

Annual Report and Audited Financial Statements

Legg Mason Funds
ICVC

28 February 2019 – (Long Form Version)

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* These reports with the addition of the fund review section of each sub-fund comprise the Authorised Corporate Director's Report.

Report of the Authorised Corporate Director

Legg Mason Investment Funds Limited, the authorised corporate director (the “ACD”) of Legg Mason Funds ICVC (the “Company”) is pleased to present the Annual Report & Accounts for the Company for the year ended 28 February 2019. The Company is a UK authorised open-ended investment company (“OEIC”). It is organised in the form of an umbrella company and, as at 28 February 2019, has eighteen constituent sub-funds (each a “Fund”) spanning major asset classes around the world.

Authorised Status

The Company is an investment company with variable capital (“ICVC”) incorporated in England and Wales and was authorised by the Financial Services Authority (now the Financial Conduct Authority) on 31 July 2003 under regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001, as amended, (the “OEIC Regulations”).

Each Fund is operated as a distinct fund with its own portfolio of investments and its own investment objective. The investment objective for each active Fund and the policy for achieving that objective are set out in the “Investment Objective and Policy” section of each Fund’s report. The investment activities of each active Fund are set out in the “Portfolio Summary” section of the report and accounts. Shareholders are not liable for the debts of the Company.

Fund Liabilities

Under the OEIC Regulations, each Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.

Funds Update

Legg Mason IF QS Emerging Markets Equity Fund

On 9th March 2018, shareholders in the Legg Mason IF QS Emerging Markets Equity Fund were notified of the intention to terminate the Fund. Legg Mason Investment Funds Limited (as ACD of the Fund) decided that the Fund had no long-term future and approved its termination subject to approval by the Financial Conduct Authority. The Fund was closed with effect from 23 April 2018.

Legg Mason IF Martin Currie European Equity Income Fund

On 23rd November 2018, shareholders in the Legg Mason IF Martin Currie European Equity Income Fund were notified of the intention to repurpose the Fund to the Legg Mason IF Martin Currie European Unconstrained Fund. An extraordinary general meeting was held on 10th December 2018 where the shareholders approved the proposal and on 17th December 2018 the Fund was repurposed.

Directors of the Authorised Corporate Director

Brian Eakes
John Justin Eede
Joseph LaRocque
Jaspal Sagger
Ursula Schliessler
Edward Venner

Important Events During the Year

On 29th August 2018 the Legg Mason Funds ICVC prospectus was updated to incorporate wording regarding the EU Benchmark Regulation.

On 3rd October 2018, shareholders in the: Legg Mason IF RARE Global Infrastructure Income Fund were notified that the funds are able to invest in certain eligible China ‘A Shares’ via Stock Connect, a securities trading and clearing link scheme operating between the: Hong Kong Exchanges, the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

J. LaRocque

For and on behalf of Legg Mason Investment Funds Limited
Authorised Corporate Director of Legg Mason Funds ICVC

J. Eede

29 May 2019

Report of the Depositary

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited
Edinburgh
29 May 2019

Economic and Market Overview

Global Economic Review

The global economy continued to expand during the 12 months ended 28 February 2019, but the pace moderated. In its January 2019 World Economic Outlook Update, the International Monetary Fund ("IMF")ⁱ said, "The global expansion has weakened. Global growth for 2018 is estimated at 3.7 percent, as in the October 2018 World Economic Outlook forecast, despite weaker performance in some economies, notably Europe and Asia.... Risks to global growth tilt to the downside. An escalation of trade tensions beyond those already incorporated in the forecast remains a key source of risk to the outlook." From a regional perspective, the IMF projects 2019 growth in the Eurozone will be 1.6%, versus 1.8% in 2018. Japan's economy is expected to expand 1.1% in 2019, compared to 0.9% in 2018. Elsewhere, the IMF projects that overall growth in emerging market countries will decelerate to 4.5% in 2019, versus 4.6% in 2018.

Market Review – Fixed Incomeⁱⁱ

The overall global fixed income market was relatively flat during the reporting period. In the U.S., the Federal Reserve Board (the "Fed")ⁱⁱⁱ raised interest rates four times during the reporting period. However, in January 2019, the Fed announced the adoption of a data-dependent approach and signaled a pause in rate increases. Over the reporting period as a whole, short-term U.S. Treasury yields^{iv} moved higher, whereas longer-term yields declined. Longer-term sovereign yields in Europe generally trended lower over the period. Elsewhere, investment-grade^v corporate bonds^{vi} posted a modest gain. Lower-rated corporate bonds also moved higher, partially driven by a rally in early 2019. Meanwhile, U.S. dollar-denominated emerging market sovereign debt produced a modest gain. However, emerging market local currencies posted poor results, partially due to the strengthening U.S. dollar.

Market Review – Global Equities^{vii}

Global equities generated mixed results during the reporting period. Despite a sharp decline during the fourth quarter of 2018, U.S. equities generated a positive return over the period. This was driven by generally robust corporate profits, optimism for economic growth given fiscal stimulus and improving investor sentiment after the Fed paused its rate hike cycle. In contrast, non-US equities generated poor results during the reporting period. While they also rallied in early 2019, it was not enough to offset earlier weakness. In general, non-U.S. equities were negatively impacted by moderating global growth, trade conflicts, Brexit uncertainties and a number of other geopolitical issues.

Legg Mason Investment Funds Limited

It should be noted that the value of investments and the income from them may go down as well as up. Investment involves risks, including the possible loss of the amount invested. Past performance is not a reliable indicator of future results.

This information and data in this material has been prepared from sources believed reliable but is not guaranteed in any way by Legg Mason Investment Funds Limited nor any Legg Mason, Inc. company or affiliate (together "Legg Mason"). No representation is made that the information is correct as of any time subsequent to its date.

Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

This material is not intended for any person or use that would be contrary to local law or regulation. Legg Mason is not responsible and takes no liability for the onward transmission of this material.

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ⁱ The International Monetary Fund ("IMF") is an organization of 189 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

ⁱⁱ Fixed income – bonds.

ⁱⁱⁱ Federal Reserve Board (the "Fed") – is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

^{iv} Treasury yield – interest rates on borrowing that is paid by the government.

^v Investment grade – a credit rating that means a government or corporate bond has a relatively low risk of default.

^{vi} Corporate bond – a bond issued by a corporation to raise money effectively in order to expand its business.

^{vii} Equity – ownership interest in a corporation in the form of common stock or preferred stock.

Statement of Authorised Corporate Director's Responsibilities

The OEIC Regulations and COLL (together, the "Regulations") require the ACD to prepare financial statements for each annual and half-yearly accounting period which give a true and fair view of the net revenue or net expense and the net capital gains or losses on the property of the Company for the accounting period and the financial position of the Company as at the end of the period.

In preparing the financial statements the ACD shall:

- select suitable accounting policies and apply them consistently;
- comply with the Statement of Recommended Practice for financial statements of authorised funds issued by the Investment Management Association in May 2014, COLL, the Prospectus and Instrument of Incorporation;
- follow generally accepted accounting principles and applicable accounting standards, subject to any material departures which shall be disclosed the explained in the financial statements;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements; and
- take reasonable steps for the prevention and detection of fraud or other irregularities.

Legg Mason Investment Funds Limited
London
29 May 2019

12 Month Performance

		Performance							Since
Fund Name	Inception Date	6 months to 28/02/2019	Mar. 2018 to Feb. 2019	Mar. 2017 to Feb. 2018	Mar. 2016 to Feb. 2017	Mar. 2015 to Feb. 2016	Mar. 2014 to Feb. 2015	5 Years to 28/02/2019	Performance Inception to 28/02/2019
		Percentage change (%)							
Legg Mason IF WA Retirement Income Bond Fund A Inc.	12.02.1998	1.14	2.15	1.14	6.84	-0.74	0.00	9.56	104.57
Legg Mason IF WA Retirement Income Bond Fund X Inc.	07.01.2013	1.14	2.15	1.14	6.90	-0.42	0.64	10.68	10.95
Legg Mason IF WA Global Multi Strategy Bond Fund I Inc.	26.03.2009	2.55	-0.13	2.71	15.93	-8.10	4.44	14.13	68.13
Legg Mason IF WA Global Multi Strategy Bond Fund A Inc.	23.05.2008	2.35	-0.50	2.30	15.45	-8.83	3.52	10.90	40.07
Legg Mason IF WA Global Multi Strategy Bond Fund I Acc.	17.11.2011	2.54	-0.15	2.78	17.18	-6.98	5.41	17.91	33.00
Legg Mason IF WA Global Multi Strategy Bond Fund X Acc.	11.09.2018	-	-	-	-	-	-	-	2.90
Legg Mason IF WA Global Multi Strategy Bond Fund X Inc.	05.11.2012	2.45	-0.39	2.49	15.63	-8.30	4.15	12.75	12.71
Legg Mason IF QS UK Equity Fund A Acc.	31.10.1995	-6.35	-0.68	-0.22	6.22	1.47	8.20	15.57	221.79
Legg Mason IF QS UK Equity Fund X Acc.	29.01.2013	-6.25	-0.49	0.07	6.47	2.31	9.07	18.30	40.90
Legg Mason IF CB US Equity Fund A Acc.	02.01.2003	-8.35	0.75	-2.50	42.89	-7.89	21.14	56.63	118.26
Legg Mason IF CB US Equity Fund X Acc.	18.12.2012	-8.22	1.03	-2.29	43.27	-7.13	22.02	60.27	115.40
Legg Mason IF CB Global Equity Income Fund A Acc.	23.05.2008	-7.03	-8.23	7.97	33.72	-6.43	4.13	29.10	106.30
Legg Mason IF CB Global Equity Income Fund A Inc.	23.05.2008	-7.05	-8.25	7.99	33.82	-6.94	4.17	28.55	105.77
Legg Mason IF CB Global Equity Income Fund X Acc.	29.01.2013	-6.95	-8.01	8.24	34.13	-5.68	4.89	32.14	62.00
Legg Mason IF CB Global Equity Income Fund X Inc.	10.06.2013	-6.88	-7.98	8.20	34.24	-5.66	4.90	32.26	55.30
Legg Mason IF Royce US Smaller Companies Fund A Acc.	29.03.2004	-9.89	5.58	-2.31	45.08	-6.35	5.59	47.96	270.80
Legg Mason IF Royce US Smaller Companies Fund A Acc. (Hedged)	26.01.2012	-8.60	-0.13	6.61	37.56	-14.99	-1.23	22.98	59.50
Legg Mason IF Royce US Smaller Companies Fund X Acc. (Hedged)	20.06.2013	-8.52	0.14	6.69	28.52	-14.95	-0.58	16.10	40.60
Legg Mason IF Royce US Smaller Companies Fund X Acc.	06.12.2012	-9.79	5.82	-2.08	45.50	-5.63	6.38	51.36	94.50
Legg Mason IF Japan Equity Fund A Acc.	08.10.1996	-13.87	-12.40	42.73	23.00	49.36	8.25	148.64	515.74
Legg Mason IF Japan Equity Fund A Acc. (Hedged)	28.07.2014	-11.55	-11.88	51.82	7.32	30.65	-	-	109.90
Legg Mason IF Japan Equity Fund X Acc. (Hedged)	01.03.2013	-11.93	-12.57	51.74	8.89	26.87	17.76	115.82	223.30
Legg Mason IF Japan Equity Fund X Acc.	18.12.2012	-13.78	-12.19	43.09	23.33	50.58	9.06	154.46	301.80
Legg Mason IF QS Emerging Markets Equity Fund A Acc.	16.02.2004	-	-	9.75	29.50	-13.99	10.88	-	-
Legg Mason IF QS Emerging Markets Equity Fund X Acc.	06.02.2013	-	-	10.38	30.32	-13.33	11.69	-	-

12 Month Performance (continued)

		Performance							Since	
Fund Name	Inception Date	Performance							Inception to 28/02/2019	
		6 months to Mar. 2018 to Mar. 2017 to Mar. 2016 to Mar. 2015 to Mar. 2014 to 5 Years to	28/02/2019	Feb. 2019	Feb. 2018	Feb. 2017	Feb. 2016	Feb. 2015		28/02/2019
		Percentage change (%)								
Legg Mason IF CB US Equity Income Fund X Inc.	17.10.2011	-1.79	9.33	2.93	31.64	4.17	21.81	87.97	160.25	
Legg Mason IF CB US Equity Income Fund A Inc.	17.10.2011	-1.97	8.86	2.58	31.06	3.18	20.82	82.46	148.13	
Legg Mason IF CB US Equity Income Fund X Acc.	17.10.2011	-1.81	9.28	2.94	31.64	4.15	21.81	87.87	160.20	
Legg Mason IF CB US Equity Income Fund X Inc. (Hedged)	17.10.2011	-0.67	3.03	13.11	16.59	-6.58	12.66	43.01	109.11	
Legg Mason IF BWG Income Optimiser Fund X Inc.	19.12.2011	0.29	-0.64	1.95	13.90	-4.83	4.08	14.29	41.46	
Legg Mason IF BWG Income Optimiser Fund A Inc.	19.12.2011	0.24	-0.68	1.66	13.58	-5.60	3.29	11.82	37.18	
Legg Mason IF BWG Income Optimiser Fund X Acc.	01.08.2014	0.37	-0.55	1.01	13.81	-5.06	–	–	9.30	
Legg Mason IF BWG Income Optimiser Fund S Acc.	02.10.2017	0.56	-0.03	–	–	–	–	–	-0.40	
Legg Mason IF BWG Income Optimiser Fund S Inc.	08.08.2017	0.57	-0.03	–	–	–	–	–	-0.08	
Legg Mason IF RARE Global Infrastructure Income Fund A Acc.	01.07.2016	6.54	16.32	-4.39	–	–	–	–	19.00	
Legg Mason IF RARE Global Infrastructure Income Fund A Inc.	01.07.2016	6.39	16.24	-4.27	–	–	–	–	19.06	
Legg Mason IF RARE Global Infrastructure Income Fund S Acc.	01.07.2016	6.79	17.12	-3.81	–	–	–	–	21.10	
Legg Mason IF RARE Global Infrastructure Income Fund S Inc.	01.07.2016	6.83	17.05	-3.70	–	–	–	–	21.16	
Legg Mason IF RARE Global Infrastructure Income Fund X Acc.	01.07.2016	6.58	16.54	-4.10	–	–	–	–	19.80	
Legg Mason IF RARE Global Infrastructure Income Fund X Inc.	01.07.2016	6.67	16.68	-4.10	–	–	–	–	19.94	
Legg Mason IF RARE Global Infrastructure Income Fund X Inc. (Hedged)	26.08.2016	7.91	16.37	-0.98	–	–	–	–	15.85	
Legg Mason IF RARE Global Infrastructure Income Fund S Acc. (Hedged)	01.08.2016	8.26	16.99	-0.58	–	–	–	–	15.40	
Legg Mason IF RARE Global Infrastructure Income Fund S Inc. (Hedged)	02.08.2016	8.32	17.04	-0.55	–	–	–	–	15.96	
Legg Mason IF RARE Global Infrastructure Income Fund X Acc. (Hedged)	07.09.2016	8.06	16.49	-1.01	–	–	–	–	15.30	
Legg Mason IF Martin Currie North American Fund A Acc.	01.09.1983	-1.75	12.53	7.21	32.55	0.00	21.56	94.40	1756.35	
Legg Mason IF Martin Currie North American Fund X Acc.	17.06.2002	-1.61	12.82	7.48	32.98	0.73	22.48	98.93	296.51	
Legg Mason IF Martin Currie North American Fund X Acc. (Hedged)	02.09.2009	-0.18	6.66	17.75	18.07	-8.61	13.05	53.21	172.40	

12 Month Performance (continued)

Fund Name	Performance	Performance							Since
	Inception	6 months to	Mar. 2018 to	Mar. 2017 to	Mar. 2016 to	Mar. 2015 to	Mar. 2014 to	5 Years to	Performance
	Date	28/02/2019	Feb. 2019	Feb. 2018	Feb. 2017	Feb. 2016	Feb. 2015	28/02/2019	Inception
Percentage change (%)									
Legg Mason IF Martin Currie Japan Alpha Fund A Acc.	16.01.2006	-11.84	-10.94	15.24	37.26	-1.22	4.51	45.44	48.20
Legg Mason IF Martin Currie Japan Alpha Fund X Acc.	16.01.2006	-11.73	-10.69	15.51	37.63	-0.44	5.32	48.88	59.60
Legg Mason IF Martin Currie Japan Alpha Fund X Acc. (Hedged)	14.12.2009	-8.71	-10.15	22.23	20.74	-16.45	13.66	25.93	100.10
Legg Mason IF Martin Currie Global Equity Inc. Fund A Acc.	01.11.2010	-4.01	2.98	3.19	25.82	-2.61	8.07	40.72	86.93
Legg Mason IF Martin Currie Global Equity Inc. Fund X Acc.	01.11.2010	-3.90	3.23	3.40	26.14	-1.77	8.88	44.01	96.07
Legg Mason IF Martin Currie Global Equity Inc. Fund A Inc.	01.11.2010	-3.81	3.15	3.18	25.76	-2.57	8.09	40.97	87.33
Legg Mason IF Martin Currie Global Equity Inc. Fund X Inc.	01.11.2010	-3.75	3.42	3.40	26.14	-1.77	8.88	44.28	96.55
Legg Mason IF Martin Currie European Unconstrained Fund A Acc.	06.05.1985	-0.97	-1.48	10.45	21.47	-6.35	1.87	26.09	1924.45
Legg Mason IF Martin Currie European Unconstrained Fund X Acc.	17.06.2002	-0.85	-1.24	10.72	21.82	-5.64	2.62	28.99	217.51
Legg Mason IF Martin Currie European Unconstrained Fund A Inc.	01.03.2012	-0.99	-1.50	10.46	21.43	-6.30	1.86	26.10	75.90
Legg Mason IF Martin Currie European Unconstrained Fund X Inc.	01.03.2012	-0.85	-1.25	10.74	21.86	-5.61	2.62	29.08	83.02
Legg Mason IF Martin Currie Emerging Markets Fund A Acc.	09.09.1991	-3.24	-7.25	24.96	49.48	-17.09	8.80	56.29	535.74
Legg Mason IF Martin Currie Emerging Markets Fund X Acc.	17.06.2002	-3.12	-7.02	25.31	49.95	-16.46	9.65	60.03	319.92
Legg Mason IF Martin Currie China Fund A Acc.	10.03.2010	0.34	-7.23	30.79	46.63	-11.56	16.40	83.16	79.70
Legg Mason IF Martin Currie China Fund X Acc.	10.03.2010	0.49	-7.00	31.13	47.01	-10.90	17.32	87.41	86.10
Legg Mason IF Martin Currie Asia Pacific Fund A Acc.	14.02.1994	-2.06	-0.28	13.16	44.26	-10.67	13.10	64.45	271.66
Legg Mason IF Martin Currie Asia Pacific Fund X Acc.	17.06.2002	-1.91	-0.05	13.48	44.62	-9.98	13.97	68.28	464.65

Source for performance figures: Legg Mason. Performance is calculated on a NAV to NAV basis, with net income reinvested and after deduction of annual fund expenses. Sales charges, taxes and other locally applied costs to be paid by an investor have not been deducted.

Past performance is no guide to future returns and may not be repeated.

12 Month Performance (continued)

Legg Mason Funds ICVC's Fund Range

Fund	Investment Manager
Legg Mason IF Brandywine Global Income Optimiser Fund	Brandywine Global Investment Management, LLC
Legg Mason IF ClearBridge Global Equity Income Fund	ClearBridge Investments, LLC
Legg Mason IF ClearBridge US Equity Fund	ClearBridge Investments, LLC
Legg Mason IF ClearBridge US Equity Income Fund	ClearBridge Investments, LLC
Legg Mason IF Japan Equity Fund	Shiozumi Asset Management Company Limited*
Legg Mason IF Martin Currie Asia Pacific Fund	Martin Currie Investment Management Limited
Legg Mason IF Martin Currie China Fund	Martin Currie Investment Management Limited
Legg Mason IF Martin Currie Emerging Markets Fund	Martin Currie Investment Management Limited
Legg Mason IF Martin Currie European Unconstrained Fund	Martin Currie Investment Management Limited
Legg Mason IF Martin Currie Global Equity Income Fund	Martin Currie Investment Management Limited
Legg Mason IF Martin Currie Japan Alpha Fund	Martin Currie Investment Management Limited
Legg Mason IF Martin Currie North American Fund	Martin Currie Investment Management Limited
Legg Mason IF QS Emerging Markets Equity Fund	QS Investors, LLC
Legg Mason IF QS UK Equity Fund	QS Investors, LLC
Legg Mason IF RARE Global Infrastructure Income Fund	RARE Infrastructure Limited
Legg Mason IF Royce US Smaller Companies Fund	Royce & Associates, LP
Legg Mason IF Western Asset Global Multi Strategy Bond Fund	Western Asset Management Company Limited
Legg Mason IF Western Asset Retirement Income Bond Fund	Western Asset Management Company Limited

* Not affiliated to Legg Mason, Inc.

Independent Auditors' Report to the Shareholders of the Legg Mason Funds ICVC

Report on the audit of the financial statements

Opinion

In our opinion, Legg Mason Funds ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 28 February 2019 and of the net revenue/(expenses) and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Legg Mason Funds ICVC (the "company") is an Open Ended Investment Company ("OEIC") with 18 sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 28 February 2019; the statements of total return, the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 of the Accounting Policies which describes the Authorised Corporate Director's reasons why the financial statements of Legg Mason IF QS Emerging Markets Equity Fund have been prepared on a basis other than going concern. All other sub-funds in these financial statements have been prepared on a going concern basis.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the sub funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

With the exception of the circumstances described in the Emphasis of matter – Basis of preparation paragraph above regarding Legg Mason IF QS Emerging Markets Equity Fund, we have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the company's or any of the sub-fund's business and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Independent Auditors' Report to the Shareholders of the Legg Mason Funds ICVC (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 6, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook, as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 May 2019

Accounting Policies

As at 28 February 2019

1) Accounting and distribution policies

Basis of preparation

The financial statements of the sub-funds have been prepared on a going concern basis in accordance with FRS 102 and the Statement of Recommended Practice (SORP) for Authorised Funds issued by The Investment Management Association ('the IMA SORP 2014') with the exception of the Legg Mason IF QS Emerging Markets Equity Fund.

It is the Authorised Corporate Director's intention to terminate the sub-fund within one year of the date of these financial statements. Accordingly, the financial statements of this sub-fund have been prepared on a basis other than going concern. In applying this basis of preparation, the assets and liabilities of this sub-fund continue to be stated at their fair values which materially equate to their residual values. Fixed assets have been reclassified as current assets. The sub-fund will continue to be liable for its General Administration Charge and all other costs, including any costs related to the termination, will be met by the Authorised Corporate Director.

2) Revenue recognition

Dividends receivable from equity and non equity shares are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends on unquoted stocks are credited to revenue when the dividend is received. Interest and revenue earned on other securities are recognised on an accruals basis, other than fixed interest securities.

For dividends on US Real Estate Investment Trusts ("REITs"), the allocation of the dividend between revenue and capital is adjusted following receipt of the capital/revenue split in the following calendar year.

Overseas dividends are grossed up at the appropriate rate of withholding tax and the tax consequences are shown within the tax charge.

Revenue of accumulation shares held in the underlying funds is recognised as revenue when the shares are quoted ex-distribution and included in the amount available for distribution. Revenue from offshore funds that is not distributed is recognised when it is reported.

Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

In the case of fixed income securities, an effective yield method of accounting has been adopted resulting in the total revenue arising on a security being adjusted for the amortisation of any discount or premium over the life of the security. The effective yield method of accounting for revenue from fixed income securities may in some circumstances result in adjusting revenue in respect of changes in market value of the securities as a result of revised cash flow expectations.

If any revenue receivable at the balance sheet date is not expected to be received for a significant period after the accounting period end, a provision reflecting the timing of the receipt for the relevant amount will be made.

Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

3) Treatment of stock dividends

Where the investment manager has elected to receive a dividend in the form of shares rather than cash, the dividend is treated as revenue and forms part of the distribution.

4) Special dividends

Special dividends are recorded as either revenue or capital, depending on the nature and circumstances of the dividend receivable.

5) Treatment of expenses (including Authorised Corporate Director ("ACD") expenses)

All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis except for Legg Mason IF Brandywine Global Income Optimiser Fund, Legg Mason IF ClearBridge Global Equity Income Fund, Legg Mason IF ClearBridge US Equity Income Fund, Legg Mason IF Martin Currie Global Equity Income Fund, Legg Mason IF RARE Global Infrastructure Income Fund, Legg Mason IF Western Asset Global Multi Strategy Bond Fund and Legg Mason IF Western Asset Retirement Income Bond Fund. The investment objective of these seven Funds concentrates on the generation of revenue as a higher priority than capital growth. The ACD and the Depositary have agreed that 100% of the ACD's periodic charge (the "Annual Management Charge") is to be taken to capital for the purpose of calculating the distribution, as permitted by the Regulations. The distribution currently payable reflects this treatment together with any associated tax effects.

The Annual Management Charge is calculated on the total net assets by the ACD.

General Administration Charge

With effect from 1 May 2011, all fees, with the exception of the ACD and Depositary fees, are included within a single ad valorem charge, the General Administration Charge ("GAC"), which creates more efficiency and transparency around the charging process than more traditional methods. Included in the GAC charge are the audit fees payable to PricewaterhouseCoopers LLP.

For further details please refer to the Prospectus.

Accounting Policies (continued)

As at 28 February 2019

6) Allocation of revenue and expenses to multiple share classes

With the exception of the ACD's periodic charge and the GAC which are directly attributable to individual share classes, all revenue and expenses are allocated to share classes pro rata to the value of the net assets of the relevant share class on the day that the revenue or expense occurred.

7) Allocation of return on hedged share classes

Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of exchange rate fluctuations between the currencies held in the underlying portfolio of a Fund and the share class currency. Where undertaken, the allocation of return in relation to hedging transactions is applied in respect of that hedged share class only.

8) Distribution policy

The distribution policy of the Funds is to distribute/accumulate all available revenue, after deduction of expenses properly chargeable against revenue, subject to any of the Annual Management Charge or other expense which may currently be transferred to capital for the purpose of calculating the distribution.

For the purpose of calculating the distribution, revenue on debt securities is computed on an effective yield basis, the same basis on which it is reflected in the financial statements as modified by the revaluation of investments. For the purpose of calculating the distribution on the Legg Mason Brandywine Global Income Optimiser Fund, interest from debt securities is computed as the higher of the amount determined on a coupon basis and an effective yield basis.

9) Basis of valuation of investments

The valuation point is 12 noon on the last working day of the accounting period, 28 February 2019. Listed investments are valued at market value. Market value is defined by the SORP as fair value which is the bid value of each security.

Unlisted, illiquid or suspended securities are valued at the ACD's best estimate of the amount that would be received from an immediate transfer at arm's length.

Where applicable, investment valuations exclude any element of accrued income.

10) Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate prevailing at 12 noon on the last working day of the accounting period, 28 February 2019.

Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions.

Exchange differences on such transactions follow the same treatment as the principal amounts.

11) Taxation

The charge for taxation is based on the results for the period. Provision is made for corporation tax at the current rate on the excess of taxable revenue over allowable expenses. In general, the tax accounting treatment follows that of the principal amount.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets are only recognised to the extent they are regarded as recoverable. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

12) Efficient portfolio management

Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management. Where such transactions are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in "Revenue" or "Expenses" in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in "Net gains/(losses)" on investments during the year in the Statement of Total Return. Any positions on such transactions open at the year end are reflected in the Balance Sheet at their marked to market value.

13) Derivatives

The total net return respect of any derivative transactions entered into, is analysed between capital gain or loss, and revenue or expense dependant on the Fund's investment objective and policy. Any net capital gains or losses are included within "Net capital gains/(losses)", and any revenue or expense is included within "Revenue" or "Finance costs" respectively, in the Statement of Total return.

Any positions open at the year end are reflected in the Balance Sheet at their market value, either using available market prices or the ACD's assessment of the fair value.

Cash held at futures brokers as margin is reflected separately within "Cash and bank balances".

Accounting Policies (continued)

As at 28 February 2019

14) Financial Instrument Risks

The main risks arising from the Company's financial instruments are market price, foreign currency, liquidity, interest rate, credit, and default risks. The ACD reviews policies for managing each of these risks and these are summarised below. These policies have remained unchanged during the current year to which these financial statements relate and from the prior year.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The ACD monitors on a daily basis the asset allocation of the portfolio in order to minimise the risk associated with particular countries and industry sectors whilst continuing to follow the investment objective. Each Fund's Investment Manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameter and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

Foreign currency risk

The revenue and capital value of the Company's investments can be significantly affected by currency translation movements as some of the Company's assets and revenue are denominated in currencies other than Sterling which is the Company's functional currency. The ACD has identified three principal areas where foreign currency risk could impact the Company.

- Movements in rates affect the value of investments
- Movements in rates affect short term timing differences; and
- Movements in rates affect the revenue received.

Foreign currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will be used in the event of one or more of the above mentioned risks being identified.

The Company may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD may hedge against this risk. The Company receives revenue in currencies other than Sterling and the Sterling values of this revenue can be affected by movements in exchange rates. The ACD may hedge against this risk.

Each of the Legg Mason IF ClearBridge US Equity Income Fund, the Legg Mason IF ClearBridge US Smaller Companies Fund, Legg Mason IF Martin Currie Japan Alpha Fund, Legg Mason IF Martin Currie North American Fund and Legg Mason IF RARE Global Infrastructure Income Fund have hedged shares and non-hedged shares. With respect to the hedged shares in such Funds, it is intended to hedge the risk of changes in value between the currencies that are significant to the Fund's investment strategy (the "Underlying Currencies") and pounds sterling. However, there can be no guarantee that this strategy will be successful. No hedging strategy can eliminate currency risk entirely and should the strategy be incomplete or unsuccessful, the net asset value per share and investment performance of such share classes may remain vulnerable to changes in the value of the Underlying Currencies relative to the value of sterling. Furthermore, the use of share class hedging strategies may substantially limit shareholders in the relevant Hedged share class from benefiting if sterling falls against the Underlying Currencies.

Liquidity risk

The Company's assets comprise mainly readily realisable securities. The main liability of the Company is the redemption of any shares that investors wish to sell.

The Funds may invest in market areas that may be subject to liquidity risk. Liquidity risk is a measure of how quickly an investment can be sold. Investments in smaller companies, smaller and more specialist stock markets and particular sectors of an economy tend to be less liquid than other kinds of investments. The less liquid an investment, the more its value tends to go up and down.

Interest rate risk

The individual Funds, excluding the Legg Mason IF Western Asset Retirement Income Bond Fund, Legg Mason IF Western Asset Global Multi Strategy Bond Fund and Legg Mason IF Brandywine Global Income Optimiser Fund, invest predominately in equity shares and investments which neither pay interest nor have a maturity date. The individual Funds may also invest in fixed rate securities. The Legg Mason IF Western Asset Retirement Income Bond Fund, Legg Mason IF Western Asset Global Multi Strategy Bond Fund and Legg Mason IF Brandywine Global Income Optimiser Fund invest primarily in interest-bearing securities. Any change to the interest rates relevant for particular securities may result in either income increasing or decreasing or the ACD being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise, the revenue potential of the individual Fund also rises, but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the individual Fund). A decline in interest rates will generally have the opposite effect.

Credit risk (applies to Funds containing bonds only)

The Legg Mason IF Western Asset Retirement Income Bond Fund, Legg Mason IF Western Asset Global Multi Strategy Bond Fund and Legg Mason IF Brandywine Global Income Optimiser Fund invest in bonds issued by a number of companies. If an individual company fails to perform well, the credit quality of the company may well fall and the bonds would fall in price. All investments are monitored internally and externally by a number of different agencies and assigned ratings, which often change over time. The Company closely monitors the ratings of the bonds within the Funds.

Accounting Policies (continued)

As at 28 February 2019

14) Financial Instrument Risks (continued)

Credit risk (applies to Funds containing bonds only) (continued)

Some Funds may invest in “investment grade” and/or “non-investment grade” bonds or debt securities and are therefore exposed to credit risk.

Credit risk is the risk that a government or company that issues a fixed income security cannot repay principal or pay interest when due. This risk is higher when the fixed income security has a low credit rating – these fixed income securities are known as “non-investment grade bonds” or “non-investment grade debt securities” and have the potential for greater losses. The risk of default for “non-investment” grade bonds is also higher than with “investment grade” bonds – these factors may have a negative effect on the value of a Fund.

In addition, the market for debt securities which are rated below “investment grade” and/or have a lower credit rating may be of lower liquidity and less active than for higher rated debt securities. A Fund’s ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception.

Default risk (applies to Funds containing bonds only)

The Legg Mason IF Western Asset Retirement Income Bond Fund, Legg Mason IF Western Asset Global Multi Strategy Bond Fund and Legg Mason IF Brandywine Global Income Optimiser Fund invest in bonds that are at risk of default at any time. Bond defaults may be characterised by any missed or delayed payment of interest or principal, bankruptcy or breach of certain financial covenants that may render them financially distressed.

The risk is minimised by regularly monitoring the bonds internally and externally through the ratings agencies. The Fund may also hold credit default swaps to manage their credit risk profile. Credit default swaps are used to take advantage of expected movements in credit spreads on either individual securities or baskets of securities.

Other risks

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Company has fulfilled its responsibilities. The Company mainly deals, however, on a “delivery versus payment” basis which reduces counterparty risk. The Company only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time; these limits are reviewed bi-annually.

There have been no changes in the exposure, processes and managing of market, credit and liquidity risks in the period.

15) Dilution adjustment

The swinging single price tries to counteract the effect of a possible dilution in the Fund when investors buy and sell shares. A swinging single price avoids the need to charge a separate dilution levy because the single price can be swung higher or lower at the discretion of the ACD, if there could be possible dilution in the value of the Fund. This is known as a dilution adjustment, which would be applied in the following circumstances:

- (i) if the Fund is in continual decline;
- (ii) if the Fund is experiencing large levels of net sales or net purchases relative to its size; or
- (iii) where the ACD considers it appropriate in order to protect the interests of continuing Shareholders.

Legg Mason IF Brandywine Global Income Optimiser Fund

General Information

Investment Manager	Brandywine Global Investment Management
Fund Size	£150.5m
Sector	N/A
Fund Launch	19 December 2011

Investment Objective and Policy

The objective of this Fund is to generate income in all market conditions over a rolling 3-5 year period. While the Fund's priority is to generate income, it will also seek to preserve capital. 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 & 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. 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. 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.

Legg Mason IF Brandywine Global Income Optimiser Fund

The Legg Mason IF Brandywine Global Income Optimiser Fund decreased 0.55% in sterling terms over the period under review, while the IA Sterling Strategic Bond sector recorded an increase in sterling terms of 0.61%.

Q. What were the leading contributors to performance during the reporting period?

A. The largest contributor to the Fund's performance was its U.S. Treasury exposure. After initially rising, their yields subsequently declined given decelerating global growth and moderating inflation. The Fund's U.S. corporate bond exposure was also positive for results. In particular, we emphasized shorter-duration, higher-quality securities within both the investment-grade and high-yield markets, with limited exposure to lower quality (CCC or below) credits. The Fund's exposure to the U.S. housing market, through investments in residential mortgage-backed securities ("RMBS") was also beneficial. Investor sentiment for U.S. RMBS was buoyed by the strengthening economy, a robust labor market and strong collateral quality. In particular, we favored floating rate RMBS as a hedge against rising interest rates.

Q. What were the leading detractors from performance during the reporting period?

A. The Fund's exposures to longer duration bonds and currencies in select emerging markets, such as Indonesia and Mexico, were the largest headwind for results. They were both negatively impacted by macro issues, Federal Reserve rate hikes and a slowdown in Chinese growth. Indonesia was also hurt by the country's high external debt burden, as well as several rate hikes by the Bank of Indonesia. Mexico is experiencing lackluster growth and stubborn inflationary pressures. In addition, rate hikes by Mexico's central bank were a headwind for Mexican bonds. Tactical exposure to U.S. high-yield CDX negatively impacted performance, in particular during the fourth quarter of 2018. High-yield spreads widened during this time as investor risk aversion increased amid global economic concerns. The Fund's allocation to long-dated South African government bonds also negatively impacted results. They were negatively impacted by moderating growth, especially with its largest trading partner China, a challenging political environment and risk of a credit rating downgrade by Moody's.

Q. Were there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. Given uncertain global macro conditions, we made several adjustments to the portfolio during the reporting period. We reduced the Fund's emerging markets exposures. From a foreign exchange (FX) perspective, we eliminated our exposures to currencies such as the Indonesian rupiah and the Peruvian sol. Elsewhere, we increased the Fund's U.S. dollar exposure given moderation in growth abroad. Given the deteriorating macro backdrop, we increased our safe haven exposures by initiating government bond positions in France and Germany. The Fund used U.S. Treasury futures and German bund futures to help manage its bond exposure. The use of these instruments marginally detracted from performance. Currency forwards, which were used to help manage the Fund's currency exposures, detracted from results. The Fund tactically used credit default swaps and CDX to manage its high-yield credit exposure. They detracted from performance over the reporting period.

At the end of the reporting period, the Fund was defensively positioned. While we are cautiously optimistic on the global economy, near term challenges remain, such as slowing global growth, political challenges in Europe and fading fiscal stimulus in the US. Should the macro backdrop improve, we will look to opportunistically add risk back into the portfolio.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
United States Treasury Floating Rate Note 2.452710157% 30/04/2020	84,463	United States Treasury Floating Rate Note 2.452710157% 30/04/2020	85,449
United States Treasury Floating Rate Note 2.464710157% 31/10/2020	59,789	United States Treasury Floating Rate Note 2.464710157% 31/10/2020	35,119
United Kingdom Treasury Bill 0% 28/08/2018	32,585	United Kingdom Treasury Bill 0% 28/08/2018	32,600
French Republic Government Bond OAT 2% 25/05/2048	29,277	United Kingdom Treasury Bill 0% 6/08/2018	23,949
United States Treasury Note 3.375% 15/11/2048	26,049	French Republic Government Bond OAT 2% 25/05/2048	22,175
United Kingdom Treasury Bill 0% 6/08/2018	23,934	United States Treasury Note 3.375% 15/11/2048	18,384
Spain Government Bond 2.9% 31/10/2046	14,407	United States Treasury Note/Bond 3% 15/08/2048	12,561
United Kingdom Gilt 1.5% 22/07/2047	12,463	United Kingdom Gilt 1.5% 22/07/2047	12,268
United States Treasury Note/Bond 3% 15/08/2048	11,461	United States Treasury Note/Bond 2.75% 15/02/2028	10,707
United States Treasury Bill 0% 26/04/2018	9,825	United States Treasury Bill 0% 26/04/2018	9,934
Bundesrepublik Deutschland Bundesanleihe 1.25% 15/08/2048	8,315	Australia Government Bond 3% 21/03/2047	7,464
United States Treasury Note/Bond 2.75% 15/02/2028	8,098	Spain Government Bond 2.9% 31/10/2046	6,435
Australia Government Bond 3% 21/03/2047	7,399	Japan Government Thirty Year Bond 0.9% 20/09/2048	5,834
Japan Government Thirty Year Bond 0.9% 20/09/2048	5,778	Specialty Underwriting & Residential Finance Trust Series 2006-BC1	
United States Treasury Note/Bond 3% 15/02/2048	3,873	2.86638% 25/12/2036	4,667
JPMorgan Chase 3.125% 23/01/2025	3,672	United States Treasury Note/Bond 2.875% 15/11/2046	4,365
Freddie Mac Structured Agency Credit Risk Debt Notes 8.03988% 25/07/2028	3,644	JPMorgan Chase 3.125% 23/01/2025	3,811
Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2027	3,527	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2027	3,805
COLT 2018-1 Mortgage Loan Trust 2.93% 25/02/2048	3,508	United States Treasury Note/Bond 3% 15/02/2048	3,795
JP Morgan Mortgage Acquisition Trust 2007-CH3 2.80988% 25/03/2037	3,130	Indonesia Treasury Bond 7% 15/05/2027	2,337
		Italy Buoni Poliennali Del Tesoro 2.7% 01/03/2047	1,977
Other purchases	80,697	Other sales	30,180
Total purchases for the year	435,894	Total sales for the year	337,816

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because investments in a diversified portfolio of bonds from various countries and sectors have historically been subject to relatively small fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Bonds: There is a risk that issuers of bonds held by the Fund may not be able to repay the investment or pay the interest due on it, leading to losses for the Fund. Bond values are affected by the market's view of the above risk, and by changes in interest rates and inflation.

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Low rated bonds: The Fund may invest in lower rated or unrated bonds of similar quality, which carry a higher degree of risk than higher rated bonds.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Asset-backed securities: The timing and size of the cash-flow from asset-backed securities is not fully assured and could result in loss for the Fund. These types of investments may also be difficult for the Fund to sell quickly.

Derivatives: The use of derivatives can result in greater fluctuations of the fund's value and may cause the Fund to lose as much as or more than the amount invested.

Hedging: The Fund may use derivatives to reduce the risk of movements in exchange rates between the currency of the investments held by the Fund and base currency of the Fund itself (hedging). However, hedging transactions can also expose the Fund to additional risks, such as the risk that the counterparty to the transaction may not be able to make its payments, which may result in loss to the Fund.

Interest rates: Changes in interest rates may negatively affect the value of the Fund. Typically as interest rates rise, bond values fall.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

Fund counterparties: The Fund may suffer losses if the parties that it trades with cannot meet their financial obligations.

Annual management charge from capital: The Fund's annual management charge is taken from its capital (rather than income). This may adversely affect the fund's overall growth.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Income			Share Class I Accumulation ³
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)
Change in net assets per Share				
Opening net asset value per share	104.06	107.28	98.13	100.00
Return before operating charges**^	0.14	1.84	15.36	0.15
Operating charges	(0.92)	(0.97)	(1.10)	(0.02)
Return after operating charges*	(0.78)	0.87	14.26	0.13
Distributions	(3.10)	(4.09)	(5.11)	(0.08)
Retained distributions on accumulation shares	–	–	–	0.08
Closing net asset value per share	100.18	104.06	107.28	100.13
^ after direct transaction costs of:	0.00	0.01	0.01	0.00
Performance				
Return after operating charges*	(0.75)%	0.81%	14.53%	0.13%
Other information				
Closing net asset value (£'000's)	201	258	302	4,785
Closing number of shares	201,053	247,652	281,039	4,778,405
Operating charges**	0.91%	0.91%	1.05%	0.50%
Direct transaction costs***	0.00%	0.01%	0.01%	0.00%
Prices				
Highest share price	105.90	107.80	108.90	100.50
Lowest share price	98.92	104.60	98.91	99.94
	Share Class S Accumulation ²		Share Class S Income ¹	
	28.02.19 (p)	28.02.18 (p)	28.02.19 (p)	28.02.18 (p)
Change in net assets per Share				
Opening net asset value per share	99.48	100.00	97.89	100.00
Return before operating charges**^	0.17	(0.52)	0.14	(0.20)
Operating charges	(0.18)	0.00	(0.18)	0.00
Return after operating charges*	(0.01)	(0.52)	(0.04)	(0.20)
Distributions	(3.02)	(1.40)	(2.94)	(1.91)
Retained distributions on accumulation shares	3.02	1.40	–	–
Closing net asset value per share	99.47	99.48	94.91	97.89
^ after direct transaction costs of:	0.00	0.01	0.00	0.01
Performance				
Return after operating charges*	(0.01)%	(0.52)%	(0.04)%	(0.20)%
Other information				
Closing net asset value (£'000's)	69,000	6,091	18,953	13,194
Closing number of shares	69,369,808	6,122,985	19,968,717	13,479,210
Operating charges**	0.18%	0.19%	0.18%	0.19%
Direct transaction costs***	0.00%	0.01%	0.00%	0.01%
Prices				
Highest share price	101.30	101.00	99.72	100.40
Lowest share price	97.10	99.11	93.57	98.38

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Performance Record (continued)

As at 28 February 2019

Change in net assets per Share	Share Class X Accumulation			Share Class X Income		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	109.74	108.64	95.30	107.12	110.23	100.66
Return before operating charges**^	0.18	1.92	15.14	0.16	1.94	15.77
Operating charges	(0.80)	(0.82)	(0.87)	(0.77)	(0.81)	(0.91)
Return after operating charges*	(0.62)	1.10	14.27	(0.61)	1.13	14.86
Distributions	(3.32)	(4.24)	(5.11)	(3.21)	(4.24)	(5.29)
Retained distributions on accumulation shares	3.32	4.24	4.18	–	–	–
Closing net asset value per share	109.12	109.74	108.64	103.30	107.12	110.23
^ after direct transaction costs of:	0.00	0.01	0.01	0.00	0.01	0.01
Performance						
Return after operating charges*	(0.56)%	1.01%	14.97%	(0.57)%	1.03%	14.76%
Other information						
Closing net asset value (£'000's)	786	687	689	56,742	27,727	29,954
Closing number of shares	719,971	626,078	634,168	54,928,405	25,883,329	27,174,972
Operating charges**	0.74%	0.74%	0.85%	0.74%	0.74%	0.84%
Direct transaction costs***	0.00%	0.01%	0.01%	0.00%	0.01%	0.01%
Prices						
Highest share price	111.70	111.50	108.90	109.10	110.90	111.80
Lowest share price	106.70	107.30	95.93	102.00	107.70	101.40

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

¹ Launched on 9 August 2017.

² Launched on 2 October 2017.

³ Launched on 13 February 2019.

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

		2019		2018	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(2,963)		(946)
Revenue	3	3,455		1,372	
Expenses	4	(535)		(233)	
Net revenue before taxation		2,920		1,139	
Taxation	5	(12)		(2)	
Net revenue after taxation			2,908		1,137
Total return before distributions			(55)		191
Distributions	6		(3,238)		(1,380)
Change in net assets attributable to shareholders from investment activities			(3,293)		(1,189)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		47,957		31,147
Amounts receivable on issue of shares	122,026		28,410	
Amounts payable on cancellation of shares	(17,951)		(10,488)	
		104,075		17,922
Change in net assets attributable to shareholders from investment activities		(3,293)		(1,189)
Retained distributions on accumulation shares		1,728		77
Closing net assets attributable to shareholders		150,467		47,957

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		146,220	46,964
Current assets:			
Debtors	7	23,602	3,615
Cash and bank balances	8	6,529	1,022
Total assets		176,351	51,601
Liabilities:			
Investment liabilities		(359)	(195)
Creditors			
Bank overdrafts	10	(210)	(318)
Distribution payable		(567)	(329)
Other creditors	9	(24,748)	(2,802)
Total liabilities		(25,884)	(3,644)
Net assets attributable to shareholders		150,467	47,957

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital losses

	2019 £'000	2018 £'000
The net capital losses during the year were:		
Non-derivative securities	(428)	(3,927)
Derivative contracts	(1,456)	399
Forward currency contracts	(348)	4,033
Currency losses	(723)	(1,445)
Transaction charges	(8)	(6)
Net capital losses on investments	(2,963)	(946)

3. Revenue

	2019 £'000	2018 £'000
Bank interest	54	7
Income received on derivatives	11	(10)
Interest on debt securities	3,390	1,375
Total revenue	3,455	1,372

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	276	168
General Administration Charge (GAC)*	167	54
	443	222
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	28	9
	28	9
Expenses	471	231
Overdraft interest	64	2
Total expenses	535	233

* Audit fees of £10,506 (2018: £10,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	12	1
Income tax written off	–	1
Total taxation for the year Note 5(b)	12	2

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	2,920	1,139
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	584	228
Effects of:		
Overseas tax	12	1
Tax deductible interest distributions	(584)	(228)
Income tax written off	–	1
Total tax charge for the year	12	2

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Interim	2,627	1,046
Final	1,083	385
Add: Revenue deducted on cancellation of shares	88	52
Deduct: Revenue received on issue of shares	(560)	(104)
Income tax deducted at source	–	1
Net distribution for the year	3,238	1,380
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	2,908	1,137
Expenses charged to capital	276	168
Amortisation due to capital	54	77
Equalisation on conversion of shares	–	(2)
Net distribution for the year	3,238	1,380

Details of the distributions per share are set out in the distribution tables on page 30 to 32.

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	868	760
Amounts receivable on issue of shares	292	55
Sales awaiting settlement	22,442	2,800
Total debtors	23,602	3,615

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	6,529	1,022
Total cash and bank balances	6,529	1,022

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	52	13
Accrued Depositary fees	3	1
Accrued expenses	38	9
Amounts payable on cancellation of shares	203	110
Purchases awaiting settlement	24,452	2,669
Total other creditors	24,748	2,802

10. Bank overdrafts

	2019 £'000	2018 £'000
Amounts overdrawn at futures clearing houses and brokers	210	318
Total bank overdrafts	210	318

11. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

12. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on pages 21 and 22 and notes 4, 7 and 9 on pages 23 to 25 including all creations and cancellations where the ACD acted as a principal.

13. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Income	0.70%
Class I Accumulation	0.50%
Class S Accumulation	0.25%
Class S Income	0.25%
Class X Accumulation	0.55%
Class X Income	0.55%

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Share Classes (continued)

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on pages 19 to 20. The distribution per share class is given in the distribution table on pages 30 to 32. All share classes have the same rights on winding up.

14. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Argentine Peso	2,720	–
Australian Dollar	–	978
Brazilian Real	6,663	–
Colombian Peso	–	889
Euro	(4,968)	2,150
Indonesian Rupiah	–	2,413
Japanese Yen	5,828	1,065
Malaysian Ringgit	–	1,730
Mexican Peso	6,694	–
New Zealand Dollar	–	966
Peruvian Nouveau Sol	–	1,712
South African Rand	–	1,074
Sterling	160,682	52,266
Swiss Franc	(2,672)	–
US Dollar	(24,480)	(17,286)
Total	150,467	47,957

A 5% increase in the Pound sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £378,054 increase or +0.25% on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

2019

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Argentine Peso	–	–	–	–
Brazilian Real	–	–	–	–
Colombian Peso	–	–	147	147
Euro	(14)	22,918	13,581	36,485
Japanese Yen	(18)	–	5,846	5,828
Mexican Peso	–	–	28	28
Sterling	2,017	–	3,308	5,325
US Dollar	40,153	81,517	6,868	128,538
Total	42,138	104,435	29,778	176,351

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Derivatives and other financial instruments (continued)

(b) Interest rate risk profile of financial assets and liabilities (continued)

2018

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Australian Dollar	–	979	–	979
Colombian Peso	–	977	–	977
Euro	–	994	121	1,115
Indonesian Rupiah	–	2,413	–	2,413
Japanese Yen	–	–	23	23
Malaysian Ringgit	–	1,731	–	1,731
New Zealand Dollar	–	966	–	966
Peruvian Nouveau Sol	–	1,713	–	1,713
Polish Zloty	–	–	2	2
South African Rand	47	2,026	–	2,073
Sterling	458	664	2,854	3,976
US Dollar	4,737	27,412	3,456	35,633*
Total	5,242	39,875	6,456	51,601

2019

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Argentine Peso	–	35	35
Brazilian Real	–	17	17
Euro	–	40	40
Japanese Yen	–	63	63
Sterling	–	863	863
Swiss Franc	–	–	–
US Dollar	–	24,866	24,866
Total	–	25,884	25,884

2018

Currency			
Colombian Peso	–	88	88
Euro	–	13	13
Indonesian Rupiah	–	22	22
Sterling	–	462	462
US Dollar	290	2,741	3,059*
Total	290	3,326	3,644

An increase/decrease of 1% in redemption yields is likely to result in a decrease of 5.03% and increase of 5.03% respectively in the portfolio valuation.

* Restatement

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Derivatives and other financial instruments (continued)

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

15. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
Barclays	–	32	–	–	32
Citibank	(8)	6,216	–	–	6,208
Goldman Sachs	–	6	–	–	6
HSBC	–	(118)	–	–	(118)
JPMorgan Chase	64	203	–	(210)	57
Morgan Stanley	(15)	119	–	–	104
NAB	–	(15)	–	–	(15)
Total	41	6,443	–	(210)	6,274

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
Barclays	–	115	–	–	115
Citibank	1,606	1,204	119	(87)	2,842
HSBC	–	(92)	–	–	(92)
JPMorgan Chase	49	(13)	–	(43)	(7)
Morgan Stanley	237	1	–	(188)	50
NAB	–	(69)	–	–	(69)
Total	1,892	1,146	119	(318)	2,839

16. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Debt Securities	435,894	132,634	337,818	113,673
Trades in the year before transaction costs	435,894	132,634	337,818	113,673
Taxes				
Debt Securities	–	–	(2)	(3)
Total taxes	–	–	(2)	(3)
Total costs	–	–	(2)	(3)
Total net trades in the year after transaction costs	435,894	132,634	337,816	113,670

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

16. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	–	–
Taxes	–	0.01

The sub-fund investments have no separately identifiable transaction costs, instead the cost of investing forms part of the dealing spread.

The average portfolio dealing spread as at the year end was 0.23% (2018 : 0.33%).

17. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Income	247,652	80,405	(144,309)	17,305	201,053
Class I Accumulation	–	4,778,405		–	4,778,405
Class S Accumulation	6,122,985	69,163,816	(5,916,993)	–	69,369,808
Class S Income	13,479,210	8,737,016	(2,229,154)	(18,355)	19,968,717
Class X Accumulation	626,078	299,811	(205,918)	–	719,971
Class X Income	25,883,329	38,272,711	(9,227,635)	–	54,928,405

18. Fair value disclosure

	2019		2018
	Assets	Liabilities	Assets
	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	46,314	–	7,866
Valuation techniques using observable market data ^{^^}	99,906	(359)	39,098
Valuation techniques using non-observable market data ^{^^^}	–	–	–
Total	146,220	(359)	46,964
	(195)		

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Distribution Table

As at 28 February 2019

First Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 31 May 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.0177	–	1.0177	1.1675
Group 2	0.4810	0.5367	1.0177	1.1675

Class S Accumulation Shares²

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	0.9792	–	0.9792	n/a
Group 2	0.0040	0.9752	0.9792	n/a

Class S Income Shares¹

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	0.9629	–	0.9629	n/a
Group 2	0.3580	0.6049	0.9629	n/a

Class X Accumulation Shares

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.0786	–	1.0786	1.1951
Group 2	0.4337	0.6449	1.0786	1.1951

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.0531	–	1.0531	1.2171
Group 2	0.4427	0.6104	1.0531	1.2171

Second Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 June 2018

Group 2 Final shares purchased on or after 1 June 2018 to 31 August 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.5904	–	0.5904	1.1675
Group 2	0.1019	0.4885	0.5904	1.1675

Class S Accumulation Shares²

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.5770	–	0.5770	n/a
Group 2	0.1106	0.4664	0.5770	n/a

Class S Income Shares¹

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.5621	–	0.5621	0.2950
Group 2	0.3169	0.2452	0.5621	0.2950

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Class X Accumulation Shares

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.6347	–	0.6347	1.2056
Group 2	0.5415	0.0932	0.6347	1.2056

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.6141	–	0.6141	1.2040
Group 2	0.4937	0.1204	0.6141	1.2040

Third Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 September 2018

Group 2 Final shares purchased on or after 1 September 2018 to 30 November 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.7425	–	0.7425	0.9340
Group 2	0.0011	0.7414	0.7425	0.9340

Class S Accumulation Shares²

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.7290	–	0.7290	0.5686
Group 2	0.5575	0.1715	0.7290	0.5686

Class S Income Shares¹

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.7063	–	0.7063	0.8356
Group 2	0.3347	0.3716	0.7063	0.8356

Class X Accumulation Shares

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.8016	–	0.8016	0.9676
Group 2	0.4471	0.3545	0.8016	0.9676

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.7704	–	0.7704	0.9653
Group 2	0.2983	0.4721	0.7704	0.9653

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Final Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 December 2018

Group 2 Final shares purchased on or after 1 December 2018 to 28 February 2019

Class A Income Shares

	Gross Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.7454	–	0.7454	0.8221
Group 2	0.1691	0.5763	0.7454	0.8221

Class I Accumulation Shares³

	Gross Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.0753	–	0.0753	n/a
Group 2	0.0550	0.0203	0.0753	n/a

Class S Accumulation Shares²

	Gross Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.7313	–	0.7313	0.8358
Group 2	0.0654	0.6659	0.7313	0.8358

Class S Income Shares¹

	Gross Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.7100	–	0.7100	0.7785
Group 2	0.1900	0.5200	0.7100	0.7785

Class X Accumulation Shares

	Gross Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.8089	–	0.8089	0.8709
Group 2	0.2946	0.5143	0.8089	0.8709

Class X Income Shares

	Gross Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.7710	–	0.7710	0.8565
Group 2	0.2954	0.4756	0.7710	0.8565

¹ Launched on 9 August 2017.

² Launched on 2 October 2017.

³ Launched on 13 February 2019.

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF ClearBridge Global Equity Income Fund

General Information

Investment Manager	ClearBridge Investment, LLC
Fund Size	£27.6m
Sector	Global Growth
Fund Launch	23 May 2008

Investment Objective and Policy

The objective of the Fund is to achieve income and capital growth through investment primarily in a range of equity and equity-related securities. The Fund seeks to achieve its objective by investing globally in quality companies which the investment manager believes are undervalued. There is a focus on dividend yield and potential for capital growth. The Fund may also invest in other investments as 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) and warrants (up to a maximum of 5% of the net asset value of the Fund). The Fund may also use derivatives for efficient portfolio management as explained in the Prospectus.

Legg Mason IF ClearBridge Global Equity Income Fund

The Legg Mason IF ClearBridge Global Equity Income Fund declined by 8.01% in sterling terms during the 12 months ended February 28, 2019, while its index, the MSCI World Index, rose in sterling terms by 4.03%.

Q. What were the leading contributors to performance during the reporting period?

A. On the positive side, stock selection in the Health Care and Materials sectors contributed the most to relative results. The leading individual contributors included Roche, Exelon, Shinko Plantech, Novartis and BP.

Q. What were the leading detractors from performance during the reporting period?

A. Stock selection in the Financials, Industrials, Consumer Discretionary and Communication Services sectors as well as an underweight exposure to Information Technology (IT) and an overweight to financials detracted the most from relative performance.

On a regional basis, stock selection in Europe Ex UK, North America and Emerging Markets as well as an underweight to North America and an overweight to Europe Ex UK detracted the most from relative performance.

The leading individual detractors included BNP Paribas, Schlumberger, Hosa International, Credit Suisse Group and ProsiebenSat.1 Media.

Q. Were there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. The Fund established 20 new positions and closed 34 others during the period. The largest additions included Bayer, Dick's Sporting Goods, American International Group, IBM and Glencore. The largest sales included Credit Suisse Group, Incitec Pivot, Qualcomm, Eaton and UBS Group.

At period end, the Fund's largest active overweight positions were in the Financials and Materials sectors. The Fund's most significant underweights were in IT, Consumer Staples and Communication Services.

We are at a point where equity markets outside the U.S. are discounting a slower growth world while giving no credit for good company execution. Valuations represent extreme pessimism and we believe several catalysts should drive prices higher from here. On the corporate front, earnings should continue to grow. European companies have close to €1 trillion in cash, which they can use to fund share buybacks and drive multiples higher. Capacity utilization and capital expenditures are also picking up among European companies, which should eventually lead to higher demand for loans and credit growth.

On the macro front, U.S. demand is crucial to the global economy and the U.S. should continue to expand at a steady if slower pace. China has resumed a program of aggressive stimulus to offset the drags of trade frictions. And given its weakening economy and the ECB running out of QE solutions, we also see a higher chance of fiscal stimulus in the EU.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Bayer	642	ICADE*	616
Schlumberger	560	Emerson Electric	560
International Business Machines	537	Pfizer	542
Pfizer	526	Credit Suisse	499
Dick's Sporting Goods	480	Rio Tinto	496
American International	469	Eaton	478
Glencore	449	Kemira	478
Vodafone	433	QUALCOMM	466
BAWAG	386	WPP	466
Thai Union Foreign Shares	382	Incitec Pivot	465
Credit Suisse	360	Modern Times	420
Imperial Tobacco	352	Ascendas India Trust	390
General Electric	350	Philips Lighting	387
Newell Brands	343	Irish Residential Properties*	383
Dixons Carphone	340	Man	370
Ping An Insurance	329	PRADA	367
AT&T	325	Whitbread	366
Roche	325	ProSiebenSat.1 Media	365
Campbell Soup	310	GVC	338
Tate & Lyle	304	Kohl's	335
Other purchases	4,079	Other sales	5,684
Total purchases for the year	12,281	Total sales for the year	14,471

* Real Estate Investment Trust.

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because investments in shares of companies from various countries and sectors have historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Derivatives: The use of derivatives can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

Annual management charge from capital: The Fund's annual management charge is taken from its capital (rather than income). This may adversely affect the Fund's overall growth.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Accumulation			Share Class A Income		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	224.59	208.06	155.53	158.47	151.66	117.59
Return before operating charges**	(15.80)	19.32	54.94	(10.84)	13.93	40.96
Operating charges	(2.69)	(2.79)	(2.41)	(1.87)	(1.99)	(1.79)
Return after operating charges*	(18.49)	16.53	52.53	(12.71)	11.94	39.17
Distributions	(7.42)	(7.10)	(6.82)	(5.18)	(5.13)	(5.10)
Retained distributions on accumulation shares	7.42	7.10	6.82	–	–	–
Closing net asset value per share	206.10	224.59	208.06	140.58	158.47	151.66
^ after direct transaction costs of:	0.23	0.21	0.30	0.16	0.15	0.22
Performance						
Return after operating charges*	(8.23)%	7.94%	33.77%	(8.02)%	7.87%	33.31%
Other information						
Closing net asset value (£'000's)	7,230	8,579	8,280	3,047	3,983	4,064
Closing number of shares	3,507,963	3,819,837	3,979,445	2,167,524	2,513,715	2,679,881
Operating charges**	1.26%	1.26%	1.32%	1.26%	1.26%	1.32%
Direct transaction costs***	0.11%	0.10%	0.16%	0.11%	0.10%	0.16%
Prices						
Highest share price	226.40	235.00	210.80	159.70	166.20	154.10
Lowest share price	194.80	205.80	156.60	133.10	150.00	118.60
	Share Class X Accumulation			Share Class X Income		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	175.93	162.57	121.08	145.05	138.47	107.21
Return before operating charges**	(12.39)	15.11	42.97	(9.93)	12.73	37.16
Operating charges	(1.69)	(1.75)	(1.48)	(1.37)	(1.46)	(1.26)
Return after operating charges*	(14.08)	13.36	41.49	(11.30)	11.27	35.90
Distributions	(5.82)	(5.56)	(5.31)	(4.75)	(4.69)	(4.64)
Retained distributions on accumulation shares	5.82	5.56	5.31	–	–	–
Closing net asset value per share	161.85	175.93	162.57	129.00	145.05	138.47
^ after direct transaction costs of:	0.18	0.17	0.24	0.14	0.14	0.20
Performance						
Return after operating charges*	(8.00)%	8.22%	34.27%	(7.79)%	8.14%	33.49%
Other information						
Closing net asset value (£'000's)	10,123	12,648	9,563	7,230	9,132	8,081
Closing number of shares	6,254,849	7,189,095	5,882,107	5,604,605	6,295,718	5,835,803
Operating charges**	1.01%	1.01%	1.03%	1.01%	1.01%	1.03%
Direct transaction costs***	0.11%	0.10%	0.16%	0.11%	0.10%	0.16%
Prices						
Highest share price	177.40	184.00	164.70	146.30	152.00	140.70
Lowest share price	152.90	160.80	122.00	122.10	137.00	108.00

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(3,505)		1,691
Revenue	3	1,339		1,142	
Expenses	4	(340)		(358)	
Net revenue before taxation		999		784	
Taxation	5	(152)		(17)	
Net revenue after taxation			847		767
Total return before distributions			(2,658)		2,458
Distributions	6		(1,110)		(1,045)
Change in net assets attributable to shareholders from investment activities			(3,768)		1,413

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		34,342		30,027
Amounts receivable on issue of shares	1,062		4,931	
Amounts payable on cancellation of shares	(4,691)		(2,657)	
		(3,629)		2,274
Change in net assets attributable to shareholders from investment activities		(3,768)		1,413
Retained distributions on accumulation shares		685		627
Unclaimed distributions		–		1
Closing net assets attributable to shareholders		27,630		34,342

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		27,274	33,143
Current assets:			
Debtors	7	307	185
Cash and bank balances	8	511	1,342
Total assets		<u>28,092</u>	<u>34,670</u>
Liabilities:			
Creditors			
Distribution payable		(19)	(28)
Other creditors	9	(443)	(300)
Total liabilities		<u>(462)</u>	<u>(328)</u>
Net assets attributable to shareholders		<u>27,630</u>	<u>34,342</u>

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital (losses)/gains

	2019 £'000	2018 £'000
The net capital (losses)/gains during the year were:		
Non-derivative securities	(3,496)	1,704
Forward currency contracts	(15)	(2)
Currency gains/(losses)	10	(5)
Transaction charges	(4)	(6)
Net capital (losses)/gains on investments	(3,505)	1,691

3. Revenue

	2019 £'000	2018 £'000
Overseas dividends	1,113	979
UK dividends	226	163
Total revenue	1,339	1,142

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	263	278
General Administration Charge (GAC)*	69	72
	332	350
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	8	8
	8	8
Total expenses	340	358

* Audit fees of £8,961 (2018: £8,700) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	152	17
Total taxation for the year Note 5(b)	152	17

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	999	784
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	200	157
Effects of:		
Revenue not subject to corporation tax	(262)	(224)
Movement in excess management expenses	62	67
Overseas tax	152	17
Total tax charge for the year	152	17

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £547,403 (2018: £484,787) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Interim	1,046	978
Final	52	72
Add: Revenue deducted on cancellation of shares	17	10
Deduct: Revenue received on issue of shares	(5)	(15)
Net distribution for the year	1,110	1,045
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	847	767
Expenses charged to capital	263	278
Net distribution for the year	1,110	1,045

Details of the distributions per share are set out in the distribution tables on page 44 to 47.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	88	64
Amounts receivable on issue of shares	1	39
Overseas withholding tax reclaimable	31	82
Sales awaiting settlement	187	–
Total debtors	307	185

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	511	1,342
Total cash and bank balances	511	1,342

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	38	22
Accrued Depositary fees	1	1
Accrued expenses	12	7
Amounts payable on cancellation of shares	91	51
Purchases awaiting settlement	301	219
Total other creditors	443	300

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on pages 36 and 37 and notes 4, 7 and 9 on pages 38 to 40 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class A Income	1.00%
Class X Income	0.75%
Class X Accumulation	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 35. The distribution per share class is given in the distribution table on pages 44 to 47. All share classes have the same rights on winding up.

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Australian dollar	373	1,712
Brazilian real	272	824
Canadian dollar	595	540
Danish krone	379	287
Euro	7,581	10,020
Hong Kong dollar	3,529	3,818
Japanese yen	1,031	983
New Taiwan dollar	371	402
New Zealand dollar	–	263
Singapore dollar	249	660
South Korean won	263	293
Sterling	4,920	6,290
Swedish krona	217	834
Swiss franc	1,904	2,342
Thailand baht	1,012	715
US dollar	4,934	4,359
Total	27,630	34,342

A 5% increase/decrease in the Pound sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £1,079k decrease and £1,192k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund. This is consistent with the exposure during both the current and prior year.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

14. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	12,259	11,284	14,482	7,460
Trades in the year before transaction costs	12,259	11,284	14,482	7,460

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Portfolio transaction costs (continued)

Analysis of total trade costs (continued)

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Commissions				
Equities	6	11	(9)	(7)
Total commissions	6	11	(9)	(7)
Taxes				
Equities	16	10	(2)	(3)
Total taxes	16	10	(2)	(3)
Total costs	22	21	(11)	(10)
Total net trades in the year after transaction costs	12,281	11,305	14,471	7,450

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Equities	0.05	0.10	(0.06)	(0.10)
Taxes				
Equities	0.13	0.09	(0.01)	(0.04)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.05	0.06
Taxes	0.06	0.04

The average portfolio dealing spread as at the year end was 0.20% (2018 : 0.21%).

15. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	3,819,837	19,989	(274,506)	(57,357)	3,507,963
Class A Income	2,513,715	46,789	(219,994)	(172,986)	2,167,524
Class X Income	6,295,718	251,307	(1,131,176)	188,756	5,604,605
Class X Accumulation	7,189,095	356,894	(1,364,271)	73,131	6,254,849

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

16. Fair value disclosure

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	27,274	–	33,143	–
Valuation techniques using observable market data ^{^^}	–	–	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	27,274	–	33,143	–

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Distribution Table

As at 28 February 2019

First Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 31 May 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	4.1651	–	4.1651	4.1324
Group 2	2.6259	1.5392	4.1651	4.1324

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	2.9390	–	2.9390	3.0125
Group 2	2.1991	0.7399	2.9390	3.0125

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	3.2638	–	3.2638	3.2303
Group 2	2.4261	0.8377	3.2638	3.2303

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	2.6914	–	2.6914	2.7516
Group 2	1.7383	0.9531	2.6914	2.7516

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Second Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 June 2018

Group 2 Final shares purchased on or after 1 June 2018 to 31 August 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.7669	–	1.7669	1.5995
Group 2	1.1890	0.5779	1.7669	1.5995

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.2233	–	1.2233	1.1439
Group 2	0.5710	0.6523	1.2233	1.1439

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.3853	–	1.3853	1.2510
Group 2	0.8768	0.5085	1.3853	1.2510

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.1209	–	1.1209	1.0454
Group 2	0.4853	0.6356	1.1209	1.0454

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Third Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 September 2018

Group 2 Final shares purchased on or after 1 September 2018 to 30 November 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.1013	–	1.1013	0.9041
Group 2	0.5397	0.5616	1.1013	0.9041

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.7566	–	0.7566	0.6418
Group 2	0.2563	0.5003	0.7566	0.6418

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.8640	–	0.8640	0.7074
Group 2	0.5606	0.3034	0.8640	0.7074

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.6935	–	0.6935	0.5870
Group 2	0.3338	0.3597	0.6935	0.5870

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 December 2018

Group 2 Final shares purchased on or after 1 December 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.3883	–	0.3883	0.4687
Group 2	0.1006	0.2877	0.3883	0.4687

Class A Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.2653	–	0.2653	0.3315
Group 2	0.1689	0.0964	0.2653	0.3315

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.3047	–	0.3047	0.3667
Group 2	0.0213	0.2834	0.3047	0.3667

Class X Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.2434	–	0.2434	0.3032
Group 2	0.0054	0.2380	0.2434	0.3032

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF ClearBridge US Equity Fund

General Information

Investment Manager	ClearBridge Investment, LLC
Fund Size	£29.4m
Sector	North America
Fund Launch	01 January 2003

Investment Objective and Policy

The objective of this Fund is to achieve capital growth principally through investment in securities of US issuers. The Fund seeks to achieve its objective by investing at least 80% in securities of US issuers which the investment manager believes are undervalued. The Fund may also invest up to 20% of its assets in securities of non-US issuers. At least 50% of the net asset value of the Fund will be invested in equity securities. 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) and warrants (up to a maximum of 5% of the net asset value of the Fund). The Fund may also use derivatives for efficient portfolio management as explained in the Prospectus.

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

Legg Mason IF ClearBridge US Equity Fund

The Legg Mason IF ClearBridge US Equity Fund rose by 1.03% in sterling terms over the period under review, while its index, the S&P 500 Index, recorded a gain in sterling terms of 8.44%.

Q. What were the leading contributors to performance during the reporting period?

A. Stock selection in the utilities sector as well as overweight allocations to utilities and Health Care were beneficial to results. The leading individual contributors included AES, Exelon, Microsoft, Autozone and XL Group.

Q. What were the leading detractors from performance during the reporting period?

A. Stock selection detracted from relative returns in Health Care, Real Estate, Industrials and Information Technology (IT) while an overweight allocation to the Financials sector also proved detrimental. The leading individual detractors included Mylan, Realogy Holdings, Adient, American International Group and Fluor.

Q. Were there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. The Fund established 16 positions and closed 14 other positions during the reporting period. The largest additions were Merck, Anheuser-Busch InBev, NetApp and General Motors. The largest sales included Cisco Systems, Celgene, TransDigm Group and Johnson Controls International.

The Fund's largest overweight allocations were in Financials and Health Care. The largest underweights were in IT and Consumer staples.

The portfolio managers continue to find the opportunity set for U.S. assets to be moderately positive, and with select opportunities. Cyclical stocks fell somewhat to end 2018, but among them are many companies that are generating record amounts of cash flow, have healthy balance sheets, and are allocating capital intelligently. If the portfolio managers are broadly correct that recession fears are overdone, they expect to be well-positioned as extremely depressed expectations rebound.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Merck	590	XL	1,273
NetApp	493	Cisco Systems	1,254
Anheuser-Busch InBev ADR	456	Celgene	994
General Motors	390	TransDigm	865
Encana	386	Johnson Controls International	700
Alexion Pharmaceuticals	347	Lowe's	685
Owens Corning	342	Stericycle	617
KION	314	AutoZone	508
Halliburton	300	Apache	484
Lennar	298	AES	465
Biogen	285	Signet Jewelers	453
Facebook	283	Allergan	444
American International	265	Microsoft	433
KeyCorp	263	Hanesbrands	419
Volkswagen Preference Shares	251	Adient	414
Conagra Brands	223	Molson Coors Brewing	413
Capri	217	Oracle	411
ABB ADR	180	Voya Financial	406
Royal Gold	115	CBS	400
Safran	108	Exelon	396
Other purchases	522	Other sales	5,726
Total purchases for the year	6,628	Total sales for the year	17,760

Stocks shown as ADRs represent American Depositary Receipt.

Legg Mason IF ClearBridge US Equity Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other Funds) in shares of US companies from various sectors have historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical focus: This Fund invests primarily in the United States, which means that it is more sensitive to local economic, market, political or regulatory events in the United States, and will be more affected by these events than other funds that invest in a broader range of regions.

Concentrated Fund: The Fund invests in fewer companies than other funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF ClearBridge US Equity Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Accumulation			Share Class X Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	214.63	220.13	154.08	213.22	218.13	152.22
Return before operating charges**^	4.39	(2.74)	68.51	4.33	(2.71)	67.82
Operating charges	(2.76)	(2.76)	(2.46)	(2.20)	(2.20)	(1.91)
Return after operating charges*	1.63	(5.50)	66.05	2.13	(4.91)	65.91
Distributions	(0.35)	–	(0.29)	(0.89)	(0.54)	(0.82)
Retained distributions on accumulation shares	0.35	–	0.29	0.89	0.54	0.82
Closing net asset value per share	216.26	214.63	220.13	215.35	213.22	218.13
^ after direct transaction costs of:	0.04	0.10	0.13	0.04	0.10	0.13
Performance						
Return after operating charges*	0.76%	(2.50)%	42.87%	1.00%	(2.25)%	43.30%
Other information						
Closing net asset value (£'000's)	14,911	16,604	20,263	14,494	22,868	28,592
Closing number of shares	6,895,019	7,736,315	9,205,335	6,730,534	10,725,060	13,107,907
Operating charges**	1.26%	1.27%	1.32%	1.01%	1.02%	1.03%
Direct transaction costs***	0.02%	0.05%	0.07%	0.02%	0.05%	0.07%
Prices						
Highest share price	239.00	228.10	220.40	237.70	226.50	218.40
Lowest share price	196.50	205.20	152.50	195.60	203.40	150.70

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

Legg Mason IF ClearBridge US Equity Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		174		(1,222)
Revenue	3	534		665	
Expenses	4	(375)		(516)	
Net revenue before taxation		159		149	
Taxation	5	(66)		(81)	
Net revenue after taxation			93		68
Total return before distributions			267		(1,154)
Distributions	6		(93)		(70)
Change in net assets attributable to shareholders from investment activities			174		(1,224)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		39,472		49,251
Amounts receivable on issue of shares	8,411		13,308	
Amounts payable on cancellation of shares	(18,736)		(21,920)	
		(10,325)		(8,612)
Change in net assets attributable to shareholders from investment activities		174		(1,224)
Retained distributions on accumulation shares		84		57
Closing net assets attributable to shareholders		29,405		39,472

Legg Mason IF ClearBridge US Equity Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		27,690	38,601
Current assets:			
Debtors	7	68	104
Cash and bank balances	8	1,725	915
Total assets		<u>29,483</u>	<u>39,620</u>
Liabilities:			
Creditors			
Other creditors	9	(78)	(148)
Total liabilities		<u>(78)</u>	<u>(148)</u>
Net assets attributable to shareholders		<u>29,405</u>	<u>39,472</u>

Legg Mason IF ClearBridge US Equity Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital gains/(losses)

	2019 £'000	2018 £'000
The net capital gains/(losses) during the year were:		
Non-derivative securities	229	(1,130)
Forward currency contracts	–	8
Currency losses	(54)	(92)
Transaction charges	(1)	(8)
Net capital gains/(losses) on investments	174	(1,222)

3. Revenue

	2019 £'000	2018 £'000
Bank interest	3	1
Overseas dividends	531	664
Total revenue	534	665

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	290	396
General Administration Charge (GAC)*	76	107
	366	503
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	9	12
	9	12
Expenses	375	515
Overdraft interest	–	1
Total expenses	375	516

*Audit fees of £9,476 (2018: £9,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	66	81
Total taxation for the year Note 5(b)	66	81

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

Legg Mason IF ClearBridge US Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	159	149
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	32	30
Effects of:		
Revenue not subject to corporation tax	(105)	(132)
Movement in excess management expenses	73	102
Overseas tax	66	81
Total tax charge for the year	66	81

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £3,504,379 (2018: £3,430,849) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Final	84	57
Add: Revenue deducted on cancellation of shares	23	22
Deduct: Revenue received on issue of shares	(14)	(9)
Net distribution for the year	93	70

Reconciliation of net revenue after taxation to distributions for the year

Net revenue after taxation	93	68
Revenue deficit	–	1
Equalisation on conversion of shares	–	1
Net distribution for the year	93	70

Details of the distributions per share are set out in the distribution table on page 58.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	33	55
Amounts receivable on issue of shares	35	13
Sales awaiting settlement	–	36
Total debtors	68	104

Legg Mason IF ClearBridge US Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	1,725	915
Total cash and bank balances	1,725	915

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	41	26
Accrued Depositary fees	1	1
Accrued expenses	12	11
Amounts payable on cancellation of shares	24	46
Purchases awaiting settlement	–	64
Total other creditors	78	148

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on pages 51 and 52 and notes 4, 7 and 9 on pages 53 to 57 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class X Accumulation	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 50. The distribution per share class is given in the distribution table on page 58. All share classes have the same rights on winding up.

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Euro	710	84
Sterling	855	9
US dollar	27,840	39,379
Total	29,405	39,472

Legg Mason IF ClearBridge US Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(a) Currency exposure (continued)

A 5% increase/decrease in the sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £1356k decrease and £1499k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund. This is consistent with the exposure during both the current and prior year.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

14. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Equities	6,626	20,568	17,763	29,432
Trades in the year before transaction costs	6,626	20,568	17,763	29,432
Commissions				
Equities	2	8	(3)	(13)
Total commissions	2	8	(3)	(13)
Taxes				
Equities	–	–	–	(1)
Total taxes	–	–	–	(1)
Total costs	2	8	(3)	(14)
Total net trades in the year after transaction costs	6,628	20,576	17,760	29,418

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Equities	0.03	0.04	(0.02)	(0.04)

Legg Mason IF ClearBridge US Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.02	0.05
Taxes	–	–

The average portfolio dealing spread as at the year end was 0.03% (2018 : 0.02%).

15. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	7,736,315	301,378	(1,085,236)	(57,438)	6,895,019
Class X Accumulation	10,725,060	3,582,730	(7,634,978)	57,722	6,730,534

16. Fair value disclosure

	2019		2018
	Assets	Liabilities	Assets
	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	27,690	–	38,601
Valuation techniques using observable market data ^{^^}	–	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–
Total	27,690	–	38,601

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF ClearBridge US Equity Fund (continued)

Distribution Table

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.3526	–	0.3526	–
Group 2	0.1814	0.1712	0.3526	–

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.8905	–	0.8905	0.5358
Group 2	0.5203	0.3702	0.8905	0.5358

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF ClearBridge US Equity Income Fund

General Information

Investment Manager	ClearBridge Investment, LLC
Fund Size	£31.5m
Sector	North America
Fund Launch	17 October 2011

Investment Objective and Policy

The objective of this Fund is to provide total return by seeking to provide income as well as long-term capital growth over a rolling three to five year period. Although the Fund seeks to provide total return through income generation and capital growth over a rolling three to five year period, there is no guarantee that this will be achieved over such a time period, or any time period. The Fund's capital is at risk. The Fund seeks to achieve its objective by investing at least 70% of its net assets in US equity or US equity related securities, which the investment manager believes have the ability to maintain or increase dividends or

income distributions over the longer term. The Fund may from time to time invest in preferred and convertibles securities as well as fixed-income securities of any quality when the investment manager believes such securities provide a compelling yield opportunity consistent with the Fund's overall objective of total return. The total amount invested in such assets will not exceed 30% of the Fund's net assets. The Fund may invest up to 20% of its net assets in equity or equity related securities of non-US issuers (with market capitalisations generally of at least \$10 billion). The Fund may also invest in other transferable securities, money market instruments, deposits and collective investment schemes. The investment manager's investment process emphasises the individual security selection of companies which it believes have assets or earnings power that are either unrecognized or undervalued.

Legg Mason IF ClearBridge US Equity Income Fund

The Legg Mason IF ClearBridge US Equity Income Fund increased by 9.28% in sterling terms during the period under review, while its index, the S&P 500 Index, rose in sterling terms by 8.44%.

Q. What were the leading contributors to performance during the reporting period?

A. Stock selection in the Consumer Staples, Health Care and Industrials sectors contributed to outperformance over the period, as did an overweight to the Real Estate sector. The leading individual contributors included Merck, Microsoft, Union Pacific, Procter & Gamble and American Tower.

Q. What were the leading detractors from performance during the reporting period?

A. Stock selection in the Real Estate sector detracted from returns. An overweight to the Materials sector and an underweight to the Information Technology (IT) sector also detracted. The leading individual detractors included Schlumberger, DowDuPont, International Paper, Weyerhaeuser and Anheuser-Busch InBev.

Q. Were there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. The Fund established six positions and closed seven other positions during the reporting period. The largest additions were PNC Financial Services, Vulcan Materials, United Technologies and American International Group.

The Fund's largest active overweight positions include the Consumer Staples, Materials and Financials sectors. The Fund's most significant underweights are in IT and Health Care.

The U.S. economy is still growing, the interest rate outlook seems benign and trade ructions seem closer to resolution, yet the global economy seems to be slowing, political uncertainty looms large and the bull market is 10 years old. The manager believes a portfolio of high-quality companies with the ability to grow their dividends remains an attractive long-term investment proposition.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
PNC Financial Services	599	Berkshire Hathaway	831
United Technologies	389	Union Pacific	829
American International	384	Texas Instruments	814
Vulcan Materials	382	Alphabet 'C'	771
Cisco Systems	252	McCormick	744
Enbridge	216	Nestle ADR	672
US Bancorp	188	Johnson & Johnson	580
Comcast Class A Special	179	Procter & Gamble	574
Williams	161	Lamb Weston	556
Raytheon	147	WEC Energy	508
Anheuser-Busch InBev ADR	147	Home Depot	495
Walt Disney	125	Microsoft	489
Suncor Energy	98	JPMorgan Chase	473
PPG Industries	97	American Tower*	470
Bank of America	93	PepsiCo	462
AT&T	71	Weyerhaeuser*	445
Praxair	49	Apple	442
Verizon Communications	25	Costco Wholesale	432
Kinder Morgan	24	3M	420
		Merck	400
Other purchases	–	Other sales	10,186
Total purchases for the year	3,626	Total sales for the year	21,593

* Real Estate Investment Trust.

Stocks shown as ADRs represent American Depositary Receipts.

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because investments in shares of US companies from various sectors have historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Bonds: There is a risk that issuers of bonds held by the Fund may not be able to repay the investment or pay the interest due on it, leading to losses for the Fund. Bond values are affected by the market's view of the above risk, and by changes in interest rates and inflation.

Geographical focus: This Fund invests primarily in the United States, which means that it is more sensitive to local economic, market, political or regulatory events in the United States, and will be more affected by these events than other Funds that invest in a broader range of regions.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

Annual management charge from capital: The Fund's annual management charge is taken from its capital (rather than income). This may adversely affect the Fund's overall growth.

Hedged class currency: The value of your investment may fall due to changes in the exchange rates between the currencies that are significant to the Fund's investment strategy and the currency of your share class, pound sterling. The Fund manager will try to protect the value of your investment against such changes, but it may not succeed.

Derivatives: The use of derivatives can result in greater fluctuations of the share classes value and may cause the share class to lose as much as or more than the amount invested in the derivatives.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Income			Share Class X Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	201.78	199.90	155.25	238.08	231.24	175.65
Return before operating charges**	20.64	7.71	50.18	24.39	8.98	57.45
Operating charges	(2.76)	(2.62)	(2.38)	(2.33)	(2.14)	(1.86)
Return after operating charges*	17.88	5.09	47.80	22.06	6.84	55.59
Distributions	(3.67)	(3.21)	(3.15)	(4.69)	(4.09)	(3.87)
Retained distributions on accumulation shares	–	–	–	4.69	4.09	3.87
Closing net asset value per share	215.99	201.78	199.90	260.14	238.08	231.24
^ after direct transaction costs of:	0.01	0.04	0.04	0.02	0.04	0.05
Performance						
Return after operating charges*	8.86%	2.55%	30.79%	9.27%	2.96%	31.65%
Other information						
Closing net asset value (£'000's)	852	805	1,108	6,740	11,866	26,889
Closing number of shares	394,421	399,005	554,232	2,591,011	4,983,959	11,628,449
Operating charges**	1.31%	1.30%	1.35%	0.93%	0.91%	0.91%
Direct transaction costs***	0.01%	0.02%	0.02%	0.01%	0.02%	0.02%
Prices						
Highest share price	226.60	212.60	201.10	271.50	249.90	231.80
Lowest share price	187.00	191.50	153.80	220.90	221.70	174.00
	Share Class X Income			Share Class X Income (hedged)		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	209.81	207.37	160.54	179.90	161.65	140.53
Return before operating charges**	21.52	8.01	52.04	8.20	22.75	25.43
Operating charges	(2.04)	(1.91)	(1.70)	(1.83)	(1.73)	(1.55)
Return after operating charges*	19.48	6.10	50.34	6.37	21.02	23.88
Distributions	(4.10)	(3.66)	(3.51)	(3.15)	(2.77)	(2.76)
Retained distributions on accumulation shares	–	–	–	–	–	–
Closing net asset value per share	225.19	209.81	207.37	183.12	179.90	161.65
^ after direct transaction costs of:	0.02	0.04	0.04	0.01	0.03	0.03
Performance						
Return after operating charges*	9.28%	2.94%	31.36%	3.54%	13.00%	16.99%
Other information						
Closing net asset value (£'000's)	23,088	34,483	68,284	778	744	614
Closing number of shares	10,252,351	16,435,698	32,928,180	424,909	413,784	379,596
Operating charges**	0.93%	0.91%	0.91%	1.03%	1.01%	1.01%
Direct transaction costs***	0.01%	0.02%	0.02%	0.01%	0.02%	0.02%
Prices						
Highest share price	236.00	221.10	208.70	187.80	192.00	162.30
Lowest share price	194.50	198.80	159.00	161.30	160.50	141.10

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		2,691		1,923
Revenue	3	914		1,760	
Expenses	4	(336)		(707)	
Net revenue before taxation		578		1,053	
Taxation	5	(161)		(262)	
Net revenue after taxation			417		791
Total return before distributions			3,108		2,714
Distributions	6		(693)		(1,375)
Change in net assets attributable to shareholders from investment activities			2,415		1,339

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		47,898		97,708
Amounts receivable on issue of shares	1,491		2,774	
Amounts payable on cancellation of shares	(20,507)		(54,231)	
		(19,016)		(51,457)
Change in net assets attributable to shareholders from investment activities		2,415		1,339
Retained distributions on accumulation shares		161		308
Closing net assets attributable to shareholders		31,458		47,898

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		30,675	46,452
Current assets:			
Debtors	7	765	134
Cash and bank balances	8	255	1,889
Total assets		<u>31,695</u>	<u>48,475</u>
Liabilities:			
Investment liabilities		–	(7)
Creditors			
Bank overdrafts	10	–	(3)
Distribution payable		(69)	(135)
Other creditors	9	(168)	(432)
Total liabilities		<u>(237)</u>	<u>(577)</u>
Net assets attributable to shareholders		<u>31,458</u>	<u>47,898</u>

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital gains

	2019 £'000	2018 £'000
The net capital gains during the year were:		
Non-derivative securities	2,735	1,933
Forward currency contracts	(5)	48
Forward currency contracts on hedge share classes	(37)	56
Currency gains/(losses)	6	(111)
Transaction charges	(8)	(3)
Net capital gains on investments	2,691	1,923

3. Revenue

	2019 £'000	2018 £'000
Overseas dividends	914	1,760
Total revenue	914	1,760

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	276	584
General Administration Charge (GAC)*	49	103
	325	687
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	9	20
	9	20
Other expenses		
ADR fee	2	–
	2	–
Total expenses	336	707

*Audit fees of £9,476 (2018: £9,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	161	262
Total taxation for the year Note 5(b)	161	262

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	578	1,053
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	116	211
Effects of:		
Revenue not subject to corporation tax	(176)	(341)
Movement in excess management expenses	61	133
Overseas tax	161	262
Tax expensed	(1)	(3)
Total tax charge for the year	161	262

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £707,927 (2018: £647,033) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Interim	569	1,080
Final	88	178
Add: Revenue deducted on cancellation of shares	39	122
Deduct: Revenue received on issue of shares	(3)	(5)
Net distribution for the year	693	1,375
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	417	791
Expenses charged to capital	276	584
Net distribution for the year	693	1,375

Details of the distributions per share are set out in the distribution tables on page 70 to 72.

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	65	92
Amounts receivable on issue of shares	5	–
Overseas withholding tax reclaimable	20	42
Sales awaiting settlement	675	–
Total debtors	765	134

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	255	1,889
Total cash and bank balances	255	1,889

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	39	29
Accrued Depositary fees	1	1
Accrued expenses	10	8
Amounts payable on cancellation of shares	118	394
Total other creditors	168	432

10. Bank overdrafts

	2019 £'000	2018 £'000
Bank overdrafts	–	3
Total bank overdrafts	–	3

11. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

12. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on pages 62 and 63 and notes 4, 7 and 9 on pages 64 to 66 including all creations and cancellations where the ACD acted as a principal.

13. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Income	1.00%
Class X Accumulation	0.75%
Class X Income	0.75%
Class X Income (hedged)	0.75%

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Share Classes (continued)

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 61. The distribution per share class is given in the distribution table on pages 70 to 72. All share classes have the same rights on winding up.

14. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Canadian dollar	9	9
Sterling	710	2,075
US dollar	30,739	45,814
Total	31,458	47,898

A 5% increase/decrease in the sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £1,461k decrease and £1,614k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the Fund seeks to obtain its return from investing in equities and has no material exposure to interest rate risk, the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund. This is consistent with the exposure during both the current and prior year.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

15. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	–	12	–	–	12
Total	–	12	–	–	12

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	–	(7)	–	–	(7)
Total	–	(7)	–	–	(7)

16. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	3,625	6,095	21,595	57,282
Trades in the year before transaction costs	3,625	6,095	21,595	57,282
Commissions				
Equities	1	3	(2)	(10)
Total commissions	1	3	(2)	(10)
Taxes				
Equities	–	–	–	(1)
Total taxes	–	–	–	(1)
Total costs	1	3	(2)	(11)
Total net trades in the year after transaction costs	3,626	6,098	21,593	57,271

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	0.01	0.05	(0.01)	(0.02)
Taxes				
Equities	–	–	–	(0.00)

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

16. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.01	0.02
Taxes	–	0.00

The average portfolio dealing spread as at the year end was 0.02% (2018 : 0.03%).

17. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Income	399,005	72,255	(74,986)	(1,853)	394,421
Class X Accumulation	4,983,959	69,648	(2,462,596)	–	2,591,011
Class X Income	16,435,698	437,029	(6,622,157)	1,781	10,252,351
Class X Income (hedged)	413,784	98,283	(87,158)	–	424,909

18. Fair value disclosure

	2019		2018
	Assets	Liabilities	Assets
	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	30,663	–	46,452
Valuation techniques using observable market data ^{^^}	12	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–
Total	30,675	–	46,452
			(7)

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Distribution Table

As at 28 February 2019

First Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 31 May 2018

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.0392	–	1.0392	1.0246
Group 2	0.5696	0.4696	1.0392	1.0246

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.3093	–	1.3093	1.2669
Group 2	0.7858	0.5235	1.3093	1.2669

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.1536	–	1.1536	1.1361
Group 2	0.5924	0.5612	1.1536	1.1361

Class X Income (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	0.9379	–	0.9379	0.8544
Group 2	0.6197	0.3182	0.9379	0.8544

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Second Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 June 2018

Group 2 Final shares purchased on or after 1 June 2018 to 31 August 2018

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.0042	–	1.0042	0.8069
Group 2	0.2838	0.7204	1.0042	0.8069

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.2778	–	1.2778	1.0292
Group 2	0.5609	0.7169	1.2778	1.0292

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.1202	–	1.1202	0.9103
Group 2	0.5799	0.5403	1.1202	0.9103

Class X Income (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.8588	–	0.8588	0.6974
Group 2	0.4093	0.4495	0.8588	0.6974

Third Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 September 2018

Group 2 Final shares purchased on or after 1 September 2018 to 30 November 2018

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.0817	–	1.0817	0.7170
Group 2	0.3345	0.7472	1.0817	0.7170

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.3690	–	1.3690	0.9249
Group 2	0.5943	0.7747	1.3690	0.9249

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.1948	–	1.1948	0.8185
Group 2	0.6030	0.5918	1.1948	0.8185

Class X Income (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.9029	–	0.9029	0.6246
Group 2	0.5000	0.4029	0.9029	0.6246

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 December 2018

Group 2 Final shares purchased on or after 1 December 2018 to 28 February 2019

Class A Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.5457	–	0.5457	0.6600
Group 2	0.0695	0.4762	0.5457	0.6600

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.7301	–	0.7301	0.8711
Group 2	0.1167	0.6134	0.7301	0.8711

Class X Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.6340	–	0.6340	0.7927
Group 2	0.3579	0.2761	0.6340	0.7927

Class X Income (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.4460	–	0.4460	0.5941
Group 2	0.0000	0.4460	0.4460	0.5941

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Japan Equity Fund

General Information

Investment Manager	Shiozumi Asset Management Company Limited
Fund Size	£925.5m
Sector	Japan
Fund Launch	22 October 1996

Investment Objective and Policy

The objective of the Fund is to achieve capital growth through investment in securities of Japanese companies. The Fund seeks to achieve its objective by investing at least 80% of its net asset value in the securities of Japanese companies, which have above average growth prospects relative to the shares of Japanese companies as a whole. The Fund may hold up to 10% of its net asset value in cash or near cash where, in the Investment Manager's opinion, attractive investment opportunities cannot be found. In exceptional market conditions and/or for liquidity management purposes, the Fund may hold cash or near cash in excess of 10% of its net asset value.

Legg Mason IF Japan Equity Fund

The LeggMason IF Japan Equity Fund returned **-12.19%** in sterling terms over the period under review, while its benchmark, the Japan TSE First Section (Topix) Index, returned **-7.71%** in sterling terms.

What were the leading contributors to performance during the reporting period?

A. The leading contributors to performance were GMO Payment Gateway, a provider of credit card settlement services to e-commerce companies and public agencies, Benefit One, a leading welfare business agency for companies and government agencies, and Digital Arts, a developer and seller of security software preventing access to harmful information on the Internet and information leaks.

What were the leading detractors from performance during the reporting period?

A. The leading detractors from performance were Cyberdyne, a developer and manufacturer of robotics for medical use, Nintendo, a developer, manufacturer, and seller of game hardware and software in the home entertainment industry, and Nihon M&A Center, a merger and acquisition ("M&A") consultant for smaller companies.

Where there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. Our investment strategy remained the same, with the portfolio focusing on domestic-oriental sectors that we believe will be major beneficiaries from workstyle reforms. These include medical & nursing care services, outsourcing business, and e-commerce companies. At the end of the reporting period, Health Care related holdings accounted for 29.8% of the portfolio, elderly related companies represented 9.9% of the portfolio, consumption related companies including online business represented 26.8% of the portfolio, internet services companies represented 10.9% of the portfolio, and human resources and outsourcing companies represented 18.7% of the portfolio.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

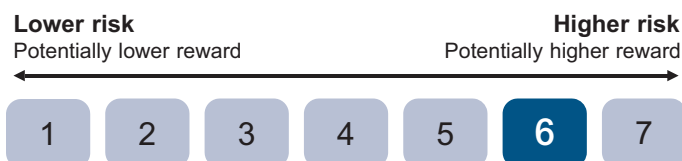
Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Fanci	24,613	Oriental Land	21,819
Nintendo	22,012	Start Today	13,424
en-japan	19,673	Sosei	12,517
Pan Pacific International	17,989	Terumo	12,416
Vector	14,220	Toridoll	12,255
JCR Pharmaceuticals	14,178	Nintendo	9,043
Oriental Land	12,414	Gunosy	8,175
UUUM	11,564	MonotaRO	6,627
Start Today	9,086	Round One	6,615
Gunosy	8,573	Pigeon	6,361
Pigeon	8,510	ZIGExN	6,122
Sourcenext	7,207	Digital Garage	5,945
Relo	6,912	Sourcenext	5,721
Goldwin	6,892	Vision	5,409
Takara Bio	6,876	JCR Pharmaceuticals	5,349
Digital Garage	6,842	Sohgo Security Services	5,264
M3	5,983	M&A Capital Partners	4,675
Vision	5,575	Goldwin	3,403
Terumo	5,484	Dip	3,047
UT	4,950	PeptiDream	2,888
Other purchases	47,961	Other sales	32,027
Total purchases for the year	267,514	Total sales for the year	189,102

Legg Mason IF Japan Equity Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other funds) in shares of small cap Japanese companies from various sectors have historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical focus: This Fund invests primarily in Japan, which means that it is more sensitive to local economic, market, political or regulatory events in Japan, and will be more affected by these events than other Funds that invest in a broader range of regions.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Concentrated Fund: The Fund invests in fewer companies than other Funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

Hedged class currency: The value of your investment may fall due to changes in the exchange rates between the currencies that are significant to the Fund's investment strategy and the currency of your share class, pound sterling. The Fund manager will try to protect the value of your investment against such changes, but it may not succeed.

Derivatives: The use of derivatives can result in greater fluctuations of the share classes value and may cause the share class to lose as much as or more than the amount invested in the derivatives.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Japan Equity Fund (continued)

Performance Record

As at 28 February 2019

Change in net assets per Share	Share Class A Accumulation			Share Class A Accumulation (hedged)		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	697.74	488.75	397.37	237.90	156.69	146.03
Return before operating charges**	(78.21)	216.28	97.76	(25.21)	83.93	12.88
Operating charges	(8.52)	(7.29)	(6.38)	(3.13)	(2.72)	(2.22)
Return after operating charges*	(86.73)	208.99	91.38	(28.34)	81.21	10.66
Distributions	–	–	–	–	–	–
Retained distributions on accumulation shares	–	–	–	–	–	–
Closing net asset value per share	611.01	697.74	488.75	209.56	237.90	156.69
^ after direct transaction costs of:	0.59	0.64	0.90	0.20	0.22	0.30
Performance						
Return after operating charges*	(12.43)%	42.76%	23.00%	(11.91)%	51.83%	7.30%
Other information						
Closing net asset value (£'000's)	85,608	106,508	76,022	1,911	5,982	1,417
Closing number of shares	14,010,943	15,264,795	15,554,436	911,689	2,514,658	904,192
Operating charges**	1.27%	1.27%	1.31%	1.37%	1.37%	1.38%
Direct transaction costs***	0.09%	0.11%	0.18%	0.09%	0.11%	0.18%
Prices						
Highest share price	742.90	698.50	572.40	253.00	243.60	186.50
Lowest share price	566.30	491.60	402.20	183.40	157.30	141.00
Change in net assets per Share	Share Class X Accumulation			Share Class X Accumulation (hedged)		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	457.10	319.39	258.91	369.37	243.34	223.49
Return before operating charges**	(51.34)	141.57	63.71	(42.55)	129.43	22.62
Operating charges	(4.47)	(3.86)	(3.23)	(3.92)	(3.40)	(2.77)
Return after operating charges*	(55.81)	137.71	60.48	(46.47)	126.03	19.85
Distributions	–	–	–	–	–	–
Retained distributions on accumulation shares	–	–	–	–	–	–
Closing net asset value per share	401.29	457.10	319.39	322.90	369.37	243.34
^ after direct transaction costs of:	0.39	0.42	0.59	0.31	0.34	0.46
Performance						
Return after operating charges*	(12.21)%	43.12%	23.36%	(12.58)%	51.79%	8.88%
Other information						
Closing net asset value (£'000's)	658,757	658,102	341,088	179,264	215,292	114,501
Closing number of shares	164,161,305	143,974,428	106,795,194	55,517,586	58,286,131	47,053,001
Operating charges**	1.02%	1.02%	1.01%	1.12%	1.12%	1.11%
Direct transaction costs***	0.09%	0.11%	0.18%	0.09%	0.11%	0.18%
Prices						
Highest share price	487.20	457.60	373.40	391.30	378.40	286.90
Lowest share price	371.80	321.30	262.10	282.90	244.20	218.40

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

Legg Mason IF Japan Equity Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(134,531)		269,361
Revenue	3	6,599		4,139	
Expenses	4	(10,966)		(7,579)	
Net expense before taxation		(4,367)		(3,440)	
Taxation	5	(654)		(419)	
Net expense after taxation			(5,021)		(3,859)
Total return before distributions			(139,552)		265,502
Distributions	6		38		(2)
Change in net assets attributable to shareholders from investment activities			(139,514)		265,500

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		985,884		554,138
Amounts receivable on issue of shares	296,598		313,821	
Amounts payable on cancellation of shares	(217,428)		(147,575)	
		79,170		166,246
Change in net assets attributable to shareholders from investment activities		(139,514)		265,500
Closing net assets attributable to shareholders		925,540		985,884

Legg Mason IF Japan Equity Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		927,244	978,725
Current assets:			
Debtors	7	5,935	7,246
Cash and bank balances	8	10,156	7,792
Total assets		<u>943,335</u>	<u>993,763</u>
Liabilities:			
Investment liabilities		(6)	(1,328)
Creditors			
Other creditors	9	(17,789)	(6,551)
Total liabilities		<u>(17,795)</u>	<u>(7,879)</u>
Net assets attributable to shareholders		<u>925,540</u>	<u>985,884</u>

Legg Mason IF Japan Equity Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital (losses)/gains

	2019 £'000	2018 £'000
The net capital (losses)/gains during the year were:		
Non-derivative securities	(132,287)	263,265
Forward currency contracts	(726)	(428)
Forward currency contracts on hedge share classes	(1,701)	6,453
Currency gains	191	79
Transaction charges	(8)	(8)
Net capital (losses)/gains on investments	(134,531)	269,361

3. Revenue

	2019 £'000	2018 £'000
Bank interest	4	1
Overseas dividends	6,595	4,138
Total revenue	6,599	4,139

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	8,015	5,551
General Administration Charge (GAC)*	2,689	1,849
	10,704	7,400
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	261	178
	261	178
Expenses	10,965	7,578
Overdraft interest	1	1
Total expenses	10,966	7,579

* Audit fees of £9,991 (2018: £9,700) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	654	419
Total taxation for the year Note 5(b)	654	419

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

Legg Mason IF Japan Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

The differences are explained below:

	2019 £'000	2018 £'000
Net expense before taxation	(4,367)	(3,440)
Net expense for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	(873)	(688)
Effects of:		
Revenue not subject to corporation tax	(1,322)	(828)
Movement in excess management expenses	2,195	1,516
Overseas tax	654	419
Total tax charge for the year	654	419

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £9,690,598 (2018: £7,495,682) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Add: Revenue deducted on cancellation of shares	11	23
Deduct: Revenue received on issue of shares	(49)	(21)
Net distribution for the year	(38)	2
Reconciliation of net revenue/(expense) after taxation to distributions for the year		
Net expense after taxation	(5,021)	(3,859)
Revenue deficit	4,983	3,861
Net distribution for the year	(38)	2

Details of the distributions per share are set out in the distribution table on page 83.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	961	745
Amounts receivable on issue of shares	2,113	6,501
Sales awaiting settlement	2,861	–
Total debtors	5,935	7,246

Legg Mason IF Japan Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	10,156	7,792
Total cash and bank balances	10,156	7,792

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	1,144	557
Accrued Depositary fees	18	18
Accrued expenses	386	192
Amounts payable on cancellation of shares	11,516	132
Purchases awaiting settlement	4,725	5,652
Total other creditors	17,789	6,551

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on pages 76 and 77 and notes 4, 7 and 9 on pages 78 to 80 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class A Accumulation (hedged)	1.00%
Class X Accumulation	0.75%
Class X Accumulation (hedged)	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 75. The distribution per share class is given in the distribution table on page 83. All share classes have the same rights on winding up.

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

During the year the Investment Manager used derivative instruments to hedge the value of the investment portfolio. Currency forwards were used to hedge the exchange risk associated with the holdings of foreign currency fixed interest bonds/securities during and at the end of the year. At the end of the year, currency forwards were open to hedge the exchange rate risk associated with the holdings of foreign currency fixed interest bonds/securities in the portfolio.

Legg Mason IF Japan Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(a) Currency exposure (continued)

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Japanese yen	748,897	749,902
Sterling	176,643	235,982
Total	925,540	985,884

A 5% increase/decrease in the Pound sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £35,573k decrease and £39,317k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund. This is consistent with the exposure during both the current and prior year.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

14. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	—	2,407	—	—	2,407
Total	—	2,407	—	—	2,407

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	—	(1,310)	—	—	(1,310)
Total	—	(1,310)	—	—	(1,310)

Legg Mason IF Japan Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

15. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Equities	266,980	277,472	189,481	117,649
Trades in the year before transaction costs	266,980	277,472	189,481	117,649
Commissions				
Equities	534	555	(379)	(235)
Total commissions	534	555	(379)	(235)
Total costs	534	555	(379)	(235)
Total net trades in the year after transaction costs	267,514	278,027	189,102	117,414

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Equities	0.20	0.20	(0.20)	(0.20)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.09	0.11

The average portfolio dealing spread as at the year end was 0.27% (2018 : 0.23%).

16. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	15,264,795	2,377,013	(3,520,443)	(110,422)	14,010,943
Class A Accumulation (hedged)	2,514,658	1,888,281	(3,491,250)		911,689
Class X Accumulation	143,974,428	51,020,144	(31,001,660)	168,393	164,161,305
Class X Accumulation (hedged)	58,286,131	13,624,021	(16,392,566)		55,517,586

17. Fair value disclosure

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	924,831	–	978,707	–
Valuation techniques using observable market data ^{^^}	2,413	(6)	18	(1,328)
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	927,244	(6)	978,725	(1,328)

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Japan Equity Fund (continued)

Distribution Table

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	–
Group 2	–	–	–	–

Class A Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	–
Group 2	–	–	–	–

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	–
Group 2	–	–	–	–

Class X Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	–
Group 2	–	–	–	–

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Martin Currie Asia Pacific Fund

General Information

Investment Manager	Martin Currie Investment Management
Fund Size	£41.4m
Sector	Asia Pacific
Fund Launch	14 February 1994

Investment Objective and Policy

To achieve long-term capital growth through investment in the Asia Pacific region, excluding Japan. 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. The Fund will invest principally 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 Fund will usually invest in a concentrated portfolio (typically 40-60 holdings).

Legg Mason IF Martin Currie Asia Pacific Fund

The Legg Mason IF Martin Currie Asia Pacific Fund decreased by 0.05% in sterling terms over the period under review, while its index, MSCI AC Asia Pacific ex Japan Index (Net) (GBP), decreased in sterling terms by 3.73%.

Q. What were the leading contributors to performance during the reporting period?

A. In regional terms, China was significantly the largest contributor to positive performance, with Korea also beneficial. At a sector level, Financials was the top performer, with Energy and Utilities also faring well. Chinese energy firm CNOOC, pan-Asian insurer AIA and Chinese sports brand Li Ning were the top-performing stocks.

Q. What were the leading detractors from performance during the reporting period?

A. India was the most notable negative from a country perspective by some margin. In sector terms, IT and industrials weighed the most on performance. At a stock level Indian IT service management company Vakkrangee weighed the most on performance, followed by Indian firms, IRB Infrastructure Developers, a highway construction company, and Hero MotoCorp, a motorcycle and scooter manufacturer.

Q. Where there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. At the end of the reporting period, the portfolio's largest absolute weights were to China, Australia and Korea. At a sector level, the biggest allocations were to Financials, Consumer Discretionary and Communication services. New purchases over the period included Korean games firm Com2uS, pan-Asian retailer Dairy Farm and Chinese insurer Ping An. Sales included Korean car parts company Hyundai Mobis, Industrial & Commercial Bank of China and we sold depositary receipts in satellite TV service Dish TV (the portfolio had received these following an arbitrage trade when the company purchased competitor Videocon – another sale over the period.)

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Ping An Insurance	1,434	Samsung Electronics	1,022
Singapore Technologies Engineering	938	Taiwan Semiconductor Manufacturing	753
Com2uS	638	Hyundai Mobis	746
Tencent	613	Industrial & Commercial Bank of China	744
Dairy Farm International	585	Tencent	604
TravelSky Technology	550	Li Ning	590
BGF Retail	495	CNOOC	581
MINTH	451	Dish TV India	551
Kangwon Land	446	MINTH	549
Western Areas	414	Hyundai Steel	517
Lyxor Hong Kong	404	Singapore Telecommunications	514
Coway	379	China Unicom Hong Kong	503
Hero MotoCorp	343	Samsonite International	502
Zhejiang Expressway	331	AIA	470
HDFC Bank	306	Infosys	466
Infosys	287	Primax Electronics	465
Sino Land	285	Guangdong Investment	400
Oil Search	238	Lyxor Hong Kong	393
HDFC Bank ADR	224	Aurizon	370
Alibaba ADR	201	Alibaba ADR	334
Other purchases	2,336	Other sales	3,967
Total purchases for the year	11,898	Total sales for the year	15,041

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Risk and Reward Profile – Classes A Accumulation & X Accumulation



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other funds) in shares of companies from various Asian countries and sectors has historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical focus: This Fund invests primarily in Asia, which means that it is more sensitive to local economic, market, political or regulatory events in Asia, and will be more affected by these events than other funds that invest in a broader range of regions.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Investment in China: The Fund invests in China and is subject to the risk of significant change in political, social or economic policy in China, which may negatively affect the value of such investments.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Concentrated Fund: The Fund invests in fewer companies than other funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Derivatives: The use of derivatives can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Accumulation			Share Class X Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	176.20	155.63	107.86	195.18	171.98	118.84
Return before operating charges**^	1.73	22.81	49.59	1.92	25.20 [#]	54.72
Operating charges	(2.27)	(2.24)	(1.82)	(2.03)	(2.00)	(1.58)
Return after operating charges*	(0.54)	20.57	47.77	(0.11)	23.20 [#]	53.14
Distributions	(2.27)	(2.22)	(1.84)	(3.00)	(2.93)	(2.46)
Retained distributions on accumulation shares	2.27	2.22	1.84	3.00	2.93 [#]	2.46
Closing net asset value per share	<u>175.66</u>	<u>176.20</u>	<u>155.63</u>	<u>195.07</u>	<u>195.18</u>	<u>171.98</u>
^ after direct transaction costs of:	0.17	0.19	0.15	0.19	0.22	0.17
Performance						
Return after operating charges*	<u>(0.31)%</u>	<u>13.22%</u>	<u>44.29%</u>	<u>(0.06)%</u>	<u>13.49%[#]</u>	<u>44.72%</u>
Other information						
Closing net asset value (£'000's)	12,168	14,310	12,525	29,245	31,481	32,485
Closing number of shares	6,926,796	8,121,736	8,047,756	14,992,439	16,129,132	18,889,270
Operating charges**	1.30%	1.30%	1.36%	1.05%	1.05%	1.06%
Direct transaction costs***	0.10%	0.11%	0.12%	0.10%	0.11%	0.12%
Prices						
Highest share price	185.40	187.40	157.00	205.50	207.60	173.50
Lowest share price	157.00	155.10	109.40	174.20	171.40	120.60

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

[#] Comparatives figures have been restated.

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(524)		5,152
Revenue	3	1,177		1,301	
Expenses	4	(465)		(515)	
Net revenue before taxation		712		786	
Taxation	5	(175)		(91)	
Net revenue after taxation			537		695
Total return before distributions			13		5,847
Distributions	6		(631)		(695)
Change in net assets attributable to shareholders from investment activities			(618)		5,152

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		45,791		45,057
Amounts receivable on issue of shares	4,033		1,935	
Amounts payable on cancellation of shares	(8,399)		(7,007)	
		(4,366)		(5,072)
Change in net assets attributable to shareholders from investment activities		(618)		5,152
Retained distributions on accumulation shares		606		654
Closing net assets attributable to shareholders		41,413		45,791

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		40,732	44,392
Current assets:			
Debtors	7	142	187
Cash and bank balances	8	776	1,279
Total assets		<u>41,650</u>	<u>45,858</u>
Liabilities:			
Investment liabilities		–	–
Creditors			
Other creditors	9	<u>(237)</u>	<u>(67)</u>
Total liabilities		<u>(237)</u>	<u>(67)</u>
Net assets attributable to shareholders		<u>41,413</u>	<u>45,791</u>

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital (losses)/gains

	2019 £'000	2018 £'000
The net capital (losses)/gains during the year were:		
Non-derivative securities	(517)	5,191
Forward currency contracts	2	2
Currency gains/(losses)	1	(28)
Transaction charges	(10)	(13)
Net capital (losses)/gains on investments	(524)	5,152

3. Revenue

	2019 £'000	2018 £'000
Overseas dividends	1,130	1,254
UK dividends	47	47
Total revenue	1,177	1,301

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	348	386
General Administration Charge (GAC)*	106	117
	454	503
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	11	12
	11	12
Total expenses	465	515

* Audit fees of £9,476 (2018: £9,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	82	91
Overseas capital gains tax	93	–
Total taxation for the year Note 5(b)	175	91

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	712	786
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	142	157
Effects of:		
Revenue not subject to corporation tax	(235)	(260)
Movement in excess management expenses	93	103
Overseas tax	82	91
Overseas capital gains tax	93	–
Total tax charge for the year	175	91

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £370,691 (2018: £277,652) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Final	606	654
Add: Revenue deducted on cancellation of shares	56	63
Deduct: Revenue received on issue of shares	(31)	(22)
Net distribution for the year	631	695
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	537	695
Equalisation on conversion of shares	1	–
Overseas capital gains tax	93	–
Net distribution for the year	631	695

Details of the distributions per share are set out in the distribution table on page 95.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	139	159
Amounts receivable on issue of shares	3	28
Total debtors	142	187

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	776	1,279
Total cash and bank balances	776	1,279

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	54	29
Accrued Depositary fees	1	1
Accrued expenses	22	19
Amounts payable on cancellation of shares	67	18
Indian CGT Provision	93	–
Total other creditors	237	67

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on pages 87 and 88 and notes 4, 7 and 9 on pages 89 to 91 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class X Accumulation	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 86. The distribution per share class is given in the distribution table on page 95. All share classes have the same rights on winding up.

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Australian dollar	5,735	5,919
Hong Kong dollar	16,247	17,213
Indian rupee	3,130	3,900
Indonesian rupiah	836	1,070
Malaysian ringgit	553	605
New Taiwan dollar	1,683	2,994
Singapore dollar	2,272	1,984
South Korean won	6,100	6,430
Sterling	561	1,240
Thailand baht	531	655
US dollar	3,765	3,781
Total	41,413	45,791

A 5% increase/decrease in the Pound sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £1940k decrease and £2145k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund. This is consistent with the exposure during both the current and prior year.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Collective Investment Schemes	404	–	393	–
Equities	11,480	9,202	14,676	14,773
Trades in the year before transaction costs	11,884	9,202	15,069	14,773
Commissions				
Equities	7	10	(7)	(15)
Total commissions	7	10	(7)	(15)
Taxes				
Equities	7	6	(21)	(22)
Total taxes	7	6	(21)	(22)
Total costs	14	16	(28)	(37)
Total net trades in the year after transaction costs	11,898	9,218	15,041	14,736

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Equities	0.06	0.11	(0.05)	(0.10)
Taxes				
Equities	0.06	0.06	(0.14)	(0.15)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.03	0.05
Taxes	0.07	0.06

The average portfolio dealing spread as at the year end was 0.17% (2018 : 0.18%).

15. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	8,121,736	2,196,757	(2,817,667)	(574,030)	6,926,796
Class X Accumulation	16,129,132	166,405	(1,820,172)	517,074	14,992,439

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

16. Fair value disclosure

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	40,732	–	44,392	–
Valuation techniques using observable market data ^{^^}	–	–	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	40,732	–	44,392	–

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Distribution Table

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	2.2688	–	2.2688	2.2234
Group 2	0.9668	1.3020	2.2688	2.2234

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	2.9958	–	2.9958	2.9343
Group 2	1.6515	1.3443	2.9958	2.9343

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Martin Currie China Fund

General Information

Investment Manager	Martin Currie Investment Management
Fund Size	£4.9m
Sector	China
Fund Launch	10 March 2010

Investment Objective and Policy

The objective of the Fund is to achieve long-term capital growth through investment in China. 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. The Fund will invest principally 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. 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. 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. Under normal circumstances, the Fund will invest in a concentrated portfolio (typically 30-50 holdings).

Legg Mason IF Martin Currie China Fund

The Legg Mason IF Martin Currie China Fund decreased by 7.00% in sterling terms during the period under review, while its index, the MSCI Zhong Hua (Net) (GBP), decreased by 4.71%.

Q. What were the leading contributors to performance during the reporting period?

A. At a sector level, Health Care was the leading contributor to returns, with Financials also beneficial over the year. In stock terms, Health Care name WuXi Biologics, pan-Asia insurer AIA and internet and games giant Tencent were the top performers.

Q. What were the leading detractors from performance during the reporting period?

A. Real estate was the worst performing sector within the portfolio, with Utilities and Materials also weighing on performance. The most notable detractors in terms of stocks were instant-noodle producer Tingyi, Materials name China Molybdenum and electronics company Xiaomi.

Q. Where there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. At the end of the reporting period, the portfolio's largest absolute weights were to Financials, Consumer discretionary and Communication services. Purchases over the period included China Merchants Bank, water provider and infrastructure company Guangdong Investment and property group Agile. Sales included Bank of China, e-commerce company JD.com and Sino Biopharmaceutical.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Tencent	155	Baidu ADR	201
China Evergrande	149	Alibaba ADR	195
China Merchants Bank	126	Bank of China	148
Guangdong Investment	123	CSPC Pharmaceutical	142
Alibaba ADR	119	China Evergrande	129
Agile	116	JD.com ADR	121
Foshan Haitian Flavouring & Food	107	Sino Biopharmaceutical	120
China Mobile	101	Link REIT*	109
Xiaomi	100	Tencent	106
Tingyi (Cayman Islands)	97	Ping An Insurance	102
Shenzhou International	94	AAC Technologies	100
Ctrip.com International ADR	94	Sunny Optical Technology	97
Sunny Optical Technology	89	CNOOC	91
Pinduoduo ADR	88	TAL Education ADR	91
ENN Energy	84	Fuyao Glass Industry	90
AIA	80	Wuxi Biologics Cayman	81
CNOOC	80	Country Garden	79
Baidu ADR	76	Ctrip.com International ADR	79
CSPC Pharmaceutical	75	CK Hutchison	76
CK Hutchison	71	Times China	74
Other purchases	1,474	Other sales	1,576
Total purchases for the year	3,498	Total sales for the year	3,807

Stocks shown as ADRs represent American Depositary Receipt.

* Real Estate Investment Trust.

Legg Mason IF Martin Currie China Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other Funds) in shares of Chinese companies from various sectors has historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Investment in China: The Fund invests in China and is subject to the risk of significant change in political, social or economic policy in China, which may negatively affect the value of such investments.

Geographical focus: This Fund invests primarily in China, which means that it is more sensitive to local economic, market, political or regulatory events in China, and will be more affected by these events than other Funds that invest in a broader range of regions.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Concentrated Fund: The Fund invests in fewer companies than other Funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Derivatives: The use of derivatives can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Martin Currie China Fund (continued)

Performance Record

As at 28 February 2019

Change in net assets per Share	Share Class A Accumulation			Share Class X Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	193.54	148.00	101.30	199.91	152.50	104.07
Return before operating charges**^	(10.79)	48.71	49.12	(11.14)	50.24	50.56
Operating charges	(3.16)	(3.17)	(2.42)	(2.80)	(2.83)	(2.13)
Return after operating charges*	(13.95)	45.54	46.70	(13.94)	47.41	48.43
Distributions	(0.90)	(0.00)	(0.40)	(1.38)	(0.47)	(0.80)
Retained distributions on accumulation shares	0.90	0.00	0.40	1.38	0.47	0.80
Closing net asset value per share	179.59	193.54	148.00	185.97	199.91	152.50
^ after direct transaction costs of:	0.31	0.34	0.18	0.32	0.36	0.19
Performance						
Return after operating charges*	(7.21)%	30.77%	46.10%	(6.97)%	31.09%	46.54%
Other information						
Closing net asset value (£'000's)	1,191	1,356	1,029	3,722	4,296	2,576
Closing number of shares	663,015	700,861	695,402	2,001,391	2,148,685	1,689,131
Operating charges**	1.74%	1.81%	1.92%	1.50%	1.56%	1.62%
Direct transaction costs***	0.17%	0.20%	0.14%	0.17%	0.20%	0.14%
Prices						
Highest share price	209.00	201.70	151.00	216.00	208.30	155.50
Lowest share price	154.50	148.20	101.90	159.80	152.70	104.70

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

Legg Mason IF Martin Currie China Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(445)		1,176
Revenue	3	109		84	
Expenses	4	(68)		(71)	
Net revenue before taxation		41		13	
Taxation	5	(6)		(5)	
Net revenue after taxation			35		8
Total return before distributions			(410)		1,184
Distributions	6		(35)		(8)
Change in net assets attributable to shareholders from investment activities			(445)		1,176

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		5,652		3,605
Amounts receivable on issue of shares	1,584		2,655	
Amounts payable on cancellation of shares	(1,911)		(1,794)	
		(327)		861
Change in net assets attributable to shareholders from investment activities		(445)		1,176
Retained distributions on accumulation shares		33		10
Closing net assets attributable to shareholders		4,913		5,652

Legg Mason IF Martin Currie China Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		4,836	5,581
Current assets:			
Debtors	7	5	29
Cash and bank balances	8	125	64
Total assets		<u>4,966</u>	<u>5,674</u>
Liabilities:			
Creditors			
Other creditors	9	<u>(53)</u>	<u>(22)</u>
Total liabilities		<u>(53)</u>	<u>(22)</u>
Net assets attributable to shareholders		<u>4,913</u>	<u>5,652</u>

Legg Mason IF Martin Currie China Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital (losses)/gains

	2019 £'000	2018 £'000
The net capital (losses)/gains during the year were:		
Non-derivative securities	(433)	1,185
Currency losses	(1)	(4)
Transaction charges	(11)	(5)
Net capital (losses)/gains on investments	(445)	1,176

3. Revenue

	2019 £'000	2018 £'000
Overseas dividends	109	84
Total revenue	109	84

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	41	38
General Administration Charge (GAC)*	20	26
	61	64
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	7
Expenses	68	71
Overdraft interest	–	–
Total expenses	68	71

* Audit fees of £8,961 (2018: £8,700) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	6	5
Total taxation for the year Note 5(b)	6	5

Legg Mason IF Martin Currie China Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	41	13
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	8	3
Effects of:		
Revenue not subject to corporation tax	(22)	(16)
Movement in excess management expenses	14	13
Overseas tax	6	5
Total tax charge for the year	6	5

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £44,371 (2018: £30,860) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Final	33	10
Add: Revenue deducted on cancellation of shares	11	9
Deduct: Revenue received on issue of shares	(9)	(11)
Net distribution for the year	35	8
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	35	8
Net distribution for the year	35	8

Details of the distributions per share are set out in the distribution tables on page 106.

7. Debtors

	2019 £'000	2018 £'000
Amounts receivable on issue of shares	5	10
Sales awaiting settlement	–	19
Total debtors	5	29

Legg Mason IF Martin Currie China Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	125	64
Total cash and bank balances	125	64

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	6	3
Accrued Depositary fees	1	1
Accrued expenses	10	9
Amounts payable on cancellation of shares	36	9
Total other creditors	53	22

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 100 and notes 4, 7 and 9 on pages 101 to 103 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class X Accumulation	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 98. The distribution per share class is given in the distribution table on page 106. All share classes have the same rights on winding up.

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

	Net Foreign Currency exposure	
Currency	2019 £'000	2018 £'000
Chinese yuan	426	–
Hong Kong dollar	3,394	4,226
Sterling	76	52
US dollar	1,017	1,374
Total	4,913	5,652

Legg Mason IF Martin Currie China Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(a) Currency exposure (continued)

A 5% increase/decrease in the Pound sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £230k decrease and £254k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the Fund seeks to obtain its return from investing in equities and has no material exposure to interest rate risk, the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

14. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Equities	3,494	3,184	3,811	2,366
Trades in the year before transaction costs	3,494	3,184	3,811	2,366
Commissions				
Equities	1	3	(1)	(2)
Total commissions	1	3	(1)	(2)
Taxes				
Equities	3	3	(3)	(2)
Total taxes	3	3	(3)	(2)
Total costs	4	6	(4)	(4)
Total net trades in the year after transaction costs	3,498	3,190	3,807	2,362

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Equities	0.04	0.08	(0.04)	(0.09)
Taxes				
Equities	0.08	0.08	(0.08)	(0.08)

Legg Mason IF Martin Currie China Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.05	0.10
Taxes	0.12	0.10

The average portfolio dealing spread as at the year end was 0.10% (2018 : 0.14%).

15. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	700,861	29,838	(56,803)	(10,881)	663,015
Class X Accumulation	2,148,685	805,517	(963,322)	10,511	2,001,391

16. Fair value disclosure

	2019		2018
	Assets	Liabilities	Assets
	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	4,836	–	5,581
Valuation techniques using observable market data ^{^^}	–	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–
Total	4,836	–	5,581

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Martin Currie China Fund (continued)

Distribution Table

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.8953	–	0.8953	0.0045
Group 2	0.3517	0.5436	0.8953	0.0045

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.3767	–	1.3767	0.4663
Group 2	0.2710	1.1057	1.3767	0.4663

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Martin Currie Emerging Markets Fund

General Information

Investment Manager	Martin Currie Investment Management
Fund Size	£21.3m
Sector	Emerging Markets
Fund Launch	09 September 1991

Investment Objective and Policy

The objective of the Fund is to achieve long-term capital growth through investment in emerging markets. 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 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. Under normal circumstances, the Fund will invest in a concentrated portfolio (typically 40-60 holdings).

Legg Mason IF Martin Currie Emerging Markets Fund

The Legg Mason IF Martin Currie Emerging Markets Fund returned **-7.02%** in sterling terms over the period under review, while the MSCI EM Index (Net) (GBP) decreased in sterling terms of **6.65%**.

Q. What were the leading contributors to performance during the reporting period?

A. At a regional level, Korea was the largest positive for the portfolio over the 12 months. At a sector level, IT and Energy were the strongest contributors. In stock terms, EPAM systems, an IT service company, with its primary operations in Central and Eastern Europe, was the top performer, with pan-Asian insurer AIA and Russian energy name Lukoil also faring well.

Q. What were the leading detractors from performance during the reporting period?

A. India was the largest detractor in regional terms over the period, with Turkey also faring badly. Health Care was the most notable negative at a sector level. Within the portfolio, Health Care names Shanghai Fosun Pharmaceutical from China and Aspen Pharmacare from South Africa, alongside Turkish financial Akbank, were the worst-performing stocks.

Q. Where there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. At the end of the reporting period, the portfolio's largest absolute weights were to China, Korea and Taiwan at a regional level, and Financials, IT and Consumer Discretionary at a sector level. Purchases over the period included Taiwan-based silicon wafer maker GlobalWafers, Chinese auto parts firm Minth and Chinese insurer Ping An. Sales included Indian Financial Yes Bank, Mexican gas distributor IEnova, and South African Telecommunications company Telkom.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

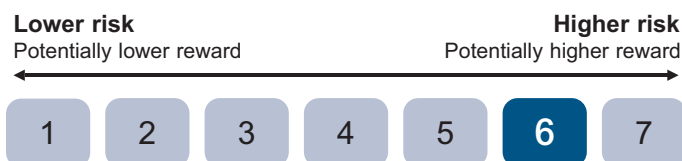
For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
iShares MSCI Emerging Markets	1,399	iShares MSCI Emerging Markets	1,482
Ping An Insurance	641	Yes Bank	295
Samsung Electronics	406	Infraestructura Energetica Nova	271
Tencent	321	Naspers	255
MINTH	320	Industrial & Commercial Bank of China	241
Taiwan Semiconductor Manufacturing	300	China Gas	225
Alibaba ADR	290	Taiwan Semiconductor Manufacturing	209
Brilliance China Automotive	283	Telkom	208
GlobalWafers	282	Dongfeng Motor	185
Samsung SDI	260	Samsung Electronics	167
Sunny Optical Technology	207	Woolworths	162
Naspers	197	Maruti Suzuki India	127
Industrial & Commercial Bank of China	180	EPAM Systems	116
Maruti Suzuki India	122	Titan	105
Aspen Pharmacare	118	Tencent	101
Credicorp	117	Alibaba ADR	86
Yes Bank	115	Akbank	72
OTP Bank	114	Credicorp	40
LG Chem	113	CNOOC	39
Titan	105	OTP Bank	36
Other purchases	1,825	Other sales	633
Total purchases for the year	7,715	Total sales for the year	5,055

Stocks shown as ADRs represent American Depositary Receipts.

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other funds) in shares of small cap companies from various emerging market countries and sectors has historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Concentrated Fund: The Fund invests in fewer companies than other funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Derivatives: The use of derivatives can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Performance Record

As at 28 February 2019

Change in net assets per Share	Share Class A Accumulation			Share Class X Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	325.16	260.15	174.02	360.06	287.35	191.65
Return before operating charges**	(19.09)	69.87	89.82	(21.14)	77.28	99.05
Operating charges	(4.48)	(4.86)	(3.69)	(4.06)	(4.57)	(3.35)
Return after operating charges*	(23.57)	65.01	86.13	(25.20)	72.71	95.70
Distributions	(1.86)	(1.16)	(0.83)	(2.93)	(2.12)	(1.62)
Retained distributions on accumulation shares	1.86	1.16	0.83	2.93	2.12	1.62
Closing net asset value per share	301.59	325.16	260.15	334.86	360.06	287.35
^ after direct transaction costs of:	0.20	0.32	0.25	0.23	0.36	0.27
Performance						
Return after operating charges*	(7.25)%	24.99%	49.49%	(7.00)%	25.30%	49.93%
Other information						
Closing net asset value (£'000's)	5,319	6,177	5,662	15,932	13,536	11,526
Closing number of shares	1,763,442	1,899,827	2,176,261	4,757,852	3,759,305	4,011,210
Operating charges**	1.47%	1.62%	1.65%	1.20%	1.37%	1.37%
Direct transaction costs***	0.07%	0.11%	0.11%	0.07%	0.11%	0.11%
Prices						
Highest share price	337.00	340.80	264.10	373.20	377.30	291.70
Lowest share price	266.30	260.00	176.50	295.40	287.30	194.40
Share Class S Accumulation¹						
Change in net assets per Share	28.02.19 (p)					
Opening net asset value per share	100.00					
Return before operating charges**	5.06					
Operating charges	(0.52)					
Return after operating charges*	4.54					
Distributions	(0.27)					
Retained distributions on accumulation shares	0.27					
Closing net asset value per share	104.54					
^ after direct transaction costs of:	0.06					
Performance						
Return after operating charges*	4.54%					
Other information						
Closing net asset value (£'000's)	3					
Closing number of shares	3,000					
Operating charges**	0.70%					
Direct transaction costs***	0.07%					
Prices						
Highest share price	107.60					
Lowest share price	82.93					

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

¹ Launched 9 May 2018.

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(1,828)		4,128
Revenue	3	477		422	
Expenses	4	(251)		(269)	
Net revenue before taxation		226		153	
Taxation	5	(66)		(48)	
Net revenue after taxation			160		105
Total return before distributions			(1,668)		4,233
Distributions	6		(171)		(105)
Change in net assets attributable to shareholders from investment activities			(1,839)		4,128

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		19,713		17,188
Amounts receivable on issue of shares	6,999		5,469	
Amounts payable on cancellation of shares	(3,791)		(7,174)	
		3,208		(1,705)
Change in net assets attributable to shareholders from investment activities		(1,839)		4,128
Retained distributions on accumulation shares		172		102
Closing net assets attributable to shareholders		21,254		19,713

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		20,427	19,580
Current assets:			
Debtors	7	180	74
Cash and bank balances	8	729	137
Total assets		<u>21,336</u>	<u>19,791</u>
Liabilities:			
Creditors			
Other creditors	9	(82)	(78)
Total liabilities		<u>(82)</u>	<u>(78)</u>
Net assets attributable to shareholders		<u>21,254</u>	<u>19,713</u>

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital (losses)/gains

	2019 £'000	2018 £'000
The net capital (losses)/gains during the year were:		
Non-derivative securities	(1,812)	4,147
Currency losses	(5)	(6)
Transaction charges	(11)	(13)
Net capital (losses)/gains on investments	(1,828)	4,128

3. Revenue

	2019 £'000	2018 £'000
Offshore funds dividends	1	1
Overseas dividends	476	421
Total revenue	477	422

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	168	161
General Administration Charge (GAC)*	75	101
	243	262
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	7
	7	7
Other expenses		
ADR fee	1	–
	1	–
Total expenses	251	269

* Audit fees of £9,476 (2018: £9,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	55	48
Overseas capital gains tax	11	–
Total taxation for the year Note 5(b)	66	48

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	226	153
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	45	31
Effects of:		
Revenue not subject to corporation tax	(85)	(79)
Movement in excess management expenses	41	48
Overseas tax	55	48
Tax expensed	(1)	–
Overseas capital gains tax	11	–
Total tax charge for the year	66	48

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £148,640 (2018: £107,498) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Final	172	102
Add: Revenue deducted on cancellation of shares	27	38
Deduct: Revenue received on issue of shares	(28)	(35)
Net distribution for the year	171	105
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	160	105
Overseas capital gains tax	11	–
Net distribution for the year	171	105

Details of the distributions per share are set out in the distribution tables on page 118.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	46	43
Amounts receivable on issue of shares	134	31
Total debtors	180	74

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	729	137
Total cash and bank balances	729	137

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	27	12
Accrued Depositary fees	1	1
Accrued expenses	15	18
Amounts payable on cancellation of shares	28	47
Indian CGT Provision	11	–
Total other creditors	82	78

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 111 and notes 4, 7 and 9 on pages 112 to 114 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class X Accumulation	0.75%
Class S Accumulation	0.65%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 109. The distribution per share class is given in the distribution table on page 118. All share classes have the same rights on winding up.

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Brazilian real	728	728
Hong Kong dollar	5,077	4,279
Hungarian forint	594	530
Indian rupee	1,742	2,027
Indonesian rupiah	481	449
Malaysian ringgit	233	305
Mexican peso	491	675
New Taiwan dollar	2,541	2,213
Philippine peso	192	170
South African rand	845	1,514
South Korean won	3,172	2,615
Sterling	985	395
Turkish lira	175	402
US dollar	3,998	3,411
Total	21,254	19,713

A 5% increase/decrease in the Pound sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £963k decrease and £1,064k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund. This is consistent with the exposure during both the current and prior year.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Collective Investment Schemes	1,398	632	1,483	337
Equities	6,309	4,857	3,579	6,865
Trades in the year before transaction costs	7,707	5,489	5,062	7,202
Commissions				
Collective Investment Schemes	1	–	(1)	–
Equities	3	5	(2)	(4)
Total commissions	4	5	(3)	(4)
Taxes				
Equities	4	2	(4)	(9)
Total taxes	4	2	(4)	(9)
Total costs	8	7	(7)	(13)
Total net trades in the year after transaction costs	7,715	5,496	5,055	7,189

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Collective Investment Schemes	0.05	0.05	(0.04)	(0.06)
Equities	0.04	0.10	(0.06)	(0.06)
Taxes				
Equities	0.07	0.05	(0.10)	(0.13)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.03	0.05
Taxes	0.04	0.06

The average portfolio dealing spread as at the year end was 0.14% (2018 : 0.17%).

15. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	1,899,827	121,951	(227,971)	(30,365)	1,763,442
Class X Accumulation	3,759,305	1,786,244	(815,069)	27,372	4,757,852
Class S Accumulation	–	503,000	(500,000)	–	3,000

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

16. Fair value disclosure

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	20,427	–	19,580	–
Valuation techniques using observable market data ^{^^}	–	–	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	20,427	–	19,580	–

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Distribution Table

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.8593	–	1.8593	1.1598
Group 2	1.2302	0.6291	1.8593	1.1598

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	2.9270	–	2.9270	2.1202
Group 2	1.3036	1.6234	2.9270	2.1202

Class S Accumulation Shares¹

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	n/a
Group 2	0.2663	–	0.2663	n/a

¹ Launched 9 May 2018.

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Martin Currie European Unconstrained Fund

General Information

Investment Manager	Martin Currie Investment Management
Fund Size	£15.2m
Sector	Europe
Fund Launch	06 May 1985

Investment Objective and Policy

The objective of the Fund is 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. 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.

Legg Mason IF Martin Currie European Unconstrained Fund

The Legg Mason IF Martin Currie European Unconstrained Fund decreased by 1.24% in sterling terms during the period under review.

Q. What were the leading contributors to performance during the reporting period?

A. At a country level, Switzerland and Italy were the strongest contributors over the 12 months. At a sector level, Health Care and IT were the best performers. At a stock level, Italian luxury car manufacturer Ferrari, Italian lifestyle and apparel company Moncler and Swiss dental equipment manufacturer Straumann were the most notable positives in absolute terms.

Q. What were the leading detractors from performance during the reporting period?

A. Germany was the worst-performing country within the portfolio, with the Netherlands also faring badly. Financials was the most notable negative at a sector level. In sector terms, French bank BNP Paribas, German chemicals name BASF and German broadcaster ProSiebenSat.1 all weighed on returns.

Q. Where there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. The change in the portfolio to the European Unconstrained strategy over the period, resulted in the turnover of the majority of stocks. Purchases included French luxury goods company Kering, Swiss dental equipment manufacturer Straumann and sports car maker Ferrari. Sales included Swiss food and drink giant Nestle, Swiss multinational healthcare firm Roche and European aircraft manufacturer Airbus. At the end of the reporting period, the portfolio's largest absolute weights were to Switzerland, Sweden and Italy at a country level, and Consumer Discretionary, IT and Health Care from a sector perspective.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Kering	863	Nestle	1,005
Ferrari	853	Roche	743
Straumann	853	Airbus	642
Adidas	831	Sanofi	639
Moncler	760	Deutsche Telekom	611
Kerry	702	TOTAL	552
L'Oreal	679	Allianz	528
Coloplast	642	BASF	470
ASML	638	Novartis	440
Atlas Copco	634	Eni	429
Infineon Technologies	634	BNP Paribas	420
Check Point Software Technologies	631	ING	412
Partners	631	Koninklijke DSM	399
Hexagon	630	Deutsche Wohnen	396
Assa Abloy	628	Intesa Sanpaolo	367
Mettler-Toledo International	627	Telefonica	366
Temenos	615	Bayer	351
Bayer	519	Schneider Electric	347
Amadeus IT	488	DNB	329
Cie Financiere Richemont	485	Nokia	313
Other purchases	1,026	Other sales	4,552
Total purchases for the year	14,369	Total sales for the year	14,311

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other Funds) in shares of companies from various European, excluding the UK, countries and sectors has historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical focus: This Fund invests primarily in Europe, which means that it is more sensitive to local economic, market, political or regulatory events in Europe, and will be more affected by these events than other Funds that invest in a broader range of regions.

Concentrated Fund: The Fund invests in fewer companies than other Funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Derivatives: The use of derivatives can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Accumulation			Share Class A Income		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	444.83	402.74	331.45	363.93	340.97	290.38
Return before operating charges**^	(0.87)	48.21	76.54	(0.74)	40.81	65.39
Operating charges	(5.84)	(6.12)	(5.25)	(4.66)	(5.09)	(4.51)
Return after operating charges*	(6.71)	42.09	71.29	(5.40)	35.72	60.88
Distributions	(15.31)	(15.28)	(11.82)	(12.44)	(12.76)	(10.29)
Retained distributions on accumulation shares	15.31	15.28	11.82	–	–	–
Closing net asset value per share	438.12	444.83	402.74	346.09	363.93	340.97
^ after direct transaction costs of:	0.61	0.26	0.22	0.49	0.22	0.19
Performance						
Return after operating charges*	(1.51)%	10.45%	21.51%	(1.48)%	10.48%	20.97%
Other information						
Closing net asset value (£'000's)	7,550	9,190	9,875	126	132	128
Closing number of shares	1,723,231	2,065,883	2,451,971	36,473	36,171	37,473
Operating charges**	1.35%	1.38%	1.43%	1.35%	1.38%	1.43%
Direct transaction costs***	0.14%	0.06%	0.06%	0.14%	0.06%	0.06%
Prices						
Highest share price	457.60	461.30	409.00	373.60	379.50	346.60
Lowest share price	392.10	405.10	325.10	309.80	343.00	280.90
	Share Class S Accumulation ¹			Share Class X Accumulation		
	28.02.19 (p)			28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	100.00			493.73	445.95	365.96
Return before operating charges**^	8.36			(0.96)	53.36	84.61
Operating charges	(0.1200)			(5.27)	(5.58)	(4.62)
Return after operating charges*	8.24			(6.23)	47.78	79.99
Distributions	–			(17.00)	(16.80)	(13.06)
Retained distributions on accumulation shares	–			17.00	16.80	13.06
Closing net asset value per share	108.24			487.50	493.73	445.95
^ after direct transaction costs of:	0.14			0.67	0.29	0.25
Performance						
Return after operating charges*	8.24%			(1.26)%	10.71%	21.86%
Other information						
Closing net asset value (£'000's)	3			6,870	6,088	12,244
Closing number of shares	3,000			1,409,153	1,233,164	2,745,659
Operating charges**	0.61%			1.10%	1.13%	1.14%
Direct transaction costs***	0.14%			0.14%	0.06%	0.06%
Prices						
Highest share price	110.80			508.50	511.90	452.70
Lowest share price	96.78			436.20	448.70	359.30

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Performance Record (continued)

As at 28 February 2019

	Share Class X Income		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share			
Opening net asset value per share	404.75	378.24	321.05
Return before operating charges**^	(0.78)	45.29	72.54
Operating charges	(4.25)	(4.62)	(3.97)
Return after operating charges*	(5.03)	40.67	68.57
Distributions	(13.84)	(14.16)	(11.38)
Retained distributions on accumulation shares	—	—	—
Closing net asset value per share	385.88	404.75	378.24
^ after direct transaction costs of:	0.54	0.24	0.21
Performance			
Return after operating charges*	(1.24)%	10.75%	21.36%
Other information			
Closing net asset value (£'000's)	604	730	713
Closing number of shares	156,537	180,444	188,592
Operating charges**	1.10%	1.13%	1.14%
Direct transaction costs***	0.14%	0.06%	0.06%
Prices			
Highest share price	415.80	421.70	384.40
Lowest share price	345.30	380.60	310.90

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

¹ Launched 20 December 2018.

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(554)		2,029
Revenue	3	614		884	
Expenses	4	(189)		(300)	
Net revenue before taxation		425		584	
Taxation	5	(108)		(38)	
Net revenue after taxation			317		546
Total return before distributions			(237)		2,575
Distributions	6		(549)		(846)
Change in net assets attributable to shareholders from investment activities			(786)		1,729

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		16,140		23,107
Amounts receivable on issue of shares	184		298	
Amounts payable on cancellation of shares	(905)		(9,797)	
		(721)		(9,499)
Change in net assets attributable to shareholders from investment activities		(786)		1,729
Retained distributions on accumulation shares		520		803
Closing net assets attributable to shareholders		15,153		16,140

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		14,780	15,290
Current assets:			
Debtors	7	81	412
Cash and bank balances	8	323	460
Total assets		15,184	16,162
Liabilities:			
Creditors			
Distribution payable		–	(2)
Other creditors	9	(31)	(20)
Total liabilities		(31)	(22)
Net assets attributable to shareholders		15,153	16,140

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital (losses)/gains

	2019 £'000	2018 £'000
The net capital (losses)/gains during the year were:		
Non-derivative securities	(570)	2,089
Derivative contracts	20	–
Currency losses	(3)	(59)
Transaction charges	(1)	(1)
Net capital (losses)/gains on investments	(554)	2,029

3. Revenue

	2019 £'000	2018 £'000
Bank interest	5	–
Overseas dividends	609	884
Total revenue	614	884

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	137	208
General Administration Charge (GAC)*	45	85
	182	293
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	7
	7	7
Total expenses	189	300

* Audit fees of £9,476 (2018: £9,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	108	38
Total taxation for the year Note 5(b)	108	38

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	425	584
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	85	117
Effects of:		
Revenue not subject to corporation tax	(122)	(173)
Movement in excess management expenses	37	57
Overseas tax	108	38
Tax expensed	–	(1)
Total tax charge for the year	108	38

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £189,818 (2018: £152,868) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Interim	547	790
Final	–	43
Add: Revenue deducted on cancellation of shares	2	14
Deduct: Revenue received on issue of shares	–	(1)
Net distribution for the year	549	846
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	317	546
Expenses charged to capital	154	300
Revenue deficit	78	–
Net distribution for the year	549	846

Details of the distributions per share are set out in the distribution tables on pages 131 to 134.

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	6	6
Amounts receivable on issue of shares	28	–
Overseas withholding tax reclaimable	47	110
Sales awaiting settlement	–	296
Total debtors	81	412

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	323	460
Total cash and bank balances	323	460

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	21	11
Accrued Depositary fees	1	1
Accrued expenses	9	7
Amounts payable on cancellation of shares	–	1
Total other creditors	31	20

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 124 and notes 4, 7 and 9 on pages 125 to 127 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class A Income	1.00%
Class S Accumulation	0.55%
Class X Accumulation	0.75%
Class X Income	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on pages 121 to 122. The distribution per share class is given in the distribution table on pages 131 to 134. All share classes have the same rights on winding up.

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Danish krone	629	366
Euro	7,903	11,778
Norwegian krone	6	679
Sterling	284	403
Swedish krona	2,077	657
Swiss franc	2,935	2,255
US dollar	1,319	2
Total	15,153	16,140

A 5% increase/decrease in the sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £706k decrease and £781k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the Fund seeks to obtain its return from investing in equities and has no material exposure to interest rate risk, the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Equities	14,352	4,805	14,315	14,142
Trades in the year before transaction costs	14,352	4,805	14,315	14,142
Commissions				
Equities	4	5	(4)	(7)
Total commissions	4	5	(4)	(7)
Taxes				
Equities	13	2	–	–
Total taxes	13	2	–	–
Total costs	17	7	(4)	(7)
Total net trades in the year after transaction costs	14,369	4,812	14,311	14,135

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Equities	0.03	0.11	(0.03)	(0.05)
Taxes				
Equities	0.09	0.05	–	–

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.06	0.05
Taxes	0.08	0.01

The average portfolio dealing spread as at the year end was 0.05% (2018 : 0.05%).

15. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	2,065,883	16,507	(114,363)	(244,796)	1,723,231
Class A Income	36,171	1,740	(1,438)	–	36,473
Class S Accumulation	–	3,000	–	–	3,000
Class X Accumulation	1,233,164	18,200	(62,252)	220,041	1,409,153
Class X Income	180,444	4,424	(28,331)	–	156,537

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

16. Fair value disclosure

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	14,780	–	15,290	–
Valuation techniques using observable market data ^{^^}	–	–	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	14,780	–	15,290	–

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Distribution Table

As at 28 February 2019

First Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 31 May 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	11.5424	–	11.5424	10.0766
Group 2	4.3320	7.2104	11.5424	10.0766

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	9.4431	–	9.4431	8.5314
Group 2	5.7777	3.6654	9.4431	8.5314

Class S Accumulation Shares¹

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	n/a	–	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	12.8167	–	12.8167	11.1620
Group 2	10.5985	2.2182	12.8167	11.1620

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	10.5067	–	10.5067	9.4675
Group 2	5.8051	4.7016	10.5067	9.4675

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Second Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 June 2018

Group 2 Final shares purchased on or after 1 June 2018 to 31 August 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	2.3227	–	2.3227	2.6872
Group 2	0.8471	1.4756	2.3227	2.6872

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.8508	–	1.8508	2.1602
Group 2	0.8391	1.0117	1.8508	2.1602

Class S Accumulation Shares¹

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	n/a	–	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	2.5804	–	2.5804	2.8083
Group 2	1.7180	0.8624	2.5804	2.8083

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	2.0605	–	2.0605	2.3917
Group 2	1.8376	0.2229	2.0605	2.3917

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Third Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 September 2018

Group 2 Final shares purchased on or after 1 September 2018 to 30 November 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.4430	–	1.4430	1.3340
Group 2	0.9301	0.5129	1.4430	1.3340

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.1438	–	1.1438	1.0968
Group 2	0.6683	0.4755	1.1438	1.0968

Class S Accumulation Shares¹

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	n/a	–	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.6041	–	1.6041	1.4796
Group 2	1.4801	0.1240	1.6041	1.4796

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.2742	–	1.2742	1.2196
Group 2	0.7118	0.5624	1.2742	1.2196

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 December 2018

Group 2 Final shares purchased on or after 1 December 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	1.1817
Group 2	–	–	–	1.1817

Class A Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	0.9696
Group 2	–	–	–	0.9696

Class S Accumulation Shares¹

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	n/a
Group 2	–	–	–	n/a

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	1.3474
Group 2	–	–	–	1.3474

Class X Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	1.0776
Group 2	–	–	–	1.0776

¹ Launched 20 December 2018.

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Martin Currie Global Equity Income Fund

General Information

Investment Manager	Martin Currie Investment Management
Fund Size	£151.7m
Sector	North America
Fund Launch	01 November 2010

Investment Objective and Policy

The objective of this Fund is to achieve income, with the potential for capital growth over the long term, by investing in securities of companies listed globally. 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. The Fund will invest in a concentrated portfolio (typically 35-55 holdings).

Legg Mason IF Martin Currie Global Equity Income Fund

The Legg Mason IF Martin Currie Global Equity Income Fund increased by 3.23% in sterling terms during the period under review, while the IA Global Equity Income sector rose in sterling terms by 2.17%.

Q. What were the leading contributors to performance during the reporting period?

A. At a regional level, North America made the most positive contribution to returns over the period. In sector terms Consumer Staples was the most beneficial. At a stock level, in absolute terms, US pharmaceutical Merck, tech giant Microsoft and utility WEC Energy were the top performers.

Q. What were the leading detractors from performance during the reporting period?

A. Europe was the most notable negative market from a regional perspective. Financials weighed the most on absolute returns at a sector level. In stock terms, German automotive manufacturing company Continental, UK retailer Kingfisher and Chinese healthcare firm Shanghai Fosun Pharmaceutical were the main detractors.

Q. Where there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. At the end of the reporting period, the portfolio's largest absolute weight was to stocks in the North America region. At a sector level, the biggest allocations were to Financials, Industrials and Consumer Staples. Purchases over the period included UK Utility SSE, U.S. Industrial gases manufacturer Air Products & Chemicals and Swiss insurance firm Zurich. Sales included U.S. bank holding company Huntington Bancshares, Australian laboratory services firm Sonic Healthcare and Swiss flavours and fragrances producer Givaudan.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
SSE	5,249	Huntington Bancshares	4,216
Air Products & Chemicals	5,101	Sonic Healthcare	4,105
Prudential	4,986	Givaudan	3,972
Zurich Insurance	4,358	Credicorp	3,721
Danone	3,860	Bank of Montreal	3,627
Lockheed Martin	3,762	ING	3,590
Akzo Nobel	3,269	Manulife Financial	3,454
CaixaBank	3,223	Meggitt	3,208
Meggitt	3,208	DS Smith	3,071
Beazley	2,370	Schneider Electric	3,057
Shanghai Fosun Pharmaceutical	2,086	Akzo Nobel	2,921
Sanofi	1,807	3M	2,889
WEC Energy	1,803	Banca Generali	2,736
Merck	1,724	International Paper	2,435
Procter & Gamble	1,602	Prudential	2,291
BCE	1,043	AT&T	1,925
Microsoft	1,020	British American Tobacco	1,919
Crown Castle International*	971	Continental	1,912
Deutsche Telekom	900	Hastings	1,662
Blackstone	775	United Overseas Bank	1,215
Other purchases	5,214	Other sales	5,867
Total purchases for the year	58,331	Total sales for the year	63,793

* Real Estate Investment Trust (REIT).

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because it invests in a diversified portfolio of bonds from various sectors and countries which have historically been subject to moderate fluctuations in value.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other Funds) in shares of companies from various countries and sectors has historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Concentrated Fund: The Fund invests in fewer companies than other Funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Hedging: The Fund may use derivatives to reduce the risk of movements in exchange rates between the currency of the investments held by the Fund and base currency of the Fund itself (hedging). However, hedging transactions can also expose the Fund to additional risks, such as the risk that the counterparty to the transaction may not be able to make its payments, which may result in loss to the Fund.

Leverage: The Fund may use derivatives to help try to achieve the Fund's objective which may result in the Fund being leveraged. Leverage magnifies the exposure of the Fund to be greater than the underlying investments and can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested.

Derivatives: The use of derivatives can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested in the premium received from selling (writing) put and call options.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

Charges from capital: The Fund's fees and expenses may be taken from its capital (rather than income). This will result in an increase in income available for distribution to investors. However, this will forego some of the capital that the share class has available for future investment and potential growth.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Accumulation			Share Class A Income		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	174.43	169.07	134.39	123.85	124.51	102.40
Return before operating charges**^	7.35	7.50	36.60	5.23	5.54	27.37
Operating charges	(2.15)	(2.14)	(1.92)	(1.51)	(1.55)	(1.44)
Return after operating charges*	5.20	5.36	34.68	3.72	3.99	25.93
Distributions	(6.29)	(6.37)	(5.07)	(4.41)	(4.65)	(3.82)
Retained distributions on accumulation shares	6.29	6.37	5.07	–	–	–
Closing net asset value per share	179.63	174.43	169.07	123.16	123.85	124.51
^ after direct transaction costs of:	0.19	0.26	0.28	0.14	0.19	0.21
Performance						
Return after operating charges*	2.98%	3.17%	25.81%	3.01%	3.20%	25.32%
Other information						
Closing net asset value (£'000's)	16,893	18,744	18,778	3,691	4,346	5,399
Closing number of shares	9,404,490	10,746,154	11,106,348	2,996,606	3,508,865	4,335,798
Operating charges**	1.22%	1.22%	1.26%	1.22%	1.22%	1.26%
Direct transaction costs***	0.11%	0.15%	0.18%	0.11%	0.15%	0.18%
Prices						
Highest share price	189.50	184.50	169.30	132.60	131.80	125.30
Lowest share price	164.50	167.20	133.50	114.20	121.40	101.70
	Share Class I Income ¹					
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)			
Change in net assets per Share						
Opening net asset value per share	100.90	100.80	100.00			
Return before operating charges**^	4.28	4.48	1.08			
Operating charges	(0.62)	(0.64)	(0.25)			
Return after operating charges*	3.66	3.84	0.83			
Distributions	(3.61)	(3.74)	(0.03)			
Retained distributions on accumulation shares	–	–	–			
Closing net asset value per share	100.95	100.90	100.80			
^ after direct transaction costs of:	0.11	0.15	0.07			
Performance						
Return after operating charges*	3.62%	3.81%	0.83%			
Other information						
Closing net asset value (£'000's)	40,090	42,539	33,719			
Closing number of shares	39,712,635	42,158,180	33,449,942			
Operating charges**	0.62%	0.62%	0.62%			
Direct transaction costs***	0.11%	0.15%	0.18%			
Prices						
Highest share price	108.30	107.30	101.00			
Lowest share price	93.51	98.88	99.84			

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Performance Record (continued)

As at 28 February 2019

Change in net assets per Share	Share Class X Accumulation			Share Class X Income		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	188.58	182.33	144.52	137.99	138.32	113.42
Return before operating charges**^	7.96	8.09	39.41	5.83	6.15	30.35
Operating charges	(1.85)	(1.84)	(1.60)	(1.33)	(1.37)	(1.23)
Return after operating charges*	6.11	6.25	37.81	4.50	4.78	29.12
Distributions	(6.81)	(6.84)	(5.44)	(4.92)	(5.11)	(4.22)
Retained distributions on accumulation shares	6.81	6.84	5.44	–	–	–
Closing net asset value per share	194.69	188.58	182.33	137.57	137.99	138.32
^ after direct transaction costs of:	0.21	0.28	0.30	0.15	0.21	0.23
Performance						
Return after operating charges*	3.24%	3.43%	26.16%	3.26%	3.46%	25.68%
Other information						
Closing net asset value (£'000's)	42,723	44,413	40,928	48,255	49,463	43,190
Closing number of shares	21,944,229	23,551,110	22,446,526	35,077,027	35,845,336	31,225,741
Operating charges**	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%
Direct transaction costs***	0.11%	0.15%	0.18%	0.11%	0.15%	0.18%
Prices						
Highest share price	205.20	199.40	182.50	147.90	146.80	139.20
Lowest share price	177.90	180.40	143.70	127.50	135.30	112.80

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

¹ Launched 31 January 2017.

