fund managers is intended, in particular, to assist investors in understanding why a benchmark was chosen by the fund manager for use in relation to a fund, how a fund may be managed with reference to a benchmark, and how fund performance may be measured against the benchmark.

### Impact on your Fund

In light of the Policy Statement and the FCA's requirements and expectations more generally we, in consultation with the investment adviser of the relevant Funds, have clarified the investment objectives and/or investment policies of certain of the Funds.

**We have clarified the investment objectives of the Funds listed in Appendix 1 to this letter.** For a number of the Funds we have added disclosures to inform investors of the relevant indices and benchmarks used by the Funds as performance targets which the relevant Funds seek to achieve. The comparison contained in Appendix 1 identifies the changes made to the relevant Funds' investment objectives for these purposes.

**In addition, we have also made a number of clarifications to the investment policies of the Funds listed in Appendix 2 to this letter.** In general terms, the relevant amendments are intended to provide investors with a clearer understanding of the Funds' powers to invest in certain asset types. The comparison contained in Appendix 2 identifies the changes made to the relevant Funds' investment policies for these purposes.

Please note, however, that the amendments we have made to clarify the Funds' existing objectives and policies were not required in order to reflect changes to the way in which the Funds are being managed in practice or as a consequence of any changes to the Funds' risk profiles or charges.

We have also updated the Prospectus of the ICVC to include additional information on our choice and use of benchmarks generally in relation to the Funds (including for Funds not listed in the Appendices). This includes benchmarks which we may use for comparison purposes in measuring the performance of the Funds.

**You are not required to take any action in relation to the changes described in this letter.**

The FCA has confirmed that the relevant changes will not affect the Funds' ongoing authorisations and the changes took effect on 11 October 2019. The Prospectus, Instrument of Incorporation and the relevant Key Investor Information Documents ("KIIDs") were updated with the relevant changes on 11 October 2019. Copies of the revised Prospectus and the relevant KIIDs are available from our website: [www.leggmason.com](http://www.leggmason.com).

We recommend that you read this document carefully. If you have any questions regarding this letter and your investment in the Fund/s, you can contact the Investor Services team on 0330 123 3790. However, please note that we will not give you investment advice. If you do require advice in relation to these changes, please contact your financial adviser.

Yours sincerely



Legg Mason Investment Funds Limited

**Authorised corporate director for and on behalf of Legg Mason Funds ICVC**

## Appendix 1 – Changes to Fund Investment Objectives

Fund Name	Current Fund Objective	Amended Fund Objective (changes shown bold and underlined, any deletion appears <del>stricken</del> )
LEGG MASON IF CLEARBRIDGE GLOBAL EQUITY INCOME FUND	To achieve income and capital growth through investment primarily in a range of equity and equity-related securities.	To achieve income and capital growth through investment <del>primarily</del> <b><u>of at least 70% of the net asset value of the Fund</u></b> in a range of equity and equity-related securities.
LEGG MASON IF CLEARBRIDGE US EQUITY FUND	To achieve capital growth, principally through investment in securities of US issuers.	To achieve capital growth, <del>principally</del> through investment <b><u>of at least 80% of the net asset value of the Fund</u></b> in securities of US issuers.
LEGG MASON IF MARTIN CURRIE ASIA PACIFIC FUND	To achieve long-term capital growth through investment in the Asia Pacific region, excluding Japan.	To achieve long-term <b><u>(over five or more years)</u></b> capital growth through investment in the Asia Pacific region, excluding Japan- <b><u>and seek to outperform the MSCI AC Asia Pacific ex Japan Net Dividends Index over rolling 3-year periods (net of fees).</u></b>
LEGG MASON IF MARTIN CURRIE CHINA FUND	To achieve long-term capital growth through investment in China.	To achieve long-term <b><u>(over five or more years)</u></b> capital growth through investment in China <b><u>and seek to outperform the MSCI Zhong Hua Net Dividends Index over rolling 3-year periods (net of fees).</u></b>
LEGG MASON IF MARTIN CURRIE EMERGING MARKETS FUND	To achieve long-term capital growth through investment in emerging markets.	To achieve long-term <b><u>(over five or more years)</u></b> capital growth through investment in emerging markets <b><u>and seek to outperform the MSCI Emerging Markets Index over rolling 3-year periods (net of fees).</u></b>
LEGG MASON IF MARTIN CURRIE EUROPEAN UNCONSTRAINED FUND	To provide long-term capital appreciation through investment in a concentrated portfolio comprised of at least 80% of its net asset value in European (excluding UK) equities.	To provide long-term <b><u>(over five or more years)</u></b> capital appreciation through investment in a concentrated portfolio comprised of at least 80% of its net asset value in European (excluding UK) equities.
LEGG MASON IF MARTIN CURRIE GLOBAL EQUITY INCOME FUND	To achieve income, with the potential for capital growth over the long term by investing in securities of companies listed globally.	To achieve income, with the potential for capital growth over the long term <b><u>(over five or more years)</u></b> , by investing in securities of companies listed globally.
LEGG MASON IF MARTIN CURRIE JAPAN ALPHA FUND	To achieve capital growth, through investment in Japan.	To achieve capital growth, through investment in Japan <b><u>and seek to outperform the Japan TSE 1st Section (TOPIX) Index over rolling 3-year periods (net of fees).</u></b>
LEGG MASON IF MARTIN CURRIE NORTH AMERICAN FUND	To achieve capital growth through investment in the United States of America and Canada.	To achieve capital growth through investment in the United States of America and Canada <b><u>and seek to outperform the MSCI North America Net Dividends Index over rolling 3-year periods (net of fees).</u></b>

