LEGG MASON
GLOBAL ASSET MANAGEMENT

Prospectus

Legg Mason Funds
ICVC

(an umbrella company with variable capital registered in England and Wales under registered number IC000247)

23 April 2019

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DIRECTORY

The Company:	Legg Mason Funds ICVC
Head Office and Address for Service of Notices:	201 Bishopsgate London EC2M 3AB
Authorised Corporate Director, Administrator and Registrar:	Legg Mason Investment Funds Limited 201 Bishopsgate London EC2M 3AB For share dealing and other administrative matters, the Authorised Corporate Director should be contacted at the following address: Legg Mason Global Asset Management PO Box 563 Darlington DL1 9ZF
Depositary:	State Street Trustees Limited Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG
Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

DEFINITIONS

"**1933 Act**"	the US Securities Act of 1933, as amended;
"**1940 Act**"	the US Investment Company Act of 1940, as amended;
"**Business Day**"	unless the context requires otherwise, any day other than: (i) a Saturday, Sunday, public holiday in England or any other day on which the London Stock Exchange is not open for business or (ii) any day that the ACD may, in respect of a Fund, elect to treat as being a non-business day where a market to which that Fund is exposed is closed for business;
"**CESR Guidelines**"	the guidelines published by the Committee of European Securities Regulators in respect of the Eligible Assets Directive;
"**COLL**"	refers to the appropriate chapter or rule in the COLL Sourcebook;
"**the COLL Sourcebook**"	the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time;
"**the Company**"	Legg Mason Funds ICVC;
"**the Company's Custodial Assets**"	those financial instruments held by the Company that can be (i) registered in a financial instrument's account opened in the Depositary's books; or (ii) physically delivered to the Depositary;
"**CSS**"	means a securities settlement system, as specified in the Settlement Finality Directive, or similar services provided by third-country securities settlement systems;
"**the Custodian**"	means State Street Bank and Trust Company;
"**Depositary Agreement**"	has the meaning set out on page 33;
"**Eligible Assets Directive**"	the European UCITS Eligible Assets Implementing Directive (Commission Directive 2007/16/EC), clarifying the investment powers for UCITS schemes such as the Funds;
"**Efficient Portfolio Management**" or "**EPM**"	for the purposes of this Prospectus, an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional income with a level of risk which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL, as more fully described in Appendix 5;
"**FCA**"	the Financial Conduct Authority (or any successor regulatory authority);
"**the FCA Rules**"	the FCA Handbook of Rules and Guidance;

"**Fund**"	a sub-fund of the Company - full details of the Funds are set out in Appendix 1;
"**Hedged Shares**"	a class or classes of Shares which allow the use of currency hedging transactions to reduce the effect of exchange rate fluctuations and which include "(Hedged)" in their name;
"**ICVC**"	a UK authorised open ended investment company (which is an investment company with variable capital);
"**Instrument of Incorporation**"	the constitutional document constituting the Company;
"**Mainland China" or** "**PRC**"	means the People's Republic of China, excluding for the purposes of interpretation only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and the Republic of China on Taiwan;
"**Non-United States Person**"	any of the following: (a) a natural person who is not a resident of the US; (b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction; (c) an estate or trust, the income of which is not subject to US income tax regardless of source; (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-United States Persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States Persons in a pool with respect to which the operator is exempt from certain requirements of the US Commodity Futures Trading Commission's regulations by virtue of its participants being Non-United States Persons; and (e) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside of the US;
"**OECD**"	the Organisation for Economic Co-operation and Development
"**Pounds sterling**"	the currency (or currencies) as may be the lawful currency (or currencies) of the United Kingdom from time to time;
"PRN"	the product reference number issued by the FCA;
"**Regulations**"	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time and the FCA Rules;
"**Remuneration Policy**"	has the meaning set out on page 31;
"**Scheme Property**"	the assets of the Company (in respect of a Fund as the context

	requires) as held and invested in accordance with the FCA Rules;
"**SEC**"	the Securities and Exchange Commission of the US;
"**Securities Financing Transaction**" or "**SFT**"	means a repurchase transaction, securities or commodities lending or borrowing transaction, buy-sell back transaction, sell-buy back transaction or margin lending transaction;
"**Shares**"	shares in the capital of the Company, being shares which relate to a particular class of share of a Fund (including fractions of one thousandth of a share);
"**Shareholder**"	a holder of Shares in the Company;
"**UCITS Directive**"	the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("UCITS") (No 2009/65/EC), as amended, including any delegated regulations made pursuant to and supplementing the UCITS Directive from time to time;
"**UCITS Regulation**"	the Commission Delegated Regulation (EU) 2016/438 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries;
"**US**" or "**United States**"	the United States of America, its territories, possessions and all other areas subject to its jurisdiction;
"**US Person**"	has the meaning set out in Appendix 6.

INTRODUCTION

THIS PROSPECTUS IS IMPORTANT AS IT CONTAINS KEY INFORMATION ABOUT INVESTING IN THE COMPANY. YOU SHOULD READ THIS DOCUMENT CAREFULLY AND RETAIN IT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

This document is the prospectus (the "**Prospectus**") of the Company, a UK authorised investment company with variable capital. It has been prepared in accordance with the rules contained in the COLL Sourcebook and complies with the requirements of Part 4 of the COLL Sourcebook.

Legg Mason Investment Funds Limited, the Authorised Corporate Director ("**ACD**") of the Company, is the person responsible for the information contained in this Prospectus. It has taken all reasonable care to ensure that, to the best of its knowledge and belief, the information in this document does not contain any untrue or misleading statement or omit any matters required by the COLL Sourcebook to be included in it and accepts responsibility accordingly.

Copies have been sent to the FCA and the Depositary in accordance with the COLL Sourcebook.

This Prospectus is valid as at 23 April 2019. **Any Shareholder or prospective Shareholder should check with the ACD that this document is the most recent version and that no revisions have been made to this Prospectus since this date.**

Investments in the Funds may not be suitable for all investors. If you are in any doubt about the suitability of investing in Shares of a Fund or the contents of this Prospectus, you should consult your financial adviser (although you will have to bear the costs of such advice). Potential investors are encouraged to seek appropriate advice regarding their own circumstances in respect of any investment in Shares of the Company's Funds.

The provisions of the Company's Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them) and a copy of the Instrument of Incorporation is available from the ACD on request.

This Prospectus is intended for distribution in the United Kingdom only. Its distribution in other countries may be restricted. This Prospectus does not amount to an offer in any jurisdiction where such offer may be prohibited or to any potential investor outside the United Kingdom who is prohibited by applicable laws from subscribing for Shares.

RISK FACTORS

Investment in the Funds carries risk. There can be no assurance that the Funds' investment objectives will be achieved and investment results may vary. Potential investors should carefully consider whether an investment in the Funds is suitable for them, taking into account the risk warnings set out in the "Risk Factors" section below.

BUYING RESTRICTIONS

GENERAL: The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus in any such jurisdiction may treat this Prospectus as constituting an invitation to them to subscribe for Shares unless in the relevant jurisdiction such an invitation could lawfully be made to them in compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for

Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, incorporation or domicile.

THE UNITED STATES OF AMERICA: The Shares have not been registered under the 1933 Act and the Company has not been registered under the 1940 Act. The Shares may not be offered, sold, transferred or delivered directly or indirectly, in the United States, its territories or possessions or to US Persons. The Shares may only be offered and sold to Non-United States Persons.

THE COMPANY AND ITS FUNDS

THE COMPANY

Legg Mason Funds ICVC (PRN: 225573) is an investment company with variable capital ("**ICVC**") incorporated in England and Wales and was authorised by the Financial Services Authority on 31 July 2003.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the purchase price of the Shares.

BASE CURRENCY

The currency of the Company is Pounds sterling.

THE FUNDS

The Company is structured as an umbrella fund comprising various Funds, each of which is operated as a distinct fund with its own portfolio of investments. The Company is an open ended investment company authorised in the UK (and so is an ICVC). The Company is authorised as a UCITS scheme, therefore each of the Funds should be regarded as a UCITS scheme.

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund, and shall not be available for any such purpose.

Subject to the above, to the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between the Fund in a manner which is fair to the Shareholders.

The Funds which are currently authorised by the FCA are:

Fixed Income Funds

Legg Mason IF Brandywine Global Income Optimiser Fund
Legg Mason IF Western Asset Retirement Income Bond Fund*

* previously the Legg Mason IF Western Asset Global Blue Chip Bond Fund

Legg Mason IF Western Asset Global Multi Strategy Bond Fund

Equity Funds

Legg Mason IF ClearBridge Global Equity Income Fund
Legg Mason IF ClearBridge US Equity Fund
Legg Mason IF ClearBridge US Equity Income Fund
Legg Mason IF Martin Currie Asia Pacific Fund
Legg Mason IF Martin Currie China Fund
Legg Mason IF Martin Currie Global Equity Income Fund
Legg Mason IF Martin Currie Japan Alpha Fund
Legg Mason IF Martin Currie North American Fund
Legg Mason IF QS Emerging Markets Equity Fund*
Legg Mason IF QS UK Equity Fund

Legg Mason IF Martin Currie Emerging Markets Fund	Legg Mason IF Royce US Smaller Companies Fund
Legg Mason IF Martin Currie European Unconstrained Fund**	Legg Mason IF Japan Equity Fund
Legg Mason IF Martin Currie Global Alpha Fund***	Legg Mason IF ClearBridge US Aggressive Growth Fund
	Legg Mason IF RARE Global Infrastructure Income Fund

*Previously the Legg Mason Asia Pacific Fund. Please note that the Legg Mason IF QS Emerging Markets Equity Fund is in the course of being terminated and is therefore no longer available for investment.
** Previously the Legg Mason IF Martin Currie European Equity Income Fund.
*** Please note that the Legg Mason IF Martin Currie Global Alpha Fund is in the course of being terminated and is therefore no longer available for investment.

Full details of each Fund are set out in Appendix 1.

INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS

The purpose of the Funds is to optimise income and/or capital growth. Each Fund has its own specific investment objective and policy as set out in Appendix 1.

INVESTMENT POWERS AND SAFEGUARDS

The assets of each Fund will be invested with the aim of achieving the investment objective of that Fund in accordance with each Fund's investment policy. They must be invested so as to comply with the investment and borrowing powers and restrictions set out in the COLL Sourcebook, the Instrument of Incorporation and this Prospectus.

A summary of the investment and borrowing powers and restrictions applicable to the Funds is set out in Appendix 5.

ISAs

Based on current ISA Regulations and HMRC guidance, the Funds satisfy the eligibility requirements to be a qualifying investment for a stocks and shares component of an ISA. It should be noted however that this position may change as a result of changes to the ISA Regulations or any other applicable laws and regulations. Depending on the details of the applicable regulations at any relevant time, it is possible (although it is thought unlikely) that, in the future, because of their respective investment objectives and policies, the Funds may cease to be qualifying investments for the purposes of the ISA Regulations. At all times the Funds' respective investment objectives and policies will prevail over any intention to ensure that the Shares in the Funds remain eligible to be held within an ISA.

PAST PERFORMANCE

Details of the performance of each of the Funds are set out in relation to each Fund in Appendix 4.

BENCHMARKS

Indices or benchmarks are used in respect of certain of the Fund(s) within the meaning of Regulation (EU) 2016/1011 (the "Benchmarks Regulation") and/or are otherwise referred to in this Prospectus. In respect of the ACD's use of a benchmark (within the meaning of the Benchmarks Regulation), a written plan is maintained setting out the actions that will be taken in the event of a relevant benchmark materially changing or ceasing to be provided.

As at the date of this Prospectus, the only relevant benchmark administrator included on the register of administrators and benchmarks maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 of the Benchmarks Regulation is FTSE International Limited (in respect of the FSTE All Share Index used by the Legg Mason IF QS UK Equity Fund). Unless otherwise stated, any other index or benchmark referred to in this Prospectus is provided by an administrator who is not included on the register maintained by ESMA.

RISK FACTORS

Risk is the chance that an investment's actual return will be different to that expected. Investments in a Fund may fluctuate in value over time and accordingly the level of risk varies between Funds. The value of investments and the income derived from them can go down as well as up and an investor may not get back the full amount originally invested in a Fund.

While historically over the longer term shares and bonds have been seen to outstrip the returns expected from a bank or building society account, potential investors should consider the risk factors below and for each Fund its risk profile and profile of a typical investor set out in Appendix 1 before investing in the Company or a particular Fund. Risk factors, risk profiles and profiles of typical investors should be read as being indicative only, are not exhaustive and should not be read as a recommendation as to the suitability of a particular Fund for a particular investor. Suitability should be assessed by an investor or prospective investor in the light of that person's personal and financial circumstances, and with the assistance of a professional adviser.

GENERAL RISK FACTORS

The following risk factors should be taken into account for all Funds:

Investment Objective

- Whilst the relevant investment manager will endeavour to manage a Fund with a view to achieving its specific investment objective, there is no assurance that the investment objective of the Fund will be achieved.

Fluctuating value

- The value of your investment in a Fund can go down as well as up and investors may not get back the amount originally invested.

- The value of Shares in a Fund and income from them is not guaranteed.

Past performance

- Past performance is not a reliable indicator of future results and may not be repeated.

Tax position

- The tax position as stated in this Prospectus is believed to be accurate as at the date of this Prospectus. It may be subject to change in the future. Individual investors should consider their own tax position which will depend on their individual circumstances.

Charges and expenses

- Deductions for charges and expenses are not made uniformly throughout the life of an investment. If an investor sells Shares during the early years of his/her investment, the amount initially invested may not be received back.

- For all Funds, 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 may be more affected by fees and charges than in more established Funds.

Liabilities

Under the 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 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 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.

Counterparty and collateral risk

- Counterparty risk is the risk of suffering loss due to another party not meeting its financial obligations. The main source of this risk for a Fund is where trade counterparties fail to meet their transaction commitments (“default”).

- The Company only buys and sells investments with brokers who have been approved by the relevant investment manager as acceptable counterparties.

- The Company may receive collateral from and may deliver collateral to a counterparty or broker (a “Counterparty”) by way of title transfer or by way of security interest and, in certain circumstances, where the Company delivers collateral to a Counterparty, may grant a right of reuse of such collateral to such Counterparty. The treatment of such collateral will vary according to the type of transaction and its contractual terms, the jurisdiction in which the Counterparty is located and the assets are traded, the legal status of the collateral and applicable law.

- Where collateral is delivered by way of title transfer, the Company will be exposed to the creditworthiness of the Counterparty and, in the event of insolvency, the Company will rank as an unsecured creditor in relation to any amounts transferred as collateral in excess of the Company’s exposure to the Counterparty.

- Where assets are delivered pursuant to a security interest or cash is protected pursuant to the FCA’s rules on client money (see the heading “Holding of Assets by the Depositary”, for further information”), such assets and cash should be protected from the insolvency of the Counterparty but subject to the Counterparty complying with its obligations pursuant to the terms of the agreement with the Company and applicable law.

- Where the Counterparty exercises a right of use in respect of financial instruments provided to it by the Company as collateral, the Company’s rights in respect of such financial instruments will be replaced by an unsecured contractual claim for delivery of equivalent financial instruments subject to the terms of the relevant arrangement. The relevant financial instruments will not be held by the Counterparty in accordance with client asset rules or similar rights and so will not be segregated from the Counterparty’s own assets or held on trust for the Company. In the event of the Counterparty’s insolvency or default, the Company’s claim for delivery of equivalent financial instruments will not be secured and will be subject to the terms of the relevant arrangement and applicable law and, accordingly, the Company may not receive such equivalent financial instruments or recover the full value of the financial instruments. Further, in the event that a resolution authority exercises its powers under any relevant resolution regime in relation to the Counterparty any rights the Company may have to take any action against the Counterparty, such as to terminate the relevant agreement, may be subject to a stay by the relevant resolution authority and/or the Company’s claim for delivery of equivalent financial instruments may be reduced (in part or in full) or converted into equity and/or a transfer of assets or liabilities may result in the Company’s claim being transferred to different entities.

- Where collateral is held by a custodian, on the insolvency or default of the custodian the relevant financial instruments should, subject to the terms of the relevant agreement and applicable law, be unavailable to its general creditors. However, in the event of an irreconcilable shortfall following the default of a custodian the Company may share in that shortfall proportionately with the custodian’s other customers.

- Collateral arrangements may be subject to a number of operational risks, including the failure of the Company to call for collateral where it is entitled to do so, the failure of the Counterparty to call for the correct amount of collateral or failure to redeliver any excess collateral and settlement failures.

- In the event that the Company attempts to realise collateral following the default by a Counterparty, there may be no or limited liquidity or other restrictions in respect of the relevant collateral and any realisation proceeds may not be sufficient to off-set the Company’s exposure to the Counterparty and the Company may not recover any shortfall. In addition, for a securities lending transaction, in the event of a default by the counterparty, this could result in the securities lent being recovered late or only in part.

- To assist in managing these types of risks, the Company sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled “Collateral Management Policy” below for more information.

Efficient portfolio management

- Permitted EPM transactions include transactions in derivatives (including total return swaps) dealt or traded on an eligible derivatives market or over-the-counter, and SFTs such as stock lending and repurchase and reverse repurchase agreements. The ACD may enter into such transactions for the reduction of risk, reduction of cost or generation of additional income with a level of risk which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL, as more fully described in Appendix 5. There is no guarantee that the Fund will achieve the objective for which any EPM transaction was undertaken.

- EPM transactions may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations (see “Counterparty and collateral risk” above).

- Investors should note that EPM transactions may be effected in relation to a Fund in circumstances where the ACD or the investment manager has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to the Fund. Where a conflict cannot be avoided, the ACD and investment manager will have regard to their responsibility to act in the best interests of the Fund and its investors. The ACD and investment manager will ensure that the Fund and its investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Fund than if the potential conflict had not existed. For further information in relation to conflicts of interest, please see the paragraph entitled “General” below.

Government Intervention

- The recent instability in the financial markets has led the United Kingdom, the United States and other governments to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility and in some cases a lack of liquidity. Federal, state and other governments, their regulatory agencies or self-regulatory organisations may take actions that affect the regulation of securities in which the Funds invest, or the issuers of securities, in ways that are unforeseeable. Legislation or regulation may also impact the Funds and the ability to manage each Fund’s portfolio in a manner consistent with its investment objective.

Political and/or regulatory risks

- The value of the assets of a Fund may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

- A number of countries in Europe have recently experienced severe economic and financial difficulties. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity.

- These difficulties may continue, worsen or spread within and without Europe.

- Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro, the common currency of the European Union, and/or withdraw from the European Union. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching.

- Whether or not a Fund invests in securities of issuers located in Europe or with significant exposure to European issuers or countries, these events could negatively affect the value and liquidity of a Fund's investments.

Holding of Assets by the Depositary

- The Depositary has a duty to ensure that it safeguards and administers the Scheme Property in compliance with the FCA Rules governing the protection of client assets ("Client Asset Rules"). The Depositary is not under a duty to comply with the FCA Rules on handling money received or held for the purpose of buying or selling securities and investments ("Client Money"). Moreover, with respect to handling Scheme Property in the course of delivery versus payment transactions through a commercial settlement system ("CSS"), the Scheme Property may not be protected under the Client Asset Rules. In the event that the Depositary becomes insolvent or otherwise fails, there is a risk of loss or delay in return of any Scheme Property which consists of Client Money, client assets held in a CSS or any other client assets which the Depositary or any of its delegates is not required or has failed to hold in accordance with the Client Asset Rules. Further information regarding the Depositary and its duties and functions in respect of the Scheme Property is set out on page 33 under the section headed "The Depositary".

Tax Considerations

- A Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by a Fund is incorporated, established or resident for tax purposes. A Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by a Fund or the counterparty to a transaction involving a Fund is incorporated, established or resident for tax purposes.

- Where a Fund invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof.

FATCA and Similar Measures

- Under the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder (together, as amended from time to time, "FATCA"), certain payments made to the Company may be subject to a 30 per cent withholding tax (a "FATCA Deduction") and under the relevant UK legislation the Company may be subject to financial penalties or other sanctions unless the Company complies with the requirements of the Intergovernmental Agreement ("IGA") between the United States and the UK (the "US-UK IGA") (which seeks to implement the requirements of FATCA) and legislation enacted in the UK to implement the US-UK IGA. Further information may be found under "TAXATION – FATCA and Similar Measures".

- The UK has also signed inter-governmental agreements with Jersey, Guernsey, the Isle of Man and Gibraltar (the "UK CDOT IGAs") that impose similar requirements to the US-UK IGA and enacted legislation to implement the UK CDOT IGAs in the UK. A number of other jurisdictions have entered into or are committed to entering into inter-governmental agreements for the automatic cross-border exchange of tax information similar to the US-UK IGA and UK CDOT IGAs, including, in particular, under a regime known as the OECD Common Reporting Standard ("CRS"). The UK has signed, along with over 80 other countries, a multilateral competent authority agreement to implement the CRS, and has passed regulations to give effect to the CRS. These regulations require UK "Financial Institutions", including the Company, to identify specified persons in participating jurisdictions under the CRS, and to report related information to HMRC (for automatic exchange with the relevant tax authorities in such jurisdictions).

- The Company may be subject to financial penalties or other sanctions if it fails to comply with the requirements of the UK regulations giving effect to CRS. Due to the overlap between the UK CDOT IGAs and CRS, reportable persons in Jersey, Guernsey, the Isle of Man and Gibraltar will be reported under CRS and not the UK CDOT IGAs from 2018, and it is expected that the UK legislation implementing the UK CDOT IGAs will be repealed in due course.

- While the Company will seek to satisfy its obligations under FATCA, the US-UK IGA, the UK CDOT IGAs, the CRS and the associated implementing legislation in the UK to avoid the imposition of any FATCA Deductions, financial penalties and other sanctions, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shares (if any). The Company intends to satisfy such obligations, although there can be no assurances that it will be able to do so. There is therefore a risk that the Company may be subject to one or more FATCA Deductions, financial penalties and other sanctions, any of which may have a material adverse effect on the net asset value of the Funds and hence on the net asset value per Share.

- All prospective investors and Shareholders should consult with their respective tax advisers regarding the possible implications of FATCA, the US-UK IGA, the UK CDOT IGAs, CRS and the associated implementing legislation in the UK and any other similar legislation and/or regulations on their investments in the Funds.

SPECIFIC RISKS

The following risk factors may also be particularly relevant to a Fund due to its investment objectives and policies, as indicated in the Fund specific details in Appendix 1:

Equity Risk

- Investments in equity securities offer the potential for substantial capital appreciation. However, such investments also involve risks, including issuer, industry, market and general economic related risks. Although the Fund's investment manager will attempt to reduce these risks by utilizing various techniques described herein, adverse developments or perceived adverse developments in one or more of these areas could cause a substantial decline in the value of equity securities owned by a Fund.

China Market Risk

- Certain Funds may invest in securities or instruments which have exposure to the Chinese market. The Funds may invest directly in China "B" shares or in eligible China "A" shares via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, as discussed under the heading "Stock Connects" below.

- The Funds may also have exposure to China "A" shares indirectly via investments in other collective investment schemes that invest in China "A" shares, structured notes, participation notes, equity-linked notes, similar financial instruments and derivative instruments where the underlying assets consists of securities issued by companies quoted on regulated markets in China, and/or the performance of which is linked to the performance of securities issued by companies quoted on regulated markets in China.