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		830		788
Revenue	3	6,221		6,039	
Expenses	4	(1,430)		(1,428)	
Net revenue before taxation		4,791		4,611	
Taxation	5	(581)		(490)	
Net revenue after taxation			4,210		4,121
Total return before distributions			5,040		4,909
Distributions	6		(5,633)		(5,540)
Change in net assets attributable to shareholders from investment activities			(593)		(631)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		159,505		142,014
Amounts receivable on issue of shares	5,407		25,266	
Amounts payable on cancellation of shares	(14,815)		(9,413)	
		(9,408)		15,853
Change in net assets attributable to shareholders from investment activities		(593)		(631)
Retained distributions on accumulation shares		2,147		2,265
Unclaimed distributions		1		4
Closing net assets attributable to shareholders		151,652		159,505

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		148,229	154,422
Current assets:			
Debtors	7	452	3,031
Cash and bank balances	8	3,967	3,146
Total assets		152,648	160,599
Liabilities:			
Investment liabilities		(11)	(269)
Creditors			
Distribution payable		(602)	(554)
Other creditors	9	(383)	(271)
Total liabilities		(996)	(1,094)
Net assets attributable to shareholders		151,652	159,505

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital gains

	2019 £'000	2018 £'000
The net capital gains during the year were:		
Non-derivative securities	535	1,221
Derivative contracts	270	(417)
Forward currency contracts	–	(6)
Currency gains/(losses)	26	(13)
Transaction charges	(1)	(6)
Other capital gains	–	9
Net capital gains on investments	830	788

3. Revenue

	2019 £'000	2018 £'000
Bank interest	7	–
Income received on derivatives	1	–
Overseas dividends	4,526	4,518
UK dividends	986	712
Option Income	701	809
Total revenue	6,221	6,039

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,083	1,086
General Administration Charge (GAC)*	300	294
	<u>1,383</u>	<u>1,380</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	40	39
	<u>40</u>	<u>39</u>
Expenses	<u>1,423</u>	<u>1,419</u>
Overdraft interest	7	9
Total expenses	1,430	1,428

* Audit fees of £8,961 (2018 : £8,700) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	581	490
Total taxation for the year Note 5(b)	581	490

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	4,791	4,611
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	958	922
Effects of:		
Revenue not subject to corporation tax	(999)	(959)
Movement in excess management expenses	51	43
Overseas tax	581	490
Tax expensed	(10)	(6)
Total tax charge for the year	581	490

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £360,538 (2018: £309,244) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Interim	4,601	4,686
Final	990	919
Add: Revenue deducted on cancellation of shares	74	40
Deduct: Revenue received on issue of shares	(32)	(105)
Net distribution for the year	5,633	5,540
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	4,210	4,121
Expenses charged to capital	1,423	1,419
Net distribution for the year	5,633	5,540

Details of the distributions per share are set out in the distribution tables on pages 147 to 150.

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	377	254
Amounts receivable on issue of shares	9	16
Overseas withholding tax reclaimable	66	163
Sales awaiting settlement	–	2,598
Total debtors	452	3,031

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	2,093	1,555
Amount held at futures clearing houses and brokers	1,874	1,591
Total cash and bank balances	3,967	3,146

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	167	85
Accrued Depositary fees	3	3
Accrued expenses	49	28
Amounts payable on cancellation of shares	164	155
Total other creditors	383	271

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 140 and notes 4, 7 and 9 on pages 141 to 143 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class A Income	1.00%
Class I Income	0.40%
Class X Accumulation	0.75%
Class X Income	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on pages 137 to 138. The distribution per share class is given in the distribution table on pages 147 to 150. All share classes have the same rights on winding up.

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Australian dollar	4,073	6,814
Canadian dollar	7,606	13,321
Euro	29,333	32,627
Hong Kong dollar	2,766	1,607
Singapore dollar	2,075	3,000
South Korean won	1,620	1,695
Sterling	19,481	17,503
Swedish krona	3,061	3,110
Swiss franc	7,759	7,419
US dollar	73,878	72,409
Total	151,652	159,505

A 5% increase/decrease in the Pound sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £6,278k decrease and £6,939k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the Fund seeks to obtain its return from investing in equities and has no material exposure to interest rate risk, the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
UBS	—	—	(11)	1,884	1,873
Total	—	—	(11)	1,884	1,873

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
UBS	—	—	(269)	1,591	1,322
Total	—	—	(269)	1,591	1,322

15. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	58,213	82,435	63,847	68,951
Trades in the year before transaction costs	58,213	82,435	63,847	68,951
Commissions				
Equities	18	79	(28)	(72)
Options	—	—	(25)	(7)
Total commissions	18	79	(53)	(79)
Taxes				
Equities	100	57	(1)	(10)
Total taxes	100	57	(1)	(10)
Total costs	118	136	(54)	(89)
Total net trades in the year after transaction costs	58,331	82,571	63,793	68,862

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	0.03	0.10	(0.04)	(0.11)
Taxes				
Equities	0.17	0.07	—	(0.01)

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

15. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.05	0.11
Taxes	0.06	0.04

The average portfolio dealing spread as at the year end was 0.05% (2018 : 0.05%).

16. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	10,746,154	82,815	(1,259,112)	(165,367)	9,404,490
Class A Income	3,508,865	50,394	(365,376)	(197,277)	2,996,606
Class I Income	42,158,180	3,739,348	(6,184,893)	–	39,712,635
Class X Accumulation	23,551,110	469,593	(2,229,150)	152,676	21,944,229
Class X Income	35,845,336	394,843	(1,339,822)	176,670	35,077,027

17. Fair value disclosure

	2019		2018
	Assets	Liabilities	Assets
	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	148,229	(11)	154,422
Valuation techniques using observable market data ^{^^}	–	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–
Total	148,229	(11)	154,422

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Distribution Table

As at 28 February 2019

First Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 31 May 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	2.6184	–	2.6184	2.3243
Group 2	1.5784	1.0400	2.6184	2.3243

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.8612	–	1.8612	1.7113
Group 2	1.2090	0.6522	1.8612	1.7113

Class I Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.5122	–	1.5122	1.3867
Group 2	0.8373	0.6749	1.5122	1.3867

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	2.8340	–	2.8340	2.5077
Group 2	0.8266	2.0074	2.8340	2.5077

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	2.0752	–	2.0752	1.9026
Group 2	0.5553	1.5199	2.0752	1.9026

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Second Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 June 2018

Group 2 Final shares purchased on or after 1 June 2018 to 31 August 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.2300	–	1.2300	1.6705
Group 2	0.9150	0.3150	1.2300	1.6705

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.8600	–	0.8600	1.2360
Group 2	0.2066	0.6534	0.8600	1.2360

Class I Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.7000	–	0.7000	0.9692
Group 2	0.3306	0.3694	0.7000	0.9692

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.3400	–	1.3400	1.7691
Group 2	0.9447	0.3953	1.3400	1.7691

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.9634	–	0.9634	1.3108
Group 2	0.3530	0.6104	0.9634	1.3108

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Third Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 September 2018

Group 2 Final shares purchased on or after 1 September 2018 to 30 November 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.2730	–	1.2730	1.3661
Group 2	0.4165	0.8565	1.2730	1.3661

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.8870	–	0.8870	0.9833
Group 2	0.1323	0.7547	0.8870	0.9833

Class I Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.7334	–	0.7334	0.8129
Group 2	0.2716	0.4618	0.7334	0.8129

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.3692	–	1.3692	1.4755
Group 2	0.2138	1.1554	1.3692	1.4755

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.9851	–	0.9851	1.0945
Group 2	0.3009	0.6842	0.9851	1.0945

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 December 2018

Group 2 Final shares purchased on or after 1 December 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.1681	–	1.1681	1.0068
Group 2	0.0477	1.1204	1.1681	1.0068

Class A Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.8065	–	0.8065	0.7193
Group 2	0.1647	0.6418	0.8065	0.7193

Class I Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.6603	–	0.6603	0.5736
Group 2	0.6603	–	0.6603	0.5736

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.2657	–	1.2657	1.0884
Group 2	0.4243	0.8414	1.2657	1.0884

Class X Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.9004	–	0.9004	0.8012
Group 2	0.1341	0.7663	0.9004	0.8012

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Martin Currie Japan Alpha Fund

General Information

Investment Manager	Martin Currie Investment Management
Fund Size	£75.1m
Sector	Japan
Fund Launch	16 January 2006

Investment Objective and Policy

The objective of the Fund is to achieve capital growth, through investment in Japan. 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. The Fund will invest principally in equity securities but may also invest in other transferable securities, money market instruments, deposits and collective investment schemes. 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. Under normal circumstances, the Fund will invest in a concentrated portfolio (typically 40-60 holdings).

Legg Mason IF Martin Currie Japan Alpha Fund

The Legg Mason IF Martin Currie Japan Alpha Fund decreased by 10.69% in sterling terms during the period under review, while its index the Topix (with dividend), decreased in sterling terms by 7.71%.

Q. What were the leading contributors to performance during the reporting period?

A. Over the period, Consumer Discretionary stocks were the top performers within the portfolio. Printing-services firm Raksul, Financial services company Nomura and retail-store operator Pan Pacific International were the best performing stocks.

Q. What were the leading detractors from performance during the reporting period?

A. Utilities and Consumer Staples stocks were the most notable negatives at a sector level over the period. Materials firm Sumitomo Metal Mining, Yumeshin, a holding company mainly engaged in the business of labour dispatch, and electronics name Koa were the main detractors.

Q. Where there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. At the end of the reporting period, the largest absolute weights were to Industrials, IT and Consumer Discretionary. Purchases over the period included multinational conglomerate Sony, chemicals and cosmetics company Kao Corporation, and auto parts maker Bridgestone. Sales included Japan Airlines, furniture retailer Nitori Holdings and manufacturing firm Komatsu.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

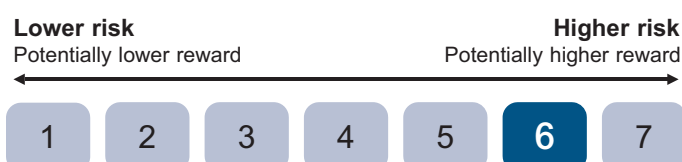
Purchases	Costs £'000	Sales	Proceeds £'000
Sony	3,703	Mitsubishi UFJ Financial	5,029
Kao	3,471	Japan Airlines	3,790
Bridgestone	3,163	Nitori	3,558
East Japan Railway	3,049	Komatsu	3,513
Sumitomo Mitsui Financial	2,999	Suzuki Motor	3,221
Sumitomo Metal Mining	2,819	Sumitomo Mitsui Financial	2,677
Tokyu Fudosan	2,738	Isuzu Motors	2,612
Nippon Telegraph & Telephone	2,562	Canon	2,593
Kyocera	2,423	Daiwa House Industry	2,565
Nippon Suisan Kaisha	2,067	Koito Manufacturing	2,563
Japan Petroleum Exploration	2,064	Panasonic	2,530
MEIJI	2,063	Sumitomo Electric Industries	2,462
Tokyo Broadcasting System	2,045	KDDI	2,436
Horiba	2,019	Kubota	2,284
Yumeshin	1,823	Sundrug	2,181
Kurita Water Industries	1,766	Daikin Industries	2,113
Rohm	1,754	Yamaha	2,100
Koa	1,712	Sumitomo Metal Mining	2,095
Nomura	1,633	Pan Pacific International	2,056
Iriso Electronics	1,548	Mitsubishi Electric	1,947
Other purchases	28,339	Other sales	35,378
Total purchases for the year	75,760	Total sales for the year	89,703

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Risk and Reward Profile



Risk and Reward Profile – Class X Accumulation (Hedged)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other funds) in shares of small cap Japanese companies from various sectors have historically been subject to large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical focus: This Fund invests primarily in Japan, which means that it is more sensitive to local economic, market, political or regulatory events in Japan, and will be more affected by these events than other Funds that invest in a broader range of regions.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Concentrated Fund: The Fund invests in fewer companies than other Funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Hedged class currency: The value of your investment may fall due to changes in the exchange rates between the currencies that are significant to the Fund's investment strategy and the currency of your share class, pound sterling. The Fund manager will try to protect the value of your investment against such changes, but it may not succeed.

Derivatives: The use of derivatives can result in greater fluctuations of the share classes value and may cause the share class to lose as much as or more than the amount invested in the derivatives.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Accumulation			Share Class X Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	166.26	144.27	105.10	178.56	154.55	112.28
Return before operating charges**	(16.29)	23.82	40.74	(17.53)	25.56	43.57
Operating charges	(1.89)	(1.83)	(1.57)	(1.60)	(1.55)	(1.30)
Return after operating charges*	(18.18)	21.99	39.17	(19.13)	24.01	42.27
Distributions	(1.15)	(0.82)	(0.71)	(1.67)	(1.30)	(1.15)
Retained distributions on accumulation shares	1.15	0.82	0.71	1.67	1.30	1.15
Closing net asset value per share	148.08	166.26	144.27	159.43	178.56	154.55
^ after direct transaction costs of:	0.13	0.11	0.18	0.14	0.12	0.19
Performance						
Return after operating charges*	(10.93%)	15.24%	37.27%	(10.71%)	15.54%	37.65%
Other information						
Closing net asset value (£'000's)	6,459	7,711	7,787	66,021	73,948	63,088
Closing number of shares	4,361,977	4,637,978	5,397,497	41,410,064	41,414,438	40,820,044
Operating charges**	1.18%	1.18%	1.25%	0.93%	0.93%	0.95%
Direct transaction costs***	0.08%	0.07%	0.14%	0.08%	0.07%	0.14%
Prices						
Highest share price	170.20	177.20	146.60	182.90	190.30	156.90
Lowest share price	142.50	140.40	105.40	153.30	150.40	112.50
Share Class X Accumulation (hedged)						
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)			
Change in net assets per Share						
Opening net asset value per share	222.54	182.00	150.69			
Return before operating charges**	(20.41)	42.72	33.06			
Operating charges	(2.21)	(2.18)	(1.75)			
Return after operating charges*	(22.62)	40.54	31.31			
Distributions	(1.87)	(1.37)	(1.28)			
Retained distributions on accumulation shares	1.87	1.37	1.28			
Closing net asset value per share	199.92	222.54	182.00			
^ after direct transaction costs of:	0.17	0.16	0.24			
Performance						
Return after operating charges*	(10.16%)	22.27%	20.78%			
Other information						
Closing net asset value (£'000's)	2,593	16,858	6,937			
Closing number of shares	1,297,018	7,575,038	3,811,285			
Operating charges**	1.03%	1.03%	1.05%			
Direct transaction costs***	0.08%	0.07%	0.14%			
Prices						
Highest share price	229.40	242.80	185.70			
Lowest share price	180.80	175.40	146.00			

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year. Share class B Accumulation closed on 12 February 2018.

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(12,260)		10,375
Revenue	3	1,987		1,549	
Expenses	4	(898)		(791)	
Net revenue before taxation		1,089		758	
Taxation	5	(191)		(157)	
Net revenue after taxation			898		601
Total return before distributions			(11,362)		10,976
Distributions	6		(898)		(602)
Change in net assets attributable to shareholders from investment activities			(12,260)		10,374

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		98,517		77,824
Amounts receivable on issue of shares	3,959		16,395	
Amounts payable on cancellation of shares	(15,974)		(6,708)	
		(12,015)		9,687
Change in net assets attributable to shareholders from investment activities		(12,260)		10,374
Retained distributions on accumulation shares		831		632
Closing net assets attributable to shareholders		75,073		98,517

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		73,153	98,305
Current assets:			
Debtors	7	220	283
Cash and bank balances	8	1,853	190
Total assets		<u>75,226</u>	<u>98,778</u>
Liabilities:			
Investment liabilities		–	(105)
Creditors			
Other creditors	9	(153)	(156)
Total liabilities		<u>(153)</u>	<u>(261)</u>
Net assets attributable to shareholders		<u>75,073</u>	<u>98,517</u>

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital (losses)/gains

	2019 £'000	2018 £'000
The net capital (losses)/gains during the year were:		
Non-derivative securities	(11,242)	10,508
Derivative contracts	(72)	–
Forward currency contracts	14	(2)
Forward currency contracts on hedge share classes	(911)	(154)
Currency (losses)/gains	(42)	28
Transaction charges	(7)	(5)
Net capital (losses)/gains on investments	(12,260)	10,375

3. Revenue

	2019 £'000	2018 £'000
Bank interest	1	–
Overseas dividends	1,986	1,549
Total revenue	1,987	1,549

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	719	638
General Administration Charge (GAC)*	155	130
	874	768
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	24	21
	24	21
Expenses	898	789
Overdraft interest	–	2
Total expenses	898	791

* Audit fees of £9,476 (2018 : £9,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	191	157
Total taxation for the year Note 5(b)	191	157

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	1,089	758
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	218	152
Effects of:		
Revenue not subject to corporation tax	(389)	(306)
Movement in excess management expenses	171	154
Overseas tax	191	157
Total tax charge for the year	191	157

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £538,617 (2018: £367,412) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Interim	474	343
Final	357	288
Add: Revenue deducted on cancellation of shares	87	36
Deduct: Revenue received on issue of shares	(20)	(65)
Net distribution for the year	898	602
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	898	601
Equalisation on conversion of shares	–	1
Net distribution for the year	898	602

Details of the distributions per share are set out in the distribution tables on page 161.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	186	161
Amounts receivable on issue of shares	34	122
Total debtors	220	283

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	1,853	190
Total cash and bank balances	1,853	190

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	97	57
Accrued Depositary fees	1	2
Accrued expenses	22	16
Amounts payable on cancellation of shares	33	81
Total other creditors	153	156

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS 102 the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 155 and notes 4, 7 and 9 on pages 156 to 158 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class X Accumulation	0.75%
Class X Accumulation (hedged)	0.75%

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Japanese yen	70,779	80,838
Sterling	4,294	17,679
Total	75,073	98,517

A 5% increase/decrease in the sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £3,362k decrease and £3,716k increase respectively on the net assets of the Fund.

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(b) Interest rate risk profile of financial assets and liabilities

As the majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund.

This is consistent with the exposure during both the current and prior year.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

14. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	—	34	—	—	34
Total	—	34	—	—	34

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	—	(105)	—	—	(105)
Total	—	(105)	—	—	(105)

15. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	75,724	42,200	89,741	32,032
Futures	9,791	—	9,720	—
Trades in the year before transaction costs	85,515	42,200	99,461	32,032
Commissions				
Equities	36	32	(38)	(29)
Total commissions	36	32	(38)	(29)
Total costs	36	32	(38)	(29)
Total net trades in the year after transaction costs	85,551	42,232	99,423	32,003

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

15. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	0.05	0.08	(0.04)	(0.09)

Total transaction cost expressed as a percentage of average net assets

	2019 %	2018 %
Commissions	0.08	0.07

The average portfolio dealing spread as at the year end was 0.21% (2018 : 0.15%).

16. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	4,637,978	72,550	(287,945)	(60,606)	4,361,977
Class X Accumulation	41,414,438	723,786	(784,473)	56,313	41,410,064
Class X Accumulation (hedged)	7,575,038	1,218,190	(7,496,210)	–	1,297,018

17. Fair value disclosure

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Quoted prices for identical instruments in active markets [^]	73,119	–	98,305	–
Valuation techniques using observable market data ^{^^}	34	–	–	(105)
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	73,153	–	98,305	(105)

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Distribution Table

As at 28 February 2019

Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 31 August 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.6162	–	0.6162	0.5148
Group 2	0.2041	0.4121	0.6162	0.5148

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.8857	–	0.8857	0.7524
Group 2	–	0.8857	0.8857	0.7524

Class X Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.0074	–	1.0074	0.7688
Group 2	–	1.0074	1.0074	0.7688

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 September 2018

Group 2 Final shares purchased on or after 1 September 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.5331	–	0.5331	0.3101
Group 2	0.1939	0.3392	0.5331	0.3101

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.7794	–	0.7794	0.5503
Group 2	–	0.7794	0.7794	0.5503

Class X Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.8606	–	0.8606	0.6051
Group 2	–	0.8606	0.8606	0.6051

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Martin Currie North American Fund

General Information

Investment Manager	Martin Currie Investment Management
Fund Size	£133.9m
Sector	North America
Fund Launch	01 September 1983

Investment Objective and Policy

The objective of the Fund is achieve capital growth through investment in the United States of America and Canada. 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. The Fund will invest principally in equity securities but it may also invest in units in other transferable securities, money market instruments, deposits and collective investment schemes. The Fund will usually invest in a concentrated portfolio (typically around 40 holdings).

Legg Mason IF Martin Currie North American Fund

The Legg Mason IF Martin Currie North American Fund increased by **12.82%** in sterling terms during the period under review, while its index, the MSCI North America Index (Net) (GBP), increased in sterling terms by **7.92%**.

Q. What were the leading contributors to performance during the reporting period?

A. IT was the top performing sector within the portfolio, with Health Care also aiding performance. At a stock level, software engineering company EPAM Systems, Health Care name HCA Holdings and Canadian software firm Constellation Software were the most notable positives.

Q. What were the leading detractors from performance during the reporting period?

A. Energy and Real Estate were the worst performing sectors in sector terms within the portfolio. Computer games maker Electronic Arts, energy firm Pioneer Natural Resources and tobacco giant Philip Morris were the most notable negatives at a stock level.

Q. Where there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. At the end of the reporting period, the largest absolute weights were to IT, Health Care and Industrials. Purchases over the period included pharmaceutical firm Merck, Electronic Arts and analytical laboratory instrument manufacturer Agilent Technologies. Sales included drug manufacturer Pfizer, National Bank of Canada and global diversified conglomerate Danaher.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Electronic Arts	3,694	Pfizer	3,414
Merck	3,680	National Bank of Canada	3,187
Agilent Technologies	3,621	Danaher	3,152
Zoetis	3,273	Delphi Automotive	3,079
Canadian National Railway	3,149	Sempra Energy	2,733
Aon	2,706	AmerisourceBergen	2,547
Mettler-Toledo International	2,170	Chevron	2,502
Cognizant Technology Solutions	1,975	Philip Morris International	2,182
Automatic Data Processing	1,528	Visa	2,125
Healthcare Services	1,218	WEC Energy	1,916
UnitedHealth	1,141	Hexcel	1,883
WEC Energy	991	Amazon.com	1,775
Blackstone	977	Constellation Software	1,758
Pioneer Natural Resources	858	NIKE	1,302
EOG Resources	745	EPAM Systems	1,262
Visa	643	Fiserv	1,211
Amazon.com	574	Ecolab	1,211
HCA Healthcare	551	Anadarko Petroleum	1,176
Starbucks	544	Alphabet	939
Alphabet	537	Apple	932
Other purchases	7,924	Other sales	7,543
Total purchases for the year	42,499	Total sales for the year	47,829

Legg Mason IF Martin Currie North American Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other Funds) in shares of North American companies across various sectors has historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical focus: This Fund invests primarily in North America, which means that it is more sensitive to local economic, market, political or regulatory events in North America, and will be more affected by these events than other Funds that invest in a broader range of regions.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Concentrated Fund: The Fund invests in fewer companies than other Funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Hedged class currency: The value of your investment may fall due to changes in the exchange rates between the currencies that are significant to the Fund's investment strategy and the currency of your share class, pound sterling. The Fund manager will try to protect the value of your investment against such changes, but it may not succeed.

Derivatives: The use of derivatives can result in greater fluctuations of the share classes value and may cause the share class to lose as much as or more than the amount invested in the derivatives.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Martin Currie North American Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Accumulation			Share Class X Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	370.08	345.30	260.43	412.45	383.89	288.67
Return before operating charges**	51.15	28.99	88.57	57.08	32.28	98.35
Operating charges	(4.69)	(4.21)	(3.70)	(4.13)	(3.72)	(3.13)
Return after operating charges*	46.46	24.78	84.87	52.95	28.56	95.22
Distributions	(0.67)	(1.15)	(1.43)	(1.87)	(2.25)	(2.55)
Retained distributions on accumulation shares	0.67	1.15	1.43	1.87	2.25	2.55
Closing net asset value per share	416.54	370.08	345.30	465.40	412.45	383.89
^ after direct transaction costs of:	0.10	0.46	0.22	0.11	0.51	0.24
Performance						
Return after operating charges*	12.55%	7.18%	32.59%	12.84%	7.44%	32.99%
Other information						
Closing net asset value (£'000's)	22,706	23,964	33,123	110,861	99,313	120,616
Closing number of shares	5,451,071	6,475,268	9,592,411	23,820,290	24,078,638	31,419,657
Operating charges**	1.18%	1.20%	1.25%	0.93%	0.95%	0.95%
Direct transaction costs***	0.02%	0.13%	0.07%	0.02%	0.13%	0.07%
Prices						
Highest share price	433.60	373.80	345.50	484.00	416.50	384.10
Lowest share price	348.10	327.40	254.00	388.00	364.10	281.90
	Share Class X Accumulation (hedged)					
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)			
Change in net assets per Share						
Opening net asset value per share	255.24	216.84	183.66			
Return before operating charges**	19.77	40.83	35.27			
Operating charges	(2.68)	(2.43)	(2.09)			
Return after operating charges*	17.09	38.40	33.18			
Distributions	(0.83)	(1.10)	(1.39)			
Retained distributions on accumulation shares	0.83	1.10	1.39			
Closing net asset value per share	272.33	255.24	216.84			
^ after direct transaction costs of:	0.06	0.30	0.15			
Performance						
Return after operating charges*	6.70%	17.71%	18.07%			
Other information						
Closing net asset value (£'000's)	353	371	339			
Closing number of shares	129,625	145,545	156,431			
Operating charges**	1.03%	1.05%	1.05%			
Direct transaction costs***	0.02%	0.13%	0.07%			
Prices						
Highest share price	278.60	262.00	216.90			
Lowest share price	230.90	214.00	183.00			

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

Legg Mason IF Martin Currie North American Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		13,358		8,119
Revenue	3	1,944		2,289	
Expenses	4	(1,233)		(1,302)	
Net revenue before taxation		711		987	
Taxation	5	(246)		(289)	
Net revenue after taxation			465		698
Total return before distributions			13,823		8,817
Distributions	6		(467)		(702)
Change in net assets attributable to shareholders from investment activities			13,356		8,115

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		123,648		154,078
Amounts receivable on issue of shares	24,747		8,338	
Amounts payable on cancellation of shares	(28,313)		(47,500)	
		(3,566)		(39,162)
Change in net assets attributable to shareholders from investment activities		13,356		8,115
Retained distributions on accumulation shares		482		617
Closing net assets attributable to shareholders		133,920		123,648

Legg Mason IF Martin Currie North American Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		130,437	122,578
Current assets:			
Debtors	7	1,661	398
Cash and bank balances	8	2,181	981
Total assets		134,279	123,957
Liabilities:			
Investment liabilities		–	(3)
Creditors			
Other creditors	9	(359)	(306)
Total liabilities		(359)	(309)
Net assets attributable to shareholders		133,920	123,648

Legg Mason IF Martin Currie North American Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital gains

	2019 £'000	2018 £'000
The net capital gains during the year were:		
Non-derivative securities	13,310	8,167
Forward currency contracts	–	17
Forward currency contracts on hedge share classes	(22)	33
Currency gains/(losses)	62	(88)
Transaction charges	7	(23)
Compensation bridge	1	13
Net capital gains on investments	13,358	8,119

3. Revenue

	2019 £'000	2018 £'000
Bank interest	1	–
Overseas dividends	1,938	2,274
UK dividends	5	15
Total revenue	1,944	2,289

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,000	1,058
General Administration Charge (GAC)*	201	211
	1,201	1,269
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	32	33
	32	33
Total expenses	1,233	1,302

* Audit fees of £9,476 (2018: £9,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	246	289
Total taxation for the year Note 5(b)	246	289

Legg Mason IF Martin Currie North American Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	711	987
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	142	197
Effects of:		
Revenue not subject to corporation tax	(346)	(389)
Movement in excess management expenses	207	197
Overseas tax	246	289
Tax expensed	(3)	(5)
Total tax charge for the year	246	289

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £937,481 (2018: £730,770) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Final	482	617
Add: Revenue deducted on cancellation of shares	54	100
Deduct: Revenue received on issue of shares	(69)	(15)
Net distribution for the year	467	702
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	465	698
Equalisation on conversion of shares	2	4
Net distribution for the year	467	702

Details of the distributions per share are set out in the distribution tables on page 173.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	63	97
Amounts receivable on issue of shares	1,597	300
Overseas withholding tax reclaimable	1	1
Total debtors	1,661	398

Legg Mason IF Martin Currie North American Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	2,181	981
Total cash and bank balances	2,181	981

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	156	74
Accrued Depositary fees	2	2
Accrued expenses	33	26
Amounts payable on cancellation of shares	168	204
Total other creditors	359	306

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 166 and notes 4, 7 and 9 on pages 167 to 169 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class X Accumulation	0.75%
Class X Accumulation (hedged)	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 164. The distribution per share class is given in the distribution table on page 173. All share classes have the same rights on winding up.

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

During the year the Investment Manager used derivative instruments to hedge the value of the investment portfolio. Currency forwards were used to hedge the exchange risk associated with the holdings of foreign currency fixed interest bonds/securities during and at the end of the year. At the end of the year, currency forwards were open to hedge the exchange rate risk associated with the holdings of foreign currency fixed interest bonds/securities in the portfolio.

Legg Mason IF Martin Currie North American Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(a) Currency exposure (continued)

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Canadian dollar	7,141	7,261
Sterling	3,768	1,289
US dollar	123,011	115,098
Total	133,920	123,648

A 5% increase/decrease in the sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £6,182k decrease and £6,833k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the Fund seeks to obtain its return from investing in equities and has no material exposure to interest rate risk, the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

14. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	—	6	—	—	6
Total	—	6	—	—	6

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	—	(3)	—	—	(3)
Total	—	(3)	—	—	(3)

Legg Mason IF Martin Currie North American Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

15. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Equities	42,484	60,727	47,845	100,026
Trades in the year before transaction costs	42,484	60,727	47,845	100,026
Commissions				
Equities	15	76	(15)	(96)
Total commissions	15	76	(15)	(96)
Taxes				
Equities	–	–	(1)	(2)
Total taxes	–	–	(1)	(2)
Total costs	15	76	(16)	(98)
Total net trades in the year after transaction costs	42,499	60,803	47,829	99,928

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Equities	0.03	0.13	(0.03)	(0.10)
Taxes				
Equities	–	–	–	–

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.02	0.13
Taxes	–	–

The sub-fund investments have no separately identifiable transaction costs, instead the cost of investing forms part of the dealing spread.

The average portfolio dealing spread as at the year end was 0.03% (2018 : 0.05%).

16. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	6,475,268	414,777	(1,175,862)	(263,112)	5,451,071
Class X Accumulation	24,078,638	4,939,666	(5,433,621)	235,607	23,820,290
Class X Accumulation (hedged)	145,545	2,459	(18,379)	–	129,625

Legg Mason IF Martin Currie North American Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

17. Fair value disclosure

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	130,431	–	122,578	–
Valuation techniques using observable market data ^{^^}	6	–	–	(3)
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	130,437	–	122,578	(3)

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Martin Currie North American Fund (continued)

Distribution Table

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.6735	–	0.6735	1.1498
Group 2	0.2540	0.4195	0.6735	1.1498

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.8669	–	1.8669	2.2487
Group 2	0.5931	1.2738	1.8669	2.2487

Class X Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.8299	–	0.8299	1.0957
Group 2	0.3733	0.4566	0.8299	1.0957

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF QS Emerging Markets Equity Fund

General Information

Investment	
Manager	QS Investors LLC
Fund Size	£0.0m
Sector	Global Emerging Markets
Fund Launch	16 February 2004

On 9th March 2018, shareholders in the Legg Mason IF QS Emerging Markets Equity Fund were notified of the intention to terminate the Fund. Legg Mason Investment Funds Limited (as ACD of the Fund) decided that the Fund had no long-term future and approved its termination subject to approval by the Financial Conduct Authority. The Fund was closed with effect from 23 April 2018.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Magnit GDR	10	Telekomunikasi Indonesia	47
Bharti Airtel	3	Astra International	43
Vodafone Idea	1	Bidvest	42
		China Mobile	39
		Advanced Info Service Foreign Shares	35
		Petronas Chemicals	34
		Naspers	32
		OTP Bank	30
		America Movil	29
		Tencent	29
		MOL Hungarian Oil and Gas	29
		Magnit GDR	28
		Korea Electric Power	28
		Mobile TeleSystems ADR	27
		Tenaga Nasional	25
		SACI Falabella	24
		MTN	24
		Commercial Bank ADR	23
		Bank Central Asia	23
		Sberbank ADR	23
Other purchases	–	Other sales	2,675
Total purchases for the year	14	Total sales for the year	3,289

Stocks shown as ADRs and GDRs represent American Depositary Receipts and Global Depositary Receipts.

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Performance Record

As at 28 February 2019

Change in net assets per Share	Share Class A Accumulation			Share Class X Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	303.53	276.52	213.27	131.66	119.29	91.45
Return before operating charges**^	(13.88)	33.69	69.74	(6.02)	14.57	29.98
Operating charges	(0.98)	(6.68)	(6.49)	(0.33)	(2.20)	(2.14)
Return after operating charges*	(14.86)	27.01	63.25	(6.35)	12.37	27.84
Distributions	–	(2.01)	(1.16)	–	(1.51)	(0.92)
Retained distributions on accumulation shares	–	2.01	1.16	–	1.51	0.92
Closing net asset value per share	288.67#	303.53	276.52	125.31#	131.66	119.29
^ after direct transaction costs of:	0.56	0.21	0.71	0.24	0.09	0.31
Performance						
Return after operating charges*	(4.90)%#	9.77%	29.66%	(4.82)%#	10.37%	30.44%
Other information						
Closing net asset value (£'000's)	–	726	733	–	2,772	2,581
Closing number of shares	–	239,038	265,148	–	2,105,336	2,163,197
Operating charges**	2.24%	2.27%	2.59%	1.75%	1.73%	1.95%
Direct transaction costs***	0.19%	0.07%	0.28%	0.19%	0.07%	0.28%
Prices						
Highest share price	315.40	315.40	284.10	136.70	136.70	122.20
Lowest share price	285.30	275.80	215.30	123.80	119.10	92.41

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

The Fund closed on 23 April 2018. The closing net asset value per share and return after operating charges figures shown above are calculated to the closure date.

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(176)		288
Revenue	3	20		92	
Expenses	4	(6)		(40)	
Net revenue before taxation		14		52	
Taxation	5	(2)		(10)	
Net revenue after taxation			12		42
Total return before distributions			(164)		330
Distributions	6		(12)		(38)
Change in net assets attributable to shareholders from investment activities			(176)		292

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		3,498		3,319
Amounts receivable on issue of shares	–		94	
Amounts payable on cancellation of shares	(3,322)		(245)	
		(3,322)		(151)
Dilution adjustment		–		1
Change in net assets attributable to shareholders from investment activities		(176)		292
Retained distributions on accumulation shares		–		37
Closing net assets attributable to shareholders		–		3,498

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		—	3,473
Current assets:			
Debtors	7	2	6
Cash and bank balances	8	17	35
Total assets		19	3,514
Liabilities:			
Creditors			
Other creditors	9	(19)	(16)
Total liabilities		(19)	(16)
Net assets attributable to shareholders		—	3,498

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital (losses)/gains

	2019 £'000	2018 £'000
The net capital (losses)/gains during the year were:		
Non-derivative securities	(198)	306
Derivative contracts	(1)	7
Forward currency contracts	–	(2)
Currency gains	27	1
Transaction charges	(4)	(24)
Net capital (losses)/gains on investments	(176)	288

3. Revenue

	2019 £'000	2018 £'000
Bank interest	4	–
Overseas dividends	16	92
Total revenue	20	92

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	3	21
General Administration Charge (GAC)*	2	16
	5	37
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1	7
	1	7
Other expenses		
ACD's reimbursement	–	(4)
	–	(4)
Total expenses	6	40

* Audit fees of £6,000 (2018: £9,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	2	10
Total taxation for the year Note 5(b)	2	10

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	14	52
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	3	10
Effects of:		
Revenue not subject to corporation tax	(3)	(16)
Movement in excess management expenses	–	7
Overseas tax	2	9
Total tax charge for the year	2	10

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £236,705 (2018: £237,158) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Final	–	37
Add: Revenue deducted on cancellation of shares	12	2
Deduct: Revenue received on issue of shares	–	(1)
Net distribution for the year	12	38
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	12	42
ACD's reimbursement	–	(4)
Net distribution for the year	12	38

Details of the distributions per share are set out in the distribution tables on page 184.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	–	5
Amounts due for rebates from underlying funds	2	1
Total debtors	2	6

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	17	30
Amount held at futures clearing houses and brokers	–	5
Total cash and bank balances	17	35

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	–	2
Accrued Depositary fees	–	1
Accrued expenses	15	13
Amounts payable on cancellation of shares	4	–
Total other creditors	19	16

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 177 and notes 4, 7 and 9 on pages 178 to 180 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class X Accumulation	0.50%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 175. The distribution per share class is given in the distribution table on page 184. All share classes have the same rights on winding up.

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(a) Currency exposure (continued)

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Brazilian Real	–	104
Chilean Peso	–	78
Colombian Peso	–	21
Czech Koruna	–	29
Euro	–	27
Hong Kong Dollar	–	621
Hungarian Forint	–	58
Indian Rupee	–	269
Indonesian Rupiah	–	314
Malaysian Ringgit	–	309
Mexican Peso	–	127
Philippine Peso	–	159
Polish Zloty	–	109
South African Rand	–	295
South Korean Won	–	188
Sterling	–	1
Taiwan Dollar	–	140
Thai Baht	–	165
Turkihs Lira	–	174
US Dollar	–	310
Total	–	3,498

(b) Interest rate risk profile of financial assets and liabilities

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the Fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during both the current and prior year.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

14. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
	–	–	–	–	–
Total	–	–	–	–	–

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Counterparty exposure risk (continued)

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
UBS	—	—	—	5	5
Total	—	—	—	5	5

15. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	14	778	3,295	872
Trades in the year before transaction costs	14	778	3,295	872
Commissions				
Equities	—	1	(2)	(1)
Total commissions	—	1	(2)	(1)
Taxes				
Equities	—	1	(4)	(1)
Total taxes	—	1	(4)	(1)
Total costs	—	2	(6)	(2)
Total net trades in the year after transaction costs	14	780	3,289	870

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	0.06	0.07	(0.07)	(0.07)
Taxes				
Equities	0.03	0.07	(0.11)	(0.09)

Total transaction cost expressed as a percentage of average net assets

	2019 %	2018 %
Commissions	0.07	0.03
Taxes	0.12	0.04

The average portfolio dealing spread as at the year end was 0.00% (2018 : 0.31%).

16. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	239,038	72	(239,110)	—	—
Class X Accumulation	2,105,336	300	(2,105,636)	—	—

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

17. Fair value disclosure

	2019		2018	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Quoted prices for identical instruments in active markets [^]	–	–	3,473	–
Valuation techniques using observable market data ^{^^}	–	–	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	–	–	3,473	–

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF QS Emerging Markets Equity Fund (continued)

Distribution Table

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	2.0086
Group 2	–	–	–	2.0086

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	1.5066
Group 2	–	–	–	1.5066

The Fund closed on 23 April 2018.

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF QS UK Equity Fund

General Information

Investment	
Manager	QS Investors LLC
Fund Size	£30.7m
Sector	UK All Companies
Fund Launch	31 October 1995

Investment Objective and Policy

The objective of this Fund is to achieve capital growth through investment in quoted securities of UK companies. 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 company shares listed on the London Stock Exchange and being constituents of the FTSE All Share Index. 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.

Legg Mason IF QS UK Equity Fund

The Legg Mason IF QS UK Equity Fund decreased by 0.49% in sterling terms over the period under review while its index, the FTSE All-Share Index, rose in sterling terms by 1.70%.

For the twelve months ended February 28, 2019, the portfolio underperformed the FTSE All Share Index (FTSE Index), but achieved its investment objective of offering attractive yields and lower volatility than the FTSE Index.

Stock selection detracted from the Fund for the twelve-month period across most sectors, chiefly in Financials ex Banks and Industrials. Selection was very strong in Consumer Staples, but not enough to completely offset the negative impact across other sectors.

Q. What were the leading contributors to performance during the reporting period?

A. Stock selection in Consumer Staples was the largest positive contributor to the Fund for the twelve-month period. Positive stock selection within Telecommunication Service, Banks and Information Technology also provided modest contribution. Allocation across sectors contributed positively overall to active performance, primarily in an overweight position to Utilities and an underweight to Banks.

Q. What were the leading detractors from performance during the reporting period?

A. Underperformance for the period was driven primarily by stock selection, which detracted most notably in Financials ex Banks and Industrials. From an allocation perspective, an underweight to Health Care detracted some value.

Q. Where there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. There were no significant changes to the portfolio over the twelve-month reporting period. The most notable changes include an increased weight to Consumer Staples and Real Estate, and a decreased weight in Materials and Utilities. Portfolio beta to the FTSE Index as of February 2019 month end was 0.81, and current yield was 5.8%, higher than the 4.6% current yield of the FTSE Index. The portfolio is most overweight Consumer Discretionary and Utilities, and most underweight Energy, Materials and Banks.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Tesco	737	Severn Trent	914
Plus500	690	Ds Smith	593
Royal Mail	357	Diageo	535
Centamin	270	Talktalk Telecom	305
Dignity	251	Royal Dutch Shell 'B'	259
Telecom Plus	203	Galliford Try	235
Primary Health Properties*	199	Telecom Plus	220
Imperial Brands	193	Booker	218
Softcat	187	Kingfisher	216
Greene King	157	Petrofac	181
NewRiver REIT*	149	Mitie	173
IG	121	Victrex	148
PayPoint	115	Stagecoach	144
Marks & Spencer	104	Kier	141
Civitas Social Housing*	103	Rio Tinto	136
Assura*	66	BP	127
Burberry	65	Reckitt Benckiser	127
Tate & Lyle	63	IG	125
Unilever	63	Hill + Smith	100
Playtech	57	National Express	85
Other purchases	37	Other sales	415
Total purchases for the year	4,187	Total sales for the year	5,397

* Real Estate Investment Trust.

Legg Mason IF QS UK Equity Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because investments in shares of UK companies from various sectors have historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical focus: This Fund invests primarily in the United Kingdom, which means that it is more sensitive to local economic, market, political or regulatory events in the United Kingdom, and will be more affected by these events than other funds that invest in a broader range of regions.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF QS UK Equity Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Accumulation			Share Class X Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	322.12	322.75	303.88	141.53	141.45	132.79
Return before operating charges**^	2.17	4.14	23.53	0.95	1.81	10.29
Operating charges	(4.43)	(4.77)	(4.66)	(1.59)	(1.73)	(1.63)
Return after operating charges*	(2.26)	(0.63)	18.87	(0.64)	0.08	8.66
Distributions	(13.32)	(10.44)	(10.12)	(6.22)	(4.95)	(4.83)
Retained distributions on accumulation shares	13.32	10.44	10.12	6.22	4.95	4.83
Closing net asset value per share	319.86	322.12	322.75	140.89	141.53	141.45
^ after direct transaction costs of:	0.20	0.27	0.29	0.09	0.12	0.13
Performance						
Return after operating charges*	(0.70)%	(0.20)%	6.21%	(0.45)%	0.06%	6.52%
Other information						
Closing net asset value (£'000's)	25,144	27,235	30,255	5,575	6100.00	6,786
Closing number of shares	7,860,989	8,454,968	9,373,980	3,956,860	4309757.00	4,797,640
Operating charges**	1.35%	1.44%	1.50%	1.10%	1.19%	1.19%
Direct transaction costs***	0.06%	0.08%	0.09%	0.06%	0.08%	0.09%
Prices						
Highest share price	355.10	344.10	329.30	156.10	151.20	144.20
Lowest share price	290.80	315.20	278.60	128.00	138.50	121.80

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

Legg Mason IF QS UK Equity Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(1,463)		(1,102)
Revenue	3	1,777		1,668	
Expenses	4	(425)		(504)	
Net revenue before taxation		1,352		1,164	
Taxation	5	(7)		(2)	
Net revenue after taxation			1,345		1,162
Total return before distributions			(118)		60
Distributions	6		(1,345)		(1,162)
Change in net assets attributable to shareholders from investment activities			(1,463)		(1,102)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		33,335		37,086
Amounts receivable on issue of shares	104		344	
Amounts payable on cancellation of shares	(2,550)		(4,089)	
		(2,446)		(3,745)
Change in net assets attributable to shareholders from investment activities		(1,463)		(1,102)
Retained distributions on accumulation shares		1,293		1,096
Closing net assets attributable to shareholders		30,719		33,335

Legg Mason IF QS UK Equity Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		30,549	33,222
Current assets:			
Debtors	7	164	158
Cash and bank balances	8	113	26
Total assets		<u>30,826</u>	<u>33,406</u>
Liabilities:			
Creditors			
Other creditors	9	(107)	(71)
Total liabilities		<u>(107)</u>	<u>(71)</u>
Net assets attributable to shareholders		<u>30,719</u>	<u>33,335</u>

Legg Mason IF QS UK Equity Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital losses

	2019 £'000	2018 £'000
The net capital losses during the year were:		
Non-derivative securities	(1,463)	(1,102)
Currency gains	–	1
Transaction charges	–	(1)
Net capital losses on investments	(1,463)	(1,102)

3. Revenue

	2019 £'000	2018 £'000
Overseas dividends	76	73
UK dividends	1,696	1,595
UK property income dividends	5	–
Total revenue	1,777	1,668

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	312	346
General Administration Charge (GAC)*	105	149
	417	495
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	8	9
	8	9
Total expenses	425	504

* Audit fees of £8,961 (2018: £8,700) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	7	2
Total taxation for the year Note 5(b)	7	2

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

Legg Mason IF QS UK Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	1,352	1,164
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	270	233
Effects of:		
Revenue not subject to corporation tax	(349)	(334)
Movement in excess management expenses	80	101
Overseas tax	7	2
Tax expensed	(1)	–
Total tax charge for the year	7	2

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,064,800 (2018: £1,985,008) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Final	1,293	1,096
Add: Revenue deducted on cancellation of shares	55	70
Deduct: Revenue received on issue of shares	(3)	(4)
Net distribution for the year	1,345	1,162
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	1,345	1,162
Net distribution for the year	1,345	1,162

Details of the distributions per share are set out in the distribution tables on page 195.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	158	154
Overseas withholding tax reclaimable	6	4
Total debtors	164	158

Legg Mason IF QS UK Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	113	26
Total cash and bank balances	113	26

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	47	24
Accrued Depositary fees	1	1
Accrued expenses	12	11
Amounts payable on cancellation of shares	47	35
Total other creditors	107	71

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 189 and notes TBC, TBC and TBC on pages TBC to TBC including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class X Accumulation	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on pages 187. The distribution per share class is given in the distribution table on page 195. All share classes have the same rights on winding up.

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Euro	5	2
Sterling	30,628	33,266
US dollar	86	67
Total	30,719	33,335

A 5% increase/decrease in the Pound sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £4k decrease and £5k increase respectively on the net assets of the Fund.

Legg Mason IF QS UK Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(b) Interest rate risk profile of financial assets and liabilities

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the Fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during both the current and prior year.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

14. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Equities	4,170	5,813	5,400	8,365
Trades in the year before transaction costs	4,170	5,813	5,400	8,365
Commissions				
Equities	2	3	(3)	(4)
Total commissions	2	3	(3)	(4)
Taxes				
Equities	15	23	–	–
Total taxes	15	23	–	–
Total costs	17	26	(3)	(4)
Total net trades in the year after transaction costs	4,187	5,839	5,397	8,361

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Equities	0.05	0.05	(0.06)	(0.05)
Taxes				
Equities	0.38	0.39	–	–

Legg Mason IF QS UK Equity Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.01	0.02
Taxes	0.05	0.06

The average portfolio dealing spread as at the year end was 0.07% (2018: 0.06%).

15. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	8,454,968	14,454	(575,161)	(33,272)	7,860,989
Class X Accumulation	4,309,757	44,451	(472,992)	75,644	3,956,860

16. Fair value disclosure

	2019		2018
	Assets	Liabilities	Assets
	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	30,549	–	33,222
Valuation techniques using observable market data ^{^^}	–	–	–
Valuation techniques using non-observable market data ^{^^^}	–	–	–
Total	30,549	–	33,222

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF QS UK Equity Fund (continued)

Distribution Table

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	13.3206	–	13.3206	10.4411
Group 2	6.4376	6.8830	13.3206	10.4411

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	6.2201	–	6.2201	4.9455
Group 2	2.3242	3.8959	6.2201	4.9455

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF RARE Global Infrastructure Income Fund

General Information

Investment Manager	RARE Infrastructure Limited
Fund Size	£397.5m
Sector	Global Infrastructure Income
Fund Launch	01 July 2016

Investment Objective and Policy

To provide investors with an income comprised of dividends with a secondary investment objective of long-term capital growth. The Fund seeks to achieve its objective by investing primarily 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 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. 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. Derivatives and forward transactions may be used by the Fund for investment purposes and for the purposes of efficient portfolio management (including hedging).

Legg Mason IF RARE Global Infrastructure Income Fund

The Legg Mason IF RARE Global Infrastructure Income Fund increased by 16.54% in sterling terms during the period under review.

What were the leading contributors to performance during the reporting period?

A. On a sector basis, regulated Utilities were the top contributors to performance during the reporting period, of which Canadian gas Enbridge (1.74%), Brazilian electric Taesa (1.56%) and UK water company United Utilities (1.09%) were the lead performers.

What were the leading detractors from performance during the reporting period?

A. The largest detractors from performance during the reporting period were Italian toll road operator Atlantia (-0.49%), Chinese toll road Jiangsu Expressway (-0.10%) and Mexican rail operator CFE Transmission (-0.08%).

Were there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. For the Legg Mason IF RARE Global Infrastructure Income Fund, the primary quantitative tool in portfolio construction is the Excess Return, on which RARE's stock ranking system is based. As such, driven by valuation, the key shift in the composition of the Legg Mason IF RARE Global Infrastructure Income Fund, during the period of analysis, include:

- Increased exposure to Western Europe from 34% to 38%, through the initiation of new positions in Italian gas operators Italgas and Snam and Spanish gas Enagas.
- Changed the composition of Emerging Markets exposure. Specifically, decreasing exposure to Latin America by trimming exposure in Brazilian water company COPASA, Chilean water company Aguas Andinas and Mexican gas company IEnova while increasing exposure to Asia Pacific Developing by purchasing holdings in Chinese toll road operator Jiangsu Expressway, and water company Guangdong Investment and Thai electric Glow Energy.

Looking ahead, RARE expect the continued accommodative monetary policy in Europe to provide an attractive investment environment for select European utilities and to support economic growth in the medium term (solid but unexciting growth). This supports the valuations of economically sensitive securities, namely toll roads, airports and communications stocks. The manager continues to believe that it is prudent to retain a core exposure to more defensive, higher income utility companies, balanced against selected exposure to infrastructure, which is more sensitive to economic growth.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Emera	18,631	SES	16,999
Williams	17,503	Eutelsat Communications	16,838
China Merchants Port	15,714	Clearway Energy	15,739
Transurban	12,295	Enagas	15,600
Dominion Energy	11,930	Gibson Energy	15,522
TerraForm Power	11,537	Transmissora Alianca De Energia Eletrica	14,330
National Grid	11,057	Iberdrola	13,070
Enbridge	10,058	Cia Energetica Preference Shares	12,088
Crown Castle International*	9,422	Cia de Transmissao de Energia Eletrica Paulista Preference	
Eutelsat Communications	8,248	Shares	11,668
Edison International	7,971	Naturgy Energy	10,883
Cia Energetica Preference Shares	7,857	Glow Energy Foreign Shares	9,555
AltaGas	7,786	Nextera Energy Partners	8,207
Hydro One	7,640	Williams	8,140
Atlantia	7,304	Kinder Morgan	7,978
United Utilities	6,934	Guangdong Investment	7,940
Energias De Portugal	6,898	Pattern Energy	7,889
Spark Infrastructure	6,759	Snam	7,717
Shenzhen Expressway	6,268	AltaGas	7,641
Atlantica	5,867	Italgas	5,270
		Red Electrica Corporacion	4,794
Other purchases	34,268	Other sales	41,259
Total purchases for the year	231,947	Total sales for the year	259,127

* Real Estate Investment Trust (REIT).

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Risk and Reward Profile



Risk and Reward Profile – S Acc (Hedged), S Inc (Hedge), X Acc (Hedge), X Inc (Hedge)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because a concentrated investment (the Fund holds fewer investments than many other Funds) in shares of infrastructure companies from various countries and sectors have historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Investment in infrastructure: The Fund invests in shares of infrastructure companies, and the value of these shares can be negatively affected by economic or regulatory occurrences affecting their industries. Investments in new infrastructure projects carry risks where they may not be completed within the budget, agreed timeframe or specifications. Operational and supply disruptions can also have a negative effect on the value of the company's shares.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Concentrated Fund: The Fund invests in fewer companies than other Funds which invest in shares usually do. This means that the Fund does not spread its risk as widely as other Funds and will therefore be affected more if an individual company has significant losses.

Hedged class currency: The value of your investment may fall due to changes in the exchange rates between the currencies that are significant to the Fund's investment strategy and the currency of your share class, pound sterling. The Fund manager will try to protect the value of your investment against such changes, but it may not succeed.