LEGG MASON IF ROYCE US SMALLER COMPANIES FUND	To achieve capital growth, principally through investment in securities of smaller US companies.	To achieve capital growth, principally through investment <b><u>of at least 80% of the net asset value of the Fund</u></b> in securities of smaller US companies.
LEGG MASON IF RARE GLOBAL INFRASTRUCTURE INCOME FUND	To provide investors with an income comprised of dividends with a secondary investment objective of long-term capital growth.	To provide investors with an income comprised of dividends with a secondary investment objective of long-term <b><u>(over five or more years)</u></b> capital growth. <b><u>The Fund seeks to outperform the OECD G7 Inflation Index by 5.5% over an investment time frame of five years (gross of fees).</u></b>

## Appendix 2 – Changes to Fund Investment Policies

The details of the changes to the investment policy of each Fund (as described in the Prospectus of the ICVC) are reflected below in track changes: any addition appears in **bold and underlined** whereas any deletion appears ~~stricken~~.

Fund Name	Amended Fund Investment Policy
LEGG MASON IF BRANDYWINE GLOBAL INCOME OPTIMISER FUND	<p>The Fund seeks to achieve its objective by investing at least 80% of its net asset value in (i) government and corporate debt securities, convertible securities, mortgage backed securities and asset backed securities that are listed or traded on regulated markets; (ii) units or shares of collective investment schemes which may include collective investment schemes managed or operated by the ACD or an associate of the ACD; and (iii) financial derivative instruments, such minimum percentage consisting solely of the assets set out at (i) above, or a combination of (i) and (ii), of (i) and (iii), or of (i), (ii) and (iii). The Fund will invest in a combination of investment grade and below investment grade bonds (as measured by Standard &amp; Poor's, Moody's or an equivalent external rating agency), convertible bonds, spot and forward foreign exchange contracts, credit default swaps and other financial derivative instruments which may be used for investment purposes as well as efficient portfolio management purposes. A minimum of 80% of the Fund's net asset value will be invested in securities or derivatives that are either denominated in Sterling or, if denominated in other currencies, are hedged to Sterling. No more than 10% of the Fund's net asset value may be invested in units or shares of collective investment schemes. <b><u>Some or all of those collective investment schemes may be managed or operated by the ACD and/or one or more of its associates.</u></b></p> <p>The Fund may also invest in other transferable securities, money market instruments and deposits. When deemed appropriate by the Fund's investment manager, the Fund may hold synthetic short positions, on individual securities, indices, currencies and/or interest rates.</p> <p>Although the Fund aims to generate income in all market conditions whilst seeking to preserve capital, this objective is not guaranteed; the objective may not be achieved; the Fund may experience negative returns and investors may not get back the amount originally invested.</p>
LEGG MASON IF WESTERN ASSET GLOBAL MULTI STRATEGY BOND FUND	<p>The Fund seeks to achieve its objective by investing globally, <del>principally</del> in debt and fixed income securities denominated in currencies of a variety of developed and emerging market countries. A minimum of 80% of the Fund's net asset value will be invested in debt and fixed income securities that are either denominated in Pounds sterling or, if denominated in other currencies, hedged to Pounds sterling. Consequently, no more than 20% of the Fund's net asset value may be exposed to currencies other than Pounds sterling. The Fund will invest more than 40% (and up to 100%) of the assets of the Fund in debt securities rated Investment Grade at the time of purchase, or if not rated, deemed by the investment manager to be of comparable quality. The Fund invests across the major fixed income sectors including high yielding, emerging market debt securities and loans (in each case to the extent permitted by the FCA Rules). The Fund may also invest in other investments to the extent permitted by the FCA Rules as applicable from time to time, which may include: units or shares in other collective investment schemes (up to a maximum of 10% of the net asset value of the Fund), preferred shares and equity securities acquired via conversions of convertible debt securities (up to a maximum of 10% the net asset value of the Fund) and derivatives for investment purposes as well as efficient portfolio management purposes.</p>