- Investing in the securities markets of China is subject to emerging market risks as well as China-specific risks, including the risk of significant change in political, social or economic policy in China, which may adversely affect the capital growth and performance of such investments. The legal and regulatory framework for capital markets and joint stock companies in China is less developed than in developed countries. The Shanghai and Shenzhen securities markets are also in the process of development and change which may lead to trading volatility and difficulty in interpreting and applying relevant rules and regulations.

- In addition, special risks associated with investing in Chinese securities include (a) a lower level of liquidity in China "A" and "B" share markets, which are relatively smaller in terms of both combined market value and the number of "A" and "B" shares available for investment as compared with other markets, which may in turn lead to severe price volatility, (b) differences between China's accounting standards applicable to Chinese issuers and international accounting standards, (c) China's taxes, including withholding and other taxes imposed by Chinese authorities which frequently change, and the availability of tax incentives, which may impact the financial results of Chinese issuers and the Funds' investments in such issuers, and (d) controls imposed by the Chinese authorities on foreign exchange and movements in exchange rates may impact on the operations and financial results of Chinese companies invested in by the Funds.

- Under Chinese regulations, foreign investors may access the "A" share market by obtaining a Qualified Foreign Institutional Investor ("QFII") licence or through institutions that have obtained a QFII licence and investment quota in China. The Funds do not have QFII status, but may have exposure to the China "A" share market indirectly, including via investment in other collective investment schemes that invest in China "A" shares, structured notes, participation notes, equity-linked notes, similar financial instruments and derivative instruments where the underlying assets consists of securities issued by companies quoted on regulated markets in China, and/or the performance of which is linked to the performance of securities issued by companies quoted on regulated markets in China. In such instances, the managers or issuers of such schemes, notes or instruments may possess QFII licenses and investment quotas. Actions of the relevant manager or issuer which violate QFII regulations could result in the revocation of, or other regulatory action against, the relevant QFII licence as a whole, and may impact on the Fund's exposure to Chinese securities as the relevant scheme, note or instrument may be required to dispose its holdings in Chinese securities.

- In addition, for Funds that invest indirectly a significant part of their assets in Chinese issuers, changes in applicable rules and regulations, including QFII repatriation restrictions, may indirectly prevent timely sales or redemptions of such assets, which could in turn lead to a suspension of dealings in those Funds. A Fund may also be indirectly impacted by the rules and restrictions under the QFII regime (including rules on investment restrictions, minimum investment holding periods, and repatriation of principal and profits), illiquidity of the "A" share market, and/or delay or disruption in execution of trades or in settlement of trades, which may consequently have an adverse impact on the investment performance of the Fund.

Stock Connects

- The Shanghai-Hong Kong Stock Connect is a securities trading and clearing linked program developed by the Stock Exchange of Hong Kong ("SEHK"), Shanghai Stock Exchange ("SSE"), China Securities Depositary and Clearing Corporation Limited ("ChinaClear") and Hong Kong Securities Clearing Company Limited ("HKSCC"). The Shenzhen-HK Stock Connect is a securities trading and clearing links program developed by SEHK, Shenzhen Stock Exchange ("SZSE"), ChinaClear and HKSCC. Shanghai-Hong Kong Stock Connect and Shenzhen-HK Stock Connect (the "Stock Connects") aim to achieve mutual stock market access between Mainland China and Hong Kong.

- The Shanghai-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the relevant Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China "A" Shares listed on the SSE ("SSE securities") by routing orders to SSE. Under the Southbound Trading Link, investors in Mainland China can trade certain SEHK-listed stocks. The two links are subject to separate daily trading quotas, limiting the maximum net buy value of cross-boundary trades on the Shanghai-Hong Kong Stock Connect each day.

- The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the relevant Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China "A" Shares listed on the SZSE ("SZSE securities") by routing orders to SZSE. Under the Southbound Hong Kong Trading Link under Shenzhen-Hong Kong Stock Connect, investors in Mainland China can trade certain SEHK-listed stocks. The two trading links are subject to separate daily trading quotas, which limit the maximum net buy value of cross-boundary trades under the Shenzhen-Hong Kong Stock Connect each day.

- HKSCC and ChinaClear will be responsible for the clearing, settlement and the provision of nominee and other related services of the trades executed by their respective market participants and investors. The SSE securities and SZSE securities traded through the Stock Connects are issued in scripless form.

- Although HKSCC does not claim proprietary interests in the SSE securities and SZSE securities held in its omnibus stock account, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as a shareholder when it handles corporate actions in respect of such securities. Failure or delay by HKSCC in the performance of its duties may result in failed settlement, or the loss, of such securities and/or monies in connection with them.

- Under the Stock Connects, the relevant Funds will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE securities and SZSE securities.

The following additional risks apply to investing via Stock Connects:

- *Quota Limitations*. The Stock Connects are subject to quota limitations, as detailed above. In particular, the Stock Connects are subject to a daily quota which does not relate to the relevant Funds and can only be utilised on a first-come-first-served basis. In particular, once the remaining balance of the Northbound daily quota drops to zero or is exceeded during the opening call session, new buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the relevant Fund's ability to invest in SSE securities and SZSE securities through the Stock Connects on a timely basis.

- *Taxation Risk*. The Ministry of Finance ("MOF"), State Administration of Taxation ("SAT") and China Securities Regulatory Commission ("CSRC") jointly issued Circular Caishui [2014] No.81 ("Circular 81") and Circular Caishui [2016] No.127 ("Circular 127") on 14 November 2014 and 1 December 2016 respectively that gains derived by Hong Kong market investors (including the Funds) from China A-Shares traded through the Stock Connects would be temporarily exempted from PRC corporate income tax ("CIT") with effect from 17 November 2014 and 5 December 2016 respectively. The duration of the exemption has not been stated and is subject to termination without notice and, in the worst case, retrospectively. If the temporary exemption is withdrawn the relevant Funds would be subject to PRC CIT (generally on a withholding basis at the rate of 10%) on gains on the trading of China A-Shares through the Stock Connects, unless reduced or exempted under the relevant tax treaty. Foreign investors (including the Funds) investing in China A-Shares will be subject to a withholding income tax of 10% on all dividends or distributions received from China A-Shares companies. The PRC entity distributing the dividend is required to withhold such tax. There is no assurance that the tax policy in relation to withholding tax will not change in the future. The MOF and SAT jointly released Caishui [2016] No. 36 ("Circular 36") on 24 March 2016, which provides gains realised by foreign investors (including the Funds) from the trading of China A Shares through the Shanghai-Hong Kong Stock Connect would be exempted from Value-added Tax ("VAT"). Gains realised by foreign investors (including the Funds) from the trading of China A-shares through the Shenzhen-Hong Kong Stock Connect is also exempted from VAT pursuant to Circular 127. There is no assurance that the tax policy in relation to VAT will not change in the future. The PRC tax authorities may implement other tax rules with retrospective effect which may adversely affect the relevant Funds. The above does not constitute tax advice and investors should consult their independent tax advisors regarding the possible tax implications with regard to their investments in the relevant Funds.

- *Legal / Beneficial Ownership*. The SSE securities and SZSE securities acquired by the relevant Funds via Stock Connects will be recorded in a nominee account opened by HKSCC with ChinaClear. The Stock Connects' rules expressly provide that investors enjoy the rights and benefits of the securities acquired through Stock Connects in accordance with applicable laws. Such rules are departmental regulations having legal effect in China. However, the application of such rules is untested, and there is no assurance that Chinese courts will recognise such rules (for example, in liquidation proceedings of Chinese companies). It should be noted that under the Central Clearing and Settlement System ("CCASS") rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceedings to enforce any rights on behalf of the relevant Funds in the PRC or elsewhere in respect of SSE securities or SZSE securities. The relevant Funds may suffer losses in the event of insolvency of HKSCC.

- *Participation in corporate actions and shareholders' meetings*. HKSCC will keep participants of CCASS informed of corporate actions of SSE securities and/or SZSE securities. Hong Kong and overseas investors (including the relevant Funds) will need to comply with the arrangement and deadline specified by their respective brokers or custodians/sub-custodians who are CCASS participants. The time for them to take actions for some types of corporate actions of SSE securities or SZSE securities (as the case may be) may be as short as one business day only. Therefore, the relevant Funds may not be able to participate in some corporate actions in a timely manner. Hong Kong and overseas investors (including the relevant Funds) will hold SSE securities and/or SZSE securities traded via the Stock Connects through their brokers or custodians/sub-custodians. According to existing Mainland China practice, multiple proxies are not available. Therefore, the relevant Funds may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SSE securities and/or SZSE securities.

- *Clearing and Settlement Risk*. Should ChinaClear default and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing claims against ChinaClear. HKSCC will in good faith seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Funds may suffer delay in the recovery process or may not be able to fully recover its/their losses from ChinaClear.

- *Suspension Risk*. SEHK, SSE and SZSE may suspend trading of SSE securities and SZSE securities purchased on the Stock Connects if necessary to ensure an orderly and fair market and that risks are managed prudently. Suspending Northbound trading through Stock Connects would prevent the relevant Funds from accessing the Mainland China market through Stock Connects.

- *Differences in Trading Day*. The Stock Connects will only operate on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Thus, there may be occasions when it is a normal trading day for the SSE or SZSE market but the relevant Funds cannot carry out any SSE securities or SZSE securities trading via Stock Connects. The relevant Funds may be subject to a risk of price fluctuations in SSE securities and SZSE securities during such times.

- *Restrictions on Selling Imposed by Front-end Monitoring*. PRC regulations require that before an investor sells any share, there should be sufficient shares in the account otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on SSE securities and SZSE securities sell orders of its participants to ensure there is no over-selling. If a Fund intends to sell certain SSE securities and SZSE securities, to the extent such securities are not kept in the Special Segregated Account (SPSA) maintained with the Central Clearing and Settlement System established and operated by HKSCC ("CCASS"), it must ensure the availability of those securities is confirmed by its broker(s) before the market opens on the day of selling ("trading day"). If not, it will not be able to sell those shares on the trading day.

- *Operational Risk*. The securities regimes and legal systems of the Mainland China and Hong Kong markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the Stock Connects could be disrupted.

- *Regulatory Risk*. Stock Connects are evolving, and will be subject to regulation promulgated by regulatory authorities and implementation rules made by stock exchanges in China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with cross-border trades under Stock Connects. The current regulations relating to the Stock Connects are untested and there is no certainty as to how they will be applied. Using Stock Connects as a means of investment will result in trades being subject to additional restrictions to those usually traded directly on exchange, which may result to greater or more frequent fluctuations in investment value, and the investments may be harder to liquidate. The current regulations are subject to change and there can be no assurance that the Stock Connects will not be abolished.

- *Recalling of Eligible Stocks*. When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the relevant Funds, if for example, the relevant investment manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

- *No Protection by Investor Compensation Fund*. Investment in SSE securities and SZSE securities via the Stock Connects is conducted through brokers, and is subject to the risks of default by such brokers in their obligations. Investments of the relevant Funds under the Stock Connects are not covered by the Hong Kong Investor Compensation Fund or Chinese equivalent.

- Certain Funds may invest, directly or indirectly, in the China Interbank Bond Market ("CIBM"). The China bond market mainly consists of the CIBM and the exchange listed bond market. The CIBM is an over-the-counter (OTC) market established in 1997. The majority of China Yuan Renminbi bond trading activity takes place in the CIBM. Products traded in this market include bonds issued both by the Chinese government and Chinese corporations. Primary risks of investing in the CIBM include price volatility and the potential lack of liquidity due to low trading volume of certain debt securities traded on such market. Funds investing in such market are therefore subject to liquidity and volatility risks and may suffer losses in trading on-shore China bonds.

- To the extent that a Fund transacts in the CIBM, the Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

- In accordance with the UCITS requirements, the Depositary shall provide for the safekeeping of the Fund's assets in the PRC through its global custody network. Such safekeeping requires the Depositary to retain control over Chinese securities at all times.

Concentration

- As a result of investment methods used, some Funds may select fewer holdings for their portfolios than is common for other funds and this concentration may carry more risk than funds investing in a larger number of holdings (such Funds may be affected more if an individual holding has significant losses).

- Funds may also be concentrated on the basis of company, industry or issuer specific features.

Credit risk

- 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.

- Investors should also note the "Ratings" risk factor below.

Currency hedging

- Some Funds may use eligible derivatives and/or forward currency contracts to hedge their foreign currency exposure back to the base currency, Pounds sterling. Hedging can expose such Funds to additional risks such as the risk that the counterparty of the transaction may not be able to make its payments.

Cyber Security Risks

- With the increased use of technologies such as the Internet and other electronic media and technology to conduct business, the Company, each Fund and the Company's service providers and their respective operations are is susceptible to operational, information security and related risks including cyber security attacks or incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorised access to digital systems, networks or devices (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Cyber security failures or breaches by affecting the Company, a Fund and/or the Company's service providers, and the issuers of securities in which the Funds invest, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, shutting down, disabling, slowing or otherwise disrupting operations, business process or website access functionality, interference with a Fund's ability to calculate its NAV, impediments to trading, the inability of Fund shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, the loss of propriety information, suffer data corruption. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Company and the Company's service providers. Similar adverse consequences could result from cyber security attacks, failures or breaches affecting issuers of securities in which the Funds invest, counterparties with which the Funds engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Fund shareholders) and other parties. In addition, substantial costs may be incurred in order to try to prevent any cyber incidents in the future.

Derivatives and Securities Financing Transactions

- **Unless a Fund's investment policy (specified in Appendix 1) states that the contrary is intended, the ACD does not intend to enter into derivatives and forward transactions except for the limited purposes of Efficient Portfolio Management.**

- **Accordingly, unless otherwise stated in this Prospectus in relation to a particular Fund, it is not anticipated that the use of derivatives will have an adverse effect.**

- **Some Funds may use derivatives for investment purposes (see Appendix 1 for further details). Using derivatives may increase the volatility of a Fund and alter the Fund's risks.**

- **Investment in derivatives and forwards may result in losses to a Fund in excess of the amount invested.**

- **Investing in derivatives may expose investors to the risk of gearing or leverage so that a relatively small movement in the price of the underlying investment can result in a much larger movement, either up or down, in the price of the investment.**

- **Investments in, for example, futures, can result in an obligation to take delivery of an underlying asset at a future date, or positions may need to be settled in cash which may in turn result in the Fund being exposed to a liquidity risk.**

- There are certain similarities between the risks associated with Securities Financing Transactions and OTC derivatives including total return swaps (together, "Transactions"). To the extent not mitigated by implementation of the European Union Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as "EMIR") and/or the Dodd Frank Act or collateral arrangements, if at all, the risks posed by such Transactions, which can be extremely complex and may involve leveraging of a Fund's assets, include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risks (the characterisation of a Transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the Transaction); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a Transaction has performed its obligations under a contract but has not yet received value from its counterparty).

- For Transactions that are cleared through a clearing house, there is the additional risk that the clearing house may become insolvent or lack the financial resources to assure performance in the event of a clearing house member's default.

Emerging markets

- Some Funds may invest in emerging markets which are considered less well developed and regulated than some of the world's major stock markets.

- Investing in emerging markets is subject to additional risks that may include accounting and reporting standards, dealing difficulties, settlement and custody practices, appropriation of assets and political or social instability. This may increase settlement risk and result in delays in investment into Funds investing in emerging markets. These Funds may also be exposed to credit risk on parties with whom it trades and it will bear the risk of settlement default.

- Disclosure and regulatory standards in emerging markets may be less developed and there may be less publicly available information on issuers than is available in developed countries. In particular, reliance may be placed on representations from the management of companies and there may be less independent verification of information than would apply in many developed countries. The valuation of assets and exchange differences may also be treated differently from international accounting standards.

Exchange rates

- Although the base currency of all the Funds is Pounds sterling, some Funds may be invested in securities that are valued in foreign currencies.

- Changes in exchange rates between the currencies of investments held by a Fund and the base currency, may affect the values of investments and any income derived from them.

Fees and expenses from capital

- For some Funds the fees and expenses (such as the annual management charge, the general administration charge, the depositary's fees and expenses and other expenses which may be properly paid out of the property of the Funds) are deducted from capital rather than income. Therefore, the capital growth of such Funds may be constrained. Details of how such fees and expenses are levied are explained in the section on Fees and Expenses in this Prospectus under the sub-heading "Allocation of Payments to Income or Capital".

Hedged Shares

- Hedged Shares and non-Hedged Shares may be issued for some Funds, as specified in Appendix 1.

- With respect to Share classes in such Funds that do not include "(Hedged)" in their name, the Share classes' exposure to changes in exchange rates between the currencies that are significant to the Fund's investment strategy (the "Underlying Currencies") and Pounds sterling will not be hedged. As such, the net asset value per Share and investment performance of such Shares classes may be affected, positively or negatively, by changes in the value of the Underlying Currencies relative to the value of Pounds sterling.

- With respect to Share classes in such Funds that do include "(Hedged)" in their name ("Hedged Shares"), while it is intended to hedge the risk of changes in value between the Underlying Currencies and Pounds sterling, 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 Pounds sterling. Furthermore, the use of Share class hedging strategies may substantially limit Shareholders in the relevant Hedged Share class from benefiting if pound sterling falls against the Underlying Currencies.

- As there is no legal segregation of liabilities between Share classes, there is a risk that under certain circumstances, currency hedging transactions in relation to a Share class could result in liabilities which might affect the net asset value of other Share classes of the Fund ("contagion risk"). Hedging transactions will be clearly attributable to the relevant Hedged Share class so that all costs, gains and losses of such transactions shall be borne by the relevant Hedged Share class in the first instance.

- Investors in Hedged Shares should note that risk warning "Exchange rates" and/or "Currency hedging" above is still applicable to their investment.

High Risk Funds

- Owing to the investment policies of some Funds they should be viewed as high risk investments.

High Yield Securities

- To the extent a Fund invests in medium or low-rated securities and unrated securities of comparable quality, the Fund may realise a higher current yield than the yield offered by higher-rated securities, but investment in such securities involves greater volatility of price and risk of loss of income and principal, including the probability of default by or bankruptcy of the issuers of such securities. Low-rated and comparable unrated securities (collectively referred to as "low-rated" securities) likely have quality and protective characteristics that, in the judgment of a rating organisation, are outweighed by large uncertainties or major risk exposures to adverse conditions, and are predominantly speculative with respect to an issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. Although the prices of low-rated securities are generally less sensitive to interest rate changes than are higher-rated securities, the prices of low-rated securities may be more sensitive to adverse economic changes and developments regarding the individual issuer.

- When economic conditions appear to be deteriorating, medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

- Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities are especially affected by adverse changes in the industries in which the issuers are engaged and by changes in the financial condition of the issuers.

- Highly leveraged issuers may also experience financial stress during periods of rising interest rates. In addition, the secondary market for low-rated securities, which is concentrated in relatively few market makers, may not be as liquid as the secondary market for more highly rated securities. As a result, a Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Therefore, prices realised upon the sale of such low-rated securities, under these circumstances, may be less than the prices used in calculating the Fund's net asset value.

- Low-rated securities also present risks based on payment expectations. If an issuer calls an obligation for redemption, the Fund may have to replace the security with a lower yielding security, resulting in a decreased return for investors. If the Fund experiences unexpected net redemptions, it may be forced to sell its higher-rated securities, resulting in a decline in the overall credit quality of the Fund's investment portfolio and increasing the exposure of the Fund to the risks of low-rated securities.

- Changes in economic conditions or developments regarding individual issuers of medium or low-rated securities are more likely to cause price volatility and weaken the capacity of such securities to make principal and interest payments than is the case for higher grade debt securities. Investment in such lower rated debt securities may limit a Fund's ability to sell such securities at fair value. Judgment plays a greater role in pricing such securities than in the case of securities having more active markets. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of lower rated debt securities, especially in a thinly traded market.

Infrastructure risk

- Infrastructure companies may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

- Where investment is made in new infrastructure projects during the construction phase, some residual risk will remain that the project will not be completed within budget, within the agreed timeframe or to the agreed specifications. The operations of infrastructure projects are exposed to unplanned interruptions caused by significant catastrophic events, such as cyclones, earthquakes, landslides, floods, explosion, fire, terrorist attack, major plant breakdown, pipeline or electricity line rupture or other disaster. Operational disruption, as well as supply disruption, could adversely impact the cashflows available from these assets.

- Infrastructure companies also may be affected by or subject to, among other factors, laws and regulations by various government authorities, including rate regulation and service interruption due to environmental, operational or other mishaps. Standards set by these laws and regulations are imposed regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were, conducted. These laws and regulations may have a detrimental impact on the financial performance of infrastructure projects.

Interest rates

- Funds that hold fixed income investments may be affected by changes in interest rates. As interest rates rise, the value of fixed income investments tends to fall, and so will the value of these Funds. In contrast, if interest rates fall the value of these investments and of these Funds, may rise.

Liquidity risk

- 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.

Leverage

- A proportion of the capital of some Funds may be leveraged. While leverage presents opportunities for increasing the capital return, it has the effect of potentially increasing losses as well. Any event which adversely affects the underlying investments could be magnified to the extent the capital is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to the underlying investments could result in a substantial loss to capital that which could be greater than if capital were not leveraged.

Loans

- The primary risk in an investment in loans is that the borrower may be unable to meet its interest and/or principal payment obligations, with any subsequent default having an adverse effect on the relevant Fund's net asset value.

- A sudden and significant increase in market interest rates may cause a decline in the value of these investments and in the Fund's net asset value. Other factors, such as rating downgrades, credit deterioration, or large downward movement in stock prices, a disparity in supply and demand of certain securities or market conditions that reduce liquidity could reduce the value of loans, impairing the fund's net asset value.

- Investments in unsecured and/or subordinated loans entail a greater risk of non-payment than do investments in loans which hold a more senior position in the borrower's capital structure or that are secured with collateral.

- By purchasing a participation in a loan ("Participations") from a third party, a fund acquires some or all of the interest of a bank or other lending institution in a loan to a borrower. Participations typically will result in a fund's having a contractual relationship only with the lender and not the borrower. The fund will generally have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower. As a result, the fund will assume the credit risk of both the borrower and the lender that is selling the Participation.

- A fund may also purchase assignments ("Assignments") of portions of loans from third parties, where it acquires direct rights against the borrower on the loan. However, the rights of the fund as the purchaser of an Assignment may differ from, and be more limited than those held by the lender from which the fund is purchasing the Assignments.

- The liquidity of loans is limited; the lack of a liquid secondary market could have an adverse impact on the value of such securities.

Mortgage backed securities and asset backed securities risk

- Some Funds may from time to time be significantly invested in mortgage backed securities ("MBS") and asset backed securities ("ABS"). MBS and ABS are securities that provide the holder (i.e. a Fund) with regular payments dependent on the cash-flow arising from a specified pool of assets, such as interest and capital payments from mortgages (in the case of MBS) or car loans, other secured loans and credit cards (in the case of ABS).

- Given the nature of MBS and ABS, the timing and the size of the cash-flow from such securities is not fully assured and early repayment of the mortgages or loans may reduce the payments from such securities and could result in a loss for a Fund.

- MBS and ABS may be subject to a greater level of credit risk, interest rate risk and liquidity risk when compared with other fixed income securities.

Overseas markets risk

- For those Funds which invest outside the United Kingdom there could be risks associated with the markets in which investments could be made, which could include dealing difficulties, settlements and custody practices.

Ratings

- The ratings of Standard & Poor's, Moody's and similar rating agencies are the opinions of those agencies. Such ratings are relative and subjective, and are not absolute standards of quality. Unrated debt securities for example are not necessarily of lower quality than rated debt securities, but there may not be as many buyers for them.