Derivatives: The use of derivatives can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

Charges from capital: The Fund's fees and expenses may be taken from its capital (rather than income). This will result in an increase in income available for distribution to investors. However, this will forego some of the capital that the share class has available for future investment and potential growth.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Accumulation			Share Class A Accumulation (hedged) ¹
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)
Change in net assets per Share				
Opening net asset value per share	102.19	106.92	100.00	100.00
Return before operating charges**^	17.98	(3.35)	7.76	7.96
Operating charges	(1.34)	(1.38)	(0.84)	(0.40)
Return after operating charges*	16.64	(4.73)	6.92	7.56
Distributions	(6.45)	(4.81)	(1.89)	(0.46)
Retained distributions on accumulation shares	6.45	4.81	1.89	0.46
Closing net asset value per share	118.83	102.19	106.92	107.56
^ after direct transaction costs of:	0.14	0.35	0.29	1.04
Performance				
Return after operating charges*	16.28%	(4.42%)	6.92%	7.56%
Other information				
Closing net asset value (£'000's)	53,586	60,976	37,900	3
Closing number of shares	45,095,864	59,671,309	35,447,554	3,000
Operating charges**	1.23%	1.23%	1.24%	1.37%
Direct transaction costs***	0.13%	0.31%	0.28%	0.13%
Prices				
Highest share price	121.10	120.40	107.30	107.90
Lowest share price	97.57	98.92	93.77	100.00
	Share Class A Income			Share Class A Income (hedged) ¹
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)
Change in net assets per Share				
Opening net asset value per share	96.07	104.96	100.00	100.00
Return before operating charges**^	16.51	(2.88)	7.68	7.95
Operating charges	(1.24)	(1.35)	(0.83)	(0.40)
Return after operating charges*	15.27	(4.23)	6.85	7.55
Distributions	(5.94)	(4.66)	(1.89)	(0.46)
Retained distributions on accumulation shares	–	–	–	–
Closing net asset value per share	105.40	96.07	104.96	107.09
^ after direct transaction costs of:	0.13	0.34	0.28	1.04
Performance				
Return after operating charges*	15.89%	(4.03%)	6.85%	7.55%
Other information				
Closing net asset value (£'000's)	133	46	108	3
Closing number of shares	125,904	47,524	102,683	3,000
Operating charges**	1.23%	1.23%	1.26%	1.37%
Direct transaction costs***	0.13%	0.31%	0.28%	0.13%
Prices				
Highest share price	108.80	116.60	105.90	107.90
Lowest share price	91.72	93.89	93.29	100.00

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Performance Record (continued)

As at 28 February 2019

	Share Class S Accumulation			Share Class S Accumulation (hedged)		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	103.32	107.34	100.00	98.53	99.12	100.00
Return before operating charges**^	18.24	(3.42)	7.71	17.43	0.08	(0.53)
Operating charges	(0.58)	(0.60)	(0.37)	(0.66)	(0.67)	(0.35)
Return after operating charges*	17.66	(4.02)	7.34	16.77	(0.59)	(0.88)
Distributions	(6.54)	(4.87)	(1.91)	(6.17)	(4.54)	(1.68)
Retained distributions on accumulation shares	6.54	4.87	1.91	6.17	4.54	1.68
Closing net asset value per share	120.98	103.32	107.34	115.30	98.53	99.12
^ after direct transaction costs of:	0.14	0.35	0.29	0.13	0.33	0.26
Performance						
Return after operating charges*	17.09%	(3.75%)	7.34%	17.02%	(0.60%)	(0.88%)
Other information						
Closing net asset value (£'000's)	11,873	13,519	15,046	1,315	1,260	1,416
Closing number of shares	9,813,410	13,084,354	14,016,944	1,140,163	1,279,081	1,428,186
Operating charges**	0.53%	0.53%	0.54%	0.63%	0.63%	0.64%
Direct transaction costs***	0.13%	0.31%	0.28%	0.13%	0.31%	0.28%
Prices						
Highest share price	123.30	121.30	107.80	115.70	110.80	100.00
Lowest share price	98.70	99.99	93.99	96.02	95.41	88.11
	Share Class S Income			Share Class S Income (hedged)		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	97.08	105.30	100.00	93.04	97.76	100.00
Return before operating charges**^	16.74	(2.94)	7.55	16.01	0.34	(0.21)
Operating charges	(0.54)	(0.58)	(0.36)	(0.61)	(0.65)	(0.35)
Return after operating charges*	16.20	(3.52)	7.19	15.40	(0.31)	(0.56)
Distributions	(6.01)	(4.70)	(1.89)	(5.70)	(4.41)	(1.68)
Retained distributions on accumulation shares	–	–	–	–	–	–
Closing net asset value per share	107.27	97.08	105.30	102.74	93.04	97.76
^ after direct transaction costs of:	0.13	0.34	0.28	0.12	0.32	0.26
Performance						
Return after operating charges*	16.69%	(3.34%)	7.19%	16.55%	(0.31%)	(0.56%)
Other information						
Closing net asset value (£'000's)	70,962	69,948	84,550	57,332	65,873	64,686
Closing number of shares	66,154,894	72,052,639	80,291,922	55,801,522	70,799,691	66,166,501
Operating charges**	0.53%	0.53%	0.54%	0.63%	0.63%	0.64%
Direct transaction costs***	0.13%	0.31%	0.28%	0.13%	0.31%	0.28%
Prices						
Highest share price	110.70	117.40	106.40	104.40	108.10	100.20
Lowest share price	92.73	94.85	93.55	90.64	90.94	88.21

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Performance Record (continued)

As at 28 February 2019

	Share Class X Accumulation			Share Class X Accumulation (hedged)		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	102.64	107.08	100.00	98.87	99.87	100.00
Return before operating charges**	18.09	(3.39)	7.71	17.40	0.09	0.34
Operating charges	(1.02)	(1.05)	(0.63)	(1.07)	(1.09)	(0.47)
Return after operating charges*	17.07	(4.44)	7.08	16.33	(1.00)	(0.13)
Distributions	(6.49)	(4.82)	(1.90)	(6.18)	(4.58)	(1.29)
Retained distributions on accumulation shares	6.49	4.82	1.90	6.18	4.58	1.29
Closing net asset value per share	119.71	102.64	107.08	115.20	98.87	99.87
^ after direct transaction costs of:	0.14	0.35	0.29	0.13	0.33	0.22
Performance						
Return after operating charges*	16.63%	(4.15%)	7.08%	16.52%	(1.00%)	(0.13%)
Other information						
Closing net asset value (£'000's)	24,746	22,570	10,972	4,585	4,878	3,629
Closing number of shares	20,671,918	21,989,994	10,246,472	3,980,461	4,933,803	3,633,290
Operating charges**	0.93%	0.93%	0.93%	1.03%	1.03%	1.03%
Direct transaction costs***	0.13%	0.31%	0.28%	0.13%	0.31%	0.28%
Prices						
Highest share price	122.00	120.80	107.50	115.60	111.50	100.30
Lowest share price	98.04	99.36	93.89	96.30	95.75	89.06
	Share Class X Income			Share Class X Income (hedged)		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	96.42	105.01	100.00	93.68	98.85	100.00
Return before operating charges**	16.59	(2.93)	7.52	15.88	0.35	0.85
Operating charges	(0.94)	(0.99)	(0.62)	(0.99)	(1.06)	(0.50)
Return after operating charges*	15.65	(3.92)	6.90	14.89	(0.71)	0.35
Distributions	(5.96)	(4.67)	(1.89)	(5.72)	(4.46)	(1.50)
Retained distributions on accumulation shares	–	–	–	–	–	–
Closing net asset value per share	106.11	96.42	105.01	102.85	93.68	98.85
^ after direct transaction costs of:	0.13	0.33	0.28	0.12	0.32	0.23
Performance						
Return after operating charges*	16.23%	(3.73%)	6.90%	15.90%	(0.72%)	0.35%
Other information						
Closing net asset value (£'000's)	144,017	120,976	28,942	28,970	17,236	13,815
Closing number of shares	135,726,312	125,466,271	27,652,207	28,166,388	18,399,999	13,975,318
Operating charges**	0.93%	0.94%	0.93%	1.03%	1.03%	1.03%
Direct transaction costs***	0.13%	0.31%	0.28%	0.13%	0.31%	28.00%
Prices						
Highest share price	109.50	116.90	106.10	104.50	109.20	101.30
Lowest share price	92.08	94.22	93.40	91.23	91.58	89.57

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

¹ Launched on 16 February 2019.

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		40,684		(33,477)
Revenue	3	23,938		15,960	
Expenses	4	(3,211)		(2,810)	
Net revenue before taxation		20,727		13,150	
Taxation	5	(1,536)		(1,073)	
Net revenue after taxation			19,191		12,077
Total return before distributions			59,875		(21,400)
Distributions	6		(22,398)		(14,867)
Change in net assets attributable to shareholders from investment activities			37,477		(36,267)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		377,282		261,062
Amounts receivable on issue of shares	79,887		189,321	
Amounts payable on cancellation of shares	(102,794)		(41,521)	
		(22,907)		147,800
Change in net assets attributable to shareholders from investment activities		37,477		(36,267)
Retained distributions on accumulation shares		5,673		4,687
Closing net assets attributable to shareholders		397,525		377,282

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		386,945	372,417
Current assets:			
Debtors	7	6,189	3,165
Cash and bank balances	8	17,139	6,437
Total assets		410,273	382,019
Liabilities:			
Investment liabilities		(7)	(318)
Provisions for liabilities		(50)	(8)
Creditors			
Distribution payable		(3,746)	(2,618)
Other creditors	9	(8,945)	(1,793)
Total liabilities		(12,748)	(4,737)
Net assets attributable to shareholders		397,525	377,282

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital gains/(losses)

	2019 £'000	2018 £'000
The net capital gains/(losses) during the year were:		
Non-derivative securities	40,881	(35,959)
Derivative contracts	65	–
Forward currency contracts	(6)	9
Forward currency contracts on hedge share classes	352	2,832
Currency losses	(596)	(340)
Transaction charges	(12)	(19)
Net capital gains/(losses) on investments	40,684	(33,477)

3. Revenue

	2019 £'000	2018 £'000
Bank interest	4	4
Overseas dividends	20,345	14,157
UK dividends	3,568	1,799
Underwriting fee	21	–
Total revenue	23,938	15,960

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,507	2,148
General Administration Charge (GAC)*	604	555
	3,111	2,703
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	96	87
	96	87
Other expenses		
ADR fee	–	10
	–	10
Expenses	3,207	2,800
Overdraft interest	4	10
Total expenses	3,211	2,810

* Audit fees of £9,476 (2018: £9,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	1,494	1,115
Deferred tax	42	(42)
Total taxation for the year Note 5(b)	1,536	1,073

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	20,727	13,150
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	4,145	2,630
Effects of:		
Revenue not subject to corporation tax	(3,905)	(2,622)
Overseas tax	1,494	1,056
Double tax relief	(198)	9
Total tax charge for the year	1,536	1,073

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

	2019 £'000	2018 £'000
(c) Deferred tax		
Provision at start of the year	8	50
Deferred tax charge in the year	42	(42)
Provision at the end of the year	50	8

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Interim	17,273	11,893
Final	4,932	3,595
Add: Revenue deducted on cancellation of shares	840	214
Deduct: Revenue received on issue of shares	(647)	(835)
Net distribution for the year	22,398	14,867
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	19,191	12,077
Expenses charged to capital	3,207	2,790
Net distribution for the year	22,398	14,867

Details of the distributions per share are set out in the distribution tables on page 209 to 214.

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	1,255	999
Amounts receivable on issue of shares	859	1,825
Overseas withholding tax reclaimable	492	341
Sales awaiting settlement	3,583	–
Total debtors	6,189	3,165

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	17,139	6,437
Total cash and bank balances	17,139	6,437

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	420	188
Accrued Depositary fees	8	7
Accrued expenses	110	57
Amounts payable on cancellation of shares	869	636
Purchases awaiting settlement	7,538	905
Total other creditors	8,945	1,793

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 202 and notes 4, 7 and 9 on pages 203 to 205 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class A Accumulation (hedged)	1.00%
Class A Income	1.00%
Class A Income (hedged)	1.00%
Class S Accumulation	0.40%
Class S Accumulation (hedged)	0.40%
Class S Income	0.40%
Class S Income (hedged)	0.40%
Class X Accumulation	0.75%
Class X Accumulation (hedged)	0.75%
Class X Income	0.75%
Class X Income (hedged)	0.75%

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on pages 198 to 200. The distribution per share class is given in the distribution table on pages 209 to 214. All share classes have the same rights on winding up.

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Australian dollar	57,214	48,558
Brazilian real	13,951	44,672
Canadian dollar	53,077	46,239
Euro	31,861	105,160
Hong Kong dollar	15,668	10,656
Mexican peso	5,906	9,518
Sterling	155,150	46,019
Thailand baht	–	8,510
US dollar	64,698	57,950
Total	397,525	377,282

A 5% increase/decrease in the sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £11,513k decrease and £12,725k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the Fund seeks to obtain its return from investing in equities and has no material exposure to interest rate risk, the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	–	1,283	–	–	1,283
Total	–	1,283	–	–	1,283

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	–	(304)	–	–	(304)
Total	–	(304)	–	–	(304)

15. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	231,651	375,756	259,311	210,239
Trades in the year before transaction costs	231,651	375,756	259,311	210,239
Commissions				
Equities	118	466	(156)	(294)
Total commissions	118	466	(156)	(294)
Taxes				
Equities	178	305	(28)	(7)
Total taxes	178	305	(28)	(7)
Total costs	296	771	(184)	(301)
Total net trades in the year after transaction costs	231,947	376,527	259,127	209,938

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	0.05	0.12	(0.06)	(0.14)
Taxes				
Equities	0.08	0.08	(0.01)	–

Total transaction cost expressed as a percentage of average net assets

	2019 %	2018 %
Commissions	0.07	0.22
Taxes	0.06	0.09

The average portfolio dealing spread as at the year end was 0.20% (2018 : 0.23%).

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

16. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	59,671,309	6,309,977	(20,885,422)	–	45,095,864
Class A Accumulation (hedged)	–	3,000	–	–	3,000
Class A Income	47,524	78,430	(50)	–	125,904
Class A Income (hedged)	–	3,000	–	–	3,000
Class S Accumulation	13,084,354	1,424	(3,272,368)	–	9,813,410
Class S Accumulation (hedged)	1,279,081	–	(138,918)	–	1,140,163
Class S Income	72,052,639	7,925,434	(13,786,304)	(36,875)	66,154,894
Class S Income (hedged)	70,799,691	3,794,346	(18,792,515)	–	55,801,522
Class X Accumulation	21,989,994	5,061,611	(6,379,687)	–	20,671,918
Class X Accumulation (hedged)	4,933,803	1,059,710	(2,013,052)	–	3,980,461
Class X Income	125,466,271	32,596,439	(22,373,571)	37,173	135,726,312
Class X Income (hedged)	18,399,999	23,485,947	(13,719,558)	–	28,166,388

17. Fair value disclosure

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	385,655	–	372,403	–
Valuation techniques using observable market data ^{^^}	1,290	(7)	14	(318)
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	386,945	(7)	372,417	(318)

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Distribution Table

As at 28 February 2019

First Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 31 May 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.5657	–	1.5657	1.4150
Group 2	1.0459	0.5198	1.5657	1.4150

Class A Accumulation (hedged) Shares¹

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	n/a	–	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.4777	–	1.4777	1.3887
Group 2	0.9683	0.5094	1.4777	1.3887

Class A Income (hedged) Shares¹

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	n/a	–	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Class S Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.5840	–	1.5840	1.4224
Group 2	1.1494	0.4346	1.5840	1.4224

Class S Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.5204	–	1.5204	1.3429
Group 2	1.5204	–	1.5204	1.3429

Class S Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.4890	–	1.4890	1.3953
Group 2	1.1415	0.3475	1.4890	1.3953

Class S Income (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.4360	–	1.4360	1.3241
Group 2	0.9623	0.4737	1.4360	1.3241

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.5734	–	1.5734	1.4180
Group 2	1.1599	0.4135	1.5734	1.4180

Class X Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.5246	–	1.5246	1.3517
Group 2	1.0158	0.5088	1.5246	1.3517

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.4784	–	1.4784	1.3903
Group 2	0.9634	0.5150	1.4784	1.3903

Class X Income (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	1.4455	–	1.4455	1.3377
Group 2	1.1100	0.3355	1.4455	1.3377

Second Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 June 2018

Group 2 Final shares purchased on or after 1 June 2018 to 31 August 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.9381	–	1.9381	1.1469
Group 2	0.0518	1.8863	1.9381	1.1469

Class A Accumulation (hedged) Shares¹

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	n/a	–	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.7957	–	1.7957	1.1141
Group 2	0.3203	1.4754	1.7957	1.1141

Class A Income (hedged) Shares¹

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	n/a	–	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Class S Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.9644	–	1.9644	1.1795
Group 2	1.1480	0.8164	1.9644	1.1795

Class S Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.8582	–	1.8582	1.0814
Group 2	1.8582	–	1.8582	1.0814

Class S Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.8191	–	1.8191	1.1464
Group 2	0.3113	1.5078	1.8191	1.1464

Class S Income (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.7293	–	1.7293	1.0547
Group 2	0.8102	0.9191	1.7293	1.0547

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.9487	–	1.9487	1.1635
Group 2	0.8066	1.1421	1.9487	1.1635

Class X Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.8616	–	1.8616	1.0929
Group 2	0.7808	1.0808	1.8616	1.0929

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.8042	–	1.8042	1.1320
Group 2	0.7454	1.0588	1.8042	1.1320

Class X Income (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	1.7391	–	1.7391	1.0692
Group 2	0.5882	1.1509	1.7391	1.0692

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Third Interim Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 September 2018

Group 2 Final shares purchased on or after 1 September 2018 to 30 November 2018

Class A Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.4747	–	1.4747	1.2734
Group 2	1.1746	0.3001	1.4747	1.2734

Class A Accumulation (hedged) Shares¹

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	n/a	–	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Class A Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.3432	–	1.3432	1.2301
Group 2	0.7702	0.5730	1.3432	1.2301

Class A Income (hedged) Shares¹

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	n/a	–	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Class S Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.4979	–	1.4979	1.2846
Group 2	0.7442	0.7537	1.4979	1.2846

Class S Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.3993	–	1.3993	1.1946
Group 2	1.3993	–	1.3993	1.1946

Class S Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.3630	–	1.3630	1.2328
Group 2	0.6927	0.6703	1.3630	1.2328

Class S Income (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.2799	–	1.2799	1.1513
Group 2	0.6898	0.5901	1.2799	1.1513

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Class X Accumulation Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.4843	–	1.4843	1.2784
Group 2	0.9207	0.5636	1.4843	1.2784

Class X Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.4004	–	1.4004	1.1998
Group 2	0.9429	0.4575	1.4004	1.1998

Class X Income Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.3505	–	1.3505	1.2233
Group 2	0.7844	0.5661	1.3505	1.2233

Class X Income (hedged) Shares

	Net Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	1.2846	–	1.2846	1.1602
Group 2	0.8556	0.4290	1.2846	1.1602

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 December 2018

Group 2 Final shares purchased on or after 1 December 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.4694	–	1.4694	0.9715
Group 2	0.2867	1.1827	1.4694	0.9715

Class A Accumulation (hedged) Shares¹

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.4586	–	0.4586	n/a
Group 2	0.4586	–	0.4586	n/a

Class A Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.3205	–	1.3205	0.9227
Group 2	0.2101	1.1104	1.3205	0.9227

Class A Income (hedged) Shares¹

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.4586	–	0.4586	n/a
Group 2	0.4586	–	0.4586	n/a

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Class S Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.4945	–	1.4945	0.9806
Group 2	0.3935	1.1010	1.4945	0.9806

Class S Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.3886	–	1.3886	0.9209
Group 2	1.3886	–	1.3886	0.9209

Class S Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.3423	–	1.3423	0.9251
Group 2	0.1544	1.1879	1.3423	0.9251

Class S Income (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.2533	–	1.2533	0.8828
Group 2	0.4683	0.7850	1.2533	0.8828

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.4798	–	1.4798	0.9598
Group 2	0.1310	1.3488	1.4798	0.9598

Class X Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.3885	–	1.3885	0.9310
Group 2	0.2729	1.1156	1.3885	0.9310

Class X Income Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.3287	–	1.3287	0.9261
Group 2	0.4047	0.9240	1.3287	0.9261

Class X Income (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	1.2557	–	1.2557	0.8912
Group 2	0.3841	0.8716	1.2557	0.8912

¹ Launched on 16 February 2019.

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Royce US Smaller Companies Fund

General Information

Investment	
Manager	Royce & Associates, LP
Fund Size	£191.3m
Sector	North American Smaller Companies
Fund Launch	29 March 2004

Investment Objective and Policy

The objective of this Fund is to achieve capital growth, principally through investment in securities of smaller US companies. The Fund seeks to achieve its objective by investing at least 80% of its net asset value in the securities of US smaller companies, measured at the time of investment, with emphasis placed on finding companies that possess excellent business strengths and/or prospects, high internal rates of return and low leverage, and whose securities are trading significantly below the investment manager's estimate of their current worth. 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: collective investment schemes (up to a maximum of 10% of the net asset value of the Fund) and convertible

securities of companies with market capitalisations above US\$ 5 billion.

Legg Mason IF Royce US Smaller Companies Fund

The Legg Mason IF Royce US Smaller Companies Fund trailed its small-cap benchmark over the period, increasing 5.82% in sterling terms over the period under review while its index, the Russell 2000 Index, increased in sterling terms by 9.37%.

Q. What were the leading contributors to performance during the reporting period?

A. For the one-year ended 28/2/19, the Fund received positive contributions from seven of its 10 equity sectors, with the largest coming from Consumer Discretionary, Consumer Staples, and Information Technology, followed by Real Estate, Health Care, Energy, and Communication Services. Relative to the Russell 2000 Index, the portfolio benefited most from successful stock selection in Energy, Consumer Staples, and Health Care. In Energy, the top contributor was Norway's TGS-NOPEC Geophysical Company ASA, which furnishes seismic data for energy businesses. In Consumer Staples, Inter Parfums drove results in the personal products industry while Lancaster Colony was a standout in the same sector's food products group.

Q. What were the leading detractors from performance during the reporting period?

A. Three sectors detracted from performance, with the most significant negative impact by far coming from Industrials, which was followed by Materials and Financials. Relative to the small-cap Russell 2000 Index, the Fund was hurt most by ineffective stock selection and its overweight in Industrials. Within the sector, the machinery group was both the biggest detractor and our heaviest weighting in Industrials at year-end. Fourth-quarter difficulties for CIRCOR International, which makes valves for fluid control systems, had a sizable negative impact on performance. Its shares fell precipitously in the fourth quarter amid concerns that slowing global growth, U.S.-China trade tensions, and the significant drop in oil prices – energy companies being among its larger end markets – would put a damper on CIRCOR's positive order trends, pushing out a long-awaited improvement in profit margins and free cash flow earmarked for debt reduction. Also hurting relative performance were poor stock picks in two industries in Information Technology – software and semiconductors & semiconductor capital equipment.

Q. Were there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. There were no significant changes to the portfolio at the end of the period. At the end of March, the Fund's largest weightings, as well as its largest overweights versus the Russell 2000 Index, were Industrials and Information Technology.

Many companies in the industrial and technology areas were especially hard hit in the downturn, which resulted in certain highly profitable cyclical holdings performing better as companies in 2018 than they did as stocks. The potential of these companies to execute effectively in a slower but still growing U.S. economy, as well as the attractive valuations of these companies (even on a normalized earnings basis) failed to draw attention until the market began to rally late in December. Investors' shorter-term focus initially seemed to give little credit to what we think are the true drivers of these companies' long-run market worth – their ability to grow and compound value at above-average returns into the future. In 2018 investors were more concerned with falling energy prices, inflation driven margin compression, and recession anxieties.

While we acknowledge that many potential sources of risk remain visible – economic, geopolitical, and financial – we also think that these concerns were reflected, perhaps even excessively so, in valuations at the end of 2018, which made the rally that much more welcome. In relatively short order, we transitioned from a period this summer when small-cap's extended valuations seemed out of sync given the index's high levels of debt and low profitability, to one at the end of the year where valuations seemed more pessimistic than we thought was warranted – at least in select instances – to one where valuations look more reasonable.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
Advanced Energy Industries	6,961	Fabrinet	7,469
Meritor	6,000	Marcus & Millichap	5,983
Kennedy-Wilson	4,639	RLI	5,376
MKS Instruments	4,611	Cohu	4,494
CIRCOR International	3,721	Celestica	4,241
John Bean Technologies	3,489	Caleres	4,188
Nlight	3,412	Bio-Techne	4,160
Arcosa	3,101	TGS Nopec Geophysical	3,841
Gibraltar Industries	2,932	CIRCOR International	3,785
LCI Industries	2,891	Genworth MI Canada	3,568
Sterling Construction	2,648	Greenbrier	3,493
ProAssurance	2,635	i2 Global	3,491
Sun Hydraulics	2,560	Cal-Maine Foods	3,487
Methode Electronics	2,501	Minerals Technologies	3,337
UniFirst	2,445	Kulicke & Soffa Industries	3,057
Stella-Jones	2,442	Sun Hydraulics	3,054
i2 Global	2,300	Pason Systems	2,947
Landstar System	2,214	Landstar System	2,903
Kimball Electronics	2,166	Inter Parfums	2,866
Minerals Technologies	2,145	Lancaster Colony	2,828
Other purchases	75,979	Other sales	90,045
Total purchases for the year	141,792	Total sales for the year	168,613

Legg Mason IF Royce US Smaller Companies Fund (continued)

Risk and Reward Profile – Classes A Acc (hedged)



Risk and Reward Profile – Classes A Acc, X Acc & X Acc (hedged)



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because investments in shares of US companies from various sectors have historically been subject to relatively large fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Investment in company shares: The Fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

Geographical focus: This Fund invests primarily in the United States, which means that it is more sensitive to local economic, market, political or regulatory events in the United States, and will be more affected by these events than other Funds that invest in a broader range of regions.

Investment in smaller company shares: The Fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the Fund may not be able to minimise a loss on such shares.

Fund currency: Changes in exchange rates between the currencies of investments held by the Fund and the Fund's base currency may negatively affect the value of an investment and any income received from it.

Hedged class currency: The value of your investment may fall due to changes in the exchange rates between the currencies that are significant to the Fund's investment strategy and the currency of your share class, pound sterling. The Fund manager will try to protect the value of your investment against such changes, but it may not succeed.

Derivatives: The use of derivatives can result in greater fluctuations of the share classes value and may cause the share class to lose as much as or more than the amount invested in the derivatives.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Royce US Smaller Companies Fund (continued)

Performance Record

As at 28 February 2019

Change in net assets per Share	Share Class A Accumulation			Share Class A Accumulation (hedged)		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	351.02	359.38	247.81	159.61	149.73	108.87
Return before operating charges**	24.23	(4.02)	115.39	1.94	11.93	42.60
Operating charges	(4.63)	(4.34)	(3.82)	(2.14)	(2.05)	(1.74)
Return after operating charges*	19.60	(8.36)	111.57	(0.20)	9.88	40.86
Distributions	(0.02)	(0.14)	(0.93)	–	–	–
Retained distributions on accumulation shares	0.02	0.14	0.93	–	–	–
Closing net asset value per share	370.62	351.02	359.38	159.41	159.61	149.73
^ after direct transaction costs of:	0.54	0.48	0.45	0.23	0.21	0.18
Performance						
Return after operating charges*	5.58%	(2.33)%	45.02%	(0.13)%	6.60%	37.53%
Other information						
Closing net asset value (£'000's)	45,448	49,390	63,198	49	43	37
Closing number of shares	12,262,800	14,070,473	17,585,388	30,684	27,032	24,590
Operating charges**	1.24%	1.24%	1.28%	1.34%	1.34%	1.43%
Direct transaction costs***	0.14%	0.14%	0.15%	0.14%	0.14%	0.15%
Prices						
Highest share price	418.00	369.40	363.90	175.60	168.00	150.40
Lowest share price	322.60	329.00	244.70	132.70	140.60	109.40
Change in net assets per Share	Share Class X Accumulation			Share Class X Accumulation (hedged)		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	183.70	187.60	128.98	140.27	131.53	102.40
Return before operating charges**	12.68	(2.09)	60.16	1.78	10.21	30.43
Operating charges	(1.94)	(1.81)	(1.54)	(1.55)	(1.47)	(1.30)
Return after operating charges*	10.74	(3.90)	58.62	0.23	8.74	29.13
Distributions	(0.51)	(0.54)	(0.94)	(0.21)	(0.27)	(0.56)
Retained distributions on accumulation shares	0.51	0.54	0.94	0.21	0.27	0.56
Closing net asset value per share	194.44	183.70	187.60	140.50	140.27	131.53
^ after direct transaction costs of:	0.28	0.25	0.24	0.21	0.18	0.18
Performance						
Return after operating charges*	5.85%	(2.08)%	45.45%	0.16%	6.64%	28.45%
Other information						
Closing net asset value (£'000's)	145,427	160,928	169,318	348	597	425
Closing number of shares	74,791,319	87,604,258	90,254,153	247,657	425,553	323,396
Operating charges**	0.99%	0.99%	0.99%	1.09%	1.09%	1.09%
Direct transaction costs***	0.14%	0.14%	0.15%	0.14%	0.14%	0.15%
Prices						
Highest share price	219.00	193.30	189.90	154.80	147.70	132.70
Lowest share price	169.20	171.80	127.50	116.90	123.60	102.90

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

Legg Mason IF Royce US Smaller Companies Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		10,969		(6,029)
Revenue	3	2,875		3,165	
Expenses	4	(2,132)		(2,280)	
Net revenue before taxation		743		885	
Taxation	5	(341)		(387)	
Net revenue after taxation			402		498
Total return before distributions			11,371		(5,531)
Distributions	6		(405)		(502)
Change in net assets attributable to shareholders from investment activities			10,966		(6,033)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		210,958		235,942
Amounts receivable on issue of shares	13,606		19,981	
Amounts payable on cancellation of shares	(44,644)		(39,429)	
		(31,038)		(19,448)
Change in net assets attributable to shareholders from investment activities		10,966		(6,033)
Retained distributions on accumulation shares		386		497
Closing net assets attributable to shareholders		191,272		210,958

Legg Mason IF Royce US Smaller Companies Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		180,241	196,405
Current assets:			
Debtors	7	613	1,319
Cash and bank balances	8	13,575	14,429
Total assets		<u>194,429</u>	<u>212,153</u>
Liabilities:			
Investment liabilities		–	(6)
Creditors			
Other creditors	9	(3,157)	(1,189)
Total liabilities		<u>(3,157)</u>	<u>(1,195)</u>
Net assets attributable to shareholders		<u>191,272</u>	<u>210,958</u>

Legg Mason IF Royce US Smaller Companies Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital gains/(losses)

	2019 £'000	2018 £'000
The net capital gains/(losses) during the year were:		
Non-derivative securities	10,890	(5,947)
Forward currency contracts	–	4
Forward currency contracts on hedge share classes	(39)	49
Currency losses	(16)	(121)
Transaction charges	(33)	(30)
ACD's reimbursement of research costs	167	16
Net capital gains/(losses) on investments	10,969	(6,029)

3. Revenue

	2019 £'000	2018 £'000
Bank interest	6	2
Overseas dividends	2,869	3,163
Total revenue	2,875	3,165

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,666	1,770
General Administration Charge (GAC)*	412	434
	2,078	2,204
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	52	55
	52	55
Other expenses		
ADR fee	2	2
	2	2
Expenses	2,132	2,261
Overdraft interest	–	19
Total expenses	2,132	2,280

* Audit fees of £8,961 (2018: £8,700) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

Legg Mason IF Royce US Smaller Companies Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	341	387
Total taxation for the year Note 5(b)	341	387

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	743	885
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	149	177
Effects of:		
Revenue not subject to corporation tax	(541)	(587)
Movement in excess management expenses	393	412
Overseas tax	341	387
Tax expensed	(1)	(2)
Total tax charge for the year	341	387

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £4,337,475 (2018: £3,944,529) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Final	386	497
Add: Revenue deducted on cancellation of shares	30	24
Deduct: Revenue received on issue of shares	(11)	(19)
Net distribution for the year	405	502
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	402	498
Equalisation on conversion of shares	3	4
Net distribution for the year	405	502

Details of the distributions per share are set out in the distribution tables on page 226 to 226.

Legg Mason IF Royce US Smaller Companies Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	193	177
Amounts receivable on issue of shares	135	564
Overseas withholding tax reclaimable	26	28
Sales awaiting settlement	259	550
Total debtors	613	1,319

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	13,575	14,429
Total cash and bank balances	13,575	14,429

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	244	131
Accrued Depositary fees	4	4
Accrued expenses	78	46
Amounts payable on cancellation of shares	365	72
Purchases awaiting settlement	2,466	936
Total other creditors	3,157	1,189

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 219 and notes 4, 7 and 9 on pages 220 to 222 including all creations and cancellations where the ACD acted as a principal.

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Accumulation	1.00%
Class A Accumulation (hedged)	1.00%
Class X Accumulation	0.75%
Class X Accumulation (hedged)	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 217. The distribution per share class is given in the distribution table on page 226. All share classes have the same rights on winding up.

Legg Mason IF Royce US Smaller Companies Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Canadian dollar	9,834	12,179
Danish krone	378	1,573
Norwegian krone	2,047	4,054
Sterling	13,180	15,184
US dollar	162,895	177,968
Total	188,334	210,958

A 5% increase/decrease in the Pound sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £8,459k decrease and £9,350k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

As the Fund seeks to obtain its return from investing in equities and has no material exposure to interest rate risk, the risk is not actively managed. A 1% movement in interest rates would not have a significant impact on the Fund.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Fair value of financial assets and financial liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Fund disclosed in the Balance Sheet.

14. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	—	6	—	—	6
Total	—	6	—	—	6

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
State Street	—	(6)	—	—	(6)
Total	—	(6)	—	—	(6)

Legg Mason IF Royce US Smaller Companies Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

15. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Equities	141,654	138,593	168,773	151,292
Trades in the year before transaction costs	141,654	138,593	168,773	151,292
Commissions				
Equities	137	163	(158)	(130)
Total commissions	137	163	(158)	(130)
Taxes				
Equities	–	–	(2)	(3)
Total taxes	–	–	(2)	(3)
Total costs	137	163	(160)	(133)
Total net trades in the year after transaction costs	141,791	138,756	168,613	151,159

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Equities	0.10	0.12	(0.09)	(0.09)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.14	0.14
Taxes	–	–

The average portfolio dealing spread as at the year end was 0.07% (2018 : 0.14%).

16. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Accumulation	14,070,473	569,035	(1,574,946)	(801,762)	12,262,800
Class A Accumulation (hedged)	27,032	12,553	(8,901)	–	30,684
Class X Accumulation	87,604,258	5,598,354	(19,940,627)	1,529,334	74,791,319
Class X Accumulation (hedged)	425,553	101,518	(279,414)	–	247,657

Legg Mason IF Royce US Smaller Companies Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

17. Fair value disclosure

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	180,235	–	196,405	–
Valuation techniques using observable market data ^{^^}	6	–	–	(6)
Valuation techniques using non-observable market data ^{^^^}	–	–	–	–
Total	180,241	–	196,405	(6)

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Royce US Smaller Companies Fund (continued)

Distribution Table

As at 28 February 2019

Final Dividend Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 28 February 2019

Class A Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.0207	–	0.0207	0.1365
Group 2	0.0169	0.0038	0.0207	0.1365

Class A Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	–	–	–	–
Group 2	–	–	–	–

Class X Accumulation Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.5119	–	0.5119	0.5441
Group 2	0.3308	0.1811	0.5119	0.5441

Class X Accumulation (hedged) Shares

	Net Income	Equalisation	Distribution payable 30.04.19	Distribution paid 30.04.18
Group 1	0.2135	–	0.2135	0.2729
Group 2	0.1656	0.0479	0.2135	0.2729

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund

General Information

Investment Manager	Western Asset Management Company Limited
Fund Size	£310.0m
Sector	Global Bond
Fund Launch	23 May 2008

Investment Objective and Policy

The objective of the Fund is to maximise total return through income and capital appreciation by diversifying across a range of fixed income securities, sectors and currencies. The Fund seeks to achieve its objective by investing globally, principally 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.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund

The Legg Mason IF Western Asset Global Multi Strategy Bond Fund decreased 0.39% in sterling terms over the period under review, while the IA Global Bond sector recorded an increase in sterling terms of 1.23%.

Q. What were the leading contributors to performance during the reporting period?

A. The allocations to high-yield corporate bonds and bank loans were also beneficial for performance. A bias to longer dated U.S. dollar issues was also additive for results.

Q. What were the leading detractors from performance during the reporting period?

A. The Fund's allocation to emerging market bonds was the largest detractor from performance. This weakness was driven by a combination of U.S. dollar strength as the U.S. Federal Reserve Board continued to normalize monetary policy and negative idiosyncratic developments in Turkey or Argentina that fed through the broader universe.

Q. Were there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. Key position changes during the reporting period were reductions to bank loans allocation and profit taking in local Poland and Brazil on strength. The Fund's short position in a low-yielding Asian currency basket positioning was maintained as a hedge against slower global growth. The portfolio selectively participated in new credit issues. Towards the end of the period, European high-yield bond and European subordinated financials positions were added on weakness. Throughout the period, the Fund had a preference for U.S. government duration versus European duration.

At the end of the reporting period, the portfolio, the Fund had significant exposures to high-yield corporate bonds, as well to emerging market bonds and currencies. The Fund's average credit quality is BBB-. Looking ahead, the manager's focus remains on longer term global economic and company fundamentals. The manager will also diversify the assets held in the portfolio in order to help spread risks.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
United States Treasury Note 2.875% 31/10/2023	12,252	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2021	18,324
RETL 2018-RVP 8.48875% 15/03/2033	5,045	United States Treasury Note 1.875% 31/01/2022	15,383
Republic of South Africa Government Bond 6.5% 28/02/2041	4,425	United States Treasury Note 2% 31/10/2022	13,916
RETL 2018-RVP 6.56269% 15/03/2033	3,443	Mexican Bonos 6.5% 09/06/2022	5,089
Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2021	2,625	Brazil Notas do Tesouro Nacional Serie B 6% 15/08/2050	4,828
CVS Health 4.1% 25/03/2025	2,529	Poland Government Bond 2.5% 25/07/2026	4,626
Wachovia Bank Commercial Mortgage Trust	2,152	United States Treasury Note 3.125% 15/02/2043	3,769
Credit Suisse Commercial Mortgage Trust	1,820	Legg Mason Western Asset Euro High Yield	3,754
DAE Funding 5.75% 15/11/2023	1,494	Colombia Government International Bond 5.625% 26/02/2044	3,564
KazMunayGas National 5.375% 24/04/2030	1,462	Citigroup 6.3% Perpetual	3,422
Argentina Bonar Bonds 43.219096% 03/04/2022	1,444	RETL 2018-RVP 6.56269% 15/03/2033	3,170
SLM Student Loan Trust	1,410	Petrobras Global Finance 6.75% 27/01/2041	2,973
Republic of South Africa Government International Bond 5.875% Global 22/06/2030	1,396	Majapahit 7.75% 20/01/2020	2,934
JP Morgan Chase Commercial Mortgage Securities Trust 2018-PHMZ 10.6964% 15/06/2035	1,382	Barrick North America Finance 5.75% 01/05/2043	2,890
Unibail-Rodamco 2.125% Perpetual	1,297	Petrobras Global Finance 6.25% 17/03/2024	2,821
DP World 5.625% 25/09/2048	1,280	Legg Mason Western Asset US High Yield	2,693
Bausch Health 6.125% 15/04/2025	1,280	Mirant Mid Atlantic Pass Through 10.06% 30/12/2028	2,231
HCA 5.625% 01/09/2028	1,229	United States Treasury Note 1.625% 15/05/2026	2,145
Europcar Mobility 5.75% 15/06/2022	1,196	Energy Future Intermediate HI 1% 30/06/2018	2,127
Koninklijke 7% 28/03/2073	1,196	Ecuador Government International Bond 9.65% 13/12/2026	2,110
Other purchases	43,426	Other sales	132,882
Total purchases for the year	93,783	Total sales for the year	235,651

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because investments in a diversified portfolio of bonds from various countries and sectors have historically been subject to relatively small fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Bonds: There is a risk that issuers of bonds held by the Fund may not be able to repay the investment or pay the interest due on it, leading to losses for the Fund. Bond values are affected by the market's view of the above risk, and by changes in interest rates and inflation.

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Emerging markets investment: The Fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

Asset-backed securities: The timing and size of the cash-flow from asset-backed securities is not fully assured and could result in loss for the Fund. These types of investments may also be difficult for the Fund to sell quickly.

Derivatives: The use of derivatives can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested.

Hedging: The Fund may use derivatives to reduce the risk of movements in exchange rates between the currency of the investments held by the Fund and base currency of the Fund itself (hedging). However, hedging transactions can also expose the Fund to additional risks, such as the risk that the counterparty to the transaction may not be able to make its payments, which may result in loss to the Fund.

Interest rates: Changes in interest rates may negatively affect the value of the Fund. Typically as interest rates rise, bond values fall.

Fund counterparties: The Fund may suffer losses if the parties that it trades with cannot meet their financial obligations.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries.

Annual management charge from capital: The Fund's annual management charge is taken from its capital (rather than income). This may adversely affect the Fund's overall growth.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Performance Record

As at 28 February 2019

Change in net assets per Share	Share Class A Income			Share Class I Accumulation		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Opening net asset value per share	90.43	93.15	84.15	132.93	129.56	110.10
Return before operating charges**^	0.31	2.96	15.14	0.50	4.11	20.15
Operating charges	(0.85)	(0.92)	(0.94)	(0.73)	(0.74)	(0.69)
Return after operating charges*	(0.54)	2.04	14.20	(0.23)	3.37	19.46
Distributions	(5.25)	(4.76)	(5.20)	(7.97)	(6.82)	(7.04)
Retained distributions on accumulation shares	–	–	–	7.97	6.82	7.04
Closing net asset value per share	84.64	90.43	93.15	132.70	132.93	129.56
^ after direct transaction costs of:	0.00	0.01	0.01	0.01	0.01	0.02
Performance						
Return after operating charges*	(0.60)%	2.19%	16.87%	(0.17)%	2.60%	17.67%
Other information						
Closing net asset value (£'000's)	1,322	1,405	1,909	70,932	71,911	97,012
Closing number of shares	1,561,457	1,554,007	2,049,824	53,451,806	54,098,381	74,879,243
Operating charges**	0.98%	0.98%	1.02%	0.56%	0.56%	0.56%
Direct transaction costs***	0.00%	0.01%	0.01%	0.00%	0.01%	0.01%
Prices						
Highest share price	90.55	94.44	94.36	133.20	135.00	129.70
Lowest share price	82.57	90.56	84.91	127.50	128.50	111.10
Change in net assets per Share	Share Class I Income			Share Class X Accumulation ¹		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)		
Opening net asset value per share	115.41	118.41	106.60	100.00		
Return before operating charges**^	0.31	3.77	19.09	3.03		
Operating charges	(0.62)	(0.67)	(0.65)	(0.35)		
Return after operating charges*	(0.31)	3.10	18.44	2.68		
Distributions	(6.73)	(6.10)	(6.63)	(2.91)		
Retained distributions on accumulation shares	–	–	–	2.91		
Closing net asset value per share	108.37	115.41	118.41	102.68		
^ after direct transaction costs of:	0.01	0.01	0.01	0.00		
Performance						
Return after operating charges*	(0.27)%	2.62%	17.30%	2.68%		
Other information						
Closing net asset value (£'000's)	201,383	331,088	407,868	16		
Closing number of shares	185,820,669	286,885,952	344,457,044	15,804		
Operating charges**	0.56%	0.56%	0.56%	0.76%		
Direct transaction costs***	0.00%	0.01%	0.01%	0.00%		
Prices						
Highest share price	115.60	120.30	119.80	103.20		
Lowest share price	105.70	115.60	107.50	98.78		

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Performance Record (continued)

As at 28 February 2019

	Share Class X Income		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share			
Opening net asset value per share	89.75	92.30	83.26
Return before operating charges*^	0.25	2.93	14.92
Operating charges	(0.69)	(0.74)	(0.73)
Return after operating charges*	(0.44)	2.19	14.19
Distributions	(5.21)	(4.74)	(5.15)
Retained distributions on accumulation shares	–	–	–
Closing net asset value per share	84.10	89.75	92.30
^ after direct transaction costs of:	0.00	0.01	0.01
Performance			
Return after operating charges*	(0.49)%	2.37%	17.05%
Other information			
Closing net asset value (£'000's)	36,338	53,693	31,341
Closing number of shares	43,208,570	59,822,695	33,955,289
Operating charges**	0.80%	0.81%	0.80%
Direct transaction costs***	0.00%	0.01%	0.01%
Prices			
Highest share price	89.88	93.65	93.44
Lowest share price	82.02	89.87	84.01

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

¹ Launched on 12 September 2018.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(23,503)		(10,173)
Revenue	3	23,107		25,270	
Expenses	4	(2,173)		(2,769)	
Net revenue before taxation		20,934		22,501	
Taxation	5	(127)		(97)	
Net revenue after taxation			20,807		22,404
Total return before distributions			(2,696)		12,231
Distributions	6		(22,391)		(24,406)
Change in net assets attributable to shareholders from investment activities			(25,087)		(12,175)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		458,097		538,470
Amounts receivable on issue of shares	34,515		94,498	
Amounts payable on cancellation of shares	(161,864)		(166,237)	
		(127,349)		(71,739)
Change in net assets attributable to shareholders from investment activities		(25,087)		(12,175)
Retained distributions on accumulation shares		4,330		3,541
Closing net assets attributable to shareholders		309,991		458,097

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		294,218	442,576
Current assets:			
Debtors	7	6,684	6,126
Cash and bank balances	8	13,384	27,333
Total assets		314,286	476,035
Liabilities:			
Investment liabilities		(2,617)	(11,495)
Creditors			
Distribution payable		(1,065)	(1,626)
Other creditors	9	(613)	(4,817)
Total liabilities		(4,295)	(17,938)
Net assets attributable to shareholders		309,991	458,097

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital losses

	2019 £'000	2018 £'000
The net capital losses during the year were:		
Non-derivative securities	(2,676)	(42,869)
Derivative contracts	(2,725)	(514)
Forward currency contracts	(15,333)	37,933
Currency losses	(2,751)	(4,891)
Transaction charges	(18)	(23)
Return of benefit payments	–	191
Net capital losses on investments	(23,503)	(10,173)

3. Revenue

	2019 £'000	2018 £'000
Bank interest	24	15
Income received on derivatives	525	(162)
Interest on debt securities	20,630	23,190
Offshore funds dividends	1,919	2,227
Overseas dividends	9	—
Total revenue	23,107	25,270

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,584	2,002
General Administration Charge (GAC)*	489	627
	2,073	2,629
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	93	120
	93	120
Expenses	2,166	2,749
Overdraft interest	7	20
Total expenses	2,173	2,769

* Audit fees of £13,081 (2018: £12,700) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	127	97
Total taxation for the year Note 5(b)	127	97

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	20,934	22,501
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	4,187	4,500
Effects of:		
Revenue not subject to corporation tax	(2)	–
Overseas tax	127	97
Tax deductible interest distributions	(4,185)	(4,500)
Total tax charge for the year	127	97

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Interim	20,777	22,216
Final	1,380	1,928
Add: Revenue deducted on cancellation of shares	335	431
Deduct: Revenue received on issue of shares	(101)	(169)
Net distribution for the year	22,391	24,406
Reconciliation of net revenue after taxation to distributions for the year		
Net revenue after taxation	20,807	22,404
Expenses charged to capital	1,584	2,002
Net distribution for the year	22,391	24,406

Details of the distributions per share are set out in the distribution tables on page 242 to 253.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	3,465	4,705
Amounts receivable on issue of shares	772	1,384
Sales awaiting settlement	2,447	37
Total debtors	6,684	6,126

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	9,809	24,478
Amount held at futures clearing houses and brokers	3,575	2,855
Total cash and bank balances	13,384	27,333

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	221	151
Accrued Depositary fees	6	9
Accrued expenses	77	57
Amounts payable on cancellation of shares	115	123
Credit default swap premium payable	174	203
Purchases awaiting settlement	20	4,274
Total other creditors	613	4,817

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 232 and notes 4, 7 and 9 on pages 233 to 235 including all creations and cancellations where the ACD acted as a principal.

In addition, assets managed by the ACD and held as at the Balance Sheet date are detailed below:

	2019 £'000	2018 £'000
Legg Mason Western Asset Emerging Markets Corporate Bond	4,784	5,155
Legg Mason Western Asset Euro High Yield	14,528	18,509
Legg Mason Western Asset US High Yield	10,694	12,268
	30,006	35,932

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

11. Related party transactions (continued)

The value of transactions during the year were:

	2019 £'000	2018 £'000
Legg Mason Western Asset Emerging Markets Corporate Bond	(424)	247
Legg Mason Western Asset Euro High Yield	(3,754)	(4,619)
Legg Mason Western Asset US High Yield	(1,902)	(6,166)
	(6,080)	(10,538)

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Income	0.80%
Class I Accumulation	0.40%
Class I Income	0.40%
Class X Accumulation	0.625%
Class X Income	0.625%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on pages 229 to 230. The distribution per share class is given in the distribution table on pages 242 to 253. All share classes have the same rights on winding up.

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

During the year the Investment Manager used derivative instruments to hedge the value of the investment portfolio. Currency forwards were used to hedge the exchange risk associated with the holdings of foreign currency fixed interest bonds/securities during and at the end of the year. At the end of the year, currency forwards were open to hedge the exchange rate risk associated with the holdings of foreign currency fixed interest bonds/securities in the portfolio.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Argentine peso	5,078	7,873
Australian dollar	117	21
Brazilian real	5,476	9,412
Canadian Dollar	3	3
Colombian peso	48	48
Euro	646	1,357
Indian rupee	4,296	8,989
Indonesian rupiah	6,975	6,891
Japanese yen	–	(1,620)
Mexican peso	6,640	11,582
Philippine peso	(1,988)	–
Polish zloty	(301)	4,667
Russian ruble	7,694	12,816
Singapore dollar	(4,389)	(6,267)
South African rand	3,066	–
South Korean won	(2,453)	(9,039)
Sterling	276,767	411,538
Turkish lira	1,385	4,024
US dollar	931	(4,198)
Total	309,991	458,097

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(a) Currency exposure (continued)

A 5% increase/decrease in the sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £1,578k decrease and £1,744k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

2019

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Argentine peso	3,226	1,852	–	5,078
Australian dollar	117	–	–	117
Brazilian real	16	4,707	–	4,723
Canadian Dollar	3	–	–	3
Colombian peso	10	38	–	48
Euro	3,333	13,022	15,322	31,677
Indonesian rupiah	382	4,152	48	4,582
Mexican peso	870	15,319	240	16,429
Polish zloty	–	–	9	9
Russian ruble	893	11,541	–	12,434
Singapore dollar	–	–	80	80
South African rand	172	3,865	61	4,098
Sterling	4,195	7,399	13,381	24,975
Turkish lira	603	2,338	50	2,991
US dollar	16,573	167,210	23,259	207,042
Total	30,393	231,443	52,450	314,286

2018

Currency

Argentine peso	580	7,293	–	7,873
Australian dollar	1,250	–	–	1,250
Brazilian real	131	26,089	–	26,220
Canadian dollar	3	–	–	3
Colombian peso	8	40	–	48
Euro	2,434	5,481	18,808	26,723
Indonesian rupiah	139	4,368	–	4,507
Japanese yen	–	–	771	771
Mexican peso	696	20,884	–	21,580
Polish zloty	–	4,682	–	4,682
Russian ruble	109	13,871	–	13,980
Sterling	19,742	7,800	19,542	47,084
Turkish lira	405	3,618	–	4,023
US dollar	22,747	276,387	18,157	317,291
Total	48,244	370,513	57,278	476,035

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(b) Interest rate risk profile of financial assets and liabilities (continued)

2019

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Brazilian real	10	–	10
Euro	1,411	98	1,509
Indian rupee	20	–	20
Sterling	–	1,483	1,483
US dollar	1,177	96	1,273
Total	2,618	1,677	4,295

2018

Currency

Australian dollar	–	6	6
Euro	–	1,155	1,155
Indian rupee	–	97	97
Indonesian rupiah	–	15	15
Japanese yen	–	1,110	1,110
Mexican peso	–	84	84
Singapore dollar	–	128	128
Sterling	–	1,966	1,966
US dollar	–	13,377	13,377
Total	–	17,938	17,938

An increase/decrease of 1% in redemption yields is likely to result in a decrease of 3.25% and increase of 5.23% respectively in the portfolio valuation.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Market price risk and fair value of financial assets and financial liabilities

The Fund invests principally in fixed rate securities. The change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Investment Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. Changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In addition, the management of the Fund complies with COLL, which includes rules limiting the size of investment in any particular holding. There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

14. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
Bank Of America	–	124	–	–	124
BNP Paribas	–	354	–	–	354
Citibank	–	1,020	–	–	1,020
Goldman Sachs	–	656	–	–	656
HSBC	–	165	–	–	165
JPMorgan Chase	–	917	–	–	917
Merrill Lynch	(1,418)	–	(608)	3,575	1,549
Morgan Stanley	–	489	–	–	489
Royal Bank Of Canada	–	455	–	–	455
Societe Generale	–	350	–	–	350
UBS	–	870	–	–	870
Total	(1,418)	5,400	(608)	3,575	6,949

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
Bank Of America	–	(503)	–	–	(503)
Barclays	(997)	–	–	–	(997)
BNP Paribas	–	(859)	–	–	(859)
Citibank	–	(745)	–	–	(745)
Deutsche Bank	–	(359)	–	–	(359)
Goldman Sachs	–	(1,247)	–	–	(1,247)
HSBC	–	(1,865)	–	–	(1,865)
JPMorgan Chase	–	(952)	–	–	(952)
Merrill Lynch	(786)	–	179	2,855	2,248
Morgan Stanley	–	(1,110)	–	–	(1,110)
Royal Bank Of Canada	–	(973)	–	–	(973)
Societe Generale	–	(536)	–	–	(536)
UBS	–	383	–	–	383
Total	(1,783)	(8,766)	179	2,855	(7,515)

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

15. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Collective Investment Schemes	1,058	1,038	7,138	11,692
Equities	2	–	4	349
Debt Securities	1,704,868	3,735,569	1,846,154	7,757,570
Futures	619,148	1,344,531	710,027	1,348,429
Swaps	72,794	172,428	72,726	172,794
Options	182	123	50	522
Trades in the year before transaction costs	2,398,052	5,253,689	2,636,099	9,291,356
Commissions				
Futures	9	22	(9)	(23)
Options	–	–	–	(1)
Total commissions	9	22	(9)	(24)
Total costs	9	22	(9)	(24)
Total net trades in the year after transaction costs	2,398,061	5,253,711	2,636,090	9,291,332

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019	2018	2019	2018
	%	%	%	%
Commissions				
Options	–	0.29	–	(0.10)

Total transaction cost expressed as a percentage of average net assets

	2019	2018
	%	%
Commissions	0.00	0.01

The sub-fund investments have no separately identifiable transaction costs, instead the cost of investing forms part of the dealing spread.