LEGG MASON IF MARTIN CURRIE ASIA PACIFIC FUND	<p>The Fund seeks to achieve its objective by investing at least 80% of its net asset value in securities of companies in any economic sector domiciled or having their principal activities in the Asia Pacific region, excluding Japan.</p> <p>The Fund will invest principally <b><u>(being at least 80% of the Fund's net asset value)</u></b> 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</p>

	<p>schemes. <b><u>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.</u></b></p> <p>The Fund will usually invest in a concentrated portfolio (typically 40-60 holdings).</p>
LEGG MASON IF MARTIN CURRIE CHINA FUND	<p>The Fund seeks to achieve its objective by investing at least 80% of its net asset value in securities of companies listed in China or with significant assets, investments, production activities, trading or other business interests in China, or which derive a significant part of their revenue from China.</p> <p>The Fund will invest principally <b><u>(being at least 80% of the Fund's net asset value)</u></b> 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. <b><u>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.</u></b></p> <p>Investors should note that the investment manager deems 'China' to include the People's Republic of China and Hong Kong. Therefore any reference to 'China' should be construed and interpreted accordingly. The Fund may from time to time invest in all or any of the above mentioned territories.</p> <p>The Fund may, from time to time, and at the investment manager's discretion, be invested in a lesser number of stocks than is typical of an equity fund. This may result in a high percentage of cash being held in the Fund while investment decisions are made as to the portfolio selection or because of short term trading imbalances. This could have an impact on the performance of the Fund.</p> <p>The Fund will usually invest in a concentrated portfolio (typically 30-50 holdings).</p>
LEGG MASON IF MARTIN CURRIE EMERGING MARKETS FUND	<p>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.</p> <p>The Fund will invest principally <b><u>(being at least 80% of the Fund's net asset value)</u></b> 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. <b><u>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.</u></b></p> <p>The Fund will usually invest in a concentrated portfolio (typically 40-60 holdings).</p>
LEGG MASON IF MARTIN CURRIE EUROPEAN UNCONSTRAINED FUND	<p>The Fund seeks to achieve its objective by investing at least 80% of its net asset value in shares of companies domiciled or listed in Europe excluding the United Kingdom, or which conduct the predominant part of their economic activity in Europe (ex. UK). The Fund may invest both directly and indirectly in such companies. Where the Fund invests indirectly in the shares of companies it may do so through investment in equity related securities, such as depositary receipts (including American depositary receipts and global depositary receipts), collective investment schemes or by using derivative instruments (such as index futures and low exercise price warrants). The collective investment schemes in which the Fund may invest include those in respect of which the ACD has been appointed as the authorised corporate director and/or that are managed by one or more associates of the ACD.</p> <p>The Fund will invest in companies that, in the opinion of the ACD and/or the investment manager, (i) have the potential to generate or sustain a return on</p>