- Rating agencies may change, without prior notice, their ratings on debt securities a Fund may hold, and downgrades in ratings are likely to adversely affect the price of the relevant debt securities. Investment grade debt securities may be subject to the risk of being downgraded to below investment grade.

Single country/region Funds

- Some Funds may invest in companies concentrated within a single country and/or single region. This means that they are subject to all risks of that country's/region's equity market environment (e.g. economic, market, political or regulatory) and as a result these Funds carry more risk than other funds that diversify their investments across a broad range of countries/regions. This type of concentration can lead to increased volatility in a Fund's Share price.

Smaller and mid-sized companies

- Shares may be acquired for some Funds in companies that have relatively small market capitalisations and which therefore may not be readily marketable. This may increase the risk of such Funds.

VaR methodology

- VaR is a statistical methodology that seeks to predict, using historical data (and assumptions), the likely maximum loss that a fund could suffer calculated to a specific confidence level. VaR models have certain inherent limitations and cannot be relied upon to predict or guarantee that the size or frequency of losses incurred by a fund will be limited to any extent.

Volatility

- The value of Shares may rise or fall as the capital value of the securities in which a Fund invests may fluctuate. Under certain market conditions, for example during periods of high volatility, such fluctuations can be particularly marked and the value of investments may fall substantially over a short period of time.

MANAGEMENT AND ADMINISTRATION

AUTHORISED CORPORATE DIRECTOR

The Authorised Corporate Director (ACD) of the Company is Legg Mason Investment Funds Limited whose registered address and head office is at 201 Bishopsgate, London EC2M 3AB.

The ACD is a private limited company with an authorised share capital of £11,900,000 and an issued share capital of £1,900,000 consisting of 1,900,000 ordinary shares of £1 each fully paid. The ACD was incorporated in England on 14 January 1970. The ultimate holding company of the ACD is Legg Mason, Inc., which is incorporated and registered in the United States of America.

The directors of the ACD are Jaspal Sagger, Brian Eakes, Joseph LaRocque, John Justin Eede, Ursula Schliessler and Edward Venner. They act as directors of companies other than the ACD (including companies that are within the same group of companies as the ACD) but do not engage in business activities that are not connected with the Company that would be significant to the Company's business within the meaning of the FCA Rules.

The ACD is authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN.

The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Rules. Under the terms of the ACD Agreement, the ACD provides investment management services; administrative, accounting and secretarial services; and registrar services to the Company. Subject to the FCA Rule restrictions which are explained below, the ACD may retain the services of third parties to assist it in the performance of its duties. Subject to the OEIC Regulations, the ACD remains responsible for any function delegated.

The ACD has appointed State Street Bank and Trust Company to provide fund accounting services; The Bank of New York Mellon (International) Limited ("BNYM") to provide administration and registration services; certain investment management companies to provide investment management and advisory services; State Street Bank Europe Limited to manage the foreign currency exposure in respect of each Hedged Share class; State Street Bank and Trust Company, London Branch, to provide collateral management services; and Legg Mason Investments (Europe) Limited to assist the ACD in promoting and distributing the Funds in connection with its responsibilities in respect of the Company and its Funds.

The ACD may provide similar services for other clients, but will endeavour to ensure fair treatment as between the Company and other customers whose funds are managed or advised by the ACD.

Terms of Appointment

The appointment of the ACD was made under an agreement dated 11 August 2003 between the Company and the ACD (the "**ACD Agreement**").

The ACD Agreement may be terminated by the Company in general meeting on giving 12 months' written notice to the ACD or by the ACD on giving 12 months' written notice to the Depositary. It terminates automatically if the ACD ceases to be the authorised corporate director of the Company or if the Company is wound up.

The ACD Agreement includes an indemnity from the ACD to the Company in respect of liabilities incurred by the Company by reason of the acts or omissions of the ACD. However, the Company indemnifies the ACD in respect of liabilities incurred by the ACD by reason of the ACD's performance of its duties in accordance with the terms of the ACD Agreement.

ACD's remuneration policy

The ACD has adopted a remuneration policy in accordance with the requirements of the UCITS Directive (the "**Remuneration Policy**"). The Remuneration Policy is designed to ensure that the ACD's remuneration practices:

- are consistent with and promote sound and effective risk management;
- do not encourage risk taking that is inconsistent with the risk profiles of the Funds, the Instrument of Incorporation or this Prospectus;
- do not impair the ACD's compliance with its duty to act in the best interests of the Company and the Funds;
- include fixed and variable elements of remuneration, including salaries and discretionary pension benefits.

The Remuneration Policy will apply to "Remuneration Code Staff", being (in summary) those persons whose professional activities have a material impact on the risk profile of the ACD and the Company, including but not limited to, senior management and risk takers (such as, for example, portfolio managers).

Details of the Remuneration Policy, including a description of how remuneration and benefits are calculated, are available on the following website: www.leggmasonglobal.com. A paper copy of the information available on the website will also be available (free of charge) on request.

Other schemes managed/operated by the ACD

No other authorised trusts or ICVCs are currently managed or operated by the ACD.

INVESTMENT MANAGERS

The ACD has appointed other companies to provide investment management and advisory services to the ACD in respect of the Funds. Details of these companies are set out in those Funds' specific details in Appendix 1.

Terms of Appointment

Where investment managers are appointed, they are appointed on similar terms as explained in the following paragraphs.

Under the terms of each agreement between an investment manager and the ACD, the ACD delegates selection of securities for the relevant portfolio to the investment manager and the investment manager shall have authority to deal in investments of that portfolio. No commission is received by the investment manager as a result of its dealings in a Fund.

Such an agreement may be terminated by either the ACD or the investment manager (the length of the notice period differing for different investment managers). It terminates automatically if the Company is wound up. The ACD may terminate an investment manager's appointment at any time where it is in the best interests of shareholders to do so.

Each agreement includes an indemnity from the investment manager to the Company and the ACD in respect of liabilities incurred by the Company or the ACD by reason of the relevant investment manager's fraud, negligence, wilful default or bad faith. However, the ACD indemnifies the investment manager in respect of liabilities incurred by the investment manager by reason of the performance of its duties in accordance with the terms of the agreement.

Each investment manager may provide similar services for other clients, but will endeavour to ensure fair treatment as between the Company and other customers whose funds are managed or advised by it.

HEDGING AGENT

The ACD has appointed State Street Bank Europe Limited (the "**Hedging Agent**") under an agreement to manage the foreign currency exposure in respect of each Hedged Share class. The Hedging Agent is authorised and regulated by the FCA. The Hedging Agent acts on behalf of the ACD and the relevant Funds in entering into hedging transactions in respect of the Hedged Shares.

Terms of Appointment

The agreement may be terminated by the ACD or the Hedging Agent on 60 days' notice to the other. It terminates automatically if the Company is wound up and the ACD may terminate the agreement if it believes it is in the best interests of Shareholders. The agreement contains an indemnity from the Hedging Agent to the Company and the ACD in respect of liabilities incurred by the Company or the ACD by reason of its negligence, fraud or wilful default. However the ACD indemnifies the Hedging Agent in respect of liabilities incurred by the Hedging Agent by reason of its proper and reasonable performance of its obligations or functions under the Agreement.

The Hedging Agent may provide similar services for other clients, but has in place policies and procedures to manage conflicts of interest so that the interests of the ACD and the Company are not adversely affected by actual or potential conflicts of interest.

ADMINISTRATION SERVICES

The ACD has appointed State Street Bank and Trust Company to provide various fund accounting services to the ACD in connection with the ACD's responsibilities to the Company and the Funds. State Street Bank and Trust Company has its registered office at 20 Churchill Place, Canary Wharf, London E14 5HJ and is authorised and regulated by the Financial Conduct Authority (no 170462).

The ACD has appointed BNYM to act on its behalf in respect of dealings in Shares, shareholder administration services and to maintain the register of Shareholders. BNYM has its registered office at 1 Canada Square, London E14 5AL, United Kingdom. BNYM is authorised and regulated by the Financial Conduct Authority (no: 183100).

Questions in relation to the register of Shareholders and statements should, in the first instance, be put in writing by a Shareholder, and sent to Legg Mason Global Asset Management, PO Box 563, Darlington, DL1 9ZF.

Cheques should be made out in the name of the ACD, 'Legg Mason Investment Funds Limited', not The Bank of New York Mellon (International) Limited.

COLLATERAL MANAGEMENT SERVICES

The ACD has also appointed State Street Bank and Trust Company, London branch (acting in this capacity, the "**Collateral Manager**") under an agreement to provide collateral management and related services in respect of the currency hedging transactions entered into for the account of the Hedged Shares.

The Collateral Manager's will role will include, in accordance with the terms of its appointment, calculating the value of any collateral held or transferred by the Fund, requesting the transfer of collateral to the Fund where permitted and instructing the transfer of collateral to the counterparty following a valid request.

Terms of Appointment

The agreement may be terminated by the ACD or the Collateral Manager on three months' notice to the other. It terminates automatically if the Depositary Agreement is terminated (see below), and may be terminated immediately in certain circumstances. The agreement contains an indemnity from the ACD to the Collateral Manager in respect of liabilities incurred by the Collateral Manager by reason of the proper performance of its duties under the agreement, except to the extent caused by the Collateral Manager's negligence, fraud, bad faith or wilful default of that of its delegates.

MARKETING SERVICES AND DISTRIBUTION

The ACD has appointed Legg Mason Investments (Europe) Limited (the "**Distributor**") under an agreement to assist it in preparing marketing literature and generally in promoting and distributing the Funds.

The Distributor is a private limited company incorporated under the laws of England and Wales with company registration number 01732037 and is authorised and regulated by the Financial Conduct Authority.

Terms of Appointment

The agreement may be terminated by either the ACD or the Distributor on 30 days' notice to the other. The agreement includes an indemnity from the Distributor to the Company and the ACD in respect of liabilities incurred by the Company or the ACD by reason of its fraud, negligence, wilful default or bad faith. Except in the case of fraud, negligence, wilful default or bad faith, the ACD indemnifies the Distributor in respect of liabilities incurred by the Distributor in the proper performance of its duties under the agreement.

The Distributor may enter into arrangements with sub-distributors or other intermediaries to promote and distribute the Funds.

THE DEPOSITARY

General

The Depositary of the Company is State Street Trustees Limited, a private limited company incorporated in England and Wales under the Companies Act 1985 on 24 October 1994.

The registered office of the Depositary is at 20 Churchill Place, London E14 5HJ, and its head office which is the Depositary's address for correspondence is at Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG.

The Depositary is authorised and regulated by the FCA and is treated as having a permission pursuant to section 40 of the Act to act as depositary of open-ended investment companies by virtue of Article 4 of the Order.

The principal business activity of the Depositary is to act as trustee and depositary of collective investment schemes.

The Depositary provides its services pursuant to an agreement between the Company, the ACD and the Depositary (the "**Depositary Agreement**").

Depositary's duties

In accordance with applicable laws (including the FCA Rules), the Depositary has been entrusted with the following main functions in respect of the Company:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable laws (including the FCA Rules), the Instrument of Incorporation and this Prospectus;

- ensuring that the value of the Shares is calculated in accordance with applicable laws (including the FCA Rules), the Instrument of Incorporation and this Prospectus;

- carrying out the instructions of the ACD (unless such instructions conflict with applicable laws (including the FCA Rules), the Instrument of Incorporation and this Prospectus);

- ensuring that, in transactions involving the Scheme Property, any consideration is remitted to the relevant Fund within the usual time limits;

- ensuring that the income of the Company is applied in accordance with applicable laws (including the FCA Rules), the Instrument of Incorporation and this Prospectus;

- monitoring the Company's cash and cash flows;

- hold in custody the Company's Custodial Assets in the Depositary's books within segregated accounts opened in the name of the Company or the ACD (acting on behalf of the Company) and, in respect of other assets (that are not the Company's Custodial Assets), verify the ownership of such assets and maintain records accordingly; and

- provide the ACD on a regular basis with a comprehensive inventory of all of the assets comprising the Scheme Property.

The Depositary Agreement

The Depositary Agreement may be terminated by either party on giving the other party ninety (90) days' written notice. The Depositary Agreement may also be terminated immediately: (i) by a party giving written notice to the other party in the event of the other party's material breach of the terms of the Depositary Agreement (where such breach has not been remedied within thirty days of the service of written notice of the breach) or (ii) if one of the parties becomes insolvent. However, the Company may not terminate the appointment of the Depositary, and the Depositary may not retire, unless and until a successor depositary has been appointed.

Depositary's liability

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholders.

In the event of a loss of a financial instrument held in custody (determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulation) the Depositary shall return financial instruments of identical type or the corresponding amount to the Company without undue delay. However, the Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.
In case of a loss of financial instruments held in custody, Shareholders may invoke the liability of the Depositary directly or indirectly through the Company or the ACD provided that this does not lead to a duplication of redress or to unequal treatment of Shareholders.

The Depositary will be liable to the Fund for all other losses suffered by the Company as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive. The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

The Depositary Agreement provides that the Company indemnifies the Depositary against all direct losses incurred by it in the proper performance of its duties in accordance with the terms of the Depositary Agreement, except where such losses arise as a result of the Depositary's negligence, fraud, bad faith, wilful default or recklessness in the performance of its duties.

Delegation

Subject to certain conditions set out in the FCA Rules, the Depositary may delegate its custody and certain other functions to a third party. The Depositary has appointed, pursuant to a written agreement, State Street Bank and Trust Company (the "**Custodian**") to provide custody services to the Depositary in respect of the Scheme Property. The Custodian is authorised and regulated by the FCA with an office at 20 Churchill Place, Canary Wharf, London, E14 5HJ. The ultimate holding company of the Depositary and State Street Bank and Trust Company, is State Street Corporation, a company incorporated under the laws of the Commonwealth of Massachusetts, USA.

The Custodian may appoint sub-custodians to provide custody services in respect of the Scheme Property, provided that any such sub-delegation complies with the FCA Rules and the terms of the Custodian's appointment by the Depositary.

The Depositary's liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.

A list of the Custodian's sub-custodians (as at the date of this Prospectus) is set out in Appendix 7. Up-to-date information concerning the Depositary's custody arrangements (including a description of the safekeeping duties delegated, a summary of any conflicts of interest that may arise from such delegation, and the identity of any custodians and sub-custodians) may be available from time to time on the following website: www.leggmason.co.uk. A paper copy of this information is also available (free of charge) on request.

AUDITORS

The auditors of the Company are PricewaterhouseCoopers LLP.

CONFLICTS OF INTEREST AND BEST EXECUTION

In carrying out their respective functions for the Company, the ACD and the Depositary must each act:

- honestly, fairly, professionally and independently; and
- solely in the interests of the Company and its Shareholders.

The ACD

The FCA Rules contain various requirements relating to transactions entered into between the Company and the ACD, any investment manager or any associate of them which may involve a conflict of interest. These are designed to protect the interests of the Company. Certain transactions between the Company and the ACD, or an associate of the ACD, may be voidable at the instance of the Company in certain circumstances.

In the course of business, conflicts of interest may arise that could be detrimental to the interests of clients. Such conflicts can arise between the ACD and a client, between an employee of the ACD and the client, and between clients. For example, each investment manager may provide similar services for other clients, but will endeavour to ensure fair treatment between the firm and other customers whose funds are managed or advised by it.

The ACD has a Conflicts of Interest Policy which sets out a summary of the process for identification and management for potential material conflicts of interest, together with a summary of the oversight process. The potential conflicts of interest identified for the Funds are set out in a register, which is maintained by the Compliance function.

The ACD is required to comply with certain FCA requirements on the prevention, identification and management of conflicts of interest. Certain conflicts of interest are required to be raised with the European Business Management and Risk Committee ("EBMRC") for consideration. In circumstances where there is a risk clients' interests may be impaired, it may be considered appropriate for conflicts of interest to be disclosed to clients. The EBMRC Chair's nominated committee member will work with Compliance and Legal department heads to achieve the necessary and suitably detailed disclosure.

The ACD has adopted a Best Execution Policy which it requires the Investment Managers to implement, which ensures that the investment managers act in the Funds' best interests when executing decisions to deal, or placing orders with other entities for execution, on behalf of those Funds in the context of managing the Fund's portfolios ("best execution"). For these purposes, all sufficient steps must be taken to obtain the best possible results for the Funds, taking into account price, costs, speed, likelihood of execution and settlement, size and nature of the order or any other consideration relevant to the execution of the order. Information about the Funds' execution policies and arrangements and how they are reviewed is available from the ACD to the Shareholders at no charge on request. Also, further information about the entities where orders are transmitted or placed for execution is available on request from the ACD.

The investment managers will direct transactions on behalf of the Funds to brokers, and will pay directly out of their own resources for any "research" (other than for the avoidance of doubt and subject to applicable laws and regulatory requirements, research qualifying as an acceptable minor non-monetary benefit), as defined in the FCA Rules, that the investment managers may receive in connection with the provision of their services to the ACD. In the course of providing portfolio management services to the ACD, the investment managers are also prohibited from accepting and retaining any fees, commissions or monetary benefits, or accepting any non-monetary benefits (other than acceptable minor non-monetary benefits) where these are paid or provided by any third party or a person acting on their behalf.

The Depositary

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. Such activities may include:

(i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company;

(ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Fund either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

(i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
(ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
(iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;
(iv) may provide the same or similar services to other clients including competitors of the Fund;
(v) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of a Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The ACD may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

(1) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
(2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
(3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
(4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a "Standard of Conduct" policy that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

General

The FCA Rules contain provisions on conflicts of interest governing any transaction concerning the Company which is carried out by or with any "affected person", which includes the Company, an associate of the Company, the ACD, an associate of the ACD, the Depositary and an associate of the Depositary.

These provisions, among other things, enable an affected person: (i): to buy, hold and deal in assets for its own account notwithstanding that the same or similar assets may be held by or for the account of the Company; (ii) to purchase assets from, or vest assets in the Depositary, for the account of the Company, or to enter into other transactions with the Company or the Depositary for the account of the Company, or from being interested in any such transaction; (iii) to enter into securities finance services with the Company; or (iv) to otherwise provide services for the Company. Any such transactions with or for the Company are subject to best execution on exchange, or independent valuation or arm's length requirements as set out in the FCA Rules. An affected person carrying out such transaction is not liable to account to the Depositary, the ACD, any other affected person, or to the holders of Shares or any of them for any benefits or profits thereby made or derived.

SHARES

SHARE CAPITAL

The maximum share capital of the Company is £100,000,000,000 and the minimum share capital of the Company is £1,000.

CLASSES OF SHARE

Details of the classes of Share which are currently available in each Fund are set out in Appendix 2.

The Funds may each issue all or any of the following classes of Shares - class A, class I, class S and class X Shares.

Each class of Shares has differing minimum investment levels as set out in the Buying, Selling, Switching and Converting Shares section below and different charging structures as set out in Appendix 2. The additional entry criteria for each class of Shares are set out below:

- Class A Shares are available to all types of investor.
- Class I Shares are available to institutional investors who meet the applicable minimum investment and holding amounts (as described under the sub-heading 'Minimum Holdings' on page 42 of this Prospectus below) or to certain other investors at the discretion of the ACD.
- Class S Shares are available to institutional investors who meet the applicable minimum investment and holding amounts (as described under the sub-heading 'Minimum Holdings' on page 42 of this Prospectus below) or to certain other investors at the discretion of the ACD.
- Class X Shares are available to sub-distributors or other intermediaries who have qualifying terms of business arrangements or at the discretion of the ACD or the Distributor.

The Company will not issue, switch, convert or transfer a class of Shares to any investor who is deemed by the ACD not to meet the requirements above. If it is identified at any time that a holder of a class of Shares does not qualify or no longer qualifies, the ACD will instruct the Shareholder to convert its Shares into an eligible Share class. If a conversion is not executed within 30 days of the ACD's instruction (unless this is due to the fault of the ACD), the Shareholder shall be deemed to have given a written request to convert his Shares as the ACD shall determine in its discretion.

Each Fund issues accumulation Shares and/or income Shares.

Income attributable to income Shares as at an income allocation date is distributed to income Shareholders in accordance with the ACD's policy on income smoothing. Part of the purchase price of an income Share reflects the relevant share of any accrued income of the Fund as at the date of purchase. If income Shares are purchased on an ex-dividend date (the first Business Day following an income allocation date) for that class, the purchase price of such Shares will not include any accrued income and will be marked "ex dividend" or "XD" on the contract note confirming such purchase. Income is paid to Shareholders within 2 months of the relevant income allocation date or, at a Shareholders' request, reinvested by the purchase of further income Shares.

Income attributable to accumulation Shares is automatically added to (and retained as part of) the capital assets of the relevant Fund at the end of each accounting period and is reflected in the Share price of accumulation Shares in accordance with the ACD's policy on income smoothing.

See "Income" below for further details of the treatment of income, including the ACD's policy on income smoothing.

In accordance with relevant tax law, all distributions in the Equity Funds, and, since 6th April 2017, in the Fixed Income Funds, are made gross, without any tax being deducted or accounted for by the Fund.

For each Fund, with respect to Share classes that do include "(Hedged)" in their name ("Hedged Shares"), the ACD has appointed the Hedging Agent 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. The total net asset value of the Hedged Shares will be taken into account for the currency hedging transactions. It is intended to fully hedge against fluctuations between the Underlying Currencies and Pounds sterling for Hedged Share classes but Shareholders should note that no hedging strategy can eliminate currency risk entirely and no assurance can be given that the hedging objective will be achieved.

Over-hedged and under-hedged positions, while not intended, may arise due to factors outside the control of the Hedging Agent. The Hedging Agent will not actively hedge the currency exposure of a Hedged Share class such that the level of currency exposure hedged exceeds or falls below certain predetermined levels of the net asset value of that Hedged Share class. It is anticipated that the predetermined levels for each Hedged Share class will be within the range of 95 to 105 per cent of the net asset value of the Hedged Share class. If the level of currency exposure hedged exceeds or falls below such predetermined levels in relation to a particular Hedged Share class as a result of market movements in the underlying investments of the relevant Fund or trading activity in respect of the Shares of the Fund, the Hedging Agent shall adopt as a priority objective the managing back of the currency exposure to 100 per cent, taking due account of the interests of Shareholders. Hedged positions will be monitored each Business Day to ensure that hedged positions do not materially exceed or fall below the permitted level. This review will also incorporate procedures to ensure that positions materially in excess of 100 per cent will not be carried forward month-to-month. Otherwise, a Fund will not be leveraged as a result of the transactions entered into for the purposes of hedging.

Shareholders should be aware that Hedged Shares will still be exposed to the market risks that relate to the underlying investments in the relevant Fund and to other risks as set out in the Risk Factors section above under the heading "Hedged Shares".

The ACD may resolve to create further classes of Share in respect of a Fund in the future.

The rights attached to Shares of each class are expressed in two denominations, namely smaller denomination and larger denomination. Each smaller denomination Share represents 100th of a larger denomination Share and, therefore, in practice represents a fraction of a whole Share.

REGISTER OF SHAREHOLDERS AND STATEMENTS

All Shares are in registered form. Bearer shares will not be issued.

The register of Shareholders is maintained by BNYM, on behalf of the ACD, at 1 Canada Square, London E14 5AL, United Kingdom. It may be inspected by any Shareholder or his duly authorised agent during normal business hours at that address, without charge.

The Company has the power to close the register for such periods not exceeding 30 days in any one year.

Certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's register of Shareholders.

At least once each year the ACD will send a statement to each person who holds or has held Shares since the time of issue of the last statement. In the case of joint Shareholdings, statements are sent to the first named Shareholder. The statement will describe any current holding of Shares in the Company at the date of the statement and any transactions in Shares in the Company carried out by or on behalf of that person since the date of the last statement. Individual statements will also be issued at any time on request by the registered Shareholder.