The average portfolio dealing spread as at the year end was 0.46% (2018 : 0.45%).

16. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Income	1,554,007	185,479	(190,519)	12,490	1,561,457
Class I Accumulation	54,098,381	7,381,175	(8,027,750)	–	53,451,806
Class I Income	286,885,952	15,146,190	(116,665,077)	453,604	185,820,669
Class X Accumulation	–	55,963	(40,159)	–	15,804
Class X Income	59,822,695	9,260,201	(25,277,421)	(596,905)	43,208,570

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

17. Fair value disclosure

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Quoted prices for identical instruments in active markets [^]	38,522	(674)	66,561	(165)
Valuation techniques using observable market data ^{^^}	248,325	(1,418)	375,139	(1,783)
Valuation techniques using non-observable market data ^{^^^}	7,371	(525)	876	(9,547)
Total	294,218	(2,617)	442,576	(11,495)

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publicly traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table

As at 28 February 2019

First Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 31 March 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 30.04.18	Distribution paid 30.04.17
Group 1	0.3943	–	0.3943	0.4316
Group 2	0.2291	0.1652	0.3943	0.4316

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 30.04.18	Distribution paid 30.04.17
Group 1	0.5815	–	0.5815	0.6111
Group 2	0.1854	0.3961	0.5815	0.6111

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 30.04.18	Distribution paid 30.04.17
Group 1	0.5050	–	0.5050	0.5592
Group 2	0.0925	0.4125	0.5050	0.5592

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 30.04.18	Distribution paid 30.04.17
Group 1	0.3913	–	0.3913	0.4335
Group 2	0.1765	0.2148	0.3913	0.4335

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Second Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 April 2018

Group 2 Final shares purchased on or after 1 April 2018 to 30 April 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.05.18	Distribution paid 31.05.17
Group 1	0.4509	–	0.4509	0.3057
Group 2	0.2829	0.1680	0.4509	0.3057

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 31.05.18	Distribution paid 31.05.17
Group 1	0.6680	–	0.6680	0.4186
Group 2	0.2341	0.4339	0.6680	0.4186

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 31.05.18	Distribution paid 31.05.17
Group 1	0.5777	–	0.5777	0.3898
Group 2	0.2404	0.3373	0.5777	0.3898

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.05.18	Distribution paid 31.05.17
Group 1	0.4476	–	0.4476	0.3034
Group 2	0.2486	0.1990	0.4476	0.3034

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Third Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 May 2018

Group 2 Final shares purchased on or after 1 May 2018 to 31 May 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 30.06.18	Distribution paid 30.06.17
Group 1	0.4388	–	0.4388	0.4248
Group 2	0.3100	0.1288	0.4388	0.4248

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 30.06.18	Distribution paid 30.06.17
Group 1	0.6539	–	0.6539	0.6079
Group 2	0.2477	0.4062	0.6539	0.6079

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 30.06.18	Distribution paid 30.06.17
Group 1	0.5624	–	0.5624	0.5432
Group 2	0.2115	0.3509	0.5624	0.5432

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 30.06.18	Distribution paid 30.06.17
Group 1	0.4357	–	0.4357	0.4205
Group 2	0.2198	0.2159	0.4357	0.4205

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Fourth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 June 2018

Group 2 Final shares purchased on or after 1 June 2018 to 30 June 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	0.3978	–	0.3978	0.3924
Group 2	0.3852	0.0126	0.3978	0.3924

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	0.5960	–	0.5960	0.5570
Group 2	0.2342	0.3618	0.5960	0.5570

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	0.5100	–	0.5100	0.5013
Group 2	0.1084	0.4016	0.5100	0.5013

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	0.3950	–	0.3950	0.3889
Group 2	0.2146	0.1804	0.3950	0.3889

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Fifth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 July 2018

Group 2 Final shares purchased on or after 1 July 2018 to 31 July 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.08.18	Distribution paid 31.08.17
Group 1	0.4537	–	0.4537	0.3600
Group 2	0.3025	0.1512	0.4537	0.3600

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 31.08.18	Distribution paid 31.08.17
Group 1	0.6828	–	0.6828	0.5035
Group 2	0.5373	0.1455	0.6828	0.5035

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 31.08.18	Distribution paid 31.08.17
Group 1	0.5818	–	0.5818	0.4645
Group 2	0.2704	0.3114	0.5818	0.4645

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.08.18	Distribution paid 31.08.17
Group 1	0.4506	–	0.4506	0.3628
Group 2	0.2167	0.2339	0.4506	0.3628

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Sixth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 August 2018

Group 2 Final shares purchased on or after 1 August 2018 to 31 August 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 30.09.18	Distribution paid 30.09.17
Group 1	0.3942	–	0.3942	0.4190
Group 2	0.1038	0.2904	0.3942	0.4190

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 30.09.18	Distribution paid 30.09.17
Group 1	0.5964	–	0.5964	0.5943
Group 2	0.1682	0.4282	0.5964	0.5943

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 30.09.18	Distribution paid 30.09.17
Group 1	0.5055	–	0.5055	0.5336
Group 2	0.2505	0.2550	0.5055	0.5336

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 30.09.18	Distribution paid 30.09.17
Group 1	0.3913	–	0.3913	0.4153
Group 2	0.1836	0.2077	0.3913	0.4153

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Seventh Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 September 2018

Group 2 Final shares purchased on or after 1 September 2018 to 30 September 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.5775	–	0.5775	0.5353
Group 2	0.2999	0.2776	0.5775	0.5353

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.8768	–	0.8768	0.7670
Group 2	0.2530	0.6238	0.8768	0.7670

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.7398	–	0.7398	0.6837
Group 2	0.2061	0.5337	0.7398	0.6837

Class X Accumulation Shares¹

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.3100	–	0.3100	n/a
Group 2	0.3100	–	0.3100	n/a

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.5734	–	0.5734	0.5308
Group 2	0.2097	0.3637	0.5734	0.5308

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Eighth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 October 2018

Group 2 Final shares purchased on or after 1 October 2018 to 31 October 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 30.11.18	Distribution paid 30.11.17
Group 1	0.4831	–	0.4831	0.3990
Group 2	0.2860	0.1971	0.4831	0.3990

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 30.11.18	Distribution paid 30.11.17
Group 1	0.7394	–	0.7394	0.5757
Group 2	0.4608	0.2786	0.7394	0.5757

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 30.11.18	Distribution paid 30.11.17
Group 1	0.6197	–	0.6197	0.5105
Group 2	0.2250	0.3947	0.6197	0.5105

Class X Accumulation Shares¹

	Gross Income	Equalisation	Distribution paid 30.11.18	Distribution paid 30.11.17
Group 1	0.5843	–	0.5843	n/a
Group 2	0.5843	–	0.5843	n/a

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 30.11.18	Distribution paid 30.11.17
Group 1	0.4797	–	0.4797	0.3957
Group 2	0.2916	0.1881	0.4797	0.3957

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Ninth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 November 2018

Group 2 Final shares purchased on or after 1 November 2018 to 30 November 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.12.18	Distribution paid 31.12.17
Group 1	0.4042	–	0.4042	0.3979
Group 2	0.2665	0.1377	0.4042	0.3979

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 31.12.18	Distribution paid 31.12.17
Group 1	0.6228	–	0.6228	0.5770
Group 2	0.2076	0.4152	0.6228	0.5770

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 31.12.18	Distribution paid 31.12.17
Group 1	0.5187	–	0.5187	0.5093
Group 2	0.2029	0.3158	0.5187	0.5093

Class X Accumulation Shares¹

	Gross Income	Equalisation	Distribution paid 31.12.18	Distribution paid 31.12.17
Group 1	0.4933	–	0.4933	n/a
Group 2	0.4933	–	0.4933	n/a

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.12.18	Distribution paid 31.12.17
Group 1	0.4013	–	0.4013	0.3950
Group 2	0.2996	0.1017	0.4013	0.3950

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Tenth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 December 2018

Group 2 Final shares purchased on or after 1 December 2018 to 31 December 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.4577	–	0.4577	0.3485
Group 2	0.2808	0.1769	0.4577	0.3485

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.7083	–	0.7083	0.5080
Group 2	0.3187	0.3896	0.7083	0.5080

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.5873	–	0.5873	0.4466
Group 2	0.1750	0.4123	0.5873	0.4466

Class X Accumulation Shares¹

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.5566	–	0.5566	n/a
Group 2	0.5566	–	0.5566	n/a

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.4546	–	0.4546	0.3466
Group 2	0.2950	0.1596	0.4546	0.3466

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Eleventh Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 January 2019

Group 2 Final shares purchased on or after 1 January 2019 to 31 January 2019

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 28.02.19	Distribution paid 28.02.18
Group 1	0.4180	–	0.4180	0.3704
Group 2	0.2749	0.1431	0.4180	0.3704

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution paid 28.02.19	Distribution paid 28.02.18
Group 1	0.6510	–	0.6510	0.5420
Group 2	0.2498	0.4012	0.6510	0.5420

Class I Income Shares

	Gross Income	Equalisation	Distribution paid 28.02.19	Distribution paid 28.02.18
Group 1	0.5376	–	0.5376	0.4744
Group 2	0.1478	0.3898	0.5376	0.4744

Class X Accumulation Shares¹

	Gross Income	Equalisation	Distribution paid 28.02.19	Distribution paid 28.02.18
Group 1	0.5119	–	0.5119	n/a
Group 2	0.0756	0.4363	0.5119	n/a

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 28.02.19	Distribution paid 28.02.18
Group 1	0.4147	–	0.4147	0.3676
Group 2	0.2415	0.1732	0.4147	0.3676

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Final Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 February 2019

Group 2 Final shares purchased on or after 1 February 2019 to 28 February 2019

Class A Income Shares

	Gross Income	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.3766	–	0.3766	0.3796
Group 2	0.1705	0.2061	0.3766	0.3796

Class I Accumulation Shares

	Gross Income	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.5895	–	0.5895	0.5578
Group 2	0.1918	0.3977	0.5895	0.5578

Class I Income Shares

	Gross Income	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.4828	–	0.4828	0.4862
Group 2	0.1826	0.3002	0.4828	0.4862

Class X Accumulation Shares¹

	Gross Income	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.4581	–	0.4581	n/a
Group 2	0.1872	0.2709	0.4581	n/a

Class X Income Shares

	Gross Income	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.3747	–	0.3747	0.3769
Group 2	0.1831	0.1916	0.3747	0.3769

¹ Launched on 12 September 2018.

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Western Asset Retirement Income Bond Fund

General Information

Investment Manager	Western Asset Management Company Limited
Fund Size	£11.8m
Sector	UK Corporate Bond
Fund Launch	12 February 1998

Investment Objective and Policy

The objective of the Fund is to provide a regular income stream, in excess of the prevailing level of interest rates in the U.K., with a focus on capital preservation. The Fund seeks to achieve its objective by investing in a range of fixed interest securities including, but not limited to, corporate bonds, government bonds and asset backed securities. The Fund will invest a minimum of 60% of its net asset value in global investment grade corporate bonds and UK government bonds (gilts). In addition, the Fund may invest up to 35% of its net asset value in global high yield bonds. The Fund may also invest in other transferable securities, money market instruments, deposits, collective investment schemes and

derivatives for efficient portfolio management only. Any instrument denominated in a currency other than Pounds sterling will normally be hedged back to Pounds sterling.

Legg Mason IF Western Asset Retirement Income Bond Fund

The Legg Mason IF Western Asset Retirement Income Bond Fund increased 2.15% in sterling terms over the period under review, while the IA Sterling Strategic Bond sector recorded a increase in sterling terms of 0.61%.

Q. What were the leading contributors to performance during the reporting period?

A. The Fund targets a fixed asset allocation of 20% gilts, 50% investment-grade corporate bonds and 30% high-yield corporate bonds. The Fund benefited as gilts yields moved lower. In addition, the yields from the Fund's investment-grade and U.S. high-yield corporate bonds offset widening spreads.

Q. What were the leading detractors from performance during the reporting period?

A. The largest detractor from performance was the Fund's exposure to investment-grade corporate bonds, particularly Financials and Industrials, as their spreads widened during the reporting period.

Q. Were there any significant changes to the portfolio and how was it positioned at the end of the reporting period?

A. There were no significant changes to the portfolio during the reporting period.

It should be noted that the value of investments and the income from them may go down as well as up. Past performance is not a reliable indicator of future results. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or needs of investors.

Summary of Significant Changes

For the year ended 28 February 2019

Purchases	Costs £'000	Sales	Proceeds £'000
United Kingdom Gilt 1.625% 22/10/2028	255	Svenska Handelsbanken 1.625% 21/03/2018	307
JPMorgan Chase 1.638% 18/05/2028	194	Legg Mason Western Asset US High Yield	273
UBS Group Funding Switzerland 4.125% 24/09/2025	194	United Kingdom Gilt 1.25% 22/07/2018	254
Tenet Healthcare 6.75% 15/06/2023	127	Chevron 2.355% 05/12/2022	183
Land Securities Capital Markets 2.375% 29/03/2027	117	PepsiCo 2.5% 01/11/2022	168
GLP Capital 5.375% 15/04/2026	96	Verizon Communications 4.073% 18/06/2024	167
Legg Mason Western Asset US High Yield	79	Nationwide Building Society 2.25% 29/04/2022	155
HCA 5.625% 01/09/2028	70	Nestle Finance International 2.25% 30/11/2023	155
MPT 5% 15/10/2027	49	Tenet Healthcare 8.125% 01/04/2022	151
DAE Funding 5% 01/08/2024	48	Commonwealth Bank of Australia 2.25% 07/12/2018	140
Continental Resources 4.5% 15/04/2023	43	Compass 3.85% 26/06/2026	113
United Kingdom Gilt 3.75% 07/09/2021	22	Telefonica Europe 1% 29/11/2049	112
United Kingdom Gilt 2% 07/09/2025	10	Centrica 6.375% 10/03/2022	84
United Kingdom Gilt 1.75% 07/09/2022	10	Dollar Tree 5.75% 01/03/2023	77
United Kingdom Gilt 1.5% 22/07/2026	10	QEP Resources 5.25% 01/05/2023	74
		BNP Paribas 3.25% 03/03/2023	72
		HCA 5.625% 01/09/2028	71
		United Kingdom Gilt 1.25% 22/07/2027	50
		Shell International Finance 3.25% 11/05/2025	36
		United Kingdom Gilt 2.75% 07/09/2024	33
Other purchases	18,510	Other sales	19,195
Total purchases for the year	19,834	Total sales for the year	21,870

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Risk and Reward Profile



There is no guarantee that the Fund will remain in the indicator category shown above and the categorisation of the Fund may shift over time. Historical data, which is used in calculating the indicator, may not be a reliable indicator of the future risk profile of this Fund.

The lowest category does not mean a risk-free investment.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested.

The Fund is in its risk/reward category because mixed investments in UK government and global bonds have historically been subject to relatively small fluctuations in value.

The Fund is subject to the following risks which are materially relevant but may not be adequately captured by the indicator:

Bonds: There is a risk that issuers of bonds held by the Fund may not be able to repay the investment or pay the interest due on it, leading to losses for the Fund. Bond values are affected by the market's view of the above risk, and by changes in interest rates and inflation.

Liquidity: In certain circumstances it may be difficult to sell the Fund's investments because there may not be enough demand for them in the markets, in which case the Fund may not be able to minimise a loss on such investments.

Low rated bonds: The Fund may invest in lower rated or unrated bonds of similar quality, which carry a higher degree of risk than higher rated bonds.

Asset-backed securities: The timing and size of the cash-flow from asset-backed securities is not fully assured and could result in loss for the Fund. These types of investments may also be difficult for the Fund to sell quickly.

Derivatives: The use of derivatives can result in greater fluctuations of the Fund's value and may cause the Fund to lose as much as or more than the amount invested.

Hedging: The Fund may use derivatives to reduce the risk of movements in exchange rates between the currency of the investments held by the Fund and base currency of the Fund itself (hedging). However, hedging transactions can also expose the Fund to additional risks, such as the risk that the counterparty to the transaction may not be able to make its payments, which may result in loss to the Fund.

Interest rates: Changes in interest rates may negatively affect the value of the Fund. Typically as interest rates rise, bond values fall.

Fund counterparties: The Fund may suffer losses if the parties that it trades with cannot meet their financial obligations.

Fund operations: The Fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.

Annual management charge from capital: The Fund's annual management charge is taken from its capital (rather than income). This may adversely affect the Fund's overall growth.

For further explanation on the risks associated with an investment in the Fund, please refer to the section entitled "Risk Factors" in the Prospectus.

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Performance Record

As at 28 February 2019

	Share Class A Income			Share Class I Income ¹		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	84.71	87.13	83.36	100.00		
Return before operating charges**	2.16	0.80	7.34	1.45		
Operating charges	(0.38)	(0.38)	(0.42)	(0.05)		
Return after operating charges*	1.78	0.42	6.92	1.40		
Distributions	(2.90)	(2.84)	(3.15)	(0.45)		
Retained distributions on accumulation shares	–	–	–	–		
Closing net asset value per share	83.59	84.71	87.13	100.95		
^ after direct transaction costs of:	–	–	–	–		
Performance						
Return after operating charges*	2.10%	0.48%	8.30%	1.40%		
Other information						
Closing net asset value (£'000's)	8,687	9,810	11,348	3		
Closing number of shares	10,392,869	11,580,439	13,024,242	3,000		
Operating charges**	0.45%	0.44%	0.48%	0.45%		
Direct transaction costs***	0.00%	0.00%	0.00%	0.00%		
Prices						
Highest share price	84.95	87.89	88.74	101.50		
Lowest share price	82.05	84.57	83.72	100.00		
	Share Class X Accumulation ¹			Share Class X Income		
	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)	28.02.19 (p)	28.02.18 (p)	28.02.17 (p)
Change in net assets per Share						
Opening net asset value per share	100.00			95.32	98.04	93.76
Return before operating charges**	1.44			2.43	0.91	8.24
Operating charges	(0.05)			(0.43)	(0.43)	(0.42)
Return after operating charges*	1.39			2.00	0.48	7.82
Distributions	(0.45)			(3.26)	(3.20)	(3.54)
Retained distributions on accumulation shares	0.45			–	–	–
Closing net asset value per share	101.39			94.06	95.32	98.04
^ after direct transaction costs of:	–			–	–	–
Performance						
Return after operating charges*	1.39%			2.10%	0.49%	8.34%
Other information						
Closing net asset value (£'000's)	3			3,093	3,504	3,849
Closing number of shares	3,000			3,288,006	3,676,232	3,926,132
Operating charges**	0.45%			0.45%	0.44%	0.43%
Direct transaction costs***	0.00%			0.00%	0.00%	0.00%
Prices						
Highest share price	101.70			95.60	98.91	99.84
Lowest share price	100.00			92.33	95.17	94.17

* Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Shares in issue for the accounting year.

** The operating charges (OCF) shows the annual expenses of the Fund as a percentage of the average Net Asset Value, which helps you compare the annual expenses to different schemes.

*** Direct transaction costs within this table have been calculated against the average Net Asset Value for the accounting year.

¹ Launched on 16 January 2019.

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Statement of Total Return

For the year ended 28 February 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(138)		(344)
Revenue	3	447		486	
Expenses	4	(53)		(60)	
Net revenue before taxation		394		426	
Taxation	5	–		–	
Net revenue after taxation			394		426
Total return before distributions			256		82
Distributions	6		(431)		(469)
Change in net assets attributable to shareholders from investment activities			(175)		(387)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		13,314		15,198
Amounts receivable on issue of shares	570		351	
Amounts payable on cancellation of shares	(1,923)		(1,848)	
		(1,353)		(1,497)
Change in net assets attributable to shareholders from investment activities		(175)		(387)
Closing net assets attributable to shareholders		11,786		13,314

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Balance Sheet

As at 28 February 2019

	Note	2019 £'000	2018 £'000
Assets:			
Fixed assets:			
Investments		11,540	13,275
Current assets:			
Debtors	7	166	168
Cash and bank balances	8	128	100
Total assets		11,834	13,543
Liabilities:			
Investment liabilities		(2)	(158)
Creditors			
Distribution payable		(32)	(36)
Other creditors	9	(14)	(35)
Total liabilities		(48)	(229)
Net assets attributable to shareholders		11,786	13,314

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Notes to the Financial Statements

As at 28 February 2019

1. Accounting policies

The Accounting basis and policies are on pages 13 to 16.

2. Net capital losses

	2019 £'000	2018 £'000
The net capital losses during the year were:		
Non-derivative securities	217	(981)
Forward currency contracts	(302)	684
Currency losses	(50)	(45)
Transaction charges	(3)	(2)
Net capital losses on investments	(138)	(344)

3. Revenue

	2019 £'000	2018 £'000
Interest on debt securities	367	395
Offshore funds dividends	80	91
Total revenue	447	486

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	37	43
General Administration Charge (GAC)*	9	10
	46	53
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	7
	7	7
Total expenses	53	60

* Audit fees of £10,506 (2018: £10,200) exclusive of VAT payable to PricewaterhouseCoopers LLP have been funded by the GAC.

5. Taxation

	2019 £'000	2018 £'000
(a) Analysis of the tax charge in the year:		
Overseas tax	—	—
Total taxation for the year Note 5(b)	—	—

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

5. Taxation (continued)

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an OEIC of 20% (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	394	426
Net revenue for the year multiplied by the standard rate of corporation tax of 20% (2018: 20%)	79	85
Effects of:		
Movement in excess management expenses	(79)	(85)
Total tax charge for the year	–	–

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Provision for deferred tax:

No provision for deferred tax has been made in the current or prior accounting year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £818,532 (2018: £897,250) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £'000	2018 £'000
Interim	397	431
Final	32	36
Add: Revenue deducted on cancellation of shares	3	3
Deduct: Revenue received on issue of shares	(1)	(1)
Net distribution for the year	431	469

Reconciliation of net revenue after taxation to distributions for the year

Net revenue after taxation	394	426
Expenses charged to capital	37	43
Net distribution for the year	431	469

Details of the distributions per share are set out in the distribution tables on page 266 to 270.

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	148	162
Amounts receivable on issue of shares	18	6
Total debtors	166	168

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	128	100
Total cash and bank balances	128	100

9. Other creditors

	2019 £'000	2018 £'000
Accrued Annual Management Charge	5	3
Accrued Depositary fees	1	1
Accrued expenses	3	2
Amounts payable on cancellation of shares	5	28
Broker payable on future	–	1
Total other creditors	14	35

10. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

11. Related party transactions

The Financial Reporting Standard number 102 (FRS 102) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in net assets attributable to Shareholders' and the 'Balance Sheet' on page 258 and notes 4, 7 and 9 on pages 259 to 261 including all creations and cancellations where the ACD acted as a principal.

In addition, assets managed by the ACD and held as at the Balance Sheet date are detailed below:

	2019 £'000	2018 £'000
Legg Mason Western Asset US High Yield	1,146	1,308
	1,146	1,308

The value of transactions during the year were:

	2019 £'000	2018 £'000
Legg Mason Western Asset US High Yield	(195)	(31)
	(195)	(31)

12. Share Classes

The Fund's share classes and the Annual Management Charges are as follows:

Class A Income	0.30%
Class I Income	0.30%
Class X Accumulation	0.30%
Class X Income	0.30%
Class B Income	0.30%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 256. The distribution per share class is given in the distribution table on pages 266 to 270. All share classes have the same rights on winding up.

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments

The ACD's policies and approach to managing the associated risks which were applied throughout the current and preceding year are as follows:

(a) Currency exposure

A substantial proportion of the net assets of the Fund is denominated in currencies other than sterling, the Fund's functional currency, with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements. The exposure to each currency is shown in the Portfolio Statement including the effect of any foreign currency hedges. This is consistent with the exposure during both the current and prior year.

During the year the Investment Manager used derivative instruments to hedge the value of the investment portfolio. Currency forwards were used to hedge the exchange risk associated with the holdings of foreign currency fixed interest bonds/securities during and at the end of the year. At the end of the year, currency forwards were open to hedge the exchange rate risk associated with the holdings of foreign currency fixed interest bonds/securities in the portfolio.

Currency	Net Foreign Currency exposure	
	2019 £'000	2018 £'000
Euro	8	(1)
Sterling	11,746	13,292
US dollar	32	23
Total	11,786	13,314

A 5% increase/decrease in the sterling exchange rate against all other currencies, assuming all other factors remained the same, would have a £2k decrease and £2k increase respectively on the net assets of the Fund.

(b) Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

2019

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Euro	51	5,727	17	5,795
Sterling	3	197	5	205
US dollar	74	4,468	1,292	5,834
Total	128	10,392	1,314	11,834

2018

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	40	7,057	372	7,469
US dollar	59	4,700	1,315	6,074
Total	99	11,757	1,687	13,543

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

13. Derivatives and other financial instruments (continued)

(b) Interest rate risk profile of financial assets and liabilities (continued)

2019

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Euro	–	–	–
Sterling	–	46	46
US dollar	–	2	2
Total	–	48	48

2018

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Euro	–	1	1
Sterling	–	69	69
US dollar	–	159	159
Total	–	229	229

An increase/decrease of 1% in redemption yields is likely to result in a decrease of 4.25% and increase of 4.43% respectively in the portfolio valuation.

(c) Liquidity risk

The majority of the Fund's financial assets are considered to be readily realisable in accordance with market practices of the exchange on which they are traded. In general, the Investment Manager manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Where the ACD considers the asset to be illiquid, the asset is valued by either sourcing an external broker valuation or using a model price. Credit spreads are often used as inputs into fair value modelling. As a result of the current global economic crisis, the ACD is increasingly having to consider the valuation of illiquid assets within sub funds which hold illiquid securities.

All of the Fund's financial liabilities are payable on demand or in less than 1 year.

(d) Market price risk and fair value of financial assets and financial liabilities

The Fund invests principally in fixed rate securities. The change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Investment Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. Changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In addition, the management of the Fund complies with COLL, which includes rules limiting the size of investment in any particular holding. There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

14. Counterparty exposure risk

2019

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
Citibank	–	–	–	–	–
Goldman Sachs	–	55	–	–	55
HSBC	–	–	–	–	–
JP Morgan	–	–	–	–	–
Morgan Stanley	–	46	–	–	46
UBS	–	40	–	–	40
Total	–	141	–	–	141

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

Counterparty exposure risk (continued)

2018

	Swaps £'000	Forwards £'000	Futures & Options £'000	Collateral held as cash £'000	Net exposure £'000
Deutsche Bank	–	(4)	–	–	(4)
Goldman Sachs	–	(65)	–	–	(65)
HSBC	–	(11)	–	–	(11)
JP Morgan	–	–	–	–	–
Morgan Stanley	–	(59)	–	–	(59)
UBS	–	(19)	–	–	(19)
Total	–	(158)	–	–	(158)

15. Portfolio transaction costs

Analysis of total trade costs

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Collective Investment Schemes	78	81	273	112
Debt Securities	19,756	27,382	21,597	28,117
Trades in the year before transaction costs	19,834	27,463	21,870	28,229
Commissions				
Collective Investment Schemes	–	–	–	–
Debt Securities	–	–	–	–
Total commissions	–	–	–	–
Total net trades in the year after transaction costs	19,834	27,463	21,870	28,229

Total transaction cost expressed as a percentage of asset class

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Collective Investment Schemes	–	–	–	–
Debt Securities	–	–	–	–

Total transaction cost expressed as a percentage of average net assets

	2019 %	2018 %
Commissions	–	–

The sub-fund investments have no separately identifiable transaction costs, instead the cost of investing forms part of the dealing spread.

The average portfolio dealing spread as at the year end was 0.33% (2018 : 0.32%).

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Notes to the Financial Statements (continued)

As at 28 February 2019

16. Reconciliation of the share movements in the year

	Opening shares in issue	Shares issued during the year	Shares cancelled during the year	Shares converted during the year	Closing shares in issue
Class A Income	11,580,439	386,344	(1,542,112)	(31,802)	10,392,869
Class I Income	–	3,000	–	–	3,000
Class X Accumulation	–	3,000	–	–	3,000
Class X Income	3,676,232	256,436	(672,923)	28,261	3,288,006

17. Fair value disclosure

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Quoted prices for identical instruments in active markets [^]	2,337	–	2,944	–
Valuation techniques using observable market data ^{^^}	9,203	(2)	10,326	(158)
Valuation techniques using non-observable market data ^{^^^}	–	–	5	–
Total	11,540	(2)	13,275	(158)

[^] Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

^{^^} Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. This may include publically traded corporate bonds and over-the-counter instruments.

^{^^^} Fair value based on a valuation technique that relies significantly on non non-observable market data will include values not primarily derived from observable market data.

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Distribution Table

As at 28 February 2019

First Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 March 2018

Group 2 Final shares purchased on or after 1 March 2018 to 31 March 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 30.04.18	Distribution paid 30.04.17
Group 1	0.2234	–	0.2234	0.2782
Group 2	0.0852	0.1382	0.2234	0.2782

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 30.04.18	Distribution paid 30.04.17
Group 1	0.2514	–	0.2514	0.3129
Group 2	0.0253	0.2261	0.2514	0.3129

Second Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 April 2018

Group 2 Final shares purchased on or after 1 April 2018 to 30 April 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.05.18	Distribution paid 31.05.17
Group 1	0.2457	–	0.2457	0.2001
Group 2	0.1003	0.1454	0.2457	0.2001

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.05.18	Distribution paid 31.05.17
Group 1	0.2765	–	0.2765	0.2252
Group 2	0.0483	0.2282	0.2765	0.2252

Third Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 May 2018

Group 2 Final shares purchased on or after 1 May 2018 to 31 May 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 30.06.18	Distribution paid 30.06.17
Group 1	0.2492	–	0.2492	0.2646
Group 2	0.0118	0.2374	0.2492	0.2646

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 30.06.18	Distribution paid 30.06.17
Group 1	0.2804	–	0.2804	0.2977
Group 2	0.0856	0.1948	0.2804	0.2977

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Fourth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 June 2018

Group 2 Final shares purchased on or after 1 June 2018 to 30 June 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	0.2284	–	0.2284	0.2276
Group 2	0.0926	0.1358	0.2284	0.2276

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.07.18	Distribution paid 31.07.17
Group 1	0.2570	–	0.2570	0.2562
Group 2	0.1744	0.0826	0.2570	0.2562

Fifth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 July 2018

Group 2 Final shares purchased on or after 1 July 2018 to 31 July 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.08.18	Distribution paid 31.08.17
Group 1	0.2456	–	0.2456	0.2312
Group 2	0.0929	0.1527	0.2456	0.2312

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.08.18	Distribution paid 31.08.17
Group 1	0.2764	–	0.2764	0.2603
Group 2	0.1732	0.1032	0.2764	0.2603

Sixth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 August 2018

Group 2 Final shares purchased on or after 1 August 2018 to 31 August 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 30.09.18	Distribution paid 30.09.17
Group 1	0.2551	–	0.2551	0.2599
Group 2	0.0970	0.1581	0.2551	0.2599

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 30.09.18	Distribution paid 30.09.17
Group 1	0.2871	–	0.2871	0.2925
Group 2	0.0965	0.1906	0.2871	0.2925

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Seventh Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 September 2018

Group 2 Final shares purchased on or after 1 September 2018 to 30 September 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.2275	–	0.2275	0.2289
Group 2	0.0824	0.1451	0.2275	0.2289

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.10.18	Distribution paid 31.10.17
Group 1	0.2560	–	0.2560	0.2576
Group 2	0.0784	0.1776	0.2560	0.2576

Eighth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 October 2018

Group 2 Final shares purchased on or after 1 October 2018 to 31 October 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 30.11.18	Distribution paid 30.11.17
Group 1	0.2721	–	0.2721	0.2321
Group 2	0.2408	0.0313	0.2721	0.2321

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 30.11.18	Distribution paid 30.11.17
Group 1	0.3061	–	0.3061	0.2612
Group 2	0.1920	0.1141	0.3061	0.2612

Ninth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 November 2018

Group 2 Final shares purchased on or after 1 November 2018 to 30 November 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.12.18	Distribution paid 29.12.17
Group 1	0.2343	–	0.2343	0.2327
Group 2	0.0674	0.1669	0.2343	0.2327

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.12.18	Distribution paid 29.12.17
Group 1	0.2637	–	0.2637	0.2619
Group 2	0.1029	0.1608	0.2637	0.2619

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Tenth Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 December 2018

Group 2 Final shares purchased on or after 1 December 2018 to 31 December 2018

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.2469	–	0.2469	0.2201
Group 2	0.1169	0.1300	0.2469	0.2201

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.2778	–	0.2778	0.2477
Group 2	0.1119	0.1659	0.2778	0.2477

Eleventh Interim Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 January 2019

Group 2 Final shares purchased on or after 1 January 2019 to 31 January 2019

Class A Income Shares

	Gross Income	Equalisation	Distribution paid 28.02.19	Distribution paid 28.02.18
Group 1	0.2419	–	0.2419	0.2345
Group 2	0.1014	0.1405	0.2419	0.2345

Class I Income Shares¹

	Gross Income	Equalisation	Distribution paid 28.02.19	Distribution paid 28.02.18
Group 1	0.1766	–	0.1766	n/a
Group 2	0.1766	–	0.1766	n/a

Class X Accumulation Shares¹

	Gross Income	Equalisation	Distribution paid 28.02.19	Distribution paid 28.02.18
Group 1	0.1760	–	0.1760	n/a
Group 2	0.1760	–	0.1760	n/a

Class X Income Shares

	Gross Income	Equalisation	Distribution paid 28.02.19	Distribution paid 28.02.18
Group 1	0.2723	–	0.2723	0.2639
Group 2	0.1391	0.1332	0.2723	0.2639

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Distribution Table (continued)

As at 28 February 2019

Final Interest Distribution in pence per share

Group 1 Final shares purchased prior to 1 February 2019

Group 2 Final shares purchased on or after 1 February 2019 to 28 February 2019

Class A Income Shares

	Gross Income	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.2285	–	0.2285	0.2299
Group 2	0.0878	0.1407	0.2285	0.2299

Class I Income Shares¹

	Gross Income	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.2686	–	0.2686	n/a
Group 2	0.2686	–	0.2686	n/a

Class X Accumulation Shares¹

	Gross Income	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.2690	–	0.2690	n/a
Group 2	0.2690	–	0.2690	n/a

Class X Income Shares

	Gross Income	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.2571	–	0.2571	0.2586
Group 2	0.0623	0.1948	0.2571	0.2586

¹ Launched on 16 January 2019.

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Legg Mason IF Brandywine Global Income Optimiser Fund

Portfolio Statement

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Bonds 92.63% (90.93%)			
Sterling Denominated 0.00% (1.21%)			
Australian Dollar Denominated 0.00% (2.02%)			
Colombian Peso Denominated 0.00% (1.97%)			
Euro Denominated 15.00% (2.04%)			
Spain Government Bond 2.9% 31/10/2046	EUR 8,080,000	7,720	5.13
French Republic Government Bond OAT 2% 25/05/2048	EUR 7,135,000	6,778	4.50
Bundesrepublik Deutschland Bundesanleihe 1.25% 15/08/2048	EUR 8,395,000	8,084	5.37
		22,582	15.00
Indonesian Rupiah Denominated 0.00% (4.93%)			
Malaysian Ringgit Denominated 0.00% (3.57%)			
New Zealand Dollar Denominated 0.00% (1.97%)			
Peruvian Sol Denominated 0.00% (3.54%)			
South African Rand Denominated 0.00% (4.22%)			
US Dollar Denominated 77.63% (65.46%)			
Air Canada 7.75% 15/04/2021	USD 250,000	202	0.13
American Express 2.5% 01/08/2022	USD 3,165,000	2,331	1.55
American Express 2.65% 02/12/2022	USD 340,000	252	0.17
American Express 3.33263% 05/11/2021	USD 1,775,000	1,336	0.89
American Tower 2.25% 15/01/2022	USD 2,300,000	1,671	1.11
AmeriGas Partners 5.625% 20/05/2024	USD 480,000	364	0.24
Amerquest Mortgage Securities Inc Asset-Backed Pass-Through Ctfs Ser 2004-R8 3.50988% 25/09/2034	USD 2,775,000	2,074	1.38
Antero Resources 5.375% 01/11/2021	USD 1,055,000	799	0.53
Asset Backed Securities Home Equity Loan Trust Series 2004-HE5 3.38988% 25/08/2034	USD 977,998	734	0.49
Bank of America 2.25% 21/04/2020	USD 3,135,000	2,340	1.56
Bank of America 3.667% 01/04/2019	USD 2,600,000	1,956	1.30
Bank of America 4.2% 26/08/2024	USD 945,000	724	0.48
BMW US Capital 3.06288% 14/08/2020	USD 1,500,000	1,126	0.75
BMW US Capital 3.175% 06/04/2020	USD 795,000	598	0.40
Centene 5.625% 15/02/2021	USD 1,900,000	1,448	0.96
Centex Home Equity Loan Trust 2005-A 3.20988% 25/01/2035	USD 840,856	630	0.42
CF Industries 3.4% 01/12/2021	USD 2,310,000	1,719	1.14
CF Industries 4.95% 01/06/2043	USD 60,000	38	0.03
CIT 5% 15/08/2022	USD 2,190,000	1,704	1.13
Citibank 3.04775% 12/02/2021	USD 2,250,000	1,689	1.12
Citigroup 3.5% 15/05/2023	USD 3,055,000	2,301	1.53
Colorado Interstate Gas 4.15% 15/08/2026	USD 845,000	634	0.42
COLT 2018-1 Mortgage Loan Trust 2.93% 25/02/2048	USD 4,607,837	3,438	2.29
Crown Castle International 3.7% 15/06/2026	USD 275,000	201	0.13
CVS Health 2.8% 20/07/2020	USD 1,700,000	1,271	0.85
CWABS Revolving Home Equity Loan Trust Series 2004-I 2.77875% 15/02/2034	USD 2,624,746	1,951	1.30
Daimler Finance North America 3.11338% 22/02/2021	USD 2,640,000	1,974	1.31
Dell International 6.02% 15/06/2026	USD 1,590,000	1,263	0.84
DPL 7.25% 15/10/2021	USD 1,720,000	1,387	0.92
Energy Transfer 5.5% 01/06/2027	USD 2,680,000	2,115	1.41
Equinix 5.375% 01/04/2023	USD 1,700,000	1,302	0.87
Fannie Mae Connecticut Avenue Securities 6.48988% 25/05/2025	USD 467,425	382	0.25
Fiat Chrysler Automobiles 5.25% 15/04/2023	USD 2,150,000	1,638	1.09
Freddie Mac Structured Agency Credit Risk Debt Notes 8.03988% 25/07/2028	USD 4,000,000	3,570	2.37
GEO 5.125% 01/04/2023	USD 235,000	167	0.11
Goldman Sachs 3.401% 23/02/2023	USD 3,780,000	2,813	1.87
HCA 4.75% 01/05/2023	USD 1,665,000	1,296	0.86

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Iron Mountain 4.375% 01/06/2021	USD 945,000	710	0.47
Iron Mountain 5.25% 15/03/2028	USD 540,000	390	0.26
Iron Mountain 6% 15/08/2023	USD 1,075,000	831	0.55
JP Morgan Mortgage Acquisition Trust 2007-CH3 2.80988% 25/03/2037	USD 4,201,822	3,102	2.06
JPMorgan Chase 3.125% 23/01/2025	USD 960,000	709	0.47
Kraft Heinz Foods 3.5% 06/06/2022	USD 2,255,000	1,689	1.12
Kraft Heinz Foods 3.5% 15/07/2022	USD 280,000	210	0.14
Lehman XS Trust Series 2005-5N 2.78988% 25/11/2035	USD 2,023,100	1,511	1.00
Liberty Interactive 8.25% 01/02/2030	USD 1,390,000	1,071	0.71
Long Beach Mortgage Loan Trust 2005-WL2 3.22488% 25/08/2035	USD 1,570,528	1,181	0.79
Macquarie Bank 3.14388% 04/04/2019	USD 2,250,000	1,692	1.12
Merrill Lynch Mortgage Investors Trust Series 2006-HE1 2.87988% 25/12/2036	USD 930,297	695	0.46
Methanex 3.25% 15/12/2019	USD 2,545,000	1,910	1.27
Morgan Stanley 2.625% 17/11/2021	USD 2,450,000	1,814	1.21
Morgan Stanley 2.65% 27/01/2020	USD 1,000,000	750	0.50
New Century Home Equity Loan Trust Series 2005-B 2.88988% 25/10/2035	USD 2,460,929	1,850	1.23
New York Life Global Funding 2.957% 01/10/2020	USD 1,935,000	1,455	0.97
Northrop Grumman 3.5% 15/03/2021	USD 1,240,000	944	0.63
Sealed Air 5.25% 01/04/2023	USD 300,000	232	0.15
Sprint 7.25% 15/09/2021	USD 2,830,000	2,250	1.50
Steel Dynamics 5.125% 01/10/2021	USD 2,000,000	1,518	1.01
Tenet Healthcare 4.5% 01/04/2021	USD 1,900,000	1,450	0.96
Thornburg Mortgage Securities Trust 2004-2 3.10988% 25/06/2044	USD 2,436,009	1,808	1.20
UBS Group Funding Switzerland 3.871% 23/05/2023	USD 2,245,000	1,692	1.12
United States Treasury Floating Rate Note 2.464710157% 31/10/2020	USD 32,485,000	24,398	16.22
United States Treasury Note 3.375% 15/11/2048	USD 8,845,000	7,055	4.69
WaMu Mortgage Pass-Through Series 2004-AR5 Trust 4.209146% 25/06/2034	USD 3,182,490	2,441	1.62
		116,796	77.63
Derivatives 4.31% (6.59%)			
Argentine Peso Derivatives (0.02)% (0.00%)			
Forward Currency Contracts (0.02)% (0.00%)			
Forward to buy ARS145,180,000 for USD3,671,677 Settlement 08/04/2019		(35)	(0.02)
		(35)	(0.02)
Brazilian Real Derivatives (0.01)% (0.00%)			
Forward Currency Contracts (0.01)% (0.00%)			
Forward to buy BRL33,210,000 for USD8,904,144 Settlement 11/04/2019		(17)	(0.01)
		(17)	(0.01)
Colombian Peso Derivatives 0.10% (0.00%)			
Forward Currency Contracts 0.10% (0.00%)			
Forward to buy COP27,961,000,000 for USD8,894,479 Settlement 11/04/2019		147	0.10
		147	0.10
Euro Derivatives (0.03)% (0.22%)			
Forward Currency Contracts (0.03)% ((0.03%))			
Forward to buy EUR20,200,000 for USD23,129,345 Settlement 12/03/2019		(40)	(0.03)
		(40)	(0.03)

Legg Mason IF Brandywine Global Income Optimiser Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Futures 0.00% (0.25%)			
Indian Rupee Derivatives 0.00% (0.04%)			
Forward Currency Contracts 0.00% (0.04%)			
Japanese Yen Derivatives (0.04)% (0.05%)			
Forward Currency Contracts (0.04)% (0.05%)			
Forward to buy JPY1,203,000,000 for USD10,953,199 Settlement 18/03/2019		(63)	(0.04)
		(63)	(0.04)
Mexican Peso Derivatives 0.02% (0.00%)			
Forward Currency Contracts 0.02% (0.00%)			
Forward to buy MXN172,100,000 for USD8,884,963 Settlement 11/04/2019		28	0.02
		28	0.02
US Dollar Derivatives 4.29% (6.36%)			
Credit Default Swaps 0.03% (3.95%)			
JP Morgan Credit Default Swap 20/06/2022	700,000.00	64	0.04
Citibank Credit Default Swap 20/06/2022	850,000.00	(8)	–
Morgan Stanley Credit Default Swap 20/12/2022	850,000.00	(15)	(0.01)
		41	0.03
Forward Currency Contracts 4.26% (2.41%)			
Forward to buy USD3,564,850 for CHF3,530,000 Settlement 13/03/2019		6	–
Forward to buy USD9,009,215 for COP27,961,000,000 Settlement 11/04/2019		(61)	(0.04)
Forward to buy USD78,552,187 for EUR68,490,000 Settlement 12/03/2019		232	0.15
Forward to buy USD10,810,008 for JPY1,203,000,000 Settlement 18/03/2019		(45)	(0.03)
Forward to buy USD4,027,630 for GBP3,100,000 Settlement 18/03/2019		(75)	(0.05)
Forward to sold USD203,621,473 for GBP159,320,000 Settlement 18/03/2019		6,365	4.23
		6,422	4.26
		6,463	4.29
Portfolio of investments		145,861	96.94
Net other assets		4,606	3.06
Net assets		150,467	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are corporate bonds unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

	2019 £'000	2018 £'000
Credit Risk		
Investment grade securities	108,976	28,429
Below investment grade securities	30,402	14,718
Unrated securities		465
	139,378	43,612
Other investments	6,483	3,157
	145,861	46,769

Legg Mason IF ClearBridge Global Equity Income Fund

Portfolio Statement

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Australia 0.00% (2.07%)			
Austria 2.37% (1.10%)			
BAWAG	10,710	353	1.28
UNIQA Insurance	40,520	301	1.09
		654	2.37
Brazil 0.94% (2.40%)			
Duratex	108,156	261	0.94
		261	0.94
Canada 2.15% (1.57%)			
Nutrien	14,270	595	2.15
		595	2.15
China 8.69% (7.44%)			
China Construction Bank	959,740	641	2.32
China Machinery Engineering	577,724	231	0.83
Greatview Aseptic Packaging	1,052,810	492	1.78
Huadian Fuxin Energy	1,143,020	193	0.70
Ping An Insurance	47,380	375	1.36
Zhejiang Expressway	597,140	469	1.70
		2,401	8.69
Denmark 1.36% (0.83%)			
AP Moller – Maersk	376	377	1.36
		377	1.36
Finland 0.00% (1.42%)			
France 10.14% (10.58%)			
AXA	18,270	347	1.25
BNP Paribas	20,610	792	2.87
Bouygues	7,680	219	0.79
Schneider Electric	8,020	467	1.69
TOTAL	12,123	519	1.88
Veolia Environnement	27,710	458	1.66
		2,802	10.14
Germany 8.98% (7.03%)			
Allianz	2,550	425	1.54
BASF	7,260	418	1.51
Bayer	9,330	556	2.01
Bayerische Motoren Werke	9,030	576	2.08
Continental	2,350	289	1.05
Publity	13,270	218	0.79
		2,482	8.98
Hong Kong 2.79% (3.00%)			
Far East Horizon	571,280	475	1.72
Shenzhen International	191,520	297	1.07
		772	2.79

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Ireland 0.00% (1.13%)			
Italy 2.67% (4.57%)			
Anima	60,080	193	0.70
MARR	30,950	543	1.97
		736	2.67
Japan 3.74% (3.49%)			
NTT DoCoMo	17,071	300	1.09
Shinko Plantech	47,558	396	1.43
Sumitomo Mitsui Financial	12,551	336	1.22
		1,032	3.74
Macao 1.28% (0.00%)			
Sands China	48,420	182	0.66
Wynn Macau	92,480	172	0.62
		354	1.28
Netherlands 3.18% (4.01%)			
Akzo Nobel	5,399	370	1.34
Royal Dutch Shell 'A'	21,510	508	1.84
		878	3.18
New Zealand 0.00% (1.25%)			
Singapore 0.89% (1.88%)			
Mapletree Logistics Trust*	319,188	246	0.89
		246	0.89
South Korea 0.92% (0.82%)			
KT	13,425	255	0.92
		255	0.92
Sweden 0.79% (2.42%)			
Inwido	43,790	217	0.79
		217	0.79
Switzerland 8.56% (6.78%)			
Adecco	9,390	362	1.31
Glencore	151,560	461	1.67
Novartis	9,140	630	2.28
Roche	4,360	912	3.30
		2,365	8.56
Taiwan 1.34% (1.01%)			
Lumax International	222,790	371	1.34
		371	1.34
Thailand 3.66% (2.08%)			
Bangkok Bank	62,360	318	1.15
Krung Thai Bank Foreign Shares	689,840	318	1.15
Thai Union Foreign Shares	852,640	376	1.36
		1,012	3.66

Legg Mason IF ClearBridge Global Equity Income Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
United Kingdom 16.58% (17.03%)			
BP	102,867	548	1.98
Elegant Hotels	245,100	171	0.62
G4S	140,880	291	1.05
Galliford Try	40,150	303	1.10
HSBC	94,420	579	2.10
Imperial Tobacco	12,973	324	1.17
Lloyds Banking	507,690	320	1.16
Man	152,700	211	0.76
Rio Tinto	7,240	373	1.35
Standard Life Aberdeen	83,751	204	0.74
Tate & Lyle	42,950	297	1.08
Travis Perkins	22,580	324	1.17
Vodafone	266,470	362	1.31
Wincanton	117,520	273	0.99
		4,580	16.58
United States 17.68% (12.60%)			
American International	15,180	495	1.79
AT&T	22,130	516	1.87
Campbell Soup	9,830	267	0.97
Dick's Sporting Goods	16,900	500	1.81
Exelon	13,410	487	1.76
General Motors	9,400	282	1.02
International Business Machines	4,700	491	1.78
Kohl's	5,550	283	1.02
Newell Brands	17,390	215	0.78
ONEOK	7,470	365	1.32
Schlumberger	10,030	334	1.21
Target	6,750	370	1.34
Wells Fargo	7,460	279	1.01
		4,884	17.68
Portfolio of investments		27,274	98.71
Net other assets		356	1.29
Net assets		27,630	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

* Real Estate Investment Trust.

Legg Mason IF ClearBridge US Equity Fund

Portfolio Statement

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Belgium 1.52% (0.00%) Food & Beverage 1.52% (0.00%) Anheuser-Busch InBev ADR	7,940	446	1.52
		446	1.52
Canada 1.04% (0.00%) Oil & Gas 1.04% (0.00%) Encana	59,230	306	1.04
		306	1.04
France 0.78% (0.21%) Industrial Goods & Services 0.78% (0.21%) Safran	2,240	230	0.78
		230	0.78
Germany 1.64% (0.00%) Automobiles & Parts 0.86% (0.00%) Volkswagen Preference Shares	1,940	251	0.86
		251	0.86
Industrial Goods & Services 0.78% (0.00%) KION	5,100	230	0.78
		230	0.78
Ireland 3.37% (7.18%) Automobiles & Parts 0.00% (1.67%) Health Care 3.37% (3.57%) Allergan	9,707	991	3.37
		991	3.37
Industrial Goods & Services 0.00% (1.94%) Netherlands 2.09% (2.68%) Health Care 2.09% (2.68%) Mylan	31,527	615	2.09
		615	2.09
Switzerland 0.53% (0.00%) Industrial Goods & Services 0.53% (0.00%) ABB ADR	10,122	155	0.53
		155	0.53
United Kingdom 0.82% (0.00%) Personal & Household Goods 0.82% (0.00%) Capri	7,010	239	0.82
		239	0.82
United States 82.38% (87.72%) Automobiles & Parts 1.25% (0.00%) General Motors	12,266	368	1.25
		368	1.25

Legg Mason IF ClearBridge US Equity Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Banks 6.60% (6.21%)			
Citigroup	13,370	646	2.20
KeyCorp	20,740	274	0.93
Wells Fargo	27,237	1,020	3.47
		1,940	6.60
Basic Resources 2.91% (1.95%)			
Royal Gold	12,772	856	2.91
		856	2.91
Construction & Materials 2.96% (3.18%)			
AECOM	10,889	251	0.85
Fluor	12,852	370	1.26
Owens Corning	6,634	250	0.85
		871	2.96
Financial Services 6.69% (7.53%)			
Intercontinental Exchange	11,576	662	2.25
Synchrony Financial	36,341	873	2.97
Voya Financial	11,460	432	1.47
		1,967	6.69
Food & Beverage 3.07% (3.09%)			
Conagra Brands	12,130	210	0.71
Mondelez International	19,589	693	2.36
		903	3.07
Health Care 10.98% (7.85%)			
Alexion Pharmaceuticals	12,168	1,242	4.22
Biogen	938	232	0.79
Bristol-Myers Squibb	7,886	302	1.03
Merck	12,965	785	2.67
Universal Health Services	6,660	667	2.27
		3,228	10.98
Industrial Goods & Services 1.64% (5.24%)			
CH Robinson Worldwide	7,119	481	1.64
		481	1.64
Insurance 6.02% (8.06%)			
American International	28,675	935	3.18
Brighthouse Financial	12,356	380	1.29
MetLife	13,504	456	1.55
		1,771	6.02
Media 0.00% (1.04%)			
Oil & Gas 5.36% (5.46%)			
Apache	10,411	262	0.89
Devon Energy	25,671	575	1.96
Halliburton	10,960	257	0.87
Pioneer Natural Resources	4,526	481	1.64
		1,575	5.36

Legg Mason IF ClearBridge US Equity Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Personal & Household Goods 1.13% (1.07%)			
Lennar	9,090	333	1.13
		333	1.13
Real Estate 2.70% (3.72%)			
American Homes 4 Rent*	30,058	491	1.67
Realty	29,192	304	1.03
		795	2.70
Retail 2.02% (6.12%)			
AutoZone	869	595	2.02
		595	2.02
Technology 21.06% (20.06%)			
Alphabet 'C'	2,232	1,869	6.36
Facebook	2,500	305	1.04
International Business Machines	6,062	633	2.15
Microsoft	16,685	1,404	4.77
NetApp	8,071	400	1.36
Oracle	31,778	1,250	4.25
QUALCOMM	8,330	332	1.13
		6,193	21.06
Travel & Leisure 2.84% (2.86%)			
Delta Air Lines	13,506	511	1.74
Melco Resorts & Entertainment ADR	19,099	325	1.10
		836	2.84
Utilities 5.15% (4.28%)			
AES	52,689	680	2.31
Exelon	22,996	835	2.84
		1,515	5.15
Portfolio of investments		27,690	94.17
Net other assets		1,715	5.83
Net assets		29,405	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

Stocks shown as ADRs represent American Depositary Receipts.