	<p>invested capital (ROIC) where the return is higher than the cost of capital; (ii) have the potential to develop an attractive growth profile and/or cash flow generation over the long term; and (iii) are expected to have supportive accounting practices and environmental, social and governance (ESG) practices. The Fund's portfolio is not expected to have a particular sectoral, industry or market capitalisation focus.</p> <p>The investment manager uses a number of methods and tools to select investments for the Fund. This includes screening for companies which exhibit the characteristics described above and running an in-depth fundamental analysis on them.</p> <p>In particular, the investment manager focuses on forecasting a company's growth and returns outlook with the use of the investment manager's proprietary research platform, while also using various valuation methodologies to assess potential long-term share price appreciation.</p> <p>The investment manager also seeks to identify attractive compounding growth and/or return dynamics in specific areas of the market by using detailed industry analysis. It is the investment manager's preference for the Fund to hold investments for the long term, as in the investment manager's view, this provides the Fund with the opportunity to benefit from the full growth potential of its investments. The Fund is therefore expected to have a relatively low level of portfolio turnover. The investment manager may also engage with the management of the companies in which the Fund invests, or may invest in, to establish a constructive dialogue on sources of value creation, socially responsible investing and any other stewardship related matters.</p> <p>The ACD and the investment manager expect that the Fund's portfolio will typically consist of between 20 to 40 different issuers, though the Fund may hold less than 20 issuers (provided that the Fund remains sufficiently diversified in accordance with the FCA Rules) or more than 40 issuers if this is deemed to be in the best interests of the Fund by the investment manager.</p> <p>The Fund may invest in derivatives for efficient portfolio management (including hedging) and investment purposes (i.e. to meet its investment objectives, as described above). The Fund may have global exposure, as measured using the commitment approach, of up to 100% of its Net Asset Value as a result of its use of derivatives. The Fund will not take any short positions. The Fund may also invest up to 20% of its net asset value in aggregate directly, or indirectly, in investments other than European equities (as described above) including, the shares of non-European companies (which, for these purposes, includes UK companies) and equity related securities, money market instruments and deposits. Where using such powers, the Fund may seek exposure to investments other than European equities through investment in other collective investment schemes. Subject to the FCA Rules and applicable laws, the Fund may invest up to 10% of its net asset value in securities issued by Russian issuers.</p> <p>No more than 10% in value of the scheme property of the Fund may consist of units in collective investment schemes. <b><u>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 does not use a benchmark for the purposes of the Benchmarks Regulation.</p>
LEGG MASON IF MARTIN CURRIE GLOBAL EQUITY INCOME FUND	<p>The Fund seeks to achieve its objective by investing at least 80% of its net asset value in equity securities listed or traded on markets anywhere in the world, whether directly or via financial derivative instruments. The Fund's investment in financial derivative instruments will generally be below 25% of its net asset value. However, from time to time, the investment manager may invest more than this if it believes it is in the interest of the Fund. The Fund will invest in companies which are believed to generate a strong cash flow and provide sustainable or increasing dividends.</p>