Shareholders are advised to check their statements carefully and in the event that they suspect there is an error, are requested to notify the ACD’s Investor Services Team (please see the “Buying and Selling Shares” section of this Prospectus for contact details) within 90 days of receipt of such statement.

BUYING, SELLING, SWITCHING AND CONVERTING SHARES

GENERAL

Requests to sell, buy, convert or switch Shares may be made from 9.00 a.m. until 5.00 p.m. on each Business Day but the time and price at which a transaction takes place depends upon the provisions of the COLL Sourcebook as to pricing of Shares. Requests to sell, buy, convert or switch Shares should be sent to the ACD at Legg Mason Global Asset Management, PO Box 563, Darlington, DL1 9ZF.

Shares in the Company are not listed or dealt on any investment exchange.

MINIMUM HOLDINGS

The minimum investment amounts are as follows:

	Class A	Class I*	Class X**	Class S
Minimum initial subscription for Shares in a Fund	£3,000	£10,000,000	£100,000	£50,000,000
Minimum subsequent subscription for Shares in a Fund	No minimum applies	No minimum applies	No minimum applies	No minimum applies
Minimum withdrawal amount for Shares in a Fund	No minimum applies	No minimum applies	No minimum applies	No minimum applies
Minimum residual value for Shares in a Fund	£3,000	£10,000,000	£100,000	£50,000,000

*These class I Shares minima apply only to investors who were not holders of class I Shares on 12 October 2012.

** These class X Shares minima do not apply to investors whose class B Shares were converted to class X Shares in the same Fund on or after 30 November 2017. This includes investors whose class B (Hedged) Shares were converted to class X (Hedged) Shares in the same Fund on or after 30 November 2017. Please note that class B Shares were closed to further investment on 30 November 2017 and are no longer in issue.

If an investor is dealing in a currency other than Pounds sterling, these minimum amounts are the equivalent in that currency.

The minimum investment, subsequent investment and minimum withdrawal amounts set out above may be waived by the ACD or the Distributor.

BUYING AND SELLING SHARES

The price per Share at which Shares are bought or sold is described in the section "Share Prices – Price of a Share". Any entry or exit charge may be payable in addition to that price.

Applications to buy, sell or switch Shares may be made by contacting the Investor Services Team by telephone on 0330 123 3790 or by post at Legg Mason Global Asset Management, PO Box 563, Darlington, DL1 9ZF between 9.00 a.m. and 5.00 p.m. on any Business Day. Please note that an investor does not own Shares until they are recorded as a Shareholder on the Company's register of Shareholders and the ACD has received the subscription monies. All telephone calls may be recorded. Shares will be bought, sold or switched at a forward price. A forward price is a price determined after the next valuation of the property of the relevant Fund after receipt by the ACD of the investor's instructions.

Retail investors may apply to buy, sell or switch Shares either by telephone, confirmed in writing, or by sending the appropriate application form of the Company by post to the ACD at the contact details above. The Company's application forms are available at www.leggmason.co.uk.

Institutional investors may apply to buy, sell or switch Shares by telephone, confirmed in writing, by facsimile or by post. Institutional investors who have signed up to EMX's or Calastone's standard terms and conditions may affect the transfer of title to Shares using the EMX messaging system or the Calastone messaging system (as appropriate).

Apart from institutional investors who use the EMX or the Calastone messaging systems, the ACD does not currently permit dealings to be undertaken on the basis of electronic communications (for example, by email), but may introduce electronic dealing systems in the future. If the ACD does permit dealing to be undertaken on the basis of electronic instructions in future, the ACD will establish conditions which must be satisfied to effect a transfer which will be designed to ensure that any such communications purporting to be from a Shareholder or his agent is in fact made by that person.

Intermediaries in Europe who trade via platforms and who do not have a contractual arrangement with a distributor or other contractual nexus to a distributor are deemed through their dealing with the Company to have accepted the platform terms of business that are located at: http://services.leggmason.com/globalmdl/documents/D18000/D18248-terms-of-business-platform-users.pdf as may be amended from time to time. Such intermediaries should check the website from time to time for the current terms of business that apply to them.

Buying Shares

Instructions to buy Shares may be made in writing, or by telephone and confirmed in writing, as described in the section "Buying and Selling Shares". A contract note confirming each purchase of Shares will be issued no later than the end of the business day following execution of the transaction. Certificates will not be issued. The valuation point, by reference to which the price of each Share is determined, for each Fund is 12 noon on each Business Day. If an application to buy shares is received by the ACD before 12 noon, the investment will be made at noon that day. If it is received after the valuation point on a Business Day, it will be carried over to the valuation point at noon on the next Business Day. The ACD has the right to reject any application for Shares that has not been completed to the reasonable satisfaction of the ACD.

Settlement is due within 4 Business Days of the valuation point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. The ACD has the right to cancel any application to buy Shares where payment is not received in full within 30 days of the relevant dealing day. The applicant remains liable for any reasonable losses incurred by the ACD in the case of non-settlement, such as dealing and registration fees.

Selling Shares

Instructions to redeem Shares may be made in writing, or by telephone and confirmed in writing, as described in the section "Buying and Selling Shares". However, no Shares will be redeemed if a holder wishes to redeem less than his entire holding if the redemption would mean that the holder is left holding Shares of a value of less than £3,000 for class A Shares, £10,000,000 for class I Shares*, £100,000 for class X Shares** and £50,000,000 for class S Shares.

Where Shares are held in joint names, all registered Shareholders must sign a letter of renunciation. For holdings in the name of a limited company or partnership, the written renunciation must be signed by two authorised signatories, unless an authority exists where one signatory is acceptable for the purpose (certified proof of this may need to be supplied to the ACD before any payment can be made). Unless a Shareholder wishes to redeem all the Shares comprised in a holding, he should specify in such request the number of Shares that he wishes to redeem subject to the minimum holdings set out above. A contract note will be issued to confirm the transaction. Payment will be made within four Business Days following the receipt by the ACD of properly completed documentation.

* These class I Shares minima apply only to investors who were not holders of class I Shares on 12 October 2012.

** These class X Shares minima do not apply to investors whose class B Shares were converted to class X Shares in the same Fund on or after 30 November 2017. This includes investors whose class B (Hedged) Shares are, or have been, converted to class X (Hedged) Shares in the same Fund on or after 30 November 2017. Please note that class B Shares were closed to further investment on 30 November 2017 and are no longer in issue.

Once a request to redeem Shares has been given it cannot subsequently be withdrawn.

Client Money Protection when Buying or Selling Shares

The ACD is required to comply with the FCA Rules relating to the protection of client money when handling money belonging to its clients. Generally this requires the ACD to open a separate client money account with a bank on behalf of its clients and ensure that their money is placed in that account separately from the ACD's own money. If the ACD becomes insolvent, the money held in a client money account should not be available to the ACD's creditors.

In relation to subscriptions, the ACD makes use of the "delivery versus payment" (DvP) exemption as permitted by the FCA Rules, which provides for a one day window during which money given to the ACD to buy Shares is not treated as client money. If the ACD has not passed the subscription money to the Depositary at the end of the one day window, it will place the subscription money in a client money bank account until it can make the transfer.

In relation to redemptions, the ACD has a one day window to convert an investor's money into Shares (by passing it to the Depositary) or return money to an investor when it receives the proceeds of a redemption of that investor's Shares (which can be up to four Business Days from the date on which the redemption is effected) in accordance with the FCA Rules. If the ACD does not do this within the one day window (which, in the case of a redemption of Shares, would include where the ACD had not received properly completed documentation), the ACD must place the money in a client money bank account as described above. If the ACD were to fail during this one day period, there is a risk that investors will not get back subscription monies or redemption proceeds. By investing in a Fund, Shareholders consent to the ACD operating the DvP exemption on subscriptions and redemptions.

With effect from 1 June 2015, where the ACD holds cash for a Shareholder, the ACD will send to that Shareholder an annual statement showing the amount held. The date of this statement will be 31 August each year. This statement will be separate from the bi-annual unit holding statement that Shareholders currently receive. If there is no client money held a statement will not be issued. A Shareholder may request an ad-hoc statement of client money held on its behalf at any time by contacting the ACD.

Where the ACD holds client money for an investor which remains unclaimed for a period of six years, the ACD will make reasonable efforts to contact that investor in order to repay the client money. If the ACD is not able to contact such investor, the ACD may pay such unclaimed client money to a registered charity of the ACD's choice in accordance with FCA Rules and the cash will no longer be treated as client money. If the amount due to an investor is greater than £25 (or £100 in relation to an investor which is a professional client), such investor will be entitled to a sum equal to such amount, subject to satisfaction of all verification requirements.

Cancellation Rights

Investors will only have cancellation rights if an investment is made as a result of having taken investment advice from an authorised financial adviser. If an investor exercises a right to cancel, the full amount initially invested may not be received if the Share price has fallen since the investment was made.

INITIAL OFFER OF SHARES

For any new Fund which is launched, there may be an initial offer period of up to 21 days. The ACD determines the length of the initial offer period and, prior to the commencement of the initial offer, the initial price of a Share which applies throughout the initial offer period. (An initial offer period may terminate early if the ACD, having taken reasonable care, ascertains that, if the current price of a Share were to be calculated by reference to an immediate valuation, it would be likely to vary from the initial offer price by 2% or more of the initial offer price.)

For recently launched Funds, the details of their initial offer periods and initial price are set out in the details of the relevant Funds in Appendix 1.

SWITCHING BETWEEN FUNDS

A Shareholder in a Fund may switch all or some of his Shares in a Fund for Shares of the same class in another Fund at any time.

A switch involves a sale of the original Shares ("Original Shares") held and a purchase of the new Shares ("New Shares"). The ACD may make a switch charge of 1% of the proceeds of the sale of the Original Shares on an investment in the New Shares (see "Fees and Expenses – Switch Charge" below).

If the switch would result in the Shareholder holding a number of Original or New Shares of a value which is less than the minimum holding in the Funds concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares or refuse to effect any switch of the Original Shares.

Investors should note that a switch between Funds is treated as a disposal for the purposes of UK tax on chargeable gains. A gain realised on such transaction could therefore give rise to a capital gains tax or corporation tax liability for UK resident Shareholders.

No rights to cancel the purchase of Shares under the FCA Rules will be given to Shareholders who switch their Shares for Shares in another Fund.

CONVERTING BETWEEN CLASSES

General

A Shareholder may convert income Shares to accumulation Shares and accumulation Shares to income Shares of the same class (where available) in the same Fund. Conversions are undertaken by reference to the respective Share prices. For persons subject to UK taxation, this will not be a disposal for the purposes of tax on chargeable gains.

A Shareholder may only convert Shares of one class (the "Original Class") for Shares in another class (the "New Class") in the same Fund at the discretion of the ACD. Please note that such a conversion may be subject to a conversion charge (see "Fees and Expenses – Conversion Charge" below).

An exchange of Shares of one class for Shares of another class within the same Fund may constitute for UK taxation purposes a reorganisation of the Fund within section 127 Taxation of Chargeable Gains Act 1992, in which case, provided certain conditions are met, a UK resident Shareholder would generally not be treated as making a disposal giving rise to a chargeable gain or allowable loss, but instead would be treated as having acquired the new class of Shares at the same time and for the same price at which the original class of Shares were originally acquired. The above treatment may apply if there are exchanges from one class of Shares to another class of Shares within the same Fund, depending on the circumstances. In particular, an exchange between hedged and unhedged share classes will be treated as a disposal for the purposes of UK tax on chargeable gains.

No stamp duty reserve tax will be payable on the conversion.

No rights to cancel the purchase of Shares under the FCA Rules will be given to Shareholders who convert their Shares for Shares in another class.

Mandatory Conversion of Shares

If a Fund has one or more Share classes with the same or similar terms, the ACD may at its discretion, taking into account its duty to act fairly and in the Shareholders' best interests, cause the Company to mandatorily convert a Shareholder's Shares in a Share class (the "Original Shares") to Shares in another Share class in the same Fund (the "New Shares"), provided that the rights attached to such New Shares are the same as, or more favourable than, the rights attached to the Original Shares.

Any conversions effected in accordance with the paragraph above, shall be carried out as set out in the section headed "Converting between Classes – General" above. No conversion fee will be applied.
A letter of confirmation showing details of the transactions will be sent to the Shareholder on the next Business Day after the conversion has been effected.

COMPULSORY TRANSFER OR REDEMPTION OF SHARES

The ACD may impose the restrictions it thinks necessary to ensure that no Shares in the Company are acquired or held by any person in breach of law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. The ACD may reject any application to buy, sell or switch Shares if the ACD becomes aware that:

- any Shares are owned directly or beneficially in breach of any law or governmental regulations, or
- the Shareholder in question is not eligible to hold such Shares or if it reasonably believes this to be the case, or
- a holding constitutes a breach of the instrument of incorporation of the Company or this Prospectus as to eligibility or entitlement to hold any Shares

In any of the above circumstances, the ACD may give notice requiring the transfer or repurchase of such Shares. If any person does not take such steps within 30 days, he shall then be deemed to have given a written request for the redemption of all of his Shares.

A person who becomes aware that he is holding or owning Shares in breach of any law or governmental regulation or is not eligible to hold those Shares must either:

- transfer all those Shares to a person qualified to own them; or
- give a request in writing for the redemption of all such Shares unless he has already received such a notice from the ACD to transfer the Shares or for them to be repurchased.

ISSUE OF SHARES IN EXCHANGE FOR IN SPECIE ASSETS

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash but will only do so where the Depositary is satisfied that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders. The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares. The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

IN SPECIE REDEMPTIONS OF SHARES

If a Shareholder requests the redemption or cancellation of Shares, the ACD may, if it considers the deal substantial in relation to the total size of the Fund or Funds concerned, arrange for the Company to cancel the Shares and transfer Scheme Property to the Shareholder instead of paying the price of the Shares in cash or, if required by the Shareholder, pay the net proceeds of sale of the net relevant Scheme Property to the Shareholder. A deal involving Shares representing 5% or more in value of a Fund will normally be considered substantial though the ACD may, in its discretion, agree an in specie redemption with a Shareholder whose Shares represent less than 5% in value of the Fund concerned.

The procedure for an "in specie redemption" is:

- before the normal cash payment of the price of Shares becomes payable, the ACD will give written notice to the Shareholder that Scheme Property (or the proceeds of sale of that Scheme Property) will be transferred to that Shareholder;
- the ACD will select the property to be transferred in consultation with the Depositary. The selection must give no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders; and
- the Company retains from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of Shares.

DEFERRED REDEMPTIONS OF SHARES

If requested redemptions of Shares on a particular Business Day exceed 10% of the relevant Fund's value, redemptions of Shares may be deferred to the next valuation point. Any such deferral will only be undertaken in such manner as to ensure consistent treatment of all Shareholders who had sought to redeem Shares at the valuation point at which redemptions were deferred. Deferral will be pro-rated based on the value of Shares being redeemed (provided that the ACD may determine in its discretion a value threshold below which all redemptions will be effected, and above which the foregoing pro-rata deferral shall apply), and so that all deals relating to an earlier valuation point are completed before those relating to a later valuation point are considered.

The intention of the deferred redemption provision is to reduce the impact of dilution on the Fund in question. In times of high levels of redemption, deferred redemption provisions would enable the ACD to protect the interests of continuing Shareholders by allowing it to match the sale of a property of the Fund in question to the levels of redemptions of Shares in that Fund.

SUSPENSION OF DEALINGS IN SHARES

The ACD may with the prior agreement of the Depositary, and must without delay, if the Depositary so requires, temporarily suspend the issue, cancellation, sale, redemption and exchange of any Shares in a Fund (dealing) where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Fund.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for so long as it is justified having regard to the interests of the Shareholders. On a suspension, the ACD or the Depositary (if the Depositary has required the ACD to suspend dealings) will immediately inform the FCA, stating the reason for the suspension and as soon as practicable give written confirmation of the suspension and the reasons for it to the FCA. The ACD will notify Shareholders of the suspension as soon as practicable after the suspension commences, drawing Shareholders' particular attention to the exceptional circumstance(s) which resulted in the suspension in a manner that is clear, fair and not misleading, and will inform Shareholders of how to obtain further information regarding the suspension with a view to keeping Shareholders appropriately informed. The ACD will publish on its website and/or by other general means sufficient details to keep shareholders appropriately informed about the suspension including, if known, its likely duration.

During a suspension, none of the obligations in COLL 6.2 (Dealing) apply. The ACD shall comply with as much of COLL 6.3 (Valuation and Pricing) as is practicable in the light of the suspension. A suspension of dealings in Shares must cease as soon as practicable after the exceptional circumstances which caused the suspension have ceased. The ACD and the Depositary will formally review the suspension at least every 28 days and inform the FCA of the results of this review and any change in the information previously provided to the FCA regarding the suspension. The ACD shall inform the FCA of the proposed restart of dealing in Shares and immediately after the restart shall confirm this by giving notice to the FCA.

The ACD may agree, during the suspension, to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares, provided that if the ACD operates limited redemption arrangements, and the event leading to the suspension of dealing has affected a Valuation Point, the ACD shall declare an additional Valuation Point as soon as possible after the restart of dealing in Shares. The provisions relating to suspension of dealings can only apply to one or more classes of Shares without being applied to other classes within the Fund, if it is in the interests of all the Shareholders.

PREVENTION OF MONEY LAUNDERING

Funds conducting investment business are responsible for compliance with money laundering prevention regulations. Shareholders may be asked to provide proof of identity when buying, selling or switching Shares or an electronic check of information may be conducted. Specific details of the information required of a prospective investor in Shares will be provided to the person concerned in response to his or its application for Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, to switch Shares, to transfer Shares, to pay the proceeds of any sale, or to amend the register.

AUTOMATIC EXCHANGE OF INFORMATION FOR INTERNATIONAL TAX COMPLIANCE

The UK government has enacted legislation enabling it to comply with its obligations in relation to international tax compliance (including, in particular, the United States provisions commonly known as "FATCA"), the inter-governmental agreements with Jersey, Guernsey, the Isle of Man and Gibraltar (the “UK CDOT IGAs”) and the OECD Common Reporting Standard (the “CRS”)). As a result the ACD may need to disclose the name, address, taxpayer identification number and investment information relating to certain investors in the Company to HM Revenue & Customs, who will in turn exchange this information with their overseas counterparts in relevant jurisdictions.

By signing the application form to subscribe for Shares, each prospective Shareholder is agreeing to provide information upon request to the ACD or its agent. If a Shareholder does not provide the necessary information, the ACD will be required to report it to HM Revenue & Customs.

For further information please see the section entitled “TAXATION – INTERNATIONAL TAX REPORTING – FATCA and Similar Measures”.

GOVERNING LAW

All dealing in Shares is governed by English law.

SHARE PRICES

PRICE OF A SHARE

Shares are priced on a single mid-market pricing basis in accordance with the COLL Sourcebook.

The Company deals on a forward pricing basis (and not on the basis of published prices). A forward price is the price calculated at the next valuation point after the deal is agreed.

The price of a Share is the net asset value of the relevant Fund attributable to the relevant Share class of that Fund divided by the number of Shares of that class in issue.

The net asset values attributable to the Share class(es) of each Fund will normally be calculated at 12.00 Noon UK time on each valuation date which shall be each Business Day. The net asset value attributable to a Share class is determined by calculating the value of the assets attributable to that class and deducting the liabilities attributable to that class in accordance with the provisions for the calculation set out in the Company's Instrument of Incorporation and set out in summary below:

- investments with a single price (whether a transferable security or units or shares in a collective investment scheme) shall be valued at that price;
- investments for which different buying and selling prices are quoted will be valued at the mid-market price;
- other Scheme Property shall be valued at a fair and reasonable mid-market value;
- cash and other liquid assets will be valued at their face value with interest accrued (if any) on the close of business on the relevant dealing day;
- derivative and forward transactions shall be valued as agreed between the ACD and the Depositary; and
- adjustments will be made for tax, outstanding borrowings and dealing expenses.

In addition, income on debt securities – such as bonds – is calculated on an Effective Yield basis. The Effective Yield basis treats any projected capital gain or loss on a debt security (when compared to maturity or par value) as income and this, together with any future expected income streams on the debt security, is amortised over the life of that debt security (to maturity) to calculate an effective yield which is used for the calculation of distributable income in all Fixed Income Funds other than the Legg Mason IF Brandywine Global Income Optimiser Fund. With regard to the Legg Mason IF Brandywine Global Income Optimiser Fund, income on debt securities may be distributed on a coupon basis if this is higher than income calculated on an Effective Yield basis. This has the effect of increasing the distributable income for the Fund and constraining the Fund's capital performance to an equivalent extent.

Special provisions apply in the case of an initial offer of Shares, where the ACD sets the initial offer price (as explained in the paragraph "Initial offers of Shares" in the section "Buying, selling and switching Shares").

PUBLICATION OF PRICES

Prices shall be published daily on the ACD's website: www.leggmason.co.uk. Prices may also be obtained by telephoning us on 0330 123 3790.

DILUTION

The application of single mid-market pricing of Shares can lead to an effect known as "dilution". Dealing costs in, and spreads between the buying and selling prices of, a Fund's underlying investments mean that the buying and selling prices of Shares calculated for a Fund on a mid-market single pricing basis may differ from the value of the proportionate interests those Shares represent in the Fund, and so dealing at those prices could lead to a dilution in the proportionate value of the Scheme Property of the Fund represented by the remaining Shares and so disadvantage remaining Shareholders. Consequently the ACD is obliged under the FCA Rules to adopt one of two policies in order to prevent such dilution and its consequent potential adverse effect on the remaining Shareholders. The ACD may apply a dilution levy or apply a dilution adjustment.

The ACD's current policy is that it may make a dilution adjustment which involves an adjustment to the price of the Share above or below that which would have resulted so that the price of the Share is above or below that which would have resulted from a mid-market valuation for the purposes of reducing dilution in the Fund (or to recover an amount which it has already paid or is reasonably expected to pay in the future) in relation to the issue or cancellation of Shares in certain circumstances explained below.

Any dilution adjustment will be calculated by reference to the estimated costs of dealing in the underlying investments of the relevant Fund, including any dealing spreads, commission and transfer taxes in accordance with the FCA Rules.

The ACD may make a dilution adjustment in the following circumstances:

(i) if the Fund is in continual decline;

(ii) if the Fund has experienced 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.

A dilution adjustment may be made as part of the calculation of the Share price for the purpose of reducing dilution in the Fund or to recover any amount which the Fund has already paid or reasonably expects to pay in the future in relation to the issue or cancellation of Shares. Where the ACD decides to make or not to make a dilution adjustment it must not do so for the purpose of creating a profit or avoiding a loss for the account of the Company, the Depositary, the ACD, any investment manager, or any associate of any such person, or the auditor of the Company.

The ACD applies a number of policies and procedures designed to protect the Funds from being adversely impacted by the trading strategies of investors. In particular, as mentioned above, the ACD may apply a dilution adjustment in the event that a Fund has experienced large levels of net sales or net purchases relative to its size.

This adjustment accrues to the benefit of the Fund itself. Where the ACD allows a reduced front-end charge on institutional or similar trades, the trading strategies of the registered holders are closely monitored to ensure that, in the event of short-term trading policies becoming apparent, the terms of business are reviewed.