Comparative figures shown in brackets relate to 28 February 2018.

Stocks shown as ADRs represent American Depositary Receipts.

* Real Estate Investment Trust.

Legg Mason IF ClearBridge US Equity Income Fund

Portfolio Statement

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
United States 93.26% (95.02%)			
Banks 7.80% (6.12%)			
Bank of America	26,561	588	1.87
JPMorgan Chase	8,537	674	2.14
PNC Financial Services	5,300	500	1.59
US Bancorp	11,083	429	1.36
Wells Fargo	7,053	264	0.84
		2,455	7.80
Basic Resources 0.83% (1.49%)			
International Paper	7,473	262	0.83
		262	0.83
Chemicals 5.05% (6.19%)			
DowDuPont	11,067	454	1.44
Ecolab	4,052	513	1.63
PPG Industries	7,385	622	1.98
		1,589	5.05
Construction & Materials 1.41% (0.00%)			
Vulcan Materials	5,270	443	1.41
		443	1.41
Financial Services 6.88% (6.44%)			
Bank of New York Mellon	14,517	575	1.83
BlackRock	1,286	426	1.35
Mastercard	3,678	620	1.97
Visa	4,921	544	1.73
		2,165	6.88
Food & Beverage 8.82% (11.81%)			
Anheuser-Busch InBev ADR	7,125	400	1.27
Coca-Cola	15,919	538	1.71
McDonald's	3,561	491	1.56
Mondelez International	14,830	525	1.67
Nestle ADR	8,535	577	1.84
Sysco	4,823	243	0.77
		2,774	8.82
Health Care 8.71% (7.57%)			
Johnson & Johnson	6,768	691	2.20
Merck	13,414	812	2.58
Pfizer	13,627	439	1.40
UnitedHealth	2,571	483	1.53
Zoetis	4,449	314	1.00
		2,739	8.71
Industrial Goods & Services 12.38% (11.71%)			
3M	3,986	626	1.99
General Motors	16,117	484	1.54
Raytheon	4,701	654	2.08
Union Pacific	4,503	571	1.82
United Parcel Service	6,351	530	1.68
United Technologies	4,280	408	1.30
Waste Management	8,241	620	1.97
		3,893	12.38

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Insurance 6.19% (6.15%)			
American International	12,280	401	1.27
Berkshire Hathaway	3,435	521	1.66
MetLife	15,707	530	1.69
Travelers	4,968	495	1.57
		1,947	6.19
Media 3.63% (4.36%)			
Comcast Class A Special	25,790	746	2.37
Walt Disney	4,671	396	1.26
		1,142	3.63
Oil & Gas 6.02% (5.12%)			
Exxon Mobil	7,349	438	1.39
Kinder Morgan	29,968	434	1.38
Schlumberger	12,135	403	1.28
Williams	30,482	620	1.97
		1,895	6.02
Personal & Household Goods 1.95% (2.71%)			
Procter & Gamble	8,242	613	1.95
		613	1.95
Real Estate 2.69% (3.91%)			
American Tower*	5,291	689	2.19
Healthcare Trust of America*	7,325	157	0.50
		846	2.69
Retail 4.52% (5.15%)			
Costco Wholesale	479	78	0.25
Home Depot	6,099	841	2.67
Walmart	6,843	504	1.60
		1,423	4.52
Technology 10.74% (11.26%)			
Alphabet 'C'	633	530	1.68
Apple	5,752	755	2.40
Cisco Systems	6,710	260	0.83
Intel	4,531	181	0.57
Microsoft	13,980	1,176	3.74
Texas Instruments	6,031	478	1.52
		3,380	10.74
Telecommunications 2.84% (2.17%)			
AT&T	21,421	500	1.59
Verizon Communications	9,219	393	1.25
		893	2.84
Utilities 2.80% (2.86%)			
NextEra Energy	2,983	419	1.33
WEC Energy	8,158	463	1.47
		882	2.80

Legg Mason IF ClearBridge US Equity Income Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Canada 2.20% (1.37%)			
Oil & Gas 2.20% (1.37%)			
Enbridge	24,697	691	2.20
		691	2.20
Ireland 2.01% (0.59%)			
Chemicals 2.01% (0.00%)			
Linde	4,820	631	2.01
		631	2.01
Industrial Goods & Services 0.00% (0.59%)			
Hedge Share Class Derivatives 0.04% ((0.01%))			
Canadian Dollar Derivatives 0.00% (0.00%)			
Forward to sell CAD399 for GBP231 Settlement 29/03/2019		0	0.00
		0	0.00
US Dollar Derivatives 0.04% ((0.01%))			
Forward to sell USD1,001,869 for GBP764,357 Settlement 29/03/2019		12	0.04
		12	0.04
Portfolio of investments		30,675	97.51
Net other assets		783	2.49
Net assets		31,458	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

* Real Estate Investment Trust (REIT).

Stocks shown as ADRs represent American Depositary Receipts.

Legg Mason IF Japan Equity Fund

Portfolio Statement

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Financial Services 8.25% (10.49%)			
Nihon M&A Center	4,000,000	76,334	8.25
		76,334	8.25
Health Care 19.41% (20.57%)			
Asahi Intecc	900,000	32,622	3.51
CYBERDYNE	2,600,000	11,562	1.25
JCR Pharmaceuticals	165,000	6,906	0.75
N Field	760,000	4,409	0.48
PeptiDream	2,200,000	78,932	8.53
Ship Healthcare	500,000	14,282	1.54
Solasto	750,000	5,915	0.64
Takara Bio	1,150,000	19,880	2.15
Tsukui	1,000,000	5,154	0.56
		179,662	19.41
Industrial Goods & Services 25.76% (24.43%)			
Benefit One	2,600,000	38,359	4.15
Dip	580,000	7,716	0.83
en-japan	1,090,000	26,515	2.87
FULLCAST	350,000	5,205	0.56
GMO Payment Gateway	1,000,000	44,897	4.85
MonotaRO	1,200,000	21,350	2.31
Outsourcing	3,500,000	33,355	3.60
Persol	1,400,000	18,099	1.96
SMS	2,600,000	34,744	3.75
TKP	200,000	5,030	0.54
Weble	294,000	3,146	0.34
		238,416	25.76
Insurance 0.85% (0.73%)			
Anicom	400,000	7,908	0.85
		7,908	0.85
Media 8.77% (6.50%)			
M3	4,850,000	60,703	6.56
UUUM	320,000	12,805	1.38
Vector	800,000	7,626	0.83
		81,134	8.77
Personal & Household Goods 9.12% (6.01%)			
Fancl	1,400,000	23,992	2.59
Goldwin	120,000	11,051	1.20
Nintendo	187,000	38,594	4.17
Pigeon	350,000	10,767	1.16
		84,404	9.12
Real Estate 2.77% (1.96%)			
Relo	1,300,000	25,625	2.77
		25,625	2.77

Legg Mason IF Japan Equity Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Retail 15.54% (15.09%)			
Pan Pacific International	1,300,000	58,459	6.32
Kusuri no Aoki	420,000	21,966	2.37
Start Today	1,400,000	19,892	2.15
Tsuruha	290,000	19,397	2.10
Welcia	900,000	24,100	2.60
		143,814	15.54
Technology 6.63% (7.00%)			
Digital Arts	460,000	27,643	2.99
Gunosy	220,000	3,910	0.42
Hearts United	700,000	6,267	0.68
Medical Data Vision	600,000	4,631	0.50
UT	800,000	13,747	1.48
ZIGExN	1,200,000	5,194	0.56
		61,392	6.63
Travel & Leisure 2.82% (6.49%)			
Oriental Land	85,000	7,049	0.76
Round One	800,000	7,863	0.85
Tosho	500,000	11,230	1.21
		26,142	2.82
Forward Currency Contracts 0.00% (0.00%)			
Forward to buy JPY132,440,451 for GBP904,982 Settlement 01/03/2019	0	(6)	–
Forward to buy JPY381,549,875 for GBP2,584,886 Settlement 04/03/2019	0	4	–
Forward to sell JPY52,908,970 for GBP361,533 Settlement 01/03/2019	0	3	–
		1	–
Hedge Share Class Derivatives 0.26% ((0.13%))			
Forward to sell JPY25,969,442,835 for GBP178,703,869 Settlement 29/03/2019	0	2,381	0.26
Forward to sell JPY276,108,044 for GBP1,899,986 Settlement 29/03/2019	0	25	–
		2,406	0.26
Portfolio of investments		927,238	100.18
Net other assets		(1,698)	(0.18)
Net assets		925,540	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

Legg Mason IF Martin Currie Asia Pacific Fund

Portfolio Statement

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Australia 13.69% (12.76%)			
Commonwealth Bank of Australia	34,158	1,353	3.27
Macquarie	22,376	1,543	3.73
Oil Search	137,531	616	1.49
Orora	459,027	774	1.87
Western Areas	334,967	411	0.99
Woolworths	63,047	970	2.34
		5,667	13.69
China 33.08% (30.92%)*			
Alibaba ADR	20,369	2,817	6.80
China Construction Bank	2,020,910	1,350	3.26
China Machinery Engineering	941,000	376	0.91
CNOOC	993,000	1,290	3.11
ENN Energy	71,100	551	1.33
Li Ning	494,500	522	1.26
MINTH	160,000	476	1.15
Ping An Insurance	187,500	1,486	3.59
Tencent	84,900	2,733	6.60
TravelSky Technology	358,000	780	1.88
Zhejiang Expressway	952,000	747	1.81
Zhuzhou CRRC Times Electric	135,200	570	1.38
		13,698	33.08
Hong Kong 12.17% (9.66%)*			
AIA	308,400	2,321	5.60
China Mobile	112,500	891	2.15
Dairy Farm International	64,300	429	1.04
Guangdong Investment	382,000	551	1.33
Sino Land	608,600	850	2.05
		5,042	12.17
India 8.81% (10.39%)			
HDFC Bank	19,474	428	1.03
HDFC Bank ADR	6,888	519	1.25
Hero MotoCorp	27,699	770	1.86
Infosys	124,888	968	2.34
IRB Infrastructure Developers	261,846	374	0.90
Maruti Suzuki India	5,798	418	1.01
Welspun India	317,874	172	0.42
		3,649	8.81
Indonesia 2.02% (2.33%)			
Matahari Department Store	782,900	237	0.57
Semen Indonesia	888,500	600	1.45
		837	2.02
Malaysia 1.34% (1.32%)			
Genting	405,700	553	1.34
		553	1.34
Singapore 5.48% (4.34%)			
Singapore Technologies Engineering	430,800	896	2.16
United Overseas Bank	98,577	1,375	3.32
		2,271	5.48

Legg Mason IF Martin Currie Asia Pacific Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
South Korea 14.60% (13.90%)			
BGF Retail	3,614	515	1.24
Com2uS	5,493	448	1.08
Coway	16,272	1,026	2.48
Innocean Worldwide	16,823	786	1.90
Kangwon Land	19,545	403	0.97
LG Chem	2,936	767	1.85
LG Household & Health Care	1,081	900	2.17
Samsung Electronics	39,871	1,203	2.91
		6,048	14.60
Taiwan 4.07% (6.54%)			
E.Sun Financial	1,735,960	935	2.26
Taiwan Semiconductor Manufacturing	128,000	748	1.81
		1,683	4.07
Thailand 1.28% (1.43%)			
Kasikornbank Foreign Shares	112,600	530	1.28
		530	1.28
United Kingdom 1.82% (1.96%)			
HSBC	122,800	754	1.82
		754	1.82
United States 0.00% (1.39%)			
Portfolio of investments		40,732	98.36
Net other assets		681	1.64
Net assets		41,413	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

Stocks shown as ADRs represent American Depositary Receipts.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

* Comparatives figures have been restated.

Legg Mason IF Martin Currie China Fund

Portfolio Statement

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
China 65.96% (68.33%)			
Banks 11.15% (11.47%)			
China Construction Bank	381,350	255	5.19
China Merchants Bank	32,500	112	2.28
Industrial & Commercial Bank of China	312,950	181	3.68
		548	11.15
Basic Resources 0.63% (1.03%)			
China Molybdenum	86,000	31	0.63
		31	0.63
Health Care 4.90% (5.15%)			
CSPC Pharmaceutical	52,000	67	1.36
Innovent Biologics	11,000	25	0.51
Wuxi Biologics Cayman	12,500	89	1.81
Zai Lab ADR	2,747	60	1.22
		241	4.90
Industrial Goods & Services 1.04% (0.00%)			
Zhejiang Dingli Machinery	6,500	51	1.04
		51	1.04
Insurance 5.27% (5.88%)			
China Life Insurance	43,000	89	1.81
Ping An Insurance	21,500	170	3.46
		259	5.27
Media 0.98% (0.00%)			
iQIYI ADR	2,377	48	0.98
		48	0.98
Oil & Gas 4.87% (3.54%)			
China Conch Venture	42,000	105	2.14
CNOOC	103,000	134	2.73
		239	4.87
Personal & Household Goods 3.03% (0.00%)			
Midea	10,200	55	1.12
Shenzhen International	10,000	94	1.91
		149	3.03
Real Estate 1.08% (2.53%)			
Agile	56,000	53	1.08
		53	1.08
Retail 14.13% (15.22%)			
Alibaba ADR	3,350	463	9.42
New Oriental Education & Technology ADR	1,628	100	2.04
Pinduoduo ADR	4,742	101	2.06
Vipshop ADR	5,480	30	0.61
		694	14.13

Legg Mason IF Martin Currie China Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Technology 14.08% (15.96%)			
Baidu ADR	372	44	0.90
NetEase ADR	448	76	1.55
Shennan Circuits	3,200	42	0.84
Tencent	13,600	437	8.89
Xiaomi	37,400	43	0.88
Yangtze Optical Fibre and Cable Joint Stock	18,500	50	1.02
		692	14.08
Travel & Leisure 1.91% (1.66%)			
Ctrip.com International ADR	3,714	94	1.91
		94	1.91
Utilities 2.89% (5.89%)			
ENN Energy	8,600	67	1.36
MINTH	8,000	24	0.49
Sunny Optical Technology	5,700	51	1.04
		142	2.89
Hong Kong 32.47% (30.41%)			
Automobiles & Parts 1.08% (1.59%)			
Xinyi Glass	62,000	53	1.08
		53	1.08
Basic Resources 0.00% (0.97%)			
Construction & Materials 0.00% (0.71%)			
Financial Services 3.81% (6.21%)			
Hong Kong Exchanges and Clearing	7,200	187	3.81
		187	3.81
Food & Beverage 3.71% (0.00%)			
Foshan Haitian Flavouring & Food	13,000	111	2.26
Vitasoy International	22,000	71	1.45
		182	3.71
Health Care 1.63% (1.96%)			
Jiangsu Hengrui Medicine	10,000	80	1.63
		80	1.63
Industrial Goods & Services 5.31% (3.54%)			
CIMC Enric	34,000	23	0.47
CK Hutchison	13,576	109	2.22
Luxshare Precision Industry	36,300	86	1.75
SITC International	59,000	43	0.87
		261	5.31
Insurance 8.55% (6.67%)			
AIA	55,800	420	8.55
		420	8.55

Legg Mason IF Martin Currie China Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Personal & Household Goods 0.00% (1.22%)			
Real Estate 2.04% (1.89%)			
CK Asset	16,076	100	2.04
		100	2.04
Technology 0.00% (1.19%)			
Telecommunications 4.36% (1.91%)			
China Mobile	27,000	214	4.36
		214	4.36
Travel & Leisure 0.00% (1.43%)			
Utilities 1.98% (1.12%)			
Guangdong Investment	68,000	98	1.98
		98	1.98
Portfolio of investments		4,836	98.43
Net other assets		77	1.57
Net assets		4,913	100.00

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

The investments have been valued in accordance with note 9 of the accounting policies.

Stocks shown as ADRs represent American Depositary Receipt.

Comparative figures shown in brackets relate to 28 February 2018.

Legg Mason IF Martin Currie Emerging Markets Fund

Portfolio Statement

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Brazil 5.13% (5.22%)			
Cosan	43,599	380	1.79
Itau Unibanco Preference Shares	58,705	425	2.00
MRV Engenharia e Participacoes	67,000	184	0.87
Wilson Sons BDR	11,566	99	0.47
		1,088	5.13
China 30.67% (27.96%)			
AIA	74,901	564	2.65
Alibaba ADR	10,437	1,444	6.79
Brilliance China Automotive	210,000	154	0.73
China Gas	147,277	363	1.71
CNOOC	378,427	491	2.31
Industrial & Commercial Bank of China	1,185,151	685	3.22
MINTH	102,000	303	1.43
Ping An Insurance	79,500	630	2.96
Shanghai Fosun Pharmaceutical	94,000	250	1.18
Sunny Optical Technology	29,400	262	1.23
Tencent	42,664	1,373	6.46
		6,519	30.67
Hungary 2.80% (2.69%)			
OTP Bank	18,744	594	2.80
		594	2.80
India 8.20% (10.28%)			
Asian Paints	17,008	252	1.19
HDFC Bank	16,497	362	1.70
Maruti Suzuki India	5,820	420	1.98
Titan	44,340	483	2.27
UltraTech Cement	5,580	225	1.06
		1,742	8.20
Indonesia 2.26% (2.28%)			
Bank Rakyat Indonesia	1,738,235	358	1.68
Tower Bersama Infrastructure	580,987	124	0.58
		482	2.26
Ireland 1.04% (1.59%)			
iShares MSCI Emerging Markets	7,172	220	1.04
		220	1.04
Malaysia 1.10% (1.55%)			
Genting Malaysia	361,261	233	1.10
		233	1.10
Mexico 2.30% (3.42%)			
Grupo Financiero Banorte	68,969	279	1.31
Mexichem	106,266	210	0.99
		489	2.30
Peru 4.07% (3.89%)			
Credicorp	3,359	613	2.88
Southern Copper	9,197	253	1.19
		866	4.07

Legg Mason IF Martin Currie Emerging Markets Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Philippines 0.90% (0.86%)			
Robinsons Retail	151,839	192	0.90
		192	0.90
Russia 3.84% (3.75%)			
Lukoil ADR	8,325	526	2.48
Sberbank of Russia ADR	30,419	289	1.36
		815	3.84
South Africa 3.97% (7.68%)			
Aspen Pharmacare	17,499	132	0.62
MultiChoice	4,191	24	0.11
Naspers	4,191	689	3.24
		845	3.97
South Korea 14.80% (13.13%)			
LG Chem	2,315	604	2.84
LG Household & Health Care	334	278	1.31
Samsung Electronics	53,615	1,618	7.61
Samsung SDI	1,605	255	1.20
SK Hynix	8,363	392	1.84
		3,147	14.80
Taiwan 11.96% (11.23%)			
CTBC Financial	579,911	295	1.39
Delta Electronics	54,152	203	0.96
Globalwafers	24,000	197	0.93
Largan Precision	1,975	209	0.98
St Shine Optical	14,835	211	0.99
Taiwan Semiconductor Manufacturing	244,125	1,426	6.71
		2,541	11.96
Turkey 0.82% (2.05%)			
Turkcell Iletisim Hizmetleri	85,989	175	0.82
		175	0.82
United States 2.25% (1.75%)			
EPAM Systems	3,989	479	2.25
		479	2.25
Portfolio of investments		20,427	96.11
Net other assets		827	3.89
Net assets		21,254	100.00

Stocks shown as ADRs and BDRs represent American Depositary Receipts and Brazilian Depositary Receipts.

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

Legg Mason IF Martin Currie European Unconstrained Fund

Portfolio Statement

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Austria 0.00% (1.55%)			
Denmark 4.14% (2.27%)			
Coloplast	8,484	628	4.14
		628	4.14
Finland 0.00% (3.46%)			
France 11.15% (20.50%)			
Kering	2,390	989	6.53
L'Oreal	3,706	700	4.62
		1,689	11.15
Germany 10.33% (23.42%)			
Adidas	4,917	899	5.93
Infineon Technologies	40,314	666	4.40
		1,565	10.33
Ireland 3.94% (0.00%)			
Kerry	7,676	597	3.94
		597	3.94
Israel 4.59% (0.00%)			
Check Point Software Technologies	7,526	695	4.59
		695	4.59
Italy 5.97% (8.74%)			
Moncler	31,238	905	5.97
		905	5.97
Netherlands 16.89% (12.47%)			
ASML	4,970	685	4.52
Ferrari	10,641	1,029	6.79
Unilever	20,853	846	5.58
		2,560	16.89
Norway 0.00% (4.15%)			
Spain 3.35% (2.26%)			
Amadeus IT	8,806	507	3.35
		507	3.35
Sweden 13.71% (4.07%)			
Assa Abloy	44,634	695	4.59
Atlas Copco	34,507	698	4.61
Hexagon	17,359	684	4.51
		2,077	13.71
Switzerland 19.35% (11.84%)			
Cie Financiere Richemont	9,728	559	3.69
Partners	1,281	696	4.59
Straumann	1,699	996	6.57
Temenos	6,321	682	4.50
		2,933	19.35

Legg Mason IF Martin Currie European Unconstrained Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
United States 4.12% (0.00%)			
Mettler-Toledo International	1,212	624	4.12
		624	4.12
Portfolio of investments		14,780	97.54
Net other assets		373	2.46
Net assets		15,153	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

Legg Mason IF Martin Currie Global Equity Income Fund

Portfolio Statement

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Australia 2.69% (4.27%)			
Transurban	609,110	4,073	2.69
		4,073	2.69
Canada 5.02% (8.33%)			
BCE	123,600	4,123	2.72
Suncor Energy	134,200	3,483	2.30
		7,606	5.02
China 1.82% (1.01%)			
Shanghai Fosun Pharmaceutical	1,038,500	2,765	1.82
		2,765	1.82
France 9.05% (6.84%)			
Airbus	45,617	4,435	2.92
Danone	68,985	3,925	2.59
Sanofi	85,852	5,373	3.54
		13,733	9.05
Germany 2.96% (4.07%)			
Deutsche Telekom	360,922	4,494	2.96
		4,494	2.96
Ireland 2.47% (2.24%)			
Eaton	61,924	3,749	2.47
		3,749	2.47
Italy 0.00% (2.03%)			
Netherlands 5.01% (6.87%)			
Koninklijke DSM	51,500	4,168	2.75
Unilever	84,282	3,420	2.26
		7,588	5.01
Peru 0.00% (1.98%)			
Singapore 1.37% (1.88%)			
United Overseas Bank	148,700	2,075	1.37
		2,075	1.37
South Korea 1.06% (1.05%)			
Samsung Electronics Preference Shares	66,732	1,608	1.06
		1,608	1.06
Spain 1.75% (0.00%)			
CaixaBank	992,537	2,660	1.75
		2,660	1.75
Sweden 2.01% (1.94%)			
Securitas	256,126	3,043	2.01
		3,043	2.01

Legg Mason IF Martin Currie Global Equity Income Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Switzerland 5.04% (4.53%)			
Cie Financiere Richemont	50,158	2,882	1.90
Zurich Insurance	19,216	4,767	3.14
		7,649	5.04
Taiwan 2.34% (2.32%)			
Taiwan Semiconductor Manufacturing ADR	120,235	3,554	2.34
		3,554	2.34
United Kingdom 11.73% (10.36%)			
Beazley	452,433	2,452	1.62
Britvic	346,749	3,152	2.08
HSBC	449,015	2,756	1.82
Kingfisher	932,902	2,268	1.50
Prudential	145,000	2,288	1.51
SSE	406,994	4,860	3.20
		17,776	11.73
United States 43.43% (37.09%)			
Air Products & Chemicals	41,838	5,704	3.76
Apple	21,700	2,848	1.88
BB&T	80,061	3,068	2.02
Blackstone	116,810	2,937	1.94
Chevron	43,845	3,951	2.61
Crown Castle International*	56,174	4,993	3.29
Leggett & Platt	99,214	3,402	2.24
Lockheed Martin	15,465	3,572	2.36
Merck	124,824	7,560	4.98
Microsoft	76,345	6,425	4.24
Occidental Petroleum	61,373	3,069	2.02
Paychex	37,976	2,181	1.44
Philip Morris International	45,482	2,983	1.97
Procter & Gamble	64,249	4,775	3.15
VF	41,496	2,733	1.80
WEC Energy	99,505	5,655	3.73
		65,856	43.43
Options (0.01)% (0.17%)			
Continental March 2019	(194)	(11)	(0.01)
		(11)	(0.01)
Portfolio of investments		148,218	97.74
Net other assets		3,434	2.26
Net assets		151,652	100.00

* Real Estate Investment Trust (REIT).

Stocks shown as ADRs represent American Depositary Receipts.

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28th February 2018.

Legg Mason IF Martin Currie Japan Alpha Fund

Portfolio Statement

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Automobiles & Parts 6.38% (6.19%*)			
Bridgestone	83,800	2,498	3.33
Suzuki Motor	37,500	1,448	1.93
Toyota Industries	21,800	844	1.12
		4,790	6.38
Banks 5.68% (9.87%)			
Bank of Kyoto	60,500	2,044	2.72
Resona	650,600	2,224	2.96
		4,268	5.68
Chemicals 1.17% (2.12%)			
Kanto Denka Kogyo	149,600	875	1.17
		875	1.17
Construction & Materials 10.69% (7.78%*)			
Daikin Industries	8,500	698	0.93
Haseko	67,200	634	0.84
Mirait	132,900	1,567	2.09
Nippo	87,400	1,285	1.71
Penta-Ocean Construction	280,000	1,064	1.42
SHO-BOND	35,900	1,943	2.59
Takuma	83,600	834	1.11
		8,025	10.69
Financial services 2.86% (4.33%)			
Orix	196,300	2,147	2.86
		2,147	2.86
Food & Beverage 5.26% (0.00%)			
MEIJI	32,400	1,938	2.58
Nippon Suisan Kaisha	407,300	2,012	2.68
		3,950	5.26
Health Care 2.61% (2.53%)			
Ship Healthcare	68,500	1,957	2.61
		1,957	2.61
Industrial Goods & Services 21.07% (23.54%*)			
Disco	7,200	750	1.00
Fujitec	48,100	425	0.57
Hirano Tecseed	39,400	464	0.62
Horiba	38,200	1,460	1.94
Iriso Electronics	14,100	471	0.63
Keyence	4,300	1,896	2.52
Kurita Water Industries	71,800	1,367	1.82
Kyocera	48,700	2,030	2.70
Nomura	87,200	1,898	2.53
Raksul	23,600	614	0.82
Secom	37,700	2,459	3.28
Toshiba Plant Systems & Services	57,600	789	1.05
Yumeshin	224,100	1,191	1.59
		15,814	21.07

Legg Mason IF Martin Currie Japan Alpha Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Insurance 3.88% (2.00%*)			
Japan Post	317,000	2,914	3.88
		2,914	3.88
Media 2.34% (0.00%)			
Tokyo Broadcasting System	121,200	1,757	2.34
		1,757	2.34
Personal & Household Goods 7.82% (5.55%*)			
Kao	42,900	2,452	3.26
Sony	71,600	2,597	3.46
Yamaha	22,200	824	1.10
		5,873	7.82
Real Estate 3.42% (6.35%*)			
Tokyu Fudosan	616,800	2,571	3.42
		2,571	3.42
Retail 4.77% (11.22%)			
Pan Pacific International	15,500	697	0.93
Sundrug	66,300	1,533	2.04
ZOZO	95,200	1,353	1.80
		3,583	4.77
Technology 9.98% (10.26%)			
Lasertec	49,800	1,321	1.76
Oracle Japan	41,000	2,308	3.07
Rohm	32,100	1,534	2.05
Trend Micro	62,600	2,330	3.10
		7,493	9.98
Telecommunications 5.64% (4.03%)			
Nippon Telegraph & Telephone	76,600	2,497	3.33
NTT DoCoMo	98,800	1,737	2.31
		4,234	5.64
Travel & Leisure 3.82% (2.93%)			
East Japan Railway	39,700	2,868	3.82
		2,868	3.82
Utilities 0.00% (7.44%*)			
Foreign Forward Currency Contracts 0.05% ((0.11%))			
Forward to sell JPY375,232,843 for GBP2,582,094 Settlement 29/03/2019		34	0.05
		34	0.05
Portfolio of investments		73,153	97.44
Net other assets		1,920	2.56
Net assets		75,073	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

* Comparatives figures have been restated.

Legg Mason IF Martin Currie North American Fund

Portfolio Statement

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
United States 87.20% (87.94%)			
Aerospace & Defense 2.57% (3.64%)			
Hexcel	63,584	3,441	2.57
		3,441	2.57
Banks 2.98% (4.78%)			
Bank OZK	94,852	2,343	1.75
PNC Financial Services	17,403	1,642	1.23
		3,985	2.98
Chemicals 2.91% (2.91%)			
Ecolab	30,751	3,891	2.91
		3,891	2.91
Electronic & Electrical Equipment 5.00% (0.00%)			
Agilent Technologies	70,953	4,228	3.16
Mettler-Toledo International	4,782	2,464	1.84
		6,692	5.00
Financial Services 11.68% (11.35%)			
Blackstone	124,351	3,127	2.33
Mastercard	24,038	4,049	3.02
S&P Global	22,876	3,462	2.59
Visa	45,343	5,009	3.74
		15,647	11.68
Fixed Line Telecommunications 2.22% (1.80%)			
Verizon Communications	69,599	2,967	2.22
		2,967	2.22
Food & Drug Retailers 0.00% (2.20%)			
Gas, Water & Multiutilities 1.53% (3.76%)			
WEC Energy	35,953	2,043	1.53
		2,043	1.53
General Industrials 0.00% (2.40%)			
General Retailers 3.17% (3.81%)			
Amazon.com	3,450	4,247	3.17
		4,247	3.17
Health Care Equipment & Services 10.97% (8.55%)			
Cooper	14,373	3,097	2.31
HCA Healthcare	42,438	4,423	3.30
Healthcare Services	114,517	3,295	2.46
UnitedHealth	20,653	3,879	2.90
		14,694	10.97
Household Goods & Home Construction 1.96% (1.76%)			
Procter & Gamble	35,383	2,630	1.96
		2,630	1.96

Legg Mason IF Martin Currie North American Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Industrial Engineering 3.88% (4.00%)			
Caterpillar	17,200	1,800	1.34
Rockwell Automation	25,104	3,401	2.54
		5,201	3.88
Leisure Goods 1.91% (0.00%)			
Electronic Arts	34,889	2,561	1.91
		2,561	1.91
Oil & Gas Producers 4.66% (7.44%)			
EOG Resources	46,142	3,292	2.46
Pioneer Natural Resources	27,680	2,941	2.20
		6,233	4.66
Personal Goods 5.38% (5.62%)			
Estee Lauder	30,012	3,538	2.64
NIKE	56,767	3,672	2.74
		7,210	5.38
Pharmaceuticals & Biotechnology 5.44% (2.06%)			
Merck	63,455	3,843	2.87
Zoetis	48,794	3,438	2.57
		7,281	5.44
Software & Computer Services 7.21% (6.92%*)			
Alphabet	5,120	4,314	3.22
Cognizant Technology Solutions	32,694	1,750	1.31
EPAM Systems	29,912	3,589	2.68
		9,653	7.21
Support Services 6.05% (5.03%)			
Automatic Data Processing	42,262	4,852	3.62
Fiserv	51,025	3,257	2.43
		8,109	6.05
Technology Hardware & Equipment 2.60% (3.10%)			
Apple	26,492	3,477	2.60
		3,477	2.60
Tobacco 0.00% (2.35%)			
Travel & Leisure 5.08% (4.46%*)			
Booking	1,464	2,095	1.56
Starbucks	89,380	4,707	3.52
		6,802	5.08
Canada 5.34% (5.89%)			
Banks 0.00% (2.55%)			
Industrial Transportation 2.43% (0.00%)			
Canadian National Railway	50,128	3,259	2.43
		3,259	2.43

Legg Mason IF Martin Currie North American Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Software & Computer Services 2.91% (3.34%)			
Constellation Software	6,143	3,901	2.91
		3,901	2.91
Ireland 2.70% (2.63%)			
Support Services 2.70% (2.63%)			
Accenture	30,035	3,620	2.70
		3,620	2.70
United Kingdom 2.16% (2.67%)			
Automobiles & Parts 0.00% (2.67%)			
Nonlife Insurance 2.16% (0.00%)			
Aon	22,456	2,887	2.16
		2,887	2.16
Hedge Share Class Derivatives 0.00% (0.00%)			
Canadian Dollar Derivatives 0.00% (0.00%)			
Forward to sell CAD34,276 for GBP19,861 Settlement 29/03/2019		0	0.00
		0	0.00
US Dollar Derivatives 0.00% (0.00%)			
Forward to sell USD439,732 for GBP335,485 Settlement 29/03/2019		6	0.00
		6	0.00
Portfolio of investments		130,437	97.40
Net other assets		3,483	2.60
Net assets		133,920	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

* Since the previous report industry classifications have been updated. Comparative figures have been updated where appropriate.

Legg Mason IF QS Emerging Markets Equity Fund

Portfolio Statement

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Brazil 0.00% (2.95%)			
Chile 0.00% (2.23%)			
China 0.00% (14.03%)			
China Huishan Dairy*	7,000	—	—
		—	—
		—	—
Colombia 0.00% (0.60%)			
Czech Republic 0.00% (0.82%)			
Egypt 0.00% (0.60%)			
Greece 0.00% (0.74%)			
Hong Kong 0.00% (5.09%)			
Hanergy Thin Film Power*	32,000	—	—
		—	—
		—	—
Hungary 0.00% (1.66%)			
India 0.00% (7.69%)			
Indonesia 0.00% (8.98%)			
Malaysia 0.00% (8.84%)			
Mexico 0.00% (3.60%)			
Peru 0.00% (0.57%)			
Philippines 0.00% (4.55%)			
Poland 0.00% (3.12%)			
Republic of Korea 0.00% (5.38%)			
Romania 0.00% (0.20%)			
Russia 0.00% (5.40%)			
South Africa 0.00% (8.21%)			
Taiwan 0.00% (4.00%)			
Thailand 0.00% (4.72%)			
Turkey 0.00% (4.97%)			
United States 0.00% (0.34%)			
Portfolio of investments		—	—
Net other assets		—	—
Net assets		—	—

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

* Suspended.

Legg Mason IF QS UK Equity Fund

Portfolio Statement

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Banks 5.31% (5.59%)			
HSBC	155,344	953	3.10
Lloyds Banking	1,077,282	679	2.21
		1,632	5.31
Basic Resources 4.20% (3.35%)			
Centamin	229,250	210	0.68
Rio Tinto	25,000	1,081	3.52
		1,291	4.20
Chemicals 0.00% (0.44%)			
Financial Services 4.06% (3.41%)			
IG	145,495	825	2.69
Plus500	51,919	421	1.37
		1,246	4.06
Food & Beverage 5.96% (5.89%)			
Diageo	31,945	925	3.01
Tate & Lyle	130,907	906	2.95
		1,831	5.96
Health Care 3.73% (3.00%)			
GlaxoSmithKline	67,428	1,019	3.32
Smith & Nephew	8,927	127	0.41
		1,146	3.73
Industrial Goods & Services 8.71% (12.86%)			
BAE Systems	45,152	211	0.69
BBA Aviation	37,372	90	0.29
G4S	46,987	97	0.32
Meggitt	121,969	646	2.10
PayPoint	65,000	563	1.83
Royal Mail	285,370	787	2.56
RPS	31,324	59	0.19
Ultra Electronics	18,212	224	0.73
		2,677	8.71
Insurance 7.09% (6.94%)			
Aviva	50,422	212	0.69
Direct Line Insurance	288,423	1,020	3.32
Jardine Lloyd Thompson	6,245	119	0.39
Legal & General	298,153	826	2.69
		2,177	7.09
Media 2.45% (2.61%)			
Moneysupermarket.com	71,971	245	0.80
RELX	11,705	202	0.66
WPP	36,626	303	0.99
		750	2.45

Legg Mason IF QS UK Equity Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Oil & Gas 8.06% (8.56%)			
BP	210,000	1,118	3.64
Royal Dutch Shell 'A'	16,266	384	1.25
Royal Dutch Shell 'B'	40,929	973	3.17
		2,475	8.06
Personal & Household Goods 12.42% (13.07%)			
Barratt Developments	118,878	702	2.29
Bellway	2,500	75	0.24
Berkeley	4,815	189	0.62
British American Tobacco	18,994	522	1.70
Burberry	3,453	65	0.21
Imperial Brands	34,996	873	2.84
Persimmon	29,000	701	2.28
Reckitt Benckiser	491	28	0.09
Taylor Wimpey	337,418	598	1.95
Unilever	1,526	61	0.20
		3,814	12.42
Real Estate 1.75% (0.00%*)			
Assura*	116,848	67	0.22
Civitas Social Housing*	100,000	99	0.32
NewRiver REIT*	70,000	153	0.50
Primary Health Properties*	180,000	219	0.71
		538	1.75
Retail 11.09% (8.75%)			
Dignity	23,550	173	0.56
Kingfisher	13,205	32	0.10
Marks & Spencer	123,045	326	1.06
Next	9,695	490	1.60
Tesco	431,944	982	3.20
WH Smith	30,946	642	2.09
Wm Morrison Supermarkets	329,638	762	2.48
		3,407	11.09
Technology 2.49% (1.59%)			
Computacenter	47,999	532	1.73
Softcat	31,444	234	0.76
		766	2.49
Telecommunications 1.60% (2.48%)			
BT	75,573	162	0.53
Telecom Plus	14,500	206	0.67
Vodafone	90,527	123	0.40
		491	1.60

Legg Mason IF QS UK Equity Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Travel & Leisure 11.22% (10.38%)			
Carnival	13,845	583	1.90
Go-Ahead	31,672	638	2.08
Greene King	30,000	197	0.64
International Consolidated Airlines	74,770	453	1.47
Marston's	299,895	294	0.96
National Express	219,000	918	2.99
Playtech	14,594	62	0.20
Restaurant	43,561	53	0.17
Stagecoach	17,716	28	0.09
William Hill	119,639	221	0.72
		3,447	11.22
Utilities 9.31% (10.74%)			
Centrica	462,310	579	1.88
National Grid	94,445	799	2.60
Pennon	24,385	188	0.61
SSE	74,023	884	2.88
United Utilities	49,100	411	1.34
		2,861	9.31
Portfolio of investments		30,549	99.45
Net other assets		170	0.55
Net assets		30,719	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

* Real Estate Investment Trust.

Legg Mason IF RARE Global Infrastructure Income Fund

Portfolio Statement

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Australia 18.24% (13.05%)			
APA	2,545,360	13,658	3.44
AusNet Services	11,312,715	10,513	2.64
Spark Infrastructure	18,762,021	23,459	5.90
Sydney Airport	1,104,088	4,251	1.07
Transurban	3,085,029	20,630	5.19
		72,511	18.24
Brazil 4.50% (11.84%)			
Cia Energetica Preference Shares	1,785,000	8,589	2.16
Transmissora Alianca De Energia Electrica	1,837,500	9,300	2.34
		17,889	4.50
Canada 17.23% (12.06%)			
AltaGas	1,171,049	10,962	2.76
Emera	738,825	19,572	4.92
Enbridge	954,045	26,684	6.71
Hydro One	645,374	7,506	1.89
TransCanada	111,859	3,760	0.95
		68,484	17.23
China 1.44% (1.08%)			
Shenzhen Expressway	6,900,000	5,704	1.44
		5,704	1.44
France 0.70% (3.08%)			
Eutelsat Communications	186,120	2,794	0.70
		2,794	0.70
Hong Kong 3.63% (1.74%)			
China Merchants Port	9,122,320	14,413	3.63
		14,413	3.63
Italy 4.94% (6.83%)			
Atlantia	1,091,319	19,658	4.94
		19,658	4.94
Luxembourg 0.00% (3.88%)			
Mexico 1.91% (2.52%)			
CFE Capital*	11,822,837	7,588	1.91
		7,588	1.91
Portugal 1.73% (0.00%)			
Energias De Portugal	2,508,832	6,894	1.73
		6,894	1.73
Spain 7.77% (16.14%)			
Atlantica	857,539	12,591	3.17
Iberdrola	1,821,428	11,461	2.88
Red Electrica Corporacion	418,887	6,816	1.72
		30,868	7.77

Legg Mason IF RARE Global Infrastructure Income Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Thailand 0.00% (2.26%)			
United Kingdom 16.41% (11.02%)			
National Grid	2,345,318	19,841	4.99
Penron	1,224,893	9,419	2.37
SSE	1,364,773	16,295	4.10
United Utilities	2,349,501	19,689	4.95
		65,244	16.41
United States 18.51% (13.21%)			
Crown Castle International*	111,421	9,904	2.49
Dominion Energy	222,195	12,415	3.12
Duke Energy	29,994	2,013	0.51
Edison International	159,811	7,280	1.83
Pattern Energy	714,515	11,064	2.78
TerraForm Power	1,341,252	12,657	3.18
Williams	898,491	18,275	4.60
		73,608	18.51
Hedged Share Class Derivatives 0.32% ((0.08%))			
Euro Derivatives 0.03% (0.00%)			
Forward to sell EUR11,465,903 for GBP9,992,722 Settlement 22/05/2019		127	0.03
		127	0.03
US Dollar Derivatives 0.09% ((0.03%))			
Forward to buy USD1,179,488 for GBP889,750 Settlement 22/05/2019		(7)	–
Forward to sell USD30,526,229 for GBP23,226,845 Settlement 22/05/2019		370	0.09
		363	0.09
Australian Dollar Derivatives 0.08% ((0.01%))			
Forward to sell AUD30,003,421 for GBP16,398,209 Settlement 22/05/2019		335	0.08
		335	0.08
Brazilian Real Derivatives 0.02% ((0.03%))			
Forward to sell BRL20,594,678 for GBP4,196,598 Settlement 22/05/2019		87	0.02
		87	0.02
Canadian Dollar Derivatives 0.07% (0.00%)			
Forward to sell CAD28,582,664 for GBP16,556,508 Settlement 22/05/2019		266	0.07
		266	0.07
Hong Kong Dollar Derivatives 0.02% (0.00%)			
Forward to sell HKD50,580,608 for GBP4,918,365 Settlement 22/05/2019		82	0.02
		82	0.02
Mexican Peso Derivatives 0.01% (0.00%)			
Forward to sell MXN43,598,067 for GBP1,704,874 Settlement 22/05/2019		23	0.01
		23	0.01
Thailand Baht Derivatives 0.00% ((0.01%))			
Portfolio of investments		386,938	97.33
Net other assets		10,597	2.67
Net assets		397,535	100.00

* Real Estate Investment Trust.

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

Legg Mason IF Royce US Smaller Companies Fund

Portfolio Statement

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Bermuda 1.30% (1.92%)			
Financial Services 1.30% (1.92%)			
Lazard	89,029	2,489	1.30
		2,489	1.30
Canada 5.24% (8.29%)			
Construction & Materials 1.05% (1.02%)			
Stella-Jones	84,500	2,006	1.05
		2,006	1.05
Financial Services 2.41% (2.72%)			
Genworth MI Canada	183,060	4,615	2.41
		4,615	2.41
Industrial Goods & Services 0.00% (2.48%)			
Oil & Gas 1.78% (2.07%)			
Pason Systems	295,900	3,400	1.78
		3,400	1.78
Denmark 0.20% (0.71%)			
Health Care 0.20% (0.71%)			
Zealand Pharma	34,230	379	0.20
		379	0.20
Israel 0.95% (0.05%)			
Industrial Goods & Services 0.00% (0.05%)			
Technology 0.95% (0.00%)			
Nova Measuring Instruments	95,500	1,808	0.95
		1,808	0.95
Mexico 0.67% (1.47%)			
Food & Beverage 0.67% (1.47%)			
Industrias Bachoco ADR	36,011	1,286	0.67
		1,286	0.67
Norway 1.10% (1.90%)			
Oil & Gas 1.10% (1.90%)			
TGS Nopec Geophysical	100,565	2,103	1.10
		2,103	1.10
Singapore 0.77% (1.47%)			
Technology 0.77% (1.47%)			
Kulicke & Soffa Industries	84,600	1,479	0.77
		1,479	0.77
Taiwan 0.80% (1.16%)			
Technology 0.80% (1.16%)			
Silicon Motion Technology ADR	48,300	1,532	0.80
		1,532	0.80

Legg Mason IF Royce US Smaller Companies Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Thailand 0.42% (2.46%)			
Industrial Goods & Services 0.42% (2.46%)			
Fabrinet	18,530	807	0.42
		807	0.42
United States 81.25% (73.67%)			
Automobiles & Parts 5.12% (2.58%)			
Cooper-Standard	28,600	1,306	0.68
Gentex	66,270	1,010	0.53
Meritor	258,968	4,359	2.28
Standard Motor Products	22,100	821	0.43
Stoneridge	60,500	1,292	0.68
Visteon	15,400	992	0.52
		9,780	5.12
Chemicals 2.19% (3.00%)			
Minerals Technologies	93,749	4,188	2.19
		4,188	2.19
Construction & Materials 5.01% (5.05%)			
Apogee Enterprises	110,604	2,967	1.55
Gibraltar Industries	102,800	3,121	1.63
Goldfield	198,700	392	0.20
Simpson Manufacturing	32,500	1,454	0.76
Sterling Construction	245,800	2,705	1.41
Valmont Industries	18,525	1,900	0.99
		12,539	5.40
Financial Services 5.40% (6.18%*)			
Artisan Partners Asset Management	229,760	4,492	2.35
Federated Investors	26,969	593	0.31
Houlihan Lokey	127,048	4,383	2.29
PICO	110,455	869	0.45
		10,337	5.40
Food & Beverage 1.48% (3.89%)			
Cal-Maine Foods	34,210	1,129	0.59
Tootsie Roll Industries	60,949	1,702	0.89
		2,831	1.48
Health Care 2.61% (3.08%)			
Bio-Techne	17,050	2,488	1.30
Eagle Pharmaceuticals	35,798	1,310	0.68
Lantheus	69,582	1,205	0.63
		5,003	2.61
Industrial Goods & Services 22.71% (23.25%)			
AMN Healthcare Services	29,200	1,109	0.58
CIRCOR International	83,466	1,874	0.98
Coherent	19,800	2,000	1.05
Comfort Systems USA	24,511	986	0.52
EnerSys	31,700	1,803	0.94
FARO Technologies	27,950	956	0.50
Greenbrier	113,311	3,542	1.85
Heidrick & Struggles International	58,900	1,926	1.01
John Bean Technologies	50,104	3,642	1.90

Legg Mason IF Royce US Smaller Companies Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Kadant	50,900	3,403	1.78
Kimball Electronics	251,725	2,969	1.55
Landstar System	45,910	3,727	1.95
Methode Electronics	61,396	1,308	0.68
RBC Bearings	11,800	1,258	0.66
Saia	33,565	1,694	0.89
Sun Hydraulics	59,546	2,119	1.11
UniFirst	28,320	3,063	1.60
Vishay Intertechnology	89,100	1,469	0.77
Vishay Precision	75,400	1,984	1.04
Wabash National	237,600	2,574	1.35
		43,406	22.71
Insurance 3.47% (3.01%*)			
FBL Financial	18,400	958	0.50
ProAssurance	78,700	2,391	1.25
RLI	62,133	3,287	1.72
		6,636	3.47
Media 0.76% (0.68%)			
EW Scripps	96,274	1,455	0.76
		1,455	0.76
Oil & Gas 2.43% (0.54%)			
Arcosa	142,100	3,397	1.78
Oil States International	95,140	1,240	0.65
		4,637	2.43
Personal & Household Goods 9.96% (7.72%)			
Ethan Allen Interiors	77,400	1,146	0.60
Inter Parfums	70,388	3,853	2.01
Kimball International	191,005	2,215	1.16
LCI Industries	54,544	3,355	1.75
MasterCraft Boat	175,385	3,255	1.70
Movado	94,330	2,482	1.30
Steelcase	71,910	938	0.49
Wolverine World Wide	67,000	1,818	0.95
		19,062	9.96
Real Estate 4.31% (2.96%*)			
Kennedy-Wilson	299,700	4,670	2.44
Marcus & Millichap	123,290	3,578	1.87
		8,248	4.31
Retail 2.36% (1.95%)			
Caleres	96,531	2,229	1.17
Children's Place	13,700	981	0.51
Monro	22,900	1,309	0.68
		4,519	2.36
Technology 12.36% (9.78%)			
Advanced Energy Industries	108,200	4,110	2.15
Cabot Microelectronics	24,590	2,120	1.11
Cohu	81,000	1,087	0.57
Insight Enterprises	34,200	1,440	0.75
j2 Global	66,475	4,279	2.24

Legg Mason IF Royce US Smaller Companies Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
MKS Instruments	66,061	4,126	2.16
Nanometrics	66,168	1,413	0.74
NETGEAR	34,900	922	0.48
NetScout Systems	67,900	1,412	0.74
Nlight	119,333	1,889	0.99
Simulations Plus	52,500	824	0.43
		23,622	12.36
Travel & Leisure 1.08% (0.00%)			
Century Casinos	324,300	2,068	1.08
		2,068	1.08
Hedged Share Class Derivatives 0.00% (0.00%)			
Canadian Dollar Derivatives 0.00% (0.00%)			
Forward to sell CAD38,555 for GBP22,341 Settlement 29/03/2019		–	–
		–	–
Danish Krone Derivatives 0.00% (0.00%)			
Forward to sell DKK7,355 for GBP856 Settlement 29/03/2019		–	–
		–	–
Norwegian Krone Derivatives 0.00% (0.00%)			
Forward to buy NOK1,670 for GBP147 Settlement 29/03/2019		–	–
Forward to sell NOK52,600 for GBP4,669 Settlement 29/03/2019		–	–
US Dollar Derivatives 0.00% (0.00%)			
Forward to sell USD488,789 for GBP372,912 Settlement 29/03/2019		6	–
		6	–
Portfolio of investments		180,241	94.23
Net other assets		11,031	5.77
Net assets		191,272	100.00

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

Stocks shown as ADRs represent American Depositary Receipts

* Comparatives figures have been restated.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund

Portfolio Statement

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Certificates of Deposit 4.04% (3.93%)			
Sterling Denominated 4.04% (3.93%)			
Commerzbank 0.53% March 2019	6,500,094	6,500	2.10
Rabobank 0.6% March 2019	6,005,230	6,005	1.94
		12,505	4.04
Bonds 79.09% (84.45%)			
Sterling Denominated 2.44% (1.74%)			
Aviva 6.125% 14/11/2036	GBP 1,590,000	1,762	0.57
Aviva 6.125% Perpetual	GBP 290,000	309	0.10
Greene King Finance 2.98638% 15/03/2036	GBP 299,000	245	0.08
GVC 1% 29/03/2024	GBP 670,000	664	0.21
Marston's Issuer 5.641% 15/07/2035	GBP 1,925,000	1,578	0.51
Tesco Property Finance 6 5.4111% 13/07/2044	GBP 1,598,991	1,821	0.59
Virgin Media Secured Finance 5.5% 15/01/2025	GBP 1,152,000	1,178	0.38
		7,557	2.44
Euro Denominated 4.40% (1.36%)			
Altice Luxembourg 7.25% 15/05/2022	EUR 520,000	446	0.14
Burger King France 5.25% 01/05/2023	EUR 270,000	234	0.08
Cooperatieve Rabobank 4.625% Perpetual	EUR 1,000,000	874	0.28
Credit Agricole 6.5% Perpetual	EUR 470,000	436	0.14
Danske Bank 5.75% Perpetual	EUR 950,000	810	0.26
Europcar Mobility 5.75% 15/06/2022	EUR 1,290,000	1,136	0.37
Intesa Sanpaolo 7% Perpetual	EUR 1,000,000	889	0.29
LHC3 4.125% 15/08/2024	EUR 130,000	113	0.04
Lloyds Banking 6.375% Perpetual	EUR 950,000	851	0.27
Maxeda DIY 6.125% 15/07/2022	EUR 980,000	808	0.26
Monitchem 6.875% 15/06/2022	EUR 503,000	378	0.12
Platin 1426 5.375% 15/06/2023	EUR 1,530,000	1,249	0.40
Spectrum Brands 4% 01/10/2026	EUR 130,000	112	0.04
TDC 1% 31/05/2025	EUR 1,130,000	969	0.31
Telecom Italia Finance 7.75% 24/01/2033	EUR 1,120,000	1,191	0.38
Telefonica Europe 5.875% Perpetual	EUR 1,200,000	1,147	0.37
Tendam Brands 5% 15/09/2024	EUR 220,000	188	0.06
Tendam Brands 5.25% 15/09/2024	EUR 670,000	567	0.18
Unibail-Rodamco 2.125% Perpetual	EUR 1,500,000	1,256	0.41
		13,654	4.40
US Dollar Denominated 57.62% (63.91%)			
Albertsons 1% 22/06/2023	USD 645,898	483	0.16
Alcoa Nederland 6.75% 30/09/2024	USD 600,000	477	0.15
Alcoa Nederland 7% 30/09/2026	USD 920,000	743	0.24
Alternative Loan Trust 2005-77T1 15.33036% 25/02/2036	USD 1,516,323	1,165	0.38
Altice Luxembourg 7.75% 15/05/2022	USD 1,120,000	835	0.27
Ambac Assurance 5.1% 07/06/2020	USD 5,330	5	–
Ambac LSNI 7.803% 12/02/2023	USD 17,026	13	–
American Airlines 2013-2 Class B Pass Through Trust 5.6% 15/07/2022	USD 804,222	612	0.20
American Axle & Manufacturing 1% 06/04/2024	USD 59,036	43	0.01
American International 6.25% 15/03/2037	USD 293,000	216	0.07
AMGH 1% 28/04/2022	USD 1,448,848	1,054	0.34
Anglo American Capital 4.75% 10/04/2027	USD 200,000	149	0.05
Apollo 1% 02/05/2022	USD 356,272	266	0.09
Aramark Services 1% 11/03/2025	USD 662,663	496	0.16
Ardagh Packaging Finance USA 4.625% 15/05/2023	USD 480,000	362	0.12
Ardagh Packaging Finance USA 6% 15/02/2025	USD 1,970,000	1,457	0.47
Ardagh Packaging Finance USA 7.25% 15/05/2024	USD 370,000	290	0.09
Argentine Republic Government International Bond 5.875% 11/01/2028	USD 610,000	360	0.12
Argentine Republic Government International Bond 7.5% 22/04/2026	USD 1,740,000	1,144	0.37
Avolon TLB Borrower 1% 15/01/2025	USD 710,591	534	0.17

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Banco Mercantil del Norte 6.875% Perpetual	USD 780,000	576	0.19
Bausch Health 6.125% 15/04/2025	USD 3,700,000	2,684	0.87
Bausch Health 9% 15/12/2025	USD 150,000	121	0.04
BBVA Bancomer 5.125% 18/01/2033	USD 1,870,000	1,258	0.41
Berry Plastics 1% 01/10/2022	USD 732,588	549	0.18
Blue Racer Midstream 6.125% 15/11/2022	USD 1,110,000	847	0.27
BNP Paribas 7% Perpetual	USD 380,000	285	0.09
Braskem America Finance 7.125% 22/07/2041	USD 1,720,000	1,509	0.49
Braskem Finance 5.375% 02/05/2022	USD 760,000	591	0.19
Braskem Finance 7% 07/05/2020	USD 106,000	83	0.03
Brickman 1% 15/08/2025	USD 487,550	365	0.12
British Telecommunications 9.625% 15/12/2030	USD 70,000	74	0.02
Caesars Resort Collection 1% 22/12/2024	USD 820,802	615	0.20
Carrizo Oil & Gas 6.25% 15/04/2023	USD 1,210,000	891	0.29
Cb Magnum Hunter Resources 9.75% 15/05/2020+	USD 990,000	–	–
CBS Radio 1% 17/11/2024	USD 197,685	147	0.05
CCO Capital 5.375% 01/05/2025	USD 410,000	315	0.10
CD 2007-CD4 Commercial Mortgage Trust 5.398% 11/12/2049	USD 15,535	7	–
Celgene 5% 15/08/2045	USD 990,000	740	0.24
Centene 4.75% 15/01/2025	USD 2,120,000	1,604	0.52
CenturyLink 6.75% 01/12/2023	USD 760,000	596	0.19
Change Healthcare 1% 01/03/2024	USD 304,185	227	0.07
Charter Communications 1% 30/04/2025	USD 389,586	292	0.09
Chesapeake Energy 5.375% 15/06/2021	USD 460,000	339	0.11
Chesapeake Energy 6.125% 15/02/2021	USD 210,000	160	0.05
Chesapeake Energy 8% 15/06/2027	USD 1,130,000	839	0.27
CIT 5% 15/08/2022	USD 1,161,000	903	0.29
Citigroup 6.125% 25/08/2036	USD 166,000	142	0.05
Citigroup 6.3% Perpetual	USD 2,260,000	1,729	0.56
Colombia Government International Bond 5.625% 26/02/2044	USD 2,660,000	2,168	0.70
Comcast 4.7% 15/10/2048	USD 1,300,000	1,015	0.33
Comcast 4.95% 15/10/2058	USD 400,000	317	0.10
ConocoPhillips 6.95% 15/04/2029	USD 40,000	38	0.01
Conseco Finance 7.75% 15/06/2027	USD 1,295,517	981	0.32
Continental Resources 4.9% 01/06/2044	USD 1,620,000	1,159	0.37
Credit Suisse 7.5% Perpetual	USD 440,000	339	0.11
Credit Suisse Commercial Mortgage Trust Series 2007-C5 5.869% 15/09/2040	USD 414,578	300	0.10
CSC Finco 1% 17/07/2025	USD 1,934,297	1,438	0.46
CSMC Mortgage-Backed Trust Series 2006-1 16.83066% 25/02/2036	USD 565,320	534	0.17
CSMC Series 2015-2R 3.67554% 27/08/2036	USD 2,450,501	1,647	0.53
CVS Health 4.1% 25/03/2025	USD 3,550,000	2,706	0.87
CWGS Group 1% 08/11/2023	USD 731,708	521	0.17
DAE Funding 4.5% 01/08/2022	USD 10,000	7	–
DAE Funding 5.75% 15/11/2023	USD 1,740,000	1,329	0.43
DaVita 5% 01/05/2025	USD 340,000	246	0.08
Dell International 7.125% 15/06/2024	USD 600,000	479	0.15
Delphi Technologies 5% 01/10/2025	USD 760,000	508	0.16
Delta Air Lines 2007-1 Class B Pass Through Trust 8.021% 10/02/2024	USD 103,596	86	0.03
DISH DBS 5.875% 15/07/2022	USD 1,437,000	1,037	0.33
DISH DBS 5.875% 15/11/2024	USD 1,560,000	994	0.32
DISH DBS 7.75% 01/07/2026	USD 1,700,000	1,113	0.36
Dolphin Energy 5.888% 15/06/2019	USD 61,040	46	0.01
DP World 5.625% 25/09/2048	USD 1,700,000	1,289	0.42
Ecopetrol 4.125% 16/01/2025	USD 1,240,000	925	0.30
Ecopetrol 5.375% 26/06/2026	USD 630,000	497	0.16
Egypt Government International Bond 7.6003% 01/03/2029	USD 1,240,000	951	0.31
Energy Transfer Partners 4.5% 01/11/2023	USD 330,000	255	0.08
Energy Transfer Partners 5% 01/10/2022	USD 410,000	321	0.10
Energy Transfer Partners 5.875% 01/03/2022	USD 590,000	470	0.15
Extraction Oil & Gas 5.625% 01/02/2026	USD 1,300,000	823	0.27
Fannie Mae Connecticut Avenue Securities 6.03988% 25/07/2029	USD 1,555,000	1,259	0.41
First Quantum Minerals 6.5% 01/03/2024	USD 630,000	450	0.15
First Quantum Minerals 7.5% 01/04/2025	USD 1,030,000	747	0.24
FirstEnergy 7.375% 15/11/2031	USD 1,015,000	983	0.32

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Fontainebleau Las Vegas 10.25% 15/06/2015+	USD 80,000	–	–
Freddie Mac Gold Pool 7% 01/03/2039	USD 15,310	13	–
Freeport-McMoRan 5.45% 15/03/2043	USD 3,900,000	2,580	0.83
Gcb Berry Pete 6.375% 15/09/2022+	USD 380,000	–	–
GE Capital International Funding Unlimited 4.418% 15/11/2035	USD 1,400,000	950	0.31
General Electric Capital 6.15% 07/08/2037	USD 180,000	146	0.05
General Electric Capital 6.75% 15/03/2032	USD 25,000	22	0.01
General Electric Capital 6.875% 10/01/2039	USD 794,000	693	0.22
Genesis Energy 5.625% 15/06/2024	USD 610,000	426	0.14
Ghana Government International Bond 7.625% 16/05/2029	USD 1,110,000	808	0.26
Glencore Finance Canada 6% 15/11/2041	USD 1,070,000	808	0.26
Goldman Sachs Capital II 4% Perpetual	USD 284,000	162	0.05
HCA 1% 13/03/2025	USD 776,543	584	0.19
HCA 4.5% 15/02/2027	USD 1,290,000	975	0.31
HCA 5% 15/03/2024	USD 20,000	16	0.01
HCA 5.625% 01/09/2028	USD 1,580,000	1,232	0.40
HCA 5.875% 01/05/2023	USD 10,000	8	–
HCA 5.875% 15/02/2026	USD 10,000	8	–
Hilton WorldWide 1% 25/10/2023	USD 822,130	618	0.20
Hilton WorldWide 4.875% 01/04/2027	USD 830,000	620	0.20
Honduras Government International Bond 6.25% 19/01/2027	USD 2,030,000	1,578	0.51
HSBC 6.375% Perpetual	USD 1,000,000	766	0.25
Hudbay Minerals 7.625% 15/01/2025	USD 690,000	541	0.17
Indonesia Government International Bond 4.625% 15/04/2043	USD 1,880,000	1,374	0.44
Indonesia Government International Bond 5.25% 17/01/2042	USD 2,970,000	2,323	0.75
ING 6.875% Perpetual	USD 3,590,000	2,803	0.90
Itau Unibanco 6.125% Perpetual	USD 1,040,000	769	0.25
Jaguar 1% 18/08/2022	USD 326,001	244	0.08
Jaguar 6.375% 01/08/2023	USD 480,000	365	0.12
JP Morgan Chase 6.125% Perpetual	USD 1,270,000	993	0.32
JP Morgan Chase Commercial Mortgage Securities Trust 2007-CIBC19 5.922512% 12/02/2049	USD 791,829	436	0.14
JP Morgan Chase Commercial Mortgage Securities Trust 2007-LDP12 6.248278% 15/02/2051	USD 23,067	16	0.01
JP Morgan Chase Commercial Mortgage Securities Trust 2018-PHMZ 10.6964% 15/06/2035	USD 1,810,000	1,364	0.44
KazMunayGas National 5.375% 24/04/2030	USD 1,010,000	787	0.25
KazMunayGas National 6.375% 24/10/2048	USD 790,000	641	0.21
KCA Deutag UK Finance 7.25% 15/05/2021	USD 2,280,000	1,345	0.43
Kerr-McGee 7.875% 15/09/2031	USD 20,000	19	0.01
Kinder Morgan 7.75% 15/01/2032	USD 140,000	132	0.04
Koninklijke 7% 28/03/2073	USD 1,490,000	1,159	0.37
Kraft Heinz Foods 5.2% 15/07/2045	USD 1,180,000	817	0.26
Lamb Weston 4.625% 01/11/2024	USD 1,530,000	1,156	0.37
Lamb Weston Holdings 4.875% 01/11/2026	USD 1,100,000	831	0.27
Lehman Brothers Holdings Capital Trust VII 5.857% Perpetual+	USD 125,000	–	–
Level 3 Financing 22/02/2024	USD 580,000	434	0.14
Lone Star Portfolio Trust 2015-LSP 9.63875% 15/09/2028	USD 3,583,535	2,704	0.87
Lone Star Portfolio Trust 9.70625% 15/09/2020	USD 1,891,423	1,420	0.46
Match 5% 15/12/2027	USD 1,030,000	772	0.25
MEG Energy 6.5% 15/01/2025	USD 110,000	81	0.03
MEG Energy 7% 31/03/2024	USD 150,000	103	0.03
MetLife 6.4% 15/12/2036	USD 210,000	169	0.05
Mexichem 5.875% 17/09/2044	USD 1,570,000	1,133	0.37
MGM Growth 1% 21/03/2025	USD 796,445	595	0.19
Michaels Stores 1% 28/01/2023	USD 612,476	457	0.15
Millicom International Cellular 5.125% 15/01/2028	USD 2,190,000	1,564	0.50
Morgan Stanley Mortgage Loan Trust 2005-2AR 2.98988% 25/04/2035	USD 1,831,693	1,099	0.35
MPT Operating Partnership 5.25% 01/08/2026	USD 1,260,000	961	0.31
Murray Energy 12% 15/04/2024	USD 363,180	120	0.04
Myriad International 4.85% 06/07/2027	USD 1,890,000	1,424	0.46
Navient 8% 25/03/2020	USD 950,000	744	0.24
Navios Maritime Acquisition 8.125% 15/11/2021	USD 560,000	305	0.10
NCL 4.75% 15/12/2021	USD 920,000	703	0.23

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
NGL Energy Partners LP 7.5% 01/11/2023	USD 1,620,000	1,248	0.40
NGPL PipeCo 7.768% 15/12/2037	USD 760,000	682	0.22
Nigeria Government International Bond 7.143% 23/02/2030	USD 900,000	673	0.22
Nigeria Government International Bond 7.625% 28/11/2047	USD 600,000	437	0.14
OCI 6.625% 15/04/2023	USD 1,240,000	964	0.31
OCP 5.625% 25/04/2024	USD 1,550,000	1,222	0.39
Pactiv 8.375% 15/04/2027	USD 1,450,000	1,074	0.35
Pampa Energia 7.5% 24/01/2027	USD 1,490,000	1,010	0.33
Park Aerospace 5.25% 15/08/2022	USD 400,000	307	0.10
Park Aerospace 5.5% 15/02/2024	USD 1,850,000	1,432	0.46
Party City 1% 19/08/2022	USD 643,028	482	0.16
Pet Acquisition Merger 1% 26/01/2023	USD 1,013,261	595	0.19
Petrobras Global Finance 6.25% 17/03/2024	USD 3,373,000	2,681	0.87
Petsmart 1% 11/03/2022	USD 1,764,911	1,130	0.36
Provincia de Buenos Aires 7.875% 15/06/2027	USD 1,790,000	1,073	0.35
Pyxus International 9.875% 15/07/2021	USD 10,000	7	–
RETL 2018-RVP 8.48875% 15/03/2033	USD 3,967,500	2,962	0.96
RETL 2018-RVP 9.98875% 15/03/2033	USD 982,500	728	0.23
Reynolds Group 1% 05/02/2023	USD 290,293	217	0.07
Rpi Fin Tr 1% 27/03/2023	USD 196,709	147	0.05
Sands China 4.6% 08/08/2023	USD 740,000	563	0.18
Scientific Games International 1% 14/08/2024	USD 794,000	592	0.19
SMB Private Education Loan Trust 2014-A 3.98875% 15/04/2032	USD 490,000	375	0.12
Smurfit Kappa Treasury Funding 7.5% 20/11/2025	USD 80,000	69	0.02
Southern Copper 5.25% 08/11/2042	USD 2,090,000	1,558	0.50
Sprint 7.625% 15/02/2025	USD 790,000	624	0.20
Sprint 7.875% 15/09/2023	USD 1,300,000	1,049	0.34
Sprint Capital 8.75% 15/03/2032	USD 1,403,000	1,150	0.37
Sprint Communications 11.5% 15/11/2021	USD 1,760,000	1,541	0.50
Syngenta Finance 4.441% 24/04/2023	USD 950,000	716	0.23
Targa Resources Partners 4.25% 15/11/2023	USD 1,940,000	1,440	0.46
Targa Resources Partners 5.125% 01/02/2025	USD 70,000	53	0.02
Targa Resources Partners 5.875% 15/04/2026	USD 1,240,000	969	0.31
Taylor Morrison Communities 5.25% 15/04/2021	USD 880,000	664	0.21
Teine Energy 6.875% 30/09/2022	USD 380,000	287	0.09
Tenet Healthcare 6.75% 15/06/2023	USD 520,000	400	0.13
Tex Operations 1% 04/08/2023	USD 42,044	31	0.01
Trans Union 1% 10/04/2023	USD 269,726	202	0.07
Transocean 6.8% 15/03/2038	USD 110,000	63	0.02
Transportadora de Gas del Peru 4.25% 30/04/2028	USD 2,240,000	1,686	0.54
Transportadora de Gas Internacional 5.55% 01/11/2028	USD 1,410,000	1,116	0.36
Turk Telekomunikasyon 4.875% 19/06/2024	USD 1,120,000	782	0.25
UBS 7% Perpetual	USD 550,000	417	0.13
Ultrapar International 5.25% 06/10/2026	USD 1,550,000	1,174	0.38
United Airlines 2014-2 Class B Pass Through Trust 4.625% 03/09/2022	USD 359,300	272	0.09
United Rentals North America 4.625% 15/10/2025	USD 380,000	278	0.09
United Rentals North America 4.875% 15/01/2028	USD 890,000	640	0.21
United Rentals North America 5.5% 15/05/2027	USD 1,410,000	1,060	0.34
United States Treasury Note 1.5% 15/08/2026	USD 490,000	341	0.11
United States Treasury Note 1.625% 15/02/2026	USD 700,000	494	0.16
United States Treasury Note 1.875% 31/01/2022	USD 800,000	591	0.19
United States Treasury Note 2% 31/10/2022	USD 1,500,000	1,108	0.36
United States Treasury Note 2% 15/11/2026	USD 1,130,000	813	0.26
United States Treasury Note 2.25% 15/02/2027	USD 610,000	446	0.14
United States Treasury Note 2.875% 31/10/2023	USD 15,450,000	11,802	3.81
United States Treasury Note 3% 15/05/2045	USD 1,270,000	945	0.31
United States Treasury Note 3% 15/11/2045	USD 4,880,000	3,630	1.17
United States Treasury Note 3.125% 15/02/2043	USD 6,847,000	5,215	1.68
United States Treasury Note 3.125% 15/05/2048	USD 80,000	61	0.02
United Technologies 5.4% 01/05/2035	USD 35,000	29	0.01
Univision Communications 1% 15/03/2024	USD 819,057	572	0.18
UPC 5.5% 15/01/2028	USD 960,000	725	0.23
Vale Overseas 6.25% 10/08/2026	USD 2,070,000	1,642	0.53
Valeant Pharmaceuticals 1% 02/06/2025	USD 123,138	93	0.03

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Vantiv 4.375% 15/11/2025	USD 1,131,000	821	0.27
VICI Properties 1% 20/12/2024	USD 156,364	117	0.04
Virgin Media Secured Finance 5.5% 15/08/2026	USD 330,000	247	0.08
VOC Escrow 5% 15/02/2028	USD 780,000	572	0.18
Whiting Petroleum 6.25% 01/04/2023	USD 570,000	428	0.14
Whiting Petroleum 6.625% 15/01/2026	USD 700,000	517	0.17
William Lyon Homes 7% 15/08/2022	USD 120,000	91	0.03
Williams Cos 5.75% 24/06/2044	USD 700,000	555	0.18
WPX Energy 8.25% 01/08/2023	USD 2,140,000	1,802	0.58
XPO Logistics 6.125% 01/09/2023	USD 1,780,000	1,333	0.43
XPO Logistics 6.5% 15/06/2022	USD 20,000	15	–
YPF Sociedad Anonima 8.5% 23/03/2021	USD 1,900,000	1,465	0.47
ZF North America Capital 4.5% 29/04/2022	USD 338,000	256	0.08
		178,654	57.62
Argentine Peso Denominated 1.25% (1.58%)			
Argentina Bonar Bonds 43.219096% 03/04/2022	ARS 75,570,000	1,491	0.48
Argentina Bonar Bonds 49.4375% 01/03/2020	ARS 27,340,000	543	0.18
Argentina POM Politica Monetaria 53.703707% 21/06/2020	ARS 14,360,000	306	0.10
Argentine Bonos del Tesoro 18.2% 03/10/2021	ARS 94,420,812	1,513	0.49
		3,853	1.25
Brazilian Real Denominated 1.50% (5.63%)			
Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2021	BRL 3,900,000	822	0.27
Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2023	BRL 12,691,000	2,704	0.87
Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2027	BRL 5,204,000	1,108	0.36
		4,634	1.50
Colombian Peso Denominated 0.01% (0.01%)			
Colombian TES 10% 24/07/2024	COP 124,200,000	36	0.01
		36	0.01
Indonesian Rupiah Denominated 1.31% (0.93%)			
Indonesia Treasury Bond 7% 15/05/2027	IDR 80,362,000,000	4,065	1.31
		4,065	1.31
Mexican Peso Denominated 4.86% (4.48%)			
Mexican Bonos 7.5% 03/06/2027	MXN 177,400,000	6,688	2.16
Mexican Bonos 7.75% 13/11/2042	MXN 235,393,400	8,367	2.70
		15,055	4.86
Polish Zloty Denominated 0.00% (1.01%)			
Russian Ruble Denominated 3.71% (3.01%)			
Russian Federal Bond 7.05% 19/01/2028	RUB 562,156,000	6,001	1.94
Russian Federal Bond 8.15% 03/02/2027	RUB 477,890,000	5,485	1.77
		11,486	3.71
South African Rand Denominated 1.24% (0.00%)			
Republic of South Africa Government Bond 6.25% 31/03/2036	ZAR 4,217,000	164	0.05
Republic of South Africa Government Bond 6.5% 28/02/2041	ZAR 97,000,000	3,694	1.19
		3,858	1.24

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Turkish Lira Denominated 0.75% (0.79%)			
Turkey Government Bond 10.6% 11/02/2026	TRY 20,120,000	2,332	0.75
		2,332	0.75
Collective Investment Schemes 9.68% (7.85%)			
Legg Mason Western Asset Emerging Markets Corporate Bond†	67,228	4,784	1.54
Legg Mason Western Asset Euro High Yield†	100,219	14,528	4.69
Legg Mason Western Asset US High Yield†	168,264	10,694	3.45
		30,006	9.68
Ordinary Shares 0.17% (0.10%)			
United States 0.17% (0.10%)			
Berry Petroleum	33,068	315	0.10
Blue Ridge Mountain Resources	53,596	191	0.06
Hercules Offshore	44,980	27	0.01
		533	0.17
Preferred Shares 0.00% (0.04%)			
United States 0.00% (0.04%)			
Derivatives 1.09% ((2.27%))			
Euro Derivatives (0.21)% ((0.17%))			
Credit Default Swaps (0.25)% ((0.22%))			
Credit Default Swap Index 20/12/2023	9,136,472	(776)	(0.25)
		(776)	(0.25)
Forward Currency Contracts 0.23% ((0.01%))			
Forward to buy EUR2,510,000 for GBP2,212,203 14/05/2019		(53)	(0.02)
Forward to sell EUR35,969,795 for GBP31,706,529 14/05/2019		766	0.25
		713	0.23
Futures (0.19)% (0.06%)			
30YR Euro-Buxl Futures March 2019	(9)	(52)	(0.02)
Euro BUND Futures March 2019	(140)	(526)	(0.17)
		(578)	(0.19)
Options 0.00% (0.00%)			
Euro Bund Future Option April 2019	126	(4)	–
		(4)	–
US Dollar Derivatives 1.14% ((1.96%))			
Credit Default Swaps (0.21)% ((0.18%))			
Credit Default Swap Index 20/12/2023	13,396,600	(642)	(0.21)
		(642)	(0.21)
Forward Currency Contracts 1.36% ((1.76%))			
Forward to buy USD2,604,983 for PHP136,970,000 13/03/2019		(31)	(0.01)
Forward to buy USD3,317,232 for KRW3,671,512,675 13/03/2019		39	0.01
Forward to buy USD4,101,832 for INR293,240,000 13/03/2019		(12)	–
Forward to buy USD5,239,997 for BRL20,123,000 13/03/2019		(115)	(0.04)
Forward to buy USD6,164,800 for RUB415,130,000 13/03/2019		(107)	(0.03)
Forward to buy USD13,000,000 for GBP9,914,799 14/05/2019		(177)	(0.06)
Forward to sell USD282,837,164 for GBP216,487,972 14/05/2019		4,630	1.49
		4,227	1.36

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Futures (0.01)% ((0.02%))			
10YR US Treasury Note Futures June 2019	(333)	(66)	(0.02)
5YR US Treasury Note Futures June 2019	523	67	0.02
US Ultra Treasury Note Futures June 2019	31	(26)	(0.01)
		(25)	(0.01)
Brazilian Real Derivatives 0.00% (0.00%)			
Forward Currency Contracts 0.00% (0.00%)			
Forward to buy BRL23,860,000 for USD6,407,089 13/03/2019		(10)	–
		(10)	–
Indian Rupee Derivatives (0.01)% ((0.02%))			
Forward Currency Contracts (0.01)% ((0.02%))			
Forward to buy INR700,421,350 for USD9,863,212 13/03/2019		(20)	(0.01)
		(20)	(0.01)
Indonesian Rupiah Derivatives 0.02% (0.00%)			
Forward Currency Contracts 0.02% (0.00%)			
Forward to buy IDR45,749,880,000 for USD3,185,259 13/03/2019		48	0.02
		48	0.02
Japanese Yen Derivatives 0.00% ((0.07%))			
Forward Currency Contracts 0.00% ((0.07%))			
Mexican Peso Derivatives 0.08% ((0.02%))			
Forward Currency Contracts 0.08% ((0.02%))			
Forward to sell MXN247,088,804 for GBP9,789,625 14/05/2019		240	0.08
		240	0.08
Polish Zloty Derivatives 0.00% (0.00%)			
Forward Currency Contracts 0.00% (0.00%)			
Forward to sell PLN1,516,220 for GBP310,892 14/05/2019		9	–
		9	–
Singapore Dollar Derivatives 0.03% ((0.03%))			
Forward Currency Contracts 0.03% ((0.03%))			
Forward to sell SGD7,890,000 for GBP4,468,736 14/05/2019		80	0.03
		80	0.03
Turkish Lira Derivatives 0.02% (0.00%)			
Forward Currency Contracts 0.02% (0.00%)			
Forward to sell TRY11,490,000 for GBP1,606,908 14/05/2019		50	0.02
		50	0.02
South African Rand Derivatives 0.02% (0.00%)			
Forward Currency Contracts 0.02% (0.00%)			
Forward to sell ZAR18,260,000 for GBP1,032,565 14/05/2019		61	0.02
		61	0.02
Portfolio of investments		291,601	94.07
Net other assets		18,390	5.93
Net assets		309,991	100.00

+ Defaulted bonds.

† A related party to the Fund.

Legg Mason IF Western Asset Global Multi Strategy Bond Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

All investments are corporate bonds unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

	2019 £'000	2018 £'000
Credit Risk		
Investment grade securities	103,794	157,169
Below investment grade securities	117,372	176,530
Unrated securities	51,908	89,523
	273,074	423,222
Other investments	18,527	7,859
	291,601	431,081

Legg Mason IF Western Asset Retirement Income Bond Fund

Portfolio Statement

As at 28 February 2019

	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
Investments			
Certificates of Deposit 0.00% (2.74%)			
Sterling Denominated 0.00% (2.74%)			
Bonds 86.98% (87.11%)			
Euro Denominated 1.65% (0.00%)			
JPMorgan Chase 1.638% 18/05/2028	EUR 220,000	195	1.65
		195	1.65
Sterling Denominated 47.89% (52.24%)			
Barclays 3.25% 12/02/2027	GBP 140,000	137	1.16
BMW US Capital 2% 20/11/2019	GBP 250,000	251	2.13
Citigroup 5.15% 21/05/2026	GBP 180,000	212	1.80
Close Brothers Finance 3.875% 27/06/2021	GBP 130,000	135	1.15
Co-operative 7.5% 08/07/2026	GBP 100,000	111	0.94
CPUK Finance 3.588% 28/08/2025	GBP 180,000	188	1.60
Eastern Power Networks 4.75% 30/09/2021	GBP 130,000	140	1.19
Engie 7% 30/10/2028	GBP 100,000	140	1.19
Glencore Canada Financial 7.375% 27/05/2020	GBP 130,000	138	1.17
Imperial Brands Finance 8.125% 15/03/2024	GBP 110,000	137	1.16
innogy Finance 5.625% 06/12/2023	GBP 100,000	116	0.99
Koninklijke KPN 5.75% 17/09/2029	GBP 100,000	112	0.95
Land Securities Capital Markets 2.375% 29/03/2027	GBP 117,000	118	1.00
Miller Homes 5.5% 15/10/2024	GBP 100,000	94	0.80
Rio Tinto Finance 4% 11/12/2029	GBP 100,000	116	0.98
Rolls-Royce 3.375% 18/06/2026	GBP 100,000	105	0.89
Saga 3.375% 12/05/2024	GBP 100,000	91	0.77
SP Manweb 4.875% 20/09/2027	GBP 110,000	130	1.10
SSE 5.875% 22/09/2022	GBP 120,000	136	1.15
Tesco Property Finance 6 5.4111% 13/07/2044	GBP 134,855	154	1.31
United Kingdom Gilt 1.25% 22/07/2027	GBP 230,000	232	1.97
United Kingdom Gilt 1.5% 22/07/2026	GBP 230,000	237	2.01
United Kingdom Gilt 1.625% 22/10/2028	GBP 230,000	237	2.01
United Kingdom Gilt 1.75% 07/09/2022	GBP 235,000	242	2.05
United Kingdom Gilt 2% 07/09/2025	GBP 220,000	233	1.98
United Kingdom Gilt 2.25% 07/09/2023	GBP 220,000	233	1.98
United Kingdom Gilt 2.75% 07/09/2024	GBP 210,000	230	1.95
United Kingdom Gilt 3.75% 07/09/2019	GBP 230,000	233	1.98
United Kingdom Gilt 3.75% 07/09/2020	GBP 220,000	230	1.95
United Kingdom Gilt 3.75% 07/09/2021	GBP 215,000	231	1.96
Virgin Media Secured Finance 5.5% 15/01/2025	GBP 126,000	129	1.10
Wells Fargo 2.125% 20/12/2023	GBP 150,000	150	1.27
WM Morrison Supermarkets 4.625% 08/12/2023	GBP 100,000	110	0.93
Yorkshire Building Society 3.5% 21/04/2026	GBP 150,000	156	1.32
		5,644	47.89
US Dollar Denominated 37.44% (34.87%)			
Ally Financial 8% 01/11/2031	USD 100,000	93	0.79
Anheuser-Busch 3.65% 01/02/2026	USD 80,000	59	0.50
ArcelorMittal 6.25% 25/02/2022	USD 110,000	89	0.76
Bank of America 3.004% 20/12/2023	USD 325,000	241	2.04
Bausch Health 6.125% 15/04/2025	USD 130,000	94	0.80
BNP Paribas 3.25% 03/03/2023	USD 350,000	265	2.25
CIT 5% 01/08/2023	USD 100,000	78	0.66
Constellation Brands 4.75% 15/11/2024	USD 90,000	71	0.60
Continental Resources 4.5% 15/04/2023	USD 60,000	46	0.39
Credit Suisse 3.625% 09/09/2024	USD 350,000	264	2.24
DAE Funding 5% 01/08/2024	USD 70,000	52	0.44
DaVita 5% 01/05/2025	USD 110,000	80	0.68
DISH DBS 5.875% 15/11/2024	USD 90,000	57	0.48
General Electric Capital 4.625% 07/01/2021	USD 290,000	222	1.88
Gilead Sciences 3.65% 01/03/2026	USD 20,000	15	0.13

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

Investments	Holdings or Nominal Value	Market value £'000	Percentage of total net assets %
GLP Capital 5.375% 15/04/2026	USD 130,000	101	0.86
Goldman Sachs 6% 15/06/2020	USD 300,000	234	1.99
HCA 4.5% 15/02/2027	USD 30,000	23	0.20
HCA 5.625% 01/09/2028	USD 90,000	70	0.59
International Lease Finance 5.875% 15/08/2022	USD 100,000	80	0.68
Lamb Weston 4.875% 01/11/2026	USD 80,000	60	0.51
Levi Strauss 5% 01/05/2025	USD 70,000	54	0.46
McDonald's 2.625% 15/01/2022	USD 190,000	142	1.20
MEG Energy 7% 31/03/2024	USD 40,000	28	0.24
MGM Resorts International 6% 15/03/2023	USD 100,000	79	0.67
MPLX 4.875% 01/06/2025	USD 180,000	141	1.20
MPT 5% 15/10/2027	USD 70,000	52	0.44
Naivent 8% 25/03/2020	USD 100,000	78	0.66
Netflix 5.875% 15/02/2025	USD 100,000	80	0.68
Park Aerospace 5.5% 15/02/2024	USD 80,000	62	0.53
Quicken Loans 5.75% 01/05/2025	USD 150,000	111	0.94
Range Resources 4.875% 15/05/2025	USD 100,000	69	0.59
Shell International Finance 3.25% 11/05/2025	USD 320,000	242	2.05
Spectrum Brands 5.75% 15/07/2025	USD 100,000	74	0.63
Spectrum Brands 6.625% 15/11/2022	USD 50,000	38	0.32
Tenet Healthcare 6.75% 15/06/2023	USD 170,000	131	1.11
UBS Group Funding Switzerland 4.125% 24/09/2025	USD 270,000	207	1.76
United Rentals North America 4.625% 15/07/2023	USD 100,000	76	0.64
United Rentals North America 5.75% 15/11/2024	USD 100,000	77	0.65
UnitedHealth 1.625% 15/03/2019	USD 390,000	293	2.49
WPX Energy 8.25% 01/08/2023	USD 100,000	84	0.71
		4,412	37.44
Collective Investment Schemes 9.72% (9.82%)			
Legg Mason Western Asset US High Yield†	18,027	1,146	9.72
		1,146	9.72
Ordinary Shares 0.00% (0.02%)			
		—	—
Preferred Shares 0.00% (0.02%)			
Derivatives 1.16% ((1.19%))			
US Dollar Denominated Derivatives 1.16% ((1.19%))			
Forward Currency Contracts 1.16% (1.19%)			
Forward to buy USD120,000 for GBP91,972 Settlement 14/05/2019		(2)	(0.01)
Forward to sell USD7,680,760 for GBP5,891,845 Settlement 14/05/2019		138	1.17
		136	1.16
Euro Denominated Derivatives 0.04% (0.00%)			
Forward Currency Contracts 0.04% (0.00%)			
Forward to sell EUR223,910 for GBP197,426 Settlement 14/05/2019		5	0.04
Portfolio of investments		11,538	97.90
Net other assets		248	2.10
Net assets		11,786	100.00

† A related party to the Fund.

Legg Mason IF Western Asset Retirement Income Bond Fund (continued)

Portfolio Statement (continued)

As at 28 February 2019

The investments have been valued in accordance with note 9 of the accounting policies.

All investments are corporate bonds unless otherwise stated and admitted to official stock exchange listings.

Comparative figures shown in brackets relate to 28 February 2018.

	2019 £'000	2018 £'000
Credit Risk		
Investment grade securities	8,123	9,134
Below investment grade securities	2,128	2,463
Unrated securities	1,146	1,308
	11,397	12,905
Other investments	141	212
	11,538	13,117

Investor Information

Annual Report and Audited Financial Statements

The annual reports of the Company will be published on or before 30 June and half yearly reports will be published on or before 31 October.

Following the removal of the requirement in the FCA COLL Collective Investment Schemes Handbook to produce short reports, the ACD no longer produces short reports for half yearly and annual accounting periods. A Fund Booklet is enclosed with the shareholder statements. This is sent twice a year and includes accounting information on the funds.

Copies of the long form reports may be obtained from the ACD on written request, our website www.leggmason.co.uk or inspected at the ACD's offices at 201 Bishopsgate, London EC2M 3AB during office hours.

Report and accounts

Please refer to the Key Investor Information Document and Full Prospectus which is available from the ACD on request for a full description of the risks involved when investing in sub-funds.

Remuneration Policy

1. Remuneration Policy

1.1 Introduction and Purpose

The Company has adopted this remuneration policy in order to meet the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the "UCITS Regulations") in a way and to the extent that is appropriate to the Company's size, internal organisation and the nature, scope and complexity of its activities. This policy has been adopted pursuant to ESMA's Guidelines on Sound Remuneration Policies under the UCITS Directive (the "ESMA Guidelines").

The purpose of this policy is to describe the remuneration principles and practices within the Company. Such principles and practices are designed:

- (a) to be consistent with, and promote, sound and effective risk management;
- (b) to be in line with the business strategy, objectives, values and interests of the Company;
- (c) not to encourage excessive risk-taking as compared to the investment policy of the relevant sub-funds of the Company (each, a "Fund");
- (d) to provide a framework for remuneration to attract, motivate and retain staff (including directors) to which the policy applies in order to achieve the objectives of the Company; and
- (e) to ensure that any relevant conflicts of interest can be managed appropriately at all times.

1.2 Application

This policy applies to staff whose professional activities have a material impact on the risk profile of the Company or of the Funds and so covers: (i) senior management¹; (ii) risk takers²; (iii) control functions³; and (iv) any employees receiving total remuneration that takes them into the same remuneration bracket³ as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company. The Company currently does not have any employees – the only personnel are the Company's management body (i.e., the board of directors) (each, a "Director" and collectively, the "Board"). All members of the Board are non-executive Directors. Certain of the Directors are affiliated with the investment manager of the Funds (the "Investment Manager"). This policy applies both to the Directors who receive remuneration – namely, those Directors who are not affiliated with the Investment Manager (the "Independent Directors") – and the Directors who do not receive remuneration in light of their affiliation with the Investment Manager.

1.3 Governance

UCITS management companies and self-managed investment companies that are significant in terms of their size or of the size of the funds they manage, their internal organisation and the nature, the scope and the complexity of their activities are required to establish a remuneration committee. In view of the non-complex nature of the Company's internal structure and its activities, it is not considered necessary for the Company to establish a remuneration committee. In particular, the Company has taken account of the following circumstances prevailing as of the date of this document:

- the assets under management of the Company;
- the number of directors on the Board;
- the Company has no employees; and
- the Company does not act as an alternative investment fund manager under Directive 2011/61/EU ("AIFMD") or provide the services mentioned under Article 6(3) of the UCITS Directive.

¹ The Remuneration Guidelines refer in this context to "staff responsible for heading the investment management, administration, marketing, human resources" and "staff members, whose professional activities – either individually or collectively, as members of a group (e.g. a unit or part of a department) – can exert material influence on the management company's risk profile or on a UCITS it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the management company or of a UCITS it manages. Such staff can include, for instance, sales persons, individual traders and specific trading desks."

² "Control functions" refers to staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within a management company.

³ "Remuneration bracket" refers to the range of the total remuneration of each of the staff members in the senior manager and risk taker categories – from the highest paid to the lowest paid in these categories.

Investor Information (continued)

Accordingly, the Company is considered to be a non-complex, self-managed investment company. The Board is responsible for the remuneration policy of the Company and for determining the remuneration of the directors of the Company. The Board is comprised of non-executive directors only. The Board has adopted this policy and periodically reviews (at least annually) the general principles of this policy and is responsible for, and oversees, its implementation in line with the UCITS Regulations. The Board considers that its members have appropriate expertise in risk management and remuneration to perform this review. Where a periodic review reveals that the remuneration system does not operate as intended or prescribed, the Board shall ensure that a timely remedial plan is put in place.

1.4 Alignment of remuneration and risk-taking

(a) *Fixed Salary*

The Independent Directors receive a fixed annual fee which is competitive and based on the individual Director's powers, tasks, expertise and responsibilities including, without limitation:

- (i) Nature and complexity of the funds;
- (ii) demands of fulfilling regulatory obligations; and
- (iii) designated person functions.

Each Director's performance is subject to annual review by the Board.

(b) *Variable Salary*

The Directors receive fixed remuneration only. It is not considered appropriate that the Directors receive variable remuneration from the Company. The following pay-out process rules in the UCITS Regulations applicable to variable remuneration do not apply to the remuneration paid to staff of the Company:

- variable remuneration in instruments;
- retention;
- deferral;
- ex post incorporation of risk for variable remuneration.

Following an assessment by the Company of each of the pay-out process rules in the [UCITS V Directive] and taking account of the Company's specific circumstances, the approach set out here is considered to be appropriate to Company's size, internal organisation and the nature, scope and complexity of its activities as noted in Section 1.3.

(c) *Expenses*

The Independent Directors will be reimbursed all reasonable, validly incurred, duly authorised and documented business expenses.

(d) *Other Benefits*

The Company does not propose to provide benefits to the Directors other than those referred to in this policy.

(e) *Pension*

The Directors are not entitled to pension contributions or other benefits from the Company in respect of their role as Directors.

(f) *Notice of termination and severance pay*

The maximum notice period in any Director's letter of engagement shall be determined by the relevant letter of engagement. Subject to the terms of that engagement letter, a Director's fee will continue to be paid during the relevant notice period. No severance payments are made.

(g) *Conflicts of Interest*

To the extent that the Company in the future retains any staff engaged in control functions (i.e., staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions), in order to address any conflict of interest such staff shall be compensated in accordance with the achievement of the objectives linked to their control functions, independent of the performance of the business area to which the control functions relate. A Director of the Company is also the Compliance Officer of the Company. However, in light of the Compliance Officer's affiliation with the Investment Manager, the Compliance Officer does not receive a fee for this role either.

A Director may undertake external activities with or without compensation and/or inducements that might lead to a conflict of interest with the Company or the Funds provided the conflict of interest is considered and disclosed in accordance with the terms of the Director's letter of appointment and the UCITS Regulations.

Any staff that may be engaged by the Company are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements subject to this policy.

The Company has also adopted a connected party transaction policy in accordance with the requirements of the Financial Conduct Authority.

Investor Information (continued)

2. Deviation from the Policy

The Board may deviate from this policy. However, in such a case, the relevant payments must comply with the UCITS Regulations and the ESMA Guidelines (to the extent applicable) and in addition, the Board shall approve any payments made and shall document the deviation and the rationale for it.

Remuneration Disclosure

	Staff (£'000s)
Fixed remuneration	1,631
Variable remuneration	2,613
Total remuneration	4,244
Number of beneficiaries	11
Number of beneficiaries	

Investment Funds Information

Company

Legg Mason Funds ICVC
201 Bishopsgate
London
EC2M 3AB
Tel: 020 7392 1929
Fax: 020 7070 7505

Authorised Corporate Director

Legg Mason Investment Funds Limited
201 Bishopsgate
London
EC2M 3AB
Tel: 020 7492 1929
Fax: 020 7070 7505

Registrar & Administration

Legg Mason Global Asset Management
PO Box 563
Darlington
DL1 9ZF
Tel: 0330 123 3790 Overseas Tel: +44 20 3528 4140
Fax: 0330 123 3791 Overseas Fax: +44 20 7964 2863

Authorisation

Legg Mason Investment Funds Limited
Authorised and Regulated by the Financial Conduct Authority
Legg Mason Funds ICVC
Registered in England No. IC000247

Depository

State Street Trustees Limited
Quartermile 3
10 Nightingale Way
Edinburgh
EH3 9EG

Independent Auditors

PricewaterhouseCoopers LLP
144 Morrison Street
Edinburgh
EH3 8EX

Investment Managers

ClearBridge, LLC

620 8th Avenue
47th Floor
New York 10018
USA

Western Asset Management Company Limited

10 Exchange Square
Primrose Street
London
EC2A 2EN

Royce & Associates, LP

745 5th Avenue
Suite 2400
New York NY10151
USA

Martin Currie Investment Management Limited

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2ES

Shiozumi Asset Management Company Limited

7F MG Atago Building
3-13-7 Nishi-Shinbashi
Minato-Ku
Tokyo
105-0003
Japan

QS Investors LLC

200 Clarendon Street
Boston
Massachusetts 02116
USA

Brandywine Global Investment Management LLC

2929 Arch Street
8th Floor
Philadelphia 19104
USA

RARE Infrastructure Limited

Level 13
35 Clarence Street
Sydney
New South Wales 2000
Australia

Glossary

Accommodative policy – one aiming to stimulate the economy through, for example, lower interest rates in order to encourage spending and discourage saving.

Asset – a financial instrument that is typically held in stocks, share or bond form. An owner of an asset usually holds it with an intention of receiving future returns.

Bailout – a term used to describe the financial aid provided to a collapsed financial organisation.

Blended average rating – an indication of the risk in a bond fund. The rating averages all of the credit ratings within a bond fund and is often expressed in a letter format such as BB.

Bond – a debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate.

Bond ratings – bond ratings, here using Standard & Poor's grades, are expressed as letters ranging from 'AAA', which is the highest grade, to 'C', which is the lowest grade.

Bull market (also referred to as a 'Bullish' view) – a market in which share prices are rising, encouraging buying.

Commodity – a basic good used in commerce that is interchangeable with other commodities of the same type. Traditional examples of commodities include grains, gold, beef, oil and natural gas.

Consumer discretionary – goods and services typically purchased with discretionary income (income received after the deduction of basic living costs and tax).

Consumer staples – these are goods that are purchased which are purchased by consumers regardless of their finances. These typically include products such as food, tobacco, household goods and alcohol.

Corporate bond – a bond issued by a corporation to raise money effectively in order to expand its business.

Correlation – a statistical measure of how two financial securities move in relation to each other.

Credit – a debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate.

Credit spreads – a credit spread is the difference in yield between two bonds of similar maturity but different credit quality. For example, if the 10-year Treasury note is trading at a yield of 6% and a 10-year corporate bond is trading at a yield of 8%, the corporate bond is said to offer a 200-basis-point (i.e. 2%) spread over the Treasury.

Credit quality – the perceived risk of a bond.

Currency markets – markets in which participants from around the world are able to buy, sell, exchange and speculate on different currencies.

Cyclical – more dependent on the prevailing state of, or changes in, the economic environment.

Debt market – the bond/fixed income market.

Defensive – less dependent on changes in the economy.

Deflation – a sustained decrease in the general price level of goods and services in an economy over a period of time.

Developed market – in investing, a developed market is a country that is most developed in terms of its economy and capital markets.

Dividend – a distribution of a portion of a company's earnings to a class of its shareholders.

Duration – a measure of the sensitivity of an asset against rising and falling interest rates. The duration of a financial asset that consists of fixed cash flows. For a bond, this is the weighted average of the times until those fixed cash flows are received.

Economic indicators – statistics about economic activity.

Emerging markets – in investment terms, countries whose financial markets are less developed and where investor protection and market infrastructure is often weaker than in developed markets such as the UK.

Equity – ownership interest in a corporation in the form of common stock or preferred stock.

European Central Bank – the central bank responsible for the monetary system of the European Union (EU) and the euro currency.

Fiscal – typically refers to revenue that belongs to the government.

Fixed income – bonds.

Fundamentals – the qualitative and quantitative information that contributes to the economic well-being and the subsequent financial valuation of a company, security or currency. Analysts and investors analyse these fundamentals to develop an estimate as to whether the underlying asset is considered a worthwhile investment.

Geopolitical – relating to politics, especially international relations, as influenced by geographical factors.

Gilt – a fixed-interest loan security issued by the UK government.

Growth versus value – growth investing focuses on companies that managers believe will experience faster-than-average growth as measured by revenues, earnings or cashflow. Value investing tries to find companies whose stock prices do not necessarily reflect their fundamental worth.

Hedge – an investment made as security, i.e. with the aim of reducing the potential losses of another investment.

Glossary (continued)

High yield bonds – high-paying bonds with lower credit ratings than investment grade corporate bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.

Inflation – a sustained increase in the general price level of goods and services in an economy over a period of time.

Infrastructure – this covers investments in areas such as power plants, water treatment facilities, airports, roads.

Interest rates – rates charged or paid for the use of money.

Investment grade – a credit rating that means a government or corporate bond has a relatively low risk of default.

Investor (or market) sentiment – the general prevailing attitude of investors with regard to anticipated price developments in a particular market.

Issue – a term used to describe the activity of selling assets in order to raise capital.

Large caps – a term used by the investment community to refer to companies with a market capitalisation value of more than \$10 billion.

Macro-driven – affected by macroeconomics (the branch of economics concerned with large-scale or general economic factors, such as interest rates and national productivity).

Market capitalisation – or ‘market cap’ is calculated by taking a firm’s current share price and multiplying that figure by the total number of shares outstanding.

Maturity – refers to a finite time period at the end of which the financial instrument (i.e. a bond) will cease to exist and the principal is repaid with interest.

Monetary policy – a country’s central bank usually sets the monetary policy that attempts to regulate the supply of money into the country.

Overweight (exposure) – is an allocation to a country, region or sector greater than that of the index against which the Fund is benchmarked.

Peripheral – relates to non-essential activities such as non-central business operations.

Qualitative easing – a monetary policy method used by the government and/ or central bank to purchase riskier, lower quality and often less expensive financial assets in comparison to higher quality assets.

Quantitative easing – a method used by the government and/ or central bank increase the money flow into the economy by purchasing financial assets.

Reflation – when a government and/ or central bank implement policies aimed at reducing deflation.

Short position – is the sale of a borrowed security, commodity or currency, with the expectation that the asset will fall in value.

Small caps – refers to a company with a market capitalisation near the low end of the publicly traded spectrum. The boundaries that separate these classifications are not clearly defined and can vary according to the source.

Sovereign or Government bonds – are bonds issued by governments.

Spread sectors – non-governmental fixed income investments with higher yields at greater risk than governmental investments.

Underweight exposure – is an allocation to a country, region or sector less than that of the index against which the Fund is benchmarked.

Top-down – driven by broader economic and market themes rather than by company-specific factors.

Treasury yield – interest rates on borrowing that is paid by the government.

Underweight (exposure) – is an allocation to a country, region or sector less than that of the index against which the Fund is benchmarked.

US Federal Reserve – the central bank of the United States and the most powerful financial institution in the world.

User pays – the concept that products are most valuable the when the consumer has paid the full price for the goods and services consumed.

Utility – the asset class that represents investments in areas such as gas, electricity and water.

Volatility – the up and down movement so financial markets.

Yield – the amount in cash (in percentage terms) that returns to the owners of a security, in the form of interest or dividends received.

Yield curve – the curve that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates.

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Important Information

Please note that past performance is no guide to future returns and you may not get back the amount originally invested. You should be aware that funds and stock market investments should normally be regarded as longer term investments and that they may not be suitable for everyone. Unlike a bank or building society account, the value of your investment can go down if you exercise any right to cancel, and you may not get back the amount originally invested if the share price has fallen since you invested.

A summary of risk factors for the Company is outlined below:

- Fluctuations in exchange rates may affect the value of an investment and any income derived from it. All Funds are permitted to hedge their currency exposure by way of forward currency contracts.
- Investments in the Funds may not be suitable for all investors. Investors should seek independent financial advice.
- The deductions for charges and expenses, in particular the entry charges, are not made uniformly throughout the life of the investment. If you cash in during the early years, you may not get back the amount initially invested.
- For any Fund, until they reach a sufficient size, the proportion of charges and expenses allocated to such a Fund may be higher and so the return on investment in the Fund is more affected by fees and charges than in more established Funds.

The Annual Report and Audited Financial Statements only provides brief information on each Fund which should not be relied upon in making an investment decision. Please refer to the relevant key investor information document and Prospectus for the Company for full description of objectives and risk factors for each Fund.

Each of the investment management companies listed in the brochure is affiliated with the ACD through common control and ownership by Legg Mason, Inc., except for Shiozumi Asset Management Company Limited. The ACD provides its clients with access to such affiliates primarily through its range of Funds within the Company, in which such affiliates serve as investment manager or sub-investment manager. While some of the affiliates are authorised or licensed to conduct business in one or more European jurisdictions, they are not authorised to offer their investment advisory services in all European jurisdictions. Investors' access to such affiliates may be limited to investing only in the Company.

Any eligible complainant having any complaint in respect of the Fund should inform the ACD in writing of the details of the complaint to the Complaints Manager at Legg Mason Investments, 201 Bishopsgate, London EC2M 3AB. This will then be investigated and a reply provided as soon as possible and any appropriate remedial action taken. In addition, eligible complainants will have a right of complaint directly to the Financial Ombudsman Service if he/she is not satisfied with the outcome of the investigation into the complaint. Details of the Financial Services Compensation Scheme established under the Financial Services and Market Act 2000, under which an investor may be entitled to receive compensation if the ACD is unable to meet any of its liabilities to the investor, are available on written request from the ACD.

You can find further information on the range of sub-funds within Legg Mason Funds ICVC by visiting Legg Mason Investments' website on: **www.leggmason.co.uk**

The website provides up to date information on the range of sub-funds including:

Prices - Access daily prices

Literature - Factsheets providing the latest information on each sub-fund

Investment Managers - More information about Legg Mason's asset management affiliates managing the sub-funds

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