	<p>Derivatives may be used by the Fund for investment purposes and for the purposes of efficient portfolio management (including hedging). In particular, the Fund may sell (write) put and call options on securities with a view to generating additional income from the premium paid by purchasers of such options. A “put option” gives the purchaser of the option the right to a cash payment from the writer of the option if the price of the underlying security drops below a predetermined level on or before a fixed date. A “call option” gives the purchaser of the option a right to a cash payment from the writer of the option if the price of the underlying security rises above a predetermined level on or before a fixed date.</p> <p>The Fund may also invest in other transferable securities, money market instruments, deposits and collective investment schemes. <b><u>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.</u></b></p> <p>The Fund will invest in a concentrated portfolio (typically 35-55 holdings).</p> <p>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 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.</p> <p>The Fund may be leveraged as a result of the Fund’s investment policy allowing investment in financial derivative instruments. The degree of leverage will be calculated using the commitment approach and leverage will not typically exceed 100% of the Fund’s net asset value. However, in exceptional circumstances, the Fund may exceed this level for a short period of time.</p> <p>Although the Fund seeks to achieve its objective over the long term through income generation and capital growth, this objective is not guaranteed; the objective may not be achieved; the Fund may experience negative returns and investors may not get back the amount originally invested.</p>
<p>LEGG MASON IF MARTIN CURRIE JAPAN ALPHA FUND</p>	<p>The Fund seeks to achieve its objective by investing at least 80% of its net asset value in securities of large and medium sized companies domiciled in or having their principal activities in Japan.</p> <p>The Fund will invest principally <b><u>(being at least 80% of the Fund’s net asset value)</u></b> in equity securities but may also invest in other transferable securities, money market instruments, deposits and collective investment schemes. <b><u>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.</u></b></p> <p>The Fund may, from time to time, and at the investment manager’s discretion, be invested in a lesser number of stocks than is typical of an equity fund. This may result in a high percentage of cash being held in the Fund while investment decisions are made as to the portfolio selection or because of short term trading imbalances. This could have an impact on the performance of the Fund.</p> <p>The Fund will usually invest in a concentrated portfolio (typically 40-60 holdings).</p>
<p>LEGG MASON IF MARTIN CURRIE NORTH AMERICAN FUND</p>	<p>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 the United States of America and Canada.</p>



	<p>The Fund will invest principally <b><u>(being at least 80% of the Fund's net asset value)</u></b> in equity securities but it may also invest in units in other transferable securities, money market instruments, deposits and collective investment schemes. <b><u>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.</u></b></p> <p>The Fund will usually invest in a concentrated portfolio (typically around 40 holdings).</p>
LEGG MASON IF QS UK EQUITY FUND	<p>The Fund seeks to achieve its objective by investing at least 80% of its net asset value in dividend paying stocks issued by large and mid-cap UK <del>company shares</del> <b><u>companies</u></b> listed on the London Stock Exchange and being constituents of the FTSE All Share Index. <b><u>For these purposes, a UK company is defined as a company domiciled, incorporated or having a significant part of its business in the UK.</u></b></p> <p>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). The Fund may also use derivatives for efficient portfolio management as explained in the Prospectus.</p>
LEGG MASON IF RARE GLOBAL INFRASTRUCTURE INCOME FUND	<p>The Fund seeks to achieve its objective by investing primarily <b><u>at least 80% of the Fund's net asset value</u></b> in a diverse range of global listed infrastructure securities across a number of infrastructure sub-sectors such as gas, electricity and water utilities, toll-roads, airports, rail and communication infrastructure and across different geographic regions, under normal market conditions. The investments of the Fund will primarily <b><u>principally (being at least 80% of the Fund's net asset value)</u></b> include securities listed on stock exchanges of developed countries. However, in order to ensure that the Investment Manager retains full flexibility to seek exposure to infrastructure securities on a global basis, investors should note that up to 20% of the Fund's net asset value may be invested in securities (including depositary receipts) of developing countries in circumstances where such markets present opportunities consistent with the Fund's investment objective. The Fund may also invest in recently issued securities not yet listed on a securities exchange but that are expected to be listed within 12 months of purchase and derivative instruments up to a maximum of 10% of the Fund's net asset value.</p> <p>Although it is intended that the Fund will normally be invested in accordance with the limits set out above, the Investment Manager may decide that, due to market conditions and in the interests of the Fund and its shareholders, it would be appropriate to hold more or less, or perhaps even significantly more or less than this where it is in the interests of the Fund and its shareholders to do so and where such action is consistent with the Fund's investment objective.</p> <p>Derivatives and forward transactions may be used by the Fund for investment purposes and for the purposes of efficient portfolio management (including hedging).</p> <p>The Fund will usually hold between 30 and 60 different securities. The Fund may hold up to 10% in cash or near cash where, in the Investment Manager's opinion, attractive investment opportunities cannot be found.</p> <p>The Fund may also invest in other transferable securities, money market instruments, deposits and collective investment schemes, as set out in Appendix 5.</p>