The ACD believes that these policies provide significant protection to prevent dilution of the Funds resulting from short term trading. Late trading is illegal as it violates the provisions of the Prospectus. The ACD will use reasonable endeavours to ensure that late trading cannot take place. The effectiveness of these procedures is closely monitored. The ACD may suspend dealing in the event that a reliable price cannot be established as at the valuation point.

It should be noted that, as dilution is directly related to the inflows and outflows of monies from a Fund, it is not possible to predict accurately whether or not dilution will occur at any particular point in time, and how frequently the ACD will need to make such a dilution adjustment. Based upon historical dealing costs and frequencies, the ACD estimates that the rates of any dilution adjustment and the frequency with which any dilution adjustment may be applied will be as set out in Appendix 8.

As at the date of this Prospectus, the ACD's policy is that it may require a dilution adjustment on the basis set out above, if, at some future date, it appears to the ACD that a charge of dilution levy would be preferable to making a dilution adjustment then the ACD may change its policy, and may charge a dilution levy.

FEES AND EXPENSES

CHARGES PAYABLE TO THE ACD

Entry charge

The ACD currently makes no charge on an investment in Shares but may introduce such charge in the future.

Exit charge

The ACD currently makes no charge on a cancellation or redemption of Shares but may introduce a charge in the future.

Switch charge

Where a Shareholder in a Fund switches all or some of his Shares in a Fund (the “Original Shares”) for class A Shares in another Fund (the “**New Shares**”), the ACD may make a switch charge of 1% on the investment in the New Shares. The switch charge is taken out of the proceeds from the sale of the Original Shares before such proceeds are invested in the New Shares. The ACD makes no charge for a switch of class I, S or class X Shares to another Fund. The ACD may in its discretion waive part or all of such charges.

Conversion charge

Where a Shareholder in a Fund converts Shares of one class (the “**Original Class**”) for Shares in another class (the “**New Class**”) in the same Fund, the ACD may make a conversion charge of 1% on the conversion to the New Class. The conversion charge is taken out of the value of the shares in the Original Class before such Shares are converted to the New Class. The ACD may in its discretion waive part or all of such charges.

Annual management charge

In payment for carrying out its duties and responsibilities, the ACD is entitled to take an annual fee out of the Scheme Property. The current rate of the ACD's annual management charge varies for different classes of Shares of the various Funds. The current rate of the charge for each class of Share for each Fund is set out in Appendix 2. The annual management charges accrue on each calendar day and are reflected in the price of Shares. The annual management charges are calculated daily on a particular Business Day by reference to the value of the property of the Funds calculated at the last valuation point on the previous Business Day. Payment of the accrued annual management charge is made monthly in arrears to the ACD.

CHARGES PAYABLE OUT OF SCHEME PROPERTY

General Administration Charge

The ACD makes a general administration charge (“**GAC**”) which shall be paid out of the Scheme Property monthly in arrears and be calculated and accrued daily based on the value of the Scheme Property on the preceding Business Day.

The GAC is calculated as a percentage of the Scheme Property and the amount that each Share class in each Fund will pay will be dependent on the estimated costs attributable to each Share class across all Funds based on whether the class is a retail or institutional class.

The GAC reimburses the ACD for any costs, charges, fees and expenses in relation to the administration of the Funds which it pays on behalf of the Funds, which include (but are not limited to) the following:

- the fees and expenses payable in respect of the administration of the Funds, including fund accounting costs and to any respective delegates, unless otherwise specified in this Prospectus;

- the fees and expenses payable in respect of the Hedged Share classes (which shall only be charged to the relevant Hedged Share class);

- fees and expenses in respect of establishing and maintaining the register of Shareholders, including any sub-registers, and charges made by the Administrator, the Registrar, their respective delegates or any other entity relating to dealings in Shares and related functions;

- expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;

- any costs in respect of the preparation and calculation of the net asset value and prices of Shares in the Funds and the publication and circulation thereof (including the costs of electronic data/information sources) and the costs of rating agencies and benchmark costs;

- fees of the FCA under the Financial Services and Markets Act 2000 or the corresponding fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may lawfully be marketed;

- the fees, charges, disbursements and expenses of the auditors, tax, legal and other professional advisers of the Company including (for the avoidance of doubt) any legal costs arising from any Shareholder action;

- any costs of convening and holding the annual general meeting and any other meetings of the Company, a Fund or a class of Shares of a Fund (including meetings convened on a requisition by holders and not including the ACD or an associate of the ACD), together with the costs of any associated documentation;

- costs in relation to allocations of income and related notifications to Shareholders;

- any costs incurred in modifying the Prospectus, the Instrument of Incorporation, the ACD Agreement and the key investor information document or any other pre-contractual disclosure required by law or regulation or any other relevant document required by the Regulations;

- any costs incurred in the preparation, translation, production (including printing) and distribution of annual, semi-annual or other reports or information provided for Shareholders, accounts, statements, contract notes and other similar documentation, any prospectus, key investor information document or any other pre-contractual disclosure document required by law or regulation (either in respect of the Company or a Fund) or other relevant documents required by the Regulations), any instrument of incorporation and any costs incurred as a result of periodic updates of or changes to any prospectus or instrument of incorporation and any other administrative expenses;

- costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its Directors (including the ACD) and the Depositary;

- costs incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company;

- any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;

- all costs incurred in connection with communicating with investors;

- all expenses of the ACD in buying or selling Shares (but excluding any commissions or similar payments as the Company is prohibited from making any such payments under the FCA Rules);

- all fees and expenses incurred in relation to the addition and initial organisation of any new Funds, the listing of Shares on any stock exchange, any offer of Shares (including the preparation, translation, printing and distribution of any prospectus, key investor information document and listing documents) and the creation, conversion and cancellation of Shares in a new or existing Fund;

- the fees and expenses of the Depositary where it acts as custodian or of any custodian to whom it delegates this function;

- the fees and expenses of any paying agents, information agents or other entities which are required to be appointed by the Company by any regulatory authority;

- brokers' bond and errors and omissions insurance;

- royalties, licensing fees and other like payments in relation to the use of intellectual property; and

- any VAT that is payable on these charges where appropriate.

The GAC is calculated at a single rate for each Share class, which means it may be greater or less than the charges and expenses due to the ACD under a traditional charging method. **The maximum GAC that will be charged by the ACD for each Share class calculated as a percentage of the Scheme Property is set out in Appendix 2.**

The ACD believes that the GAC is more efficient and transparent than traditional charging methods. Although it could be argued that some Funds managed by the ACD are subsidising other Funds under this method, any potential cross-subsidy is small relative to the gain in efficiency and transparency. The ACD also provides a degree of protection in applying the GAC method because it takes on the risk that the market value of the Funds might fall to a level that does not fully recompense it for charges and expenses. The ACD will review the GAC on a regular basis to ensure that it remains at a level that reflects the charges and expenses it incurs in managing the Funds. It is not liable to Shareholders should the aggregate fees generated by the GAC at any time exceed the charges and expenses that the ACD would charge for each Fund under a traditional charging method.

The ACD, in consultation with the Depositary, may waive the GAC in whole or in part in relation to any Fund where it considers it appropriate to do so, given the impact of the GAC would otherwise have on the total expense ratio of that Fund. After taking account of any waiver, the resulting rate of the GAC for each Fund will be reflected in the total expense ratio of that Fund.

Other remuneration

The ACD and its associates are under no obligation to account to the Depositary or to the Shareholders for any profits they may make on the issue of Shares.

DEPOSITARY'S FEES AND EXPENSES

Periodic Fee

The Depositary is paid a monthly periodic fee in remuneration for his services from the Scheme Property of the Company. The Depositary fee is calculated, accrued and paid on the same basis as the ACD's periodic charges and is calculated by reference to the value of the property of the relevant Fund.

The current fee payable is:

> 0.021% on the net asset value of each Fund, subject to a minimum fee payable of £6,000 per Fund exclusive of VAT.

Depositary's Expenses

In addition to the remuneration referred to above, the Depositary is entitled to be reimbursed out of the property of the Company for expenses properly incurred in performing duties imposed on it or exercising powers conferred upon it, by the COLL Sourcebook together with any VAT payable. The relevant duties may include without limitations:

- collection of income;
- submission of tax returns;
- handling of tax claims;
- preparation of the Depositary's annual reports;
- such other duties as the Depositary reasonably determines it is required to perform.

Transaction charges

In addition to the above periodic fee, the Depositary may levy transaction charges of such amounts as may be agreed by the ACD and the Depositary. Transaction charges vary from country to country. Currently, transaction fees range from £10 to £100. These charges shall accrue when the relevant transaction or deal is effected and shall be payable in arrears on the next following date on which payment of the Depositary's periodic remuneration is made or as soon as is reasonably practicable thereafter.

OTHER EXPENSES

The Company may pay out of the Scheme Property of the Company or a Fund (as applicable) the following expenses:

(a) any stamp duty reserve tax paid by the ACD in relation to the cancellation of Shares (whether or not the amount of that tax had been deducted from the payments made to the Shareholders who cancelled those Shares);

(b) stamp duties, taxes, brokerage and/or other transaction costs, fees or other expenses incurred in acquiring and disposing of investments;

(c) interest on borrowings and charges incurred in negotiating borrowings;

(d) certain liabilities on a merger or reconstruction arising after the transfer of property to the Company in consideration of the issue of property to the Company in consideration for the issue of Shares as more fully detailed in the FCA Rules;

(e) taxation and duties payable by the Company;

(f) such other expenses as the ACD resolves are properly payable out of the Scheme Property of the Company and as may be permitted to be paid out of the Scheme Property under the terms of the FCA Rules as amended from time to time.

INITIAL EXPENSES AND PROMOTION COSTS

The costs of authorisation and incorporation of the Company were, and the costs of the promotion of the Company are, being paid by the ACD and its associates.

ALLOCATION OF PAYMENTS TO INCOME OR CAPITAL

Fees and expenses are allocated against income, except that:

- the Depositary's transaction charges are levied against capital;

- in relation to the Legg Mason IF Western Asset Global Multi Strategy Bond Fund, the Legg Mason IF Western Asset Retirement Income Bond Fund, the Legg Mason IF ClearBridge Global Equity Income Fund, the Legg Mason IF Brandywine Global Income Optimiser Fund, Legg Mason IF ClearBridge US Equity Income Fund and the Legg Mason IF ClearBridge US Aggressive Growth Fund, the ACD's annual management charge may be deducted from capital rather than income; and

- in relation to the Legg Mason IF Martin Currie Global Equity Income Fund, the Legg Mason IF QS UK Equity Fund (in relation to income shares only) and the Legg Mason IF RARE Global Infrastructure Income Fund, the ACD's annual management charge, the GAC, the Depositary's fees and expenses and other expenses which may be paid out of the property of the Funds may be deducted from capital rather than income.

Therefore, the capital growth of the relevant Funds may be constrained.

ALLOCATION OF FEES AND EXPENSES BETWEEN FUNDS

All the above fees and expenses will be charged as follows:

- fees and expenses which are directly attributable to a particular Share class of a Fund (including the costs and expenses of currency hedging transactions in relation to Hedged Shares) will be charged to that Share class;

- fees and expenses which are attributable to a particular Fund will be charged to that Fund. If there is more than one class of Share in issue in the Fund, they will normally be allocated pro rata to the value of the Scheme Property attributable to those Share classes; and

- fees and expenses which are attributable to the Company generally will normally be charged to each of the Funds (and its Share classes) pro rata to the value of the Scheme Property attributable to those Funds (and its Share classes).

The ACD has discretion to allocate these fees and expenses in a different manner which they consider fair to Shareholders.

COSTS AND FEES ARISING FROM EFFICIENT PORTFOLIO MANAGEMENT

Direct and indirect operational costs and fees arising from Efficient Portfolio Management techniques of stock lending, repurchase and reverse repurchase arrangements may be deducted from the revenue delivered to the Funds (e.g., as a result of revenue sharing arrangements). All the revenues arising from such Efficient Portfolio Management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be parties related to the Depositary. The revenues arising from such Efficient Portfolio Management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these Efficient Portfolio Management techniques, will be disclosed in the annual and half-yearly reports of the Funds.

VAT

The above fees and expenses are subject to value added tax where applicable.

Certain exemptions from VAT may apply in respect of the ACD's charges for management of a Fund's investments.

INCOME

ACCOUNTING PERIODS

The annual accounting period of the Company ends on the last day of February in each year. Details of the accounting periods and income allocation dates for each of the Funds are set out in Appendix 1.

INCOME ALLOCATIONS

Allocations of income are made in respect of the income available for allocation in each accounting period (i.e. the period between income allocation dates) as determined by the ACD in accordance with all applicable laws, the Instrument of Incorporation and its policy on income smoothing (where applicable in respect of a Fund).

Income Smoothing

In order to smooth income fluctuations from accounting period to accounting period, the ACD may, in respect of a Fund, decide to retain an amount of income from one accounting period to be held in an income reserve account, in order to smooth out future income payments in the following accounting periods in accordance with its income smoothing policy. The ACD may in any accounting period withdraw any sum standing to the credit of the income reserve account, and such sum shall be treated as income available for allocation or distribution in that accounting period. All income will be distributed as at the end of the annual accounting period.

The ACD intends to operate a smoothing policy in respect of Legg Mason IF Martin Currie Global Equity Income Fund.

Determination of income available for allocation

The amount available for allocation in an accounting period is calculated by:

- taking the aggregate of the income property received or receivable for the account of the relevant Fund for that period;
- deducting the charges and expenses of that Fund paid or payable out of income property for that accounting period;
- adding the ACD's best estimate of tax relief on these expenses and charges; and
- making certain other adjustments which the ACD considers appropriate in relation to tax and other issues.

In addition, with effect from 1 March 2007, income on debt securities – such as bonds – has been calculated on an Effective Yield basis. The Effective Yield basis treats any projected capital gain or loss on a debt security (when compared to maturity or par value) as income and this, together with any future expected income streams on the debt security, is amortised over the life of that debt security (to maturity) to calculate an effective yield which is used for the calculation of distributable income in all Fixed Income Funds other than the Legg Mason IF Brandywine Global Income Optimiser Fund. With regard to the Legg Mason IF Brandywine Global Income Optimiser Fund, income on debt securities may be distributed on a coupon basis if this is higher than income calculated on an Effective Yield basis. This has the effect of increasing the distributable income for the Fund and constraining the Fund's capital performance to an equivalent extent.

Where there is more than one class of Share in issue, income available for allocation will be allocated between the Share classes based on the respective values of the property of those Share classes on a daily basis.

Income allocations to income Shares will normally be paid by bank transfer to the Shareholder's nominated bank account but may, if the ACD so agrees, be paid by another usual or common banking method and to or through such other person as may be requested by the Shareholder.

Income allocations to accumulation Shares will be automatically added to (and retained as part of) the capital assets of the relevant Fund and reflected in the Share price.

INCOME EQUALISATION

Part of the purchase price of a Share in a Fund reflects the relevant share of accrued income of the Fund. The first allocation of income in respect of a Share issued during an accounting period includes a capital sum by way of income equalisation.

For Shares of each class the amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the price of Shares of that class issued in an accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

MEETINGS AND INFORMATION FOR SHAREHOLDERS

APPROVALS AND NOTIFICATIONS

Under the COLL Sourcebook, the ACD is required to seek your approval to, or notify you of, various types of changes to the Company and its Funds.

Fundamental changes

A fundamental change is a change or event which changes the purposes or nature of the Company or a Fund or may materially prejudice a Shareholder or alter the risk profile of the Fund or introduce any new type of payment out of the Scheme Property of the Fund. For fundamental changes the ACD must obtain Shareholder approval, normally by way of an Extraordinary Resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed). An Extraordinary Resolution is required, for example, for a change of investment objective or policy of a Fund. For other resolutions, an Ordinary Resolution is required. For an Ordinary Resolution to be passed, more than 50% of the votes cast at the meeting must be in favour. The rights attached to a class of Share will not be varied and a conversion of Shares of a particular class of Shares into Shares of another class will not be effected without the sanction of an ordinary resolution passed at a class meeting of the holders of that class of Share.

Significant changes

A significant change is a change or event which is not fundamental but which affects the Shareholder’s ability to exercise his rights in relation to his investment or would reasonably be expected to cause the Shareholder to reconsider his participation in a Fund or results in any increased payments out of the Scheme Property to the ACD or an associate of the ACD or materially increases any other type of payments out of the Scheme Property of a Fund. The ACD must give reasonable prior notice (of not less than sixty days) in respect of any such proposed change to the operation of the Company or a Fund.

Notifiable changes

A notifiable change is a change or event of which a Shareholder must be made aware, but, although considered by the ACD not to be insignificant, is not a fundamental or significant change. The ACD must inform Shareholders in an appropriate manner and time scale of any such notifiable changes that are reasonably likely to affect or have affected the operation of the Company or a Fund.

SHAREHOLDER MEETINGS

The Company will not hold an annual general meeting. The ACD will be responsible for the appointment or reappointment of the auditors of the Company. General meetings may be convened at any time where there is a particular fundamental change proposed which requires the approval of Shareholders.

The convening and conduct of meetings of Shareholders and the voting rights of Shareholders at those meetings is governed by the provisions of the FCA Rules and the Company's Instrument of Incorporation. A meeting of all Shareholders in the Company, a Fund or a class of Shares of a Fund may be convened. All references below to a meeting apply equally to Company, Fund and class meetings.

- ***Requisitions of Meetings***

  The ACD may convene a meeting at any time.

  Shareholders registered as holding at least 1/10th in value of all the relevant Shares then in issue may require that a meeting be convened. A requisition by Shareholders must state the objects of the meeting, be dated and be signed by those Shareholders and deposited at the head office of the Company. The ACD must convene a meeting no later than eight weeks after receipt of such requisition at the head office of the Company.

- ***Notice and Quorum***

  Shareholders will receive at least 14 days' written notice of a meeting (including the day of service of the notice and the day of the meeting). The notice will specify the day, hour and place of the meeting and the resolutions to be put to the meeting. They are entitled to be counted in the quorum and vote at a meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy.

  The ACD will not be counted in the quorum for a meeting. The ACD and its associates are not entitled to vote at any meeting, except in respect of Shares which the ACD or an associate hold on behalf of or jointly with a person who, if himself the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

- ***Voting Rights***

  Every Shareholder who (being an individual) is present in person or (being a corporation) by its properly authorised representative shall have one vote on a show of hands.

  A Shareholder may vote in person or by proxy (a person appointed by the Shareholder to attend and vote in place of the Shareholder) on a poll vote. A poll may be demanded by the chairman of the meeting (who shall be a person appointed by the Depositary, or in the absence of such a person, a person nominated by the Shareholders), the Depositary or any two Shareholders. On a poll each Shareholder shall in respect of each Share held by him have the proportion of all the voting rights attaching to the Shares in issue that the price of the Share bears to all the aggregate price of all the Shares in issue.

  A Shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

REPORTS TO SHAREHOLDERS

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 COLL to produce short reports, the ACD no longer produces short reports for half-yearly and annual accounting periods.

Copies of the long form reports may be obtained from the ACD or inspected at the ACD's offices at 201 Bishopsgate, London EC2M 3AB during office hours.

TAXATION

The information given below does not constitute legal or tax advice and prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching, converting or disposing of Shares under the laws of the jurisdiction in which they may be subject to tax.

UK TAXATION

The Company

The Funds are sub-funds of an open-ended investment company to which the Authorised Investment Funds (Tax) Regulations 2006 apply. Each sub-fund will be treated as a separate open-ended investment company for UK tax purposes.

The Company and its Funds are generally exempt from UK corporation tax on chargeable gains realised on the disposal of investments held within them (including interest-paying securities and derivatives, provided that such profits fall to be treated appropriately in the relevant Fund's statement of total return to be included in its annual report, which will depend on the accounting treatment of such profits).

Gains realised upon the sale, redemption or other disposal of interests in "offshore funds" which are not "reporting funds" for UK tax purposes and which are not specifically excluded are charged to tax as income ("offshore income gains") and not as a capital gain. Each Fund is accordingly not generally exempt from tax on such gains. Shareholders may not receive effective credit for the tax on such offshore income gains. This is on the basis that each Fund does not meet the conditions, and has not elected and does not intend to elect, to be treated as a "fund investing in non-reporting offshore funds" for the purposes of Part 6A of the Authorised Investment Funds (Tax) Regulations 2006.

The Funds are each subject to UK corporation tax at a rate equal to the basic rate of income tax (currently 20%) on certain types of income (although, depending on the availability of exemptions, a majority of dividends received by the Funds are generally not subject to tax) but after deducting allowable management expenses, charges and gross interest distributions.

A Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by a Fund is incorporated, established or resident for tax purposes. A Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by a Fund or the counterparty to a transaction involving a Fund is incorporated, established or resident for tax purposes.

Where a Fund invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof.

UK Resident Shareholders

The following summary applies to holders of Shares who are resident in the UK for tax purposes and hold their Shares as investments.

Income
The type of distribution made by a Fund will depend on its investments. Accumulations of income are treated for UK income tax purposes as deemed distributions.

Interest distributions

Funds with more than 60% of their investments invested throughout an accounting period in, broadly speaking, interest paying investments (referred to as "bond funds") will make interest distributions.

Interest distributions paid or treated as paid by a Fund to Shareholders are paid gross without deduction of UK income tax.

UK resident individual Shareholders should note that a tax free Personal Savings Allowance exempts the first £1,000 of savings income (including interest distributions) received in a tax year from all sources for basic rate taxpayers. For higher rate taxpayers the Personal Savings Allowance is £500, and for Additional Rate taxpayers there is no Personal Savings Allowance.

Assuming that a UK resident individual Shareholder's savings income in a tax year exceeds their Personal Savings Allowance (as referred to above), individual Shareholders liable to UK income tax at the basic rate (20%), higher rate (40%) or additional rate (45%) must account to HM Revenue & Customs for the applicable tax due on the gross amount of the interest distribution. Individual Shareholders should note that savings income forms the second highest slice of an individual's income (after dividend income) and that all savings income (including that income exempted from tax by virtue of the Personal Savings Allowance (if relevant)) is counted when determining which income tax rate band is applicable.

Companies within the charge to UK corporation tax will be liable to pay UK tax on an interest distribution paid or treated as paid by a Fund under the loan relationships regime, subject to any available exemptions or reliefs. See below for the treatment of a UK corporation tax payer where the Fund is a "bond fund".

Dividend distributions

All Funds which do not meet the requirements to pay interest distributions will make dividend distributions or accumulations.

The first £2,000 of dividends received (or deemed to be received) by a UK resident individual in a tax year will not be subject to income tax (this is referred to as the "Dividend Allowance"). Above this level, the income tax rates applying to dividends will be 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Individual Shareholders should note that dividend income forms the top slice of an individual's income and that all dividend income (including that income exempted from tax by virtue of the Dividend Allowance) is counted when determining which income tax rate band is applicable.

Shareholders within the charge to UK corporation tax are subject to tax on a dividend distribution from a Fund unless it falls within an exemption.

General insurance and other companies within the charge to UK corporation tax for whom a dividend distribution is not treated as a trading receipt are within the scope of the "corporate streaming rules" and any such Shareholders may therefore have to divide dividend distributions in two (in which case the division will be indicated on the tax voucher). Any part representing dividends received from a company will be treated as dividend income (in respect of which no liability to UK corporation tax should arise depending on the availability of exemptions). To the extent that the gross income less tax from which the dividend distributions are made is not wholly dividend income, that part of the distribution is received as an annual payment from which income tax at the basic rate of 20% is deemed to have been deducted (or, where relevant, an amount of foreign income in respect of which the foreign tax has been paid), the gross amount of which will, depending on the circumstances, be chargeable to UK corporation tax at the rate applicable to a UK resident corporate Shareholder but with credit for the income tax treated as deducted (or credit for the foreign tax treated as paid). The current main rate of corporation tax is 19%.

The percentages to be used to calculate the allocation between dividend income and unfranked income received will be set out on the tax voucher. The corporate streaming rules also limit the maximum amount of UK income tax that may be reclaimed from HMRC on the unfranked stream. The maximum amount reclaimable by a corporate Shareholder is generally the corporate Shareholder's portion of the Fund's net liability to UK corporation tax in respect of gross income for the distribution period in question. The tax voucher will state the Fund's net liability to UK corporation tax in respect of the gross income for the distribution period in question. Additional information may also be provided on the tax voucher, for example, the net liability per Share. Specific, additional rules may also apply to certain Shareholders within the charge to UK corporation tax.

In 2013, the United Kingdom Government formally consulted on the future of the loan relationships regime, including on proposals potentially to reform the treatment of Shareholders under the corporate streaming rules. The UK Government announced in the 2016 Autumn Statement proposals to further modernise the rules for corporate streaming in a way which will allow tax exempt investors, such as pension funds, to obtain credit for tax paid by authorised investment funds and.

The above treatment will not apply where a Fund is a "bond fund" from the perspective of a relevant Shareholder (as to which see below).

Chargeable Gains
Shareholders who are resident in the UK for tax purposes may be liable to UK capital gains tax or, if a company, UK corporation tax on chargeable gains arising from the sale, switch or other disposal of Shares (but generally not on conversions between classes of Share within a Fund, provided that certain conditions are met).

If, during a corporate Shareholder's accounting period, more than 60% by market value of the property of a Fund is at any time invested in interest-paying or equivalent investments (making the Fund a "bond fund" from the perspective of that Shareholder). In these circumstances, the Shareholder must instead treat its holding as a creditor loan relationship subject to a fair value basis of accounting for UK corporation tax purposes and any distributions (whether dividend distributions or interest distributions) as profits derived from such creditor loan relationship.

Equalisation
When the first income allocation is made to Shares purchased during an accounting period, the amount representing the income equalisation in the price of the Shares is a return of capital and is not taxable in the hands of Shareholders. This amount should be deducted from the cost of Shares in computing any capital gains realised on the sale, switch or other disposal.

Stamp Duty Reserve Tax (SDRT)

SDRT is generally not chargeable on surrenders and certain other transfers of Shares in a Fund. However, SDRT may be chargeable at the current rate of 0.5% on surrenders of Shares in respect of which a Shareholder receives a non-pro rata in specie redemption resulting in a transfer of underlying assets. In this instance, the SDRT will be a liability borne by the recipient of the underlying assets.

Inheritance Tax (IHT)

Shareholders are potentially subject to UK inheritance tax on their investment in the Funds.

INTERNATIONAL TAX REPORTING

In order to comply with legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including, in particular, the United States provisions commonly known as “FATCA”, the inter-governmental agreements with Jersey, Guernsey, the Isle of Man and Gibraltar (the “UK CDOT IGAs”) and the OECD Common Reporting Standard (the “CRS”)), the ACD (or its agent) will collect and report information about Shareholders for this purpose, including information to verify their identity and tax status.

When requested to do so by the ACD or its agent, Shareholders must provide information to be passed on to HM Revenue & Customs, and which may be passed on by HMRC to any relevant overseas tax authorities in accordance with UK legislation.

Please refer to the section headed “FATCA and Similar Measures” below for further information.

FATCA and Similar Measures

The UK has signed a Model 1 inter-governmental agreement with the United States (the “US-UK IGA”) to give effect to the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder (together, as amended from time to time, “FATCA”). Pursuant to the US-UK IGA and the related UK legislation, regulations and guidance, the Company and/or each Fund is required to report certain information about “Specified U.S. Persons” (as defined in the US-UK IGA) that own, directly or indirectly, an interest in a Fund. If the Company and/or each Fund does not comply with these obligations, it may be subject to a 30 per cent withholding tax on certain payments to it of US source income (including interest and dividends) (from 1 July 2014) and proceeds from the sale of property that could give rise to US source interest or dividends (from 1 January 2019) (a “FATCA Deduction”), and to financial penalties or other sanctions under the relevant UK legislation.

Under the terms of the current US-UK IGA, the Company and/or each Fund will not generally be required to withhold tax on payments made to an account holder (i.e. a Shareholder) or to close recalcitrant accounts. The Company and/or each Fund will be required to report certain information in respect of any “Specified U.S. Persons” to HMRC and HMRC will exchange this information, on an automatic basis annually, with the US Internal Revenue Service.

The UK has also signed inter-governmental agreements with Jersey, Guernsey, the Isle of Man and Gibraltar (the “UK CDOT IGAs”) that impose similar requirements to the US-UK IGA and enacted legislation to implement the UK CDOT IGAs in the UK. Under the terms of the UK CDOT IGAs, the Company will be required to identify accounts held directly or indirectly by specified persons in Jersey, Guernsey, the Isle of Man and Gibraltar and report information on such specified persons to HMRC, which exchanges such information, on an automatic basis annually, with the respective tax authorities in Jersey, Guernsey, the Isle of Man and Gibraltar.

A number of other jurisdictions have entered into or are committed to entering into inter-governmental agreements for the automatic cross-border exchange of tax information similar to the US-UK IGA and UK CDOT IGAs, including, in particular, under a regime known as the OECD Common Reporting Standard (“CRS”). The UK has signed, along with over 80 other countries, a multilateral competent authority agreement to implement the CRS, and has issued regulations to give effect to the CRS. These regulations require UK "Financial Institutions", including the Company and/or each Fund, to identify specified persons in participating jurisdictions under the CRS, and to report related information to HMRC (for automatic exchange with the relevant tax authorities in such jurisdictions).

The Company may be subject to financial penalties or other sanctions if it fails to comply with the requirements of the UK regulations giving effect to the CRS. Due to the overlap between the UK CDOT IGAs and CRS, reportable persons in Jersey, Guernsey, the Isle of Man and Gibraltar will be reported under CRS and not the UK CDOT IGAs from 2018, and it is expected that the UK legislation implementing the UK CDOT IGAs will be repealed in due course.

While the Company will seek to satisfy its obligations under FATCA, the US-UK IGA, the UK CDOT IGAs, the CRS and the associated implementing legislation in the UK to avoid the imposition of any FATCA Deductions, financial penalties and other sanctions, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shares (if any). There can be no assurance that the Company will be able to satisfy such obligations. If a Shareholder, or any related party, causes a Fund to suffer a FATCA Deduction, financial penalty, or other cost, expense or liability, or the Company is required to make a FATCA Deduction from such Shareholder, the Company may require the compulsory redemption or transfer of any Shares held by such Shareholder and take any action available to it to ensure that the FATCA Deduction or financial penalty and other associated costs, expenses and liabilities are economically borne by such Shareholder.

All prospective investors should consult with their own tax advisors regarding the possible implications of FATCA, the US-UK IGA, the UK CDOT IGAs, the CRS and the associated implementing legislation in the UK and any other similar legislation and/or regulations on their investments in a Fund.

These statements are based on the ACD's understanding of current UK law and HM Revenue & Customs practice as known at the date of this document. They summarise the tax position of the Funds and of investors who are UK resident and hold their shares as investments. The bases and rates of taxation and reliefs from taxation may change in the future. The information given above does not constitute tax or legal advice and Shareholders are recommended to consult their professional adviser if they are in any doubt as to their individual tax position or if they may be subject to tax in a jurisdiction other than the UK.

GENERAL MATTERS

INSPECTION OF DOCUMENTS

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. on every Business Day at the offices of the ACD at 201 Bishopsgate, London EC2M 3AB:

(a) the long form reports of the Company;
(b) the Instrument of Incorporation of the Company;
(c) this Prospectus;
(d) the ACD Agreement; and
(e) the Depositary Agreement.

Shareholders may obtain copies of these documents free of charge upon request from the same address.

The key investor information documents for the available Share classes are available at www.leggmasonglobal.com/KIID.

COMMUNICATIONS

Documents will be sent to Shareholders by post to the address set out in the register of Shareholders. Where a Share is registered in the name of more than one person, documents will be sent to the person first appearing as a Shareholder in the register.

WINDING UP OF THE COMPANY OR A FUND

The Company

The Company may be wound up:

- by the court as an unregistered company under Part V of the Insolvency Act 1986; or
- if the Company is solvent, under the provisions of the COLL Sourcebook.

To wind up the Company under the FCA Rules, the directors have to notify the FCA of the proposal, confirming to the FCA that the Company will be able to meet all its liabilities within the following twelve months.

The Company can be wound up under the FCA Rules:

(a) if an extraordinary resolution is passed to that effect; or

(b) if the FCA agrees to a request by the directors for revocation of the order in respect of the Company (provided no material change in any relevant factor occurs prior to the date of the revocation); or

(c) on the expiration of any period for the duration of the Company or the occurrence of an event specified in the Instrument of Incorporation as triggering a winding up of the Company.

On a winding up under the FCA Rules:

- Part 5 of the COLL Sourcebook (concerning investment and borrowing powers) and Parts 6.2 and 6.3 of the COLL Sourcebook (concerning dealing and pricing), will cease to apply;
- the Company will cease to issue and cancel Shares;

- the ACD will stop selling and redeeming Shares; and
- no transfer of Shares will be registered and no change to the register will be made without the sanction of the directors.

The Company will cease to carry on its business except as is required for its beneficial winding up. The ACD shall as soon as practicable, realise the assets of the Company and pay the respective shares of the proceeds to Shareholders in accordance with the FCA Rules.

A Fund

A Fund of the Company may be wound up under the FCA Rules individually:

- where any of the events set out in (a), (b) or (c) above occurs in respect of that particular Fund; or
- if the Directors are of the opinion that it is desirable to wind up the Fund.

If so, the assets of the Fund will be realised and the Shareholders in the Fund will receive their respective shares of the proceeds, net of liabilities and the expenses of the termination.

A Fund may also be terminated in connection with its amalgamation or reconstruction. In that case Shareholders in the Fund will become entitled to receive shares or units in another regulated collective scheme in exchange for their Shares in the Fund.

On completion of a winding up of the Company or the termination of a Fund, the Company will be dissolved or the Fund will be terminated and any money (including unclaimed distributions) standing to the account of the Company or the Fund, will be paid into court within one month of its dissolution or termination.

COMPLAINTS

If a Shareholder has any complaint concerning the ACD's role in respect of the Company and its Funds, the Shareholder may make a formal complaint to the Complaints Department at the ACD, who will undertake a full investigation. If the complaint is unresolved, the Shareholder may refer it to the Financial Ombudsman, Exchange Tower, Harbour Exchange Square, London E14 9GE. For more information, please visit www.financial-ombudsman.org.uk. A copy of the ACD's internal complaint handling procedure is available on request. In the event of the ACD being unable to pay a valid claim against it, the Shareholder may be entitled to receive compensation from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

STRATEGY FOR THE EXERCISE OF VOTING RIGHTS

The ACD has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Fund. A summary of the voting rights strategy, as well as details of the actions taken on the basis of this strategy, are available from the ACD at no charge on request.

REBATE OF FEES; INDUCEMENTS

Subject at all times to the ACD complying with all laws and regulatory requirements applicable to it, the ACD may pay fees, commissions or non-monetary benefits to third parties such as distributors and/or other intermediaries, and may at its sole discretion rebate its entry or annual management charge in respect of any application for, or holding of, shares. A proportion of the annual management charge may be rebated to sub-distributors or other intermediaries in the form of commission payments. An investor should check with the intermediary the amount of commission it has received and/or further details may be provided on request to the ACD.

The ACD may, at its discretion, waive any preliminary charge in whole or in part and, subject at all times to the ACD complying with all laws and regulatory requirements applicable to it, the ACD or any such person authorised on its behalf may, at its discretion, agree and pay rebates in respect of any of its periodic charges to Shareholders in respect of holdings in certain Funds (including Shareholders that hold Shares as authorised intermediaries).

Save where the ACD executes orders or places orders with other entities for execution that relate to financial instruments for the Funds (see below), in the course of carrying on its collective portfolio management activities generally and subject at all times to the ACD complying with all applicable laws and regulatory requirements, the ACD may receive fees, commissions or non-monetary benefits from third parties.

Where the ACD executes orders or places orders with other entities for execution that relate to financial instruments for the Funds, the ACD is not permitted to accept and retain from any third party (or any person on behalf of a third party) any fees, commissions or monetary benefits; or accept any non-monetary benefits (other than, subject at all times to the ACD complying with all applicable laws and regulatory requirements, certain acceptable minor non-monetary benefits and, in certain circumstances, research).

If the ACD receives any fees, commissions or any monetary benefits paid or provided by any third party (or a person on behalf of a third party) in relation to the services it provides to any or all of the Fund(s) it shall return such fees, commissions or any monetary benefits to such Fund(s) as soon as reasonably possible after receipt. Also, investors in the Fund(s) shall be informed about the fees, commissions or other monetary benefits transferred through the Company's annual report.

UNCLAIMED INCOME DISTRIBUTIONS

Any income distribution unclaimed for a period of six years from the date of payment will be forfeited by the Shareholder. It will revert to the Company for the account of the relevant Fund(s).

INTEREST ON CASH BALANCES

No interest is earned on any cash balances held by the ACD in relation to subscription monies or redemption proceeds.

TRANSFER OF PROCEEDS

The ACD is required to comply with the FCA Rules relating to the protection of client money when handling money belonging to investors in the Funds ("Client Money" – see above under "*Client Money protection when buying or selling Shares*"). If the ACD transfers all or part of its business to a third party, investors are deemed to agree that the ACD may transfer any Client Money that the ACD holds to such third party, provided that the sums transferred: (i) will be held by the third party in accordance with the FCA Rules relating to Client Money; or (ii) if not to be held in accordance with the FCA Rules relating to Client Money (for example, because the third party is not subject to such rules) the ACD will exercise all due skill, care and diligence in assessing whether the third party will apply adequate measures to protect such Client Money. Following such a transfer, the ACD will no longer be required to treat such money as Client Money under the FCA Rules.

RECORDING OF COMMUNICATIONS

Telephone, electronic and other communications and conversations with the ACD and its associated persons may be recorded and retained.

APPENDIX 1

DETAILS OF EACH OF THE FUNDS

Fixed Income Funds

Legg Mason IF Brandywine Global Income Optimiser Fund
Legg Mason IF Western Asset Retirement Income Bond Fund*
Legg Mason IF Western Asset Global Multi Strategy Bond Fund

* previously the Legg Mason IF Western Asset Global Blue Chip Bond Fund

Equity Funds

Legg Mason IF ClearBridge Global Equity Income Fund
Legg Mason IF ClearBridge US Equity Fund
Legg Mason IF ClearBridge US Equity Income Fund
Legg Mason IF Martin Currie Asia Pacific Fund
Legg Mason IF Martin Currie China Fund
Legg Mason IF Martin Currie Emerging Markets Fund
Legg Mason IF Martin Currie European Unconstrained Fund*
Legg Mason IF Martin Currie Global Alpha Fund**
Legg Mason IF Martin Currie Global Equity Income Fund
Legg Mason IF Martin Currie Japan Alpha Fund
Legg Mason IF Martin Currie North American Fund
Legg Mason IF QS Emerging Markets Equity Fund***
Legg Mason IF QS UK Equity Fund
Legg Mason IF Royce US Smaller Companies Fund
Legg Mason IF Japan Equity Fund
Legg Mason IF Clearbridge US Aggressive Growth Fund
Legg Mason IF RARE Global Infrastructure Income Fund

* Previously the Legg Mason IF Martin Currie European Equity Income Fund.
** Previously the Legg Mason Asia Pacific Fund. Please note that the Legg Mason IF QS Emerging Markets Equity Fund is in the course of being terminated and is therefore no longer available for investment.
*** Please note that the Legg Mason IF Martin Currie Global Alpha Fund is in the course of being terminated and is therefore no longer available for investment.

LEGG MASON IF BRANDYWINE GLOBAL INCOME OPTIMISER FUND

1. Investment Objective and Policy

Objective	To generate income in all market conditions over a rolling three to five year period. While the Fund's priority is to generate income, it will also seek to preserve capital.
Policy	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.
PRN:	634448

2.	**Risk Profile**	Under normal market conditions the Fund's key risk factors are: • *Credit risk.* • *Currency hedging.* • *Derivatives and Securities Financing Transactions.* Additionally the Fund's investment manager may hold short positions via derivatives. • *Emerging markets.* • *Exchange rates.* • *Fees and expenses from capital.* The ACD's annual management charge is deducted from capital. • *High Yield Securities.* • *Liquidity Risk.* • *Interest rates.* • *Mortgage backed securities and asset backed securities.* For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.
3.	**Profile of a Typical Investor**	The Fund may be suitable for investors looking for regular income from fixed income securities or requires a fixed income fund as a component of a balanced portfolio and who plan to invest for at least three to five years.
4.	**Investment Manager**	The Fund's investment manager is Brandywine Global Investment Management, LLC which is authorised by the SEC. The principal business activity of Brandywine Global Investment Management, LLC is investment management. The ACD has appointed Brandywine Global Investment Management, LLC under an agreement dated 19 December 2011 between the Company, Brandywine Global Investment Management, LLC and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	End on: 31 May, 31 August, 30 November.

7. **Income Allocation Dates**

Annual Income Allocation Date	30 April.
Interim Income Allocation Dates	31 July, 31 October, 31 January.

8. **Reports**

Annual	by 30 June.
Interim	by 31 October.

LEGG MASON IF WESTERN ASSET RETIREMENT INCOME BOND FUND

(previously the Legg Mason IF Western Asset Global Blue Chip Bond Fund, prior to that the Sterling Corporate Plus Bond Fund, and prior to that the Legg Mason Strategic Bond Fund)

1. **Investment Objective and Policy**

Objective

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.

Policy

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.

PRN: 634443

2. **Risk Profile**

Under normal market conditions the Fund's key risk factors are:

- *Credit risk.*
- *Currency hedging.*
- *Derivatives and Securities Financing Transactions.*
- *Fees and expenses from capital.* The ACD's annual management charge is deducted from capital.
- *Interest rates.*
- *High yield securities*

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3.	**Profile of a Typical Investor**	This Fund may be suitable for an investor who is considering options for retirement savings and is seeking a regular income from fixed income securities or requires a fixed income fund as a component of a balanced portfolio and who is planning to invest for at least three to five years.
4.	**Investment Manager**	The Fund's investment manager is Western Asset Management Company Limited which is authorised and regulated by the FCA. The principal business activity of Western Asset Management Company Limited is investment management. The ACD has appointed Western Asset Management Company Limited under an agreement dated 26 February 2013 between the Company, Western Asset Management Company Limited and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	End on: 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October, 30 November, 31 December, 31 January.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	31 March.
	Interim Income Allocation Dates	30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October, 30 November, 31 December, 31 January, 28 February.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF WESTERN ASSET GLOBAL MULTI STRATEGY BOND FUND

1. **Investment Objective and Policy**

Objective	To maximise total return through income and capital appreciation by diversifying across a range of fixed income securities, sectors and currencies.
Policy	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.
PRN:	634447

2. **Risk Profile**

Under normal market conditions the Fund's key risk factors are:

- *Credit risk.*
- *Currency hedging.*
- *Derivatives and Securities Financing Transactions.*
- *Emerging markets.*
- *Exchange rates.*
- *Fees and expenses from capital.* The ACD's annual management charge is deducted from capital.

- *Interest rates.*
- *Mortgage backed securities and asset backed securities.*

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3.	**Profile of a Typical Investor**	This Fund may be suitable for an investor who is looking for a regular income from fixed income securities or requires a fixed income fund as a component of a balanced portfolio and who is planning to invest for at least three to five years.
4.	**Investment Manager**	The Fund's investment manager is Western Asset Management Company Limited which is authorised and regulated by the FCA. The principal business activity of Western Asset Management Company Limited is investment management. The ACD has appointed Western Asset Management Company Limited under an agreement dated 26 February 2013 between the Company, Western Asset Management Company Limited and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	End on: 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October, 30 November, 31 December, 31 January.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	31 March.
	Interim Income Allocation Dates	30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October, 30 November, 31 December, 31 January, 28 February.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF CLEARBRIDGE GLOBAL EQUITY INCOME FUND

1. **Investment Objective and Policy**

Objective

To achieve income and capital growth through investment primarily in a range of equity and equity-related securities.

Policy

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.

PRN: 634446

2. **Risk Profile**

Under normal market conditions the Fund's key risk factors are:

- *Concentration.*
- *Currency hedging.*
- *Emerging markets.*
- *Exchange rates.*
- *Fees and expenses from capital.* The ACD's annual management charge is deducted from capital.

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3. **Profile of a Typical Investor**

This Fund may be suitable for an investor who is looking for income and capital growth, from a portfolio of global equities and who is planning to invest for at least five years.

4. **Investment Manager**

The Fund's investment manager is ClearBridge Investments, LLC which is authorised and regulated by the SEC. The principal business activity of ClearBridge Investments, LLC is investment management.

The ACD has appointed ClearBridge Investments, LLC under an agreement dated 13 May 2013 between the Company, ClearBridge Investments, LLC and the ACD.

5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	End on: 31 May, 31 August, 30 November.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	31 July, 31 October, 31 January.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF CLEARBRIDGE US EQUITY FUND

1. Investment Objective and Policy

Objective

To achieve capital growth, principally through investment in securities of US issuers.

Policy

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).

PRN:

634441

2. Risk Profile

Under normal market conditions the Fund's key risk factors are:

- *Concentration.*
- *Exchange rates.*
- *Single country.* The Fund invests in companies concentrated predominantly in the United States.

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3. Profile of a Typical Investor

This Fund may be suitable for an investor who is looking for capital growth from a concentrated portfolio of large-cap US equity securities, perhaps building on an existing equity portfolio and looking to diversify exposure to overseas stock markets and planning to invest for at least five years.

4.	**Investment Manager**	The Fund's investment manager is ClearBridge Investments, LLC which is authorised by the SEC. The ultimate holding company of the investment manager is Legg Mason, Inc. The principal business activity of ClearBridge Investments, LLC is investment management. The ACD has appointed ClearBridge Investments, LLC under an Agreement dated 13 May 2013 (as amended with effect from 29 March 2019 to reflect the investment manager's appointment in respect of the Fund) between the Company, ClearBridge Investments, LLC and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	None.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF CLEARBRIDGE US EQUITY INCOME FUND

1. Investment Objective and Policy

Objective

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.

Policy

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.

PRN: 634449

2. Risk Profile

Under normal market conditions the Fund's key risk factors are:

- *Equity Risk.*
- *Credit Risk.*
- *Exchange rates.*
- *Fees and expenses from capital.* The ACD's annual management charge is deducted from capital.
- *Single country*. The Fund invests in companies concentrated primarily in the United States.

		For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.
3.	**Profile of a Typical Investor**	This Fund may be suitable for an investor who is looking for income and capital growth from a portfolio of US equities and who is planning to invest for at least five years.
4.	**Investment Manager**	The Fund's investment manager is ClearBridge Investments, LLC which is authorised and regulated by the SEC. The principal business activity of ClearBridge Investments, LLC is investment management. The ACD has appointed ClearBridge Investments, LLC under an agreement dated 13 May 2013 between the Company, ClearBridge Investments, LLC and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	End on: 31 May, 31 August, 30 November.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	31 July, 31 October, 31 January.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF CLEARBRIDGE US AGGRESSIVE GROWTH FUND

THIS FUND IS NOT YET AVAILABLE FOR SUBSCRIPTION

1. Investment Objective and Policy

Objective	To generate long-term capital appreciation.
Policy	The Fund seeks to achieve its objective by investing primarily in US equity or US equity related securities, which the investment manager believes have the ability to exceed average earnings and/or cash flow growth rates of companies listed in the Standard & Poor's Daily Price Index of 500 Common Stocks. The Fund may also invest in convertible securities, preferred stocks, warrants, money market instruments, cash, collective investment schemes and in mortgage-backed or asset-backed securities, which are listed or traded on regulated markets in the United States. The Fund may invest a maximum of 20% in securities of non-US issuers or non-US companies. The Fund may use derivatives for efficient portfolio management.
PRN:	*Not yet available*

2. Risk Profile

Under normal market conditions the Fund's key risk factors are:

- *Exchange rates*
- *Equity risk*
- *Single country.* The Fund invests in companies concentrated primarily in the United States of America.

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

Under normal circumstances, the Fund will invest in a portfolio of typically 50-70 holdings.

3.	**Profile of a Typical Investor**	This Fund may be suitable for an investor who is looking for capital growth from a concentrated portfolio of US equity securities identified as growth opportunities, perhaps building on an existing equity portfolio and looking to diversify exposure to the U.S stock markets and planning to invest for at least five years.
4.	**Investment Manager**	The Fund's investment manager is ClearBridge Investments, LLC which is registered and regulated by the Securities Exchange Commission. The principal business activity of ClearBridge Investments, LLC is investment management. The ACD has appointed ClearBridge Investments, LLC under an agreement dated 13 May 2013 between the Company, ClearBridge Investments, LLC and the ACD.
5.	**Currency of Denomination**	Sterling
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April
	Interim Income Allocation Dates	None
8.	**Reports**	
	Annual	by 30 June
	Interim	by 31 October
9.	**Initial offer period**	None

LEGG MASON IF MARTIN CURRIE ASIA PACIFIC FUND

1. Investment Objective and Policy

Objective

To achieve long-term capital growth through investment in the Asia Pacific region, excluding Japan.

Policy

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).

PRN:

707584

2. Risk Profile

Under normal market conditions the Fund's key risk factors are:

- *Derivatives and Securities Financing Transactions.*
- *Emerging Markets.*
- *Exchange rates.*
- *Concentration.*
- *Single region.* The Fund invests in companies concentrated principally within the Asia Pacific region, excluding Japan.
- *Smaller companies.*

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3. Profile of a Typical Investor

This Fund may be suitable for an investor who is looking for capital growth from a portfolio of equities from the Asia Pacific region (excluding Japan) perhaps building on an existing equity portfolio that is invested across the world's major markets and looking to diversify exposure to the stock markets across Asia. An investor in this Fund should be comfortable with taking a high level of risk from investing in companies across the Asia Pacific region and is planning to invest for at least five years.

4.	**Investment Manager**	The Fund's investment manager is Martin Currie Investment Management Limited which is authorised and regulated by the FCA. The principal business activity of Martin Currie Investment Management Limited is investment management. The ACD has appointed Martin Currie Investment Management Limited under an agreement dated 22 June 2015 between the Company, Martin Currie Investment Management Limited and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	None
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF MARTIN CURRIE CHINA FUND

1. Investment Objective and Policy

Objective	To achieve long-term capital growth through investment in China.
Policy	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. The Fund will usually invest in a concentrated portfolio (typically 30-50 holdings).
PRN:	707585

2. Risk Profile

Under normal market conditions the Fund's key risk factors are:

- *China market risk.*
- *Concentration.*
- *Derivatives and Securities Financing Transactions.*
- *Emerging Markets.*
- *Exchange rates.*
- *Single country.* The Fund invests in companies concentrated principally in China.
- *Smaller companies.*

		For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.
3.	**Profile of a Typical Investor**	This Fund may be suitable for an investor who is looking for capital growth from a portfolio of Chinese equities perhaps building on an existing equity portfolio that is invested across the world's major markets and looking to diversify exposure to the more specialist stock markets of China. An investor in this Fund should be comfortable with taking a high level of risk from investing in companies in China and is planning to invest for at least five years.
4.	**Investment Manager**	The Fund's investment manager is Martin Currie Investment Management Limited which is authorised and regulated by the FCA. The principal business activity of Martin Currie Investment Management Limited is investment management. The ACD has appointed Martin Currie Investment Management Limited under an agreement dated 22 June 2015 between the Company, Martin Currie Investment Management Limited and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	None.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF MARTIN CURRIE EMERGING MARKETS FUND

1. **Investment Objective and Policy**

Objective

To achieve long-term capital growth through investment in emerging markets.

Policy

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.

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

PRN:

707586

2. **Risk Profile**

Under normal market conditions the Fund's key risk factors are:

- *Concentration.*
- *Derivatives and Securities Financing Transactions.*
- *Emerging Markets.*
- *Exchange rates.*
- *Smaller companies*

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3. **Profile of a Typical Investor**

This Fund may be suitable for an investor who is looking for capital growth from a portfolio of emerging market equities perhaps building on an existing equity portfolio that is invested across the world's major markets and looking to diversify exposure to the more specialist stock markets in emerging market countries. An investor in this Fund should be comfortable with taking a high level of risk from investing in companies in emerging markets and is planning to invest for at least five years.

4.	**Investment Manager**	The Fund's investment manager is Martin Currie Investment Management Limited which is authorised and regulated by the FCA. The principal business activity of Martin Currie Investment Management Limited is investment management. The ACD has appointed Martin Currie Investment Management Limited under an agreement dated 22 June 2015 between the Company, Martin Currie Investment Management Limited and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	None.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

1. Investment Objective and Policy

Objective	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.
Policy	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.
	The Fund will invest in companies that, in the opinion of the ACD and/or the investment manager, (i) have the potential to generate or sustain a return on invested capital (ROIC) where the return is higher than the cost of capital; (ii) have the potential to develop an attractive growth profile and/or cash flow generation over the long term; and (iii) are expected to have supportive accounting practices and environmental, social and governance (ESG) practices. The Fund's portfolio is not expected to have a particular sectoral, industry or market capitalisation focus.
	The investment manager uses a number of methods and tools to select investments for the Fund. This includes screening for companies which exhibit the characteristics described above and running an in-depth fundamental analysis on them.

In particular, the investment manager focuses on forecasting a company's growth and returns outlook with the use of the investment manager's proprietary research platform, while also using various valuation methodologies to assess potential long-term share price appreciation.

The investment manager also seeks to identify attractive compounding growth and/or return dynamics in specific areas of the market by using detailed industry analysis. It is the investment manager's preference for the Fund to hold investments for the long term, as in the investment manager's view, this provides the Fund with the opportunity to benefit from the full growth potential of its investments. The Fund is therefore expected to have a relatively low level of portfolio turnover. The investment manager may also engage with the management of the companies in which the Fund invests, or may invest in, to establish a constructive dialogue on sources of value creation, socially responsible investing and any other stewardship related matters.

The ACD and the investment manager expect that the Fund's portfolio will typically consist of between 20 to 40 different issuers, though the Fund may hold less than 20 issuers (provided that the Fund remains sufficiently diversified in accordance with the FCA Rules) or more than 40 issuers if this is deemed to be in the best interests of the Fund by the investment manager.

The Fund may invest in derivatives for efficient portfolio management (including hedging) and investment purposes (i.e. to meet its investment objectives, as described above). The Fund may have global exposure, as measured using the commitment approach, of up to 100% of its Net Asset Value as a result of its use of derivatives. The Fund will not take any short positions. The Fund may also invest up to 20% of its net asset value in aggregate directly, or indirectly, in investments other than European equities (as described above) including, the shares of non-European companies (which, for these purposes, includes UK companies) and equity related securities, money market instruments and deposits. Where using such powers, the Fund may seek exposure to investments other than European equities through investment in other collective investment schemes. Subject to the FCA Rules and applicable laws, the Fund may invest up to 10% of its net asset value in securities issued by Russian issuers.

No more than 10% in value of the scheme property of the Fund may consist of units in collective investment schemes.

The Fund does not use a benchmark for the purposes of the Benchmarks Regulation.

	PRN:	707587
2.	**Risk Profile**	Under normal market conditions the Fund's key risk factors are: • *Concentration.* • *Derivatives and Securities Financing Transactions* • *Emerging Markets.* • *Exchange rates.* • *Single region.* The Fund invests in companies concentrated principally in Europe (excluding the UK). • *Smaller companies.* For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.
3.	**Profile of a Typical Investor**	This Fund may be suitable for an investor who is looking for capital growth from a portfolio of European equities perhaps building on an existing equity portfolio and looking to diversify exposure to overseas stock markets and who is planning to invest for at least five years.
4.	**Investment Manager**	The Fund's investment manager is Martin Currie Investment Management Limited which is authorised and regulated by the FCA. The principal business activity of Martin Currie Investment Management Limited is investment management. The ACD has appointed Martin Currie Investment Management Limited under an agreement dated 22 June 2015 between the Company, Martin Currie Investment Management Limited and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	End on: 31 May, 31 August, 30 November.

7. **Income Allocation Dates**

Annual Income Allocation Date	30 April.
Interim Income Allocation Dates	31 July, 31 October, 31 January.

8. **Reports**

Annual	by 30 June.
Interim	by 31 October.

LEGG MASON IF MARTIN CURRIE GLOBAL ALPHA FUND

This Fund is in the course of being terminated and is therefore no longer available for investment.

1. Investment Objective and Policy

Objective

To achieve capital growth through investment across all world markets.

Policy

The Fund seeks to achieve its objective by investing principally in securities of large and medium-sized companies across all world markets.

The Fund will invest principally in equity securities but may also invest in other transferable securities, money market instruments, deposits and collective investment schemes.

Under normal circumstances, the Fund will invest in a concentrated portfolio (typically 40-60 holdings).

PRN:

707588

2. Risk Profile

Under normal market conditions the Fund's key risk factors are:

- *Concentration.*
- *Exchange rates.*

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3. Profile of a Typical Investor

This Fund may be suitable for an investor who is looking for capital growth from a portfolio of global equities and who is planning to invest for at least five years.

4. Investment Manager

The Fund's investment manager is Martin Currie Investment Management Limited which is authorised and regulated by the FCA. The principal business activity of Martin Currie Investment Management Limited is investment management.

The ACD has appointed Martin Currie Investment Management Limited under an agreement dated 22 June 2015 between the Company, Martin Currie Investment Management Limited and the ACD.

5. Currency of Denomination

Pounds sterling.

6. **Accounting Dates**

Annual Accounting Date	Last day of February.
Interim accounting periods	Interim accounting periods end on 31 August.

7. **Income Allocation Dates**

Annual Income Allocation Date	30 April.
Interim Income Allocation Dates	None.

8. **Reports**

Annual	by 30 June.
Interim	by 31 October.

LEGG MASON IF MARTIN CURRIE GLOBAL EQUITY INCOME FUND

1. Investment Objective and Policy

Objective

To achieve income, with the potential for capital growth over the long term, by investing in securities of companies listed globally.

Policy

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.

Derivatives may be used by the Fund for investment purposes and for the purposes of efficient portfolio management (including hedging). In particular, the Fund may sell (write) put and call options on securities with a view to generating additional income from the premium paid by purchasers of such options. A "put option" gives the purchaser of the option the right to a cash payment from the writer of the option if the price of the underlying security drops below a predetermined level on or before a fixed date. A "call option" gives the purchaser of the option a right to a cash payment from the writer of the option if the price of the underlying security rises above a predetermined level on or before a fixed date.

The Fund may also invest in other transferable securities, money market instruments, deposits and collective investment schemes.

The Fund will invest in a concentrated portfolio (typically 35-55 holdings).

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

The Fund may be leveraged as a result of the Fund's investment policy allowing investment in financial derivative instruments. The degree of leverage will be calculated using the commitment approach and leverage will not typically exceed 100% of the Fund's net asset value. However, in exceptional circumstances, the Fund may exceed this level for a short period of time.

Although the Fund seeks to achieve its objective over the long term through income generation and capital growth, this objective is not guaranteed; the objective may not be achieved; the Fund may experience negative returns and investors may not get back the amount originally invested.

	PRN:	707589
2.	**Risk Profile**	Under normal market conditions the Fund's key risk factors are: • *Equity Risk.* • *Emerging Markets.* • *Derivatives and Securities Financing Transactions.* • *Leverage.* • *Concentration.* • *Exchange rates.* • *Fees and Expenses from capital.* The ACD's annual management charge, the GAC, the Depositary's fees and expenses and other expenses which may be paid out of the property of the Fund may be deducted from capital. • *Smaller and mid-sized companies.* For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.
3.	**Profile of a Typical Investor**	This Fund may be suitable for an investor who is looking for income and capital growth, from a portfolio of global equity securities and who is planning to invest for at least five years.
4.	**Investment Manager**	The Fund's investment manager is Martin Currie Investment Management Limited which is authorised and regulated by the FCA. The principal business activity of Martin Currie Investment Management Limited is investment management. The ACD has appointed Martin Currie Investment Management Limited under an agreement dated 22 June 2015 between the Company, Martin Currie Investment Management Limited and the ACD.
5.	**Currency of Denomination**	Pounds sterling.

6. **Accounting Dates**

Annual Accounting Date	Last day of February.
Interim accounting periods	End on: 31 May, 31 August, 30 November.

7. **Income Allocation Dates**

Annual Income Allocation Date	30 April.
Interim Income Allocation Dates	31 July, 31 October, 31 January.

8. **Reports**

Annual	by 30 June.
Interim	by 31 October.

LEGG MASON IF MARTIN CURRIE JAPAN ALPHA FUND

1. **Investment Objective and Policy**

Objective

To achieve capital growth, through investment in Japan.

Policy

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.

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

PRN: 707590

2. **Risk Profile**

Under normal market conditions the Fund's key risk factors are:

- *Concentration.*
- *Exchange rates.*
- *Single country.* The Fund invests in companies concentrated primarily in Japan.
- *Smaller companies.*

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3. **Profile of a Typical Investor**

This Fund may be suitable for an investor who is looking for capital growth from a portfolio of Japanese equities perhaps building on an existing equity portfolio that is invested across the world's major markets and looking to diversify exposure to the more specialist stock markets of Japan and who is planning to invest for at least five years.

4.	**Investment Manager**	The Fund's investment manager is Martin Currie Investment Management Limited which is authorised and regulated by the FCA. The principal business activity of Martin Currie Investment Management Limited is investment management. The ACD has appointed Martin Currie Investment Management Limited under an agreement dated 22 June 2015 between the Company, Martin Currie Investment Management Limited and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	31 October.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF MARTIN CURRIE NORTH AMERICAN FUND

1. **Investment Objective and Policy**

Objective

To achieve capital growth through investment in the United States of America and Canada.

Policy

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).

PRN: 707591

2. **Risk Profile**

Under normal market conditions the Fund's key risk factors are:

- *Concentration.*
- *Exchange rates.*
- *Single region.* The Fund invests in companies concentrated principally in the United States and Canada.
- *Smaller companies.*

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3. **Profile of a Typical Investor**

This Fund may be suitable for an investor who is looking for capital growth from a portfolio of North American equity securities, perhaps building on an existing equity portfolio and looking to diversify exposure to overseas stock markets and planning to invest for at least five years.

4. **Investment Manager**

The Fund's investment manager is Martin Currie Investment Management Limited which is authorised and regulated by the FCA. The principal business activity of Martin Currie Investment Management Limited is investment management.

The ACD has appointed Martin Currie Investment Management Limited under an agreement dated 22 June 2015 between the Company, Martin Currie Investment Management Limited and the ACD.

5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	None.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF QS EMERGING MARKETS EQUITY FUND

(previously the Legg Mason Asia Pacific Fund)

This Fund is in the course of being terminated and is therefore no longer available for investment.

1. Investment Objective and Policy

Objective	To achieve long-term capital growth through investment in emerging markets.
Policy	The Fund seeks to achieve its objective by investing at least 80% of its net asset value in equity securities of companies domiciled or having their principal activities in emerging market countries and which are listed or traded on regulated markets (subject to applicable limitations established by such countries on investments by foreign investors). The Fund may also invest up to 20% of its assets in equity securities of companies domiciled or having their principle activities in non-emerging market countries and other transferable securities, money market instruments, deposits and collective investment schemes.
PRN:	634445

2. Risk Profile

Under normal market conditions the Fund's key risk factors are:

- *Currency hedging.*
- *Emerging markets.*
- *Exchange rates.*
- *Smaller companies.*

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3. Profile of a Typical Investor

This Fund may be suitable for an investor who is looking for capital growth from a portfolio of emerging market equities perhaps building on an existing equity portfolio that is invested across the world's major markets and looking to diversify exposure to the more specialist stock markets in emerging market countries. An investor in this Fund should be comfortable with taking a higher level of risk from investing in companies in emerging markets and is planning to invest for at least five to seven years.

4. Investment Manager

The Fund's investment manager is QS Investors, LLC, which is authorised by the SEC. The ultimate holding company of the investment manager is Legg Mason, Inc. The principal business activity of QS Investors, LLC is investment management.

The ACD has appointed QS Investors, LLC under an agreement dated 12 June 2013 and novated on 14 October 2014 between the Company, QS Investors, LLC and the ACD.

5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	None.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF QS UK EQUITY FUND

1.	**Investment Objective and Policy**	
	Objective	To achieve capital growth through investment in quoted securities of UK companies.
	Policy	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.
	PRN:	634438
2.	**Risk Profile**	Under normal market conditions the Fund's key risk factor is: • *Single country*. The Fund invests in companies concentrated predominantly within the United Kingdom. For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.
3.	**Profile of a Typical Investor**	This Fund may be suitable for an investor who is looking for capital growth from a portfolio of UK equities and who is planning to invest for at least 5 years.
4.	**Investment Manager**	The Fund's investment manager is QS Investors, LLC, which is authorised by the SEC. The ultimate holding company of the investment manager is Legg Mason, Inc. The principal business activity of QS Investors, LLC is investment management. The ACD has appointed QS Investors, LLC under an agreement dated 12 June 2013 and novated on 14 October 2014 between the Company, QS Investors, LLC and the ACD.
5.	**Currency of Denomination**	Pounds sterling.

6. **Accounting Dates**

Annual Accounting Date	Last day of February.
Interim accounting periods	Interim accounting periods end on 31 August.

7. **Income Allocation Dates**

Annual Income Allocation Date	30 April.
Interim Income Allocation Dates	None.

8. **Reports**

Annual	by 30 June.
Interim	by 31 October.

1.	**Investment Objective and Policy**	
	Objective	To achieve capital growth, principally through investment in securities of smaller US companies.
	Policy	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.
	PRN:	634444
2.	**Risk Profile**	Under normal market conditions the Fund's key risk factors are: • *Concentration.* • *Exchange rates.* • *Single country.* The Fund invests in companies concentrated predominately in the United States. • *Smaller companies.* For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.
3.	**Profile of a Typical Investor**	The Fund may be suitable for an investor who is looking for capital growth from a portfolio of small cap US equities perhaps building on an existing equity portfolio and looking to diversify exposure to overseas stock markets. An investor in this Fund should be comfortable with taking a higher level of risk from investing in smaller companies and is planning to invest for at least five years.
4.	**Investment Manager**	The Fund's investment manager is Royce & Associates, LP, which is registered as an investment advisor by the SEC. The ultimate holding company of

		the investment manager is Legg Mason, Inc. The principal business activity of Royce & Associates, LP is investment management. The ACD has appointed Royce & Associates, LP under an agreement dated 3 October 2013 between the Company, Royce & Associates, LP and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	None.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF JAPAN EQUITY FUND

1. Investment Objective and Policy

Objective

To achieve capital growth through investment in securities of Japanese companies.

Policy

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.

PRN:

634440

2. Risk Profile

Under normal market conditions the Fund's key risk factors are:

- *Concentration.*
- *Exchange rates.*
- *High risk.*
- *Single country.* The Fund invests in companies concentrated predominantly within Japan.
- *Smaller companies.*
- *Volatility.*

For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

3. Profile of a Typical Investor

This Fund may be suitable for an investor who is looking for capital growth from a concentrated portfolio of smaller-cap Japanese equities, perhaps building on an existing core equity portfolio and looking to diversify exposure to a more specialist fund that invests in Japanese smaller companies. An investor in this Fund must be comfortable with taking a high level of risk from investing in a concentrated portfolio of smaller-cap Japanese equities and is planning to invest for at least five to seven years.

4. Investment Manager

The Fund's investment manager is Shiozumi Asset Management Company Limited which is regulated by the Financial Services Agency of Japan. The principal business activity of Shiozumi Asset Management Company Limited is investment management.

The ACD has appointed Shiozumi Asset Management Company Limited under an Agreement dated 24 June 2013 between the Company, Shiozumi Asset Management Company Limited, the ACD and Hideo Shiozumi.

5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	Interim accounting periods end on 31 August.
7.	**Income Allocation Dates**	
	Annual Income Allocation Date	30 April.
	Interim Income Allocation Dates	None.
8.	**Reports**	
	Annual	by 30 June.
	Interim	by 31 October.

LEGG MASON IF RARE GLOBAL INFRASTRUCTURE INCOME FUND

1. Investment Objective and Policy

Objective	To provide investors with an income comprised of dividends with a secondary investment objective of long-term capital growth.
Policy	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). The Fund will usually hold between 30 and 60 different securities. The Fund may hold up to 10% in cash or near cash where, in the Investment Manager's opinion, attractive investment opportunities cannot be found.

		The Fund may also invest in other transferable securities, money market instruments, deposits and collective investment schemes, as set out in Appendix 5.
	PRN:	756331
2.	**Risk Profile**	Under normal market conditions the Fund's key risk factors are: • *Concentration risk.* • *Equity Risk.* • *Emerging markets.* • *Overseas markets risk.* • *Derivatives and Securities Financing Transactions.* • *Exchange rates.* • *Fees and expenses from capital.* The ACD's annual management charge is deducted from capital. • *Infrastructure risk.* For further explanation on the risks associated with an investment in the Fund, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.
3.	**Profile of a Typical Investor**	The Fund may be suitable for investors who are looking for income and long term capital growth from a portfolio of primarily global listed infrastructure securities who are willing to accept fluctuations in the Net Asset Value per Share of the Fund during the short term, and who are planning to invest for at least 5 years.
4.	**Investment Manager**	The Fund's investment manager is RARE Infrastructure International Pty Ltd which is regulated by the Australian Securities & Investments Commission. The principal business activity of RARE Infrastructure Pty Ltd is investment management. The ACD has appointed RARE Infrastructure International Pty Ltd under an agreement dated 30 November 2017 between the Company, RARE Infrastructure International Pty Ltd and the ACD.
5.	**Currency of Denomination**	Pounds sterling.
6.	**Accounting Dates**	
	Annual Accounting Date	Last day of February.
	Interim accounting periods	End on: 31 May, 31 August, 30 November.

7. **Income Allocation Dates**

Annual Income Allocation Date	30 April.
Interim Income Allocation Dates	31 July, 31 October, 31 January.

8. **Reports**

Annual	by 30 June.
Interim	by 31 October.

APPENDIX 2

Available Share classes, charges and fees

Share class	Income	Accumulation	AMC*	GAC*
FIXED INCOME FUNDS				
Legg Mason IF Brandywine Global Income Optimiser Fund				
Class A	✓	-	0.70%	0.80%
Class X[++]	✓	✓	0.55%	0.80%
Class I	✓	✓	0.50%[#]	0.80%
Class S	✓	✓	0.25%[#]	0.80%
Legg Mason IF Western Asset Retirement Income Bond Fund				
Class A	✓	-	0.30%	0.07%
Class X[++]	✓	✓	0.30%	0.07%
Class I‡	✓	-	0.30%	0.07%
Legg Mason IF Western Asset Global Multi Strategy Bond Fund				
Class A	✓	-	0.80%	0.25%
Class X[++]	✓	✓	0.625%	0.25%
Class I‡	✓	✓	0.40%	0.25%

Share class	Income	Accumulation	AMC*	GAC*
EQUITY FUNDS				
Legg Mason IF ClearBridge Global Equity Income Fund				
Class A	✓	✓	1%	0.50%
Class X[++]	✓	✓	0.75%	0.50%
Legg Mason IF ClearBridge US Equity Fund				
Class A	-	✓	1%	0.40%
Class X[++]	-	✓	0.75%	0.40%
Legg Mason IF ClearBridge US Equity Income Fund				
Class A	✓	-	1%	0.80%
Class X[++]	✓	✓	0.75%	0.80%
Class X(Hedged)^	✓	-	0.75%	0.90%
Legg Mason IF ClearBridge US Aggressive Growth Fund – THIS FUND IS NOT YET AVAILABLE FOR SUBSCRIPTION				
Class A	-	✓	1%	0.20%
Class X[++]	✓	✓	0.75%	0.20%
Class X(Hedged)^	-	✓	0.75%	0.30%
Class I	-	✓	0.65%	0.12%
Class S	-	✓	0.475%	0.045%
Legg Mason IF Martin Currie Asia Pacific Fund				
Class A	-	✓	1%	0.25%
Class X[++]	-	✓	0.75%	0.25%
Legg Mason IF Martin Currie China Fund				

[#] The ACD may in its discretion charge a lower AMC to that stated in the table above.

Share class	Income	Accumulation	AMC*	GAC*
Class A	-	✓	1%	0.55%
Class X++	-	✓	0.75%	0.55%
Legg Mason IF Martin Currie Emerging Markets Fund				
Class A	-	✓	1%	0.52%
Class X++	-	✓	0.75%	0.52%
Class S	-	✓	0.65%#	0.52%
Legg Mason IF Martin Currie European Unconstrained Fund∝				
Class A	✓	✓	1%	0.35%
Class X++	✓	✓	0.75%	0.35%
Class S	✓	✓	0.55%	0.35%
Class I	✓	✓	0.65%	0.35%
Legg Mason IF Martin Currie Global Alpha Fund♦				
Class A	-	✓	1%	0.18%
Class X++	-	✓	0.75%	0.18%
Legg Mason IF Martin Currie Global Equity Income Fund				
Class A	✓	✓	1%	0.19%
Class X++	✓	✓	0.75%	0.19%
Class I	✓	-	0.65%#	0.19%
Legg Mason IF Martin Currie Japan Alpha Fund				
Class A	-	✓	1%	0.15%
Class X++	-	✓	0.75%	0.15%
Class X (Hedged)ˆ	-	✓	0.75%	0.25%
Legg Mason IF Martin Currie North American Fund				
Class A	-	✓	1%	0.16%
Class X++	-	✓	0.75%	0.16%
Class X (Hedged)ˆ	-	✓	0.75%	0.26%
Legg Mason IF QS Emerging Markets Equity Fund+++				
Class A	-	✓	1%	1%
Class X++	-	✓	0.50%	1%
Class I	-	✓	0.40%	1%
Legg Mason IF QS UK Equity Fund				
Class A	✓	✓	1%	0.55%
Class X++	✓	✓	0.75%	0.55%
Legg Mason IF Royce US Smaller Companies Fund				
Class A	-	✓	1%	0.35%
Class A (Hedged)ˆ	-	✓	1%	0.45%
Class X++	-	✓	0.75%	0.35%
Class X (Hedged) ˆ ++	-	✓	0.75%	0.45%
Legg Mason IF Japan Equity Fund				
Class A	-	✓	1%	0.65%
Class A (Hedged) ˆ	-	✓	1%	0.75%
Class X++	-	✓	0.75%	0.65%
Class X (Hedged) ˆ	-	✓	0.75%	0.75%

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

∝ Previously the Legg Mason IF Martin Currie European Equity Income Fund.

♦ Please note that the Legg Mason IF Martin Currie Global Alpha Fund is in the course of being terminated and is therefore no longer available for investment.

Share class	Income	Accumulation	AMC*	GAC*
Legg Mason IF RARE Global Infrastructure Income Fund				
Class A	✓	✓	1%	0.20%
Class X	✓	✓	0.75%	0.15%
Class S	✓	✓	0.40%	0.10%
Class A (Hedged) ˆ	✓	✓	1%	0.30%
Class X (Hedged) ˆ	✓	✓	0.75%	0.25%
Class S (Hedged) ˆ	✓	✓	0.40%	0.20%

* The ACD's annual management charge ("AMC") and the general administration charge ("GAC") are calculated as a percentage of the Scheme Property of a Fund and charged to that Fund.

++ The class X Shares minima do not apply to investors whose class B Shares were converted to class X Shares in the same Fund on or after 30 November 2017. This includes investors whose class B (Hedged) Shares were converted to class X (Hedged) Shares in the same Fund on or after 30 November 2017. Please note that class B Shares were closed to further investment on 30 November 2017 and are no longer in issue.

+++ Previously the Legg Mason Asia Pacific Fund. Please note that the Legg Mason IF QS Emerging Markets Equity Fund is in the course of being terminated and is therefore no longer available for investment.

ˆ For further explanation on the risks associated with an investment in Hedged Shares, please refer to the "Risk Factors" section in this Prospectus and the "Risk and Reward Profile" section of the key investor information document.

‡ The class I Shares minimum holdings set out above under "Buying, Selling, Switching and Converting Shares" apply only to investors who were not holders of class I Shares on 12 October 2012.

APPENDIX 3

Eligible Securities Markets and Eligible Derivatives Markets

All the Funds may deal through:

a) securities markets which are regulated markets (as defined in the glossary to the FCA Rules);

b) markets established in an EEA State which are regulated, operate regularly and are open to the public (which at the date of this prospectus includes Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK); and

c) the securities markets and derivatives markets indicated in the table below.

In addition to the above, regulated markets for the Legg Mason IF Western Asset Global Multi Strategy Bond Fund, the Legg Mason IF Brandywine Global Income Optimiser Fund, the Legg Mason IF RARE Global Infrastructure Income Fund and the Legg Mason IF ClearBridge Global Equity Income Fund shall also comprise:

> any investments listed, quoted or dealt in on any stock exchange in the US, Australia, Canada, Japan, New Zealand or Switzerland which is a stock exchange within the meaning of the law of the country concerned relating to stock exchanges, the market organised by the International Securities Markets Association, the market conducted by listed money market institutions as described in the Financial Services Authority publication entitled “The Regulation of the Wholesale Cash and OTC Derivatives Markets”: “The Grey Paper” (as amended or revised from time to time), AIM - the Alternative Investment Market in the UK, regulated by the London Stock Exchange, the French Market for Titres de Créance Négociable (over-the-counter market in negotiable debt instruments), NASDAQ Europe, the over-the-counter market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada, SESDAQ, the Russian Trading System (RTS) I and II (a Fund may only invest in equity securities which are traded on level 1 or level 2 of the relevant market; a Fund may not invest more than: (a) 30% of its net assets in equity securities which are traded on RTS I; (b) 20% of its net assets in equity securities which are traded on RTS II; and (c) 30% in aggregate of its net assets in equity securities which are traded on either RTS I or RTS II)).

Up to 10% in value of any Fund may be invested in transferable securities which are not approved securities.

	Legg Mason IF Western Asset Retirement Income Bond Fund	Legg Mason IF Western Asset Global Multi Strategy Bond Fund	Legg Mason IF Brandywine Global Income Optimiser Fund	Legg Mason IF QS Emerging Markets Equity Fund[+]	Legg Mason IF ClearBridge Global Equity Income Fund	Legg Mason IF Japan Equity Fund	Legg Mason IF ClearBridge US Equity Fund	Legg Mason IF ClearBridge US Equity Income Fund	Legg Mason IF Royce US Smaller Companies Fund	Legg Mason IF ClearBridge US Aggressive Growth Fund
Eligible Securities Markets:										
Argentina										
Argentina Stock Market (MERVAL)		✓								
Australia										
Australian Securities Exchange (ASX Ltd)		✓	✓		✓		✓	✓		✓
Austria										
Vienna Stock Exchange/Wiener Borse AG	✓	✓	✓		✓		✓	✓		✓
Brazil										
Sao Paolo Stock Exchange		✓	✓	✓	✓					
Canada										
Montreal Stock Exchange		✓	✓		✓		✓	✓		✓
The Toronto Stock Exchange			✓				✓	✓	✓	✓
Toronto Futures Exchange		✓	✓		✓		✓	✓		✓
TSX Ventures Exchange (CDNX)			✓				✓	✓		✓
Chile										
Santiago Stock Exchange		✓	✓	✓	✓					
China										
Shenzhen Stock Exchange		✓		✓	✓					
Shanghai Stock Exchange		✓		✓	✓					
Colombia										
Colombia Stock Exchange / Bolsa de Valores de Colombia		✓	✓	✓	✓					
Croatia										
Zagreb Stock Exchange		✓			✓					
Egypt										
Cairo Stock Exchange		✓		✓	✓					
Alexandria Stock Exchange		✓		✓	✓					
Hong Kong										
Stock Exchange of Hong Kong		✓		✓	✓		✓	✓		✓
Hong Kong Futures Exchange		✓		✓	✓					
GEM (Growth Enterprise Market)										
India										
National Stock Exchange of India		✓		✓	✓					
Bombay Stock Exchange		✓		✓	✓					

	Legg Mason IF Western Asset Retirement Income Bond Fund	Legg Mason IF Western Asset Global Multi Strategy Bond Fund	Legg Mason IF Brandywine Global Income Optimiser Fund	Legg Mason IF QS Emerging Markets Equity Fund[+]	Legg Mason IF ClearBridge Global Equity Income Fund	Legg Mason IF Japan Equity Fund	Legg Mason IF ClearBridge US Equity Fund	Legg Mason IF ClearBridge US Equity Income Fund	Legg Mason IF Royce US Smaller Companies Fund	Legg Mason IF ClearBridge US Aggressive Growth Fund
Indonesia										
Indonesia Stock Exchange, ISX		✓	✓	✓	✓					
Jakarta Stock Exchange				✓						
Israel										
Tel Aviv Stock Exchange	✓	✓			✓					
Japan										
Osaka Securities Exchange		✓	✓		✓	✓	✓	✓		✓
Tokyo Stock Exchange		✓	✓		✓	✓	✓	✓		✓
Nagoya Stock Exchange			✓			✓	✓	✓		✓
Sapporo Stock Exchange			✓			✓	✓	✓		✓
Tokyo International Financial Futures Exchange			✓			✓	✓	✓		✓
OTC Market JASDAQ		✓	✓		✓	✓	✓	✓		✓
Hercules			✓			✓				
Korea										
Korea Exchange Incorporated			✓	✓			✓	✓		✓
KOSDAQ			✓	✓						
Malaysia										
Bursa Malaysia Berhad		✓	✓	✓	✓					
Mexico										
Mexican Stock Exchange		✓	✓	✓	✓		✓	✓		✓
Mexican Derivatives Exchange – MexDer		✓	✓	✓	✓					
New Zealand										
New Zealand Stock Exchange			✓				✓	✓		✓
New Zealand Futures Exchange		✓	✓		✓					
New Zealand Futures and Options Exchange (NZFOE)			✓				✓	✓		✓
Pakistan										
Karachi Stock Exchange										
Philippines										
Philippine Stock Exchange		✓	✓	✓	✓					
Peru										
Lima Stock Exchange		✓		✓	✓					
Qatar										
Qatar Exchange				✓						
Russia										
Moscow Exchange				✓						
Singapore										
Singapore Exchange		✓	✓		✓		✓	✓		✓
South Africa										

	Legg Mason IF Western Asset Retirement Income Bond Fund	Legg Mason IF Western Asset Global Multi Strategy Bond Fund	Legg Mason IF Brandywine Global Income Optimiser Fund	Legg Mason IF QS Emerging Markets Equity Fund+	Legg Mason IF ClearBridge Global Equity Income Fund	Legg Mason IF Japan Equity Fund	Legg Mason IF ClearBridge US Equity Fund	Legg Mason IF ClearBridge US Equity Income Fund	Legg Mason IF Royce US Smaller Companies Fund	Legg Mason IF ClearBridge US Aggressive Growth Fund
South Africa Futures Exchange (SAFEX)		✓	✓	✓	✓		✓	✓		✓
JSE Securities Exchange South Africa		✓	✓	✓	✓		✓	✓		✓
South Korea										
Korea Exchange Incorporated		✓	✓		✓					
Sri Lanka										
Colombo Stock Exchange		✓			✓					
Switzerland										
SWX Swiss Exchange	✓	✓	✓		✓		✓	✓		✓
Eurex	✓	✓	✓		✓		✓	✓		✓
Taiwan										
Taiwan Stock Exchange		✓		✓	✓					
Gre Tai Securities Market				✓						
Thailand										
Stock Exchange of Thailand		✓	✓	✓	✓		✓	✓		
Turkey										
Istanbul Stock Exchange	✓	✓	✓	✓	✓					
United Arab Emirates										
Dubai Financial Market				✓						
NASDAQ Dubai				✓						
United States										
American Stock Exchange	✓	✓	✓	✓	✓		✓	✓	✓	✓
Boston Stock Exchange	✓	✓	✓	✓	✓		✓	✓	✓	✓
Chicago SE	✓	✓	✓	✓	✓		✓	✓	✓	✓
Pacific SE	✓		✓	✓			✓	✓	✓	✓
NYSE Arca		✓	✓	✓	✓					
Chicago Board of Trade (GLOBEX)	✓	✓	✓	✓	✓		✓	✓	✓	✓
Chicago Board Options Exchange (CBOE)	✓	✓	✓	✓	✓		✓	✓	✓	✓
Chicago Mercantile Exchange	✓	✓	✓	✓	✓		✓	✓	✓	✓
Midwest Stock Exchange		✓	✓	✓	✓					
New York Stock Exchange	✓	✓	✓	✓	✓		✓	✓	✓	✓
New York Futures Exchange	✓	✓	✓	✓	✓		✓	✓	✓	✓
New York Mercantile Exchange (NYMEX)	✓	✓	✓	✓	✓		✓	✓	✓	✓
Kansas City Board of Trade	✓	✓	✓	✓	✓		✓	✓	✓	✓
Philadelphia Board of Trade		✓	✓	✓	✓					
Philadelphia Stock Exchange	✓	✓	✓	✓	✓		✓	✓	✓	✓
The NASDAQ Stock Market (National Association of Securities	✓	✓	✓	✓	✓		✓	✓	✓	✓

	Legg Mason IF Western Asset Retirement Income Bond Fund	**Legg Mason IF Western Asset Global Multi Strategy Bond Fund**	**Legg Mason IF Brandywine Global Income Optimiser Fund**	**Legg Mason IF QS Emerging Markets Equity Fund+**	**Legg Mason IF ClearBridge Global Equity Income Fund**	**Legg Mason IF Japan Equity Fund**	**Legg Mason IF ClearBridge US Equity Fund**	**Legg Mason IF ClearBridge US Equity Income Fund**	**Legg Mason IF Royce US Smaller Companies Fund**	**Legg Mason IF ClearBridge US Aggressive Growth Fund**
Dealers Inc)										
The over the counter market in the US*	✓	✓	✓	✓	✓					
The market in US government securities**	✓	✓	✓	✓	✓					

*Conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and by the National Association of Securities Dealers and by banking institutions regulated by the US controller of the currency, the Federal Reserve Systems or Federal Deposit Insurance Corporation.
**Conducted by primary dealers selected by the Federal Reserve Bank of New York.

+ Previously the Legg Mason Asia Pacific Fund. Please note that the Legg Mason IF QS Emerging Markets Equity Fund is in the course of being terminated and is therefore no longer available for investment.

	Legg Mason IF Martin Currie Asia Pacific Fund	Legg Mason IF Martin Currie Emerging Markets Fund	Legg Mason IF Martin Currie Global Alpha Fund+	Legg Mason IF Martin Currie Japan Alpha Fund	Legg Mason IF Martin Currie North American Fund	Legg Mason IF Martin Currie China Fund	Legg Mason IF Martin Currie European Unconstrained Fund	Legg Mason IF Martin Currie Global Equity Income Fund	Legg Mason IF RARE Global Infrastructure Income Fund
Eligible Securities Markets:									
Australia									
Australian Securities Exchange (ASX Ltd)	✓		✓					✓	✓
Austria									
Vienna Stock Exchange/Wiener Borse AG		✓	✓				✓	✓	
Brazil									
Sao Paolo Stock Exchange		✓	✓					✓	✓
Canada									
Montreal Stock Exchange		✓	✓		✓			✓	✓
The Toronto Stock Exchange		✓	✓		✓			✓	✓
Toronto Futures Exchange		✓	✓		✓			✓	✓
TSX Ventures Exchange (CDNX)		✓	✓		✓			✓	✓
Chile									
Santiago Stock Exchange		✓							✓
China									
Shenzhen Stock Exchange	✓	✓				✓			✓
Shanghai Securities Exchange	✓	✓				✓			✓
China Financial Futures Exchange	✓	✓				✓			✓
Colombia									
Colombia Stock Exchange / Bolsa de Valores de Colombia									
Croatia									
Zagreb Stock Exchange									
Egypt									
Cairo Stock Exchange		✓							
Alexandria Stock Exchange		✓							

	Legg Mason IF Martin Currie Asia Pacific Fund	Legg Mason IF Martin Currie Emerging Markets Fund	Legg Mason IF Martin Currie Global Alpha Fund[+]	Legg Mason IF Martin Currie Japan Alpha Fund	Legg Mason IF Martin Currie North American Fund	Legg Mason IF Martin Currie China Fund	Legg Mason IF Martin Currie European Unconstrained Fund	Legg Mason IF Martin Currie Global Equity Income Fund	Legg Mason IF RARE Global Infrastructure Income Fund
Hong Kong									
Stock Exchange of Hong Kong	✓	✓	✓			✓		✓	✓
Hong Kong Futures Exchange	✓	✓	✓			✓		✓	✓
GEM (Growth Enterprise Market)									✓
India									
National Stock Exchange of India	✓	✓	✓						✓
Bombay Stock Exchange	✓	✓	✓						✓
Indonesia									
Indonesia Stock Exchange, ISX	✓	✓	✓					✓	✓
Jakarta Stock Exchange	✓	✓	✓					✓	✓
Israel									
Tel Aviv Stock Exchange		✓	✓					✓	
Japan									
Osaka Securities Exchange			✓	✓				✓	
Tokyo Stock Exchange			✓	✓				✓	
Nagoya Stock Exchange			✓	✓				✓	
Sapporo Stock Exchange			✓	✓				✓	
Tokyo International Financial Futures Exchange			✓	✓				✓	
OTC Market JASDAQ			✓	✓				✓	
Hercules			✓	✓				✓	
Korea									
Korea Exchange Incorporated	✓	✓	✓					✓	✓
KOSDAQ	✓	✓	✓					✓	✓
Malaysia									
Bursa Malaysia Berhad	✓	✓	✓					✓	
Bursa Malaysia Derivatives (KLOFFE)	✓	✓	✓					✓	

	Legg Mason IF Martin Currie Asia Pacific Fund	Legg Mason IF Martin Currie Emerging Markets Fund	Legg Mason IF Martin Currie Global Alpha Fund[+]	Legg Mason IF Martin Currie Japan Alpha Fund	Legg Mason IF Martin Currie North American Fund	Legg Mason IF Martin Currie China Fund	Legg Mason IF Martin Currie European Unconstrained Fund	Legg Mason IF Martin Currie Global Equity Income Fund	Legg Mason IF RARE Global Infrastructure Income Fund
Mexico									
Mexican Stock Exchange		✓	✓					✓	✓
Mexican Derivatives Exchange – MexDer		✓	✓					✓	✓
New Zealand									
New Zealand Stock Exchange			✓					✓	
New Zealand Futures Exchange			✓					✓	
New Zealand Futures and Options Exchange (NZFOE)									
Pakistan									
Karachi Stock Exchange									
Philippines									
Philippine Stock Exchange	✓	✓	✓					✓	
Peru									
Lima Stock Exchange		✓							
Qatar									
Qatar Exchange		✓							
Russia									
Moscow Exchange									
Singapore									
Singapore Exchange	✓	✓	✓	✓		✓		✓	✓
South Africa									
South Africa Futures Exchange (SAFEX)		✓	✓					✓	
JSE Securities Exchange South Africa		✓	✓					✓	
South Korea									
Korea Exchange Incorporated	✓	✓	✓						✓
Sri Lanka									
Colombo Stock Exchange									
Switzerland									

	Legg Mason IF Martin Currie Asia Pacific Fund	Legg Mason IF Martin Currie Emerging Markets Fund	Legg Mason IF Martin Currie Global Alpha Fund+	Legg Mason IF Martin Currie Japan Alpha Fund	Legg Mason IF Martin Currie North American Fund	Legg Mason IF Martin Currie China Fund	Legg Mason IF Martin Currie European Unconstrained Fund	Legg Mason IF Martin Currie Global Equity Income Fund	Legg Mason IF RARE Global Infrastructure Income Fund
SWX Swiss Exchange			✓				✓	✓	✓
Eurex			✓				✓	✓	✓
Taiwan									
Taiwan Stock Exchange	✓	✓	✓			✓		✓	
Gre Tai Securities Market	✓	✓	✓			✓		✓	
Taiwan Futures Exchange	✓	✓	✓			✓		✓	
Thailand									
Stock Exchange of Thailand	✓	✓	✓					✓	✓
Turkey									
Istanbul Stock Exchange		✓	✓					✓	✓
United Arab Emirates									
Dubai Financial Market (DFM)		✓							
Abu Dhabi (ADX)		✓							
NASDAQ Dubai									
United States									
American Stock Exchange	✓	✓	✓	✓	✓	✓	✓	✓	✓
Boston Stock Exchange	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chicago SE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pacific SE	✓	✓	✓	✓	✓	✓	✓	✓	✓
NYSE Arca	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chicago Board of Trade (GLOBEX)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chicago Board Options Exchange (CBOE)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chicago Mercantile Exchange	✓	✓	✓	✓	✓	✓	✓	✓	✓
Midwest Stock Exchange	✓	✓	✓	✓	✓	✓	✓	✓	✓
New York Stock Exchange	✓	✓	✓	✓	✓	✓	✓	✓	✓
New York Futures Exchange	✓	✓	✓	✓	✓	✓	✓	✓	✓
New York Mercantile Exchange (NYMEX)	✓	✓	✓	✓	✓	✓	✓	✓	✓

	Legg Mason IF Martin Currie Asia Pacific Fund	Legg Mason IF Martin Currie Emerging Markets Fund	Legg Mason IF Martin Currie Global Alpha Fund+	Legg Mason IF Martin Currie Japan Alpha Fund	Legg Mason IF Martin Currie North American Fund	Legg Mason IF Martin Currie China Fund	Legg Mason IF Martin Currie European Unconstrained Fund	Legg Mason IF Martin Currie Global Equity Income Fund	Legg Mason IF RARE Global Infrastructure Income Fund
Kansas City Board of Trade	✓	✓	✓	✓	✓	✓	✓	✓	✓
Philadelphia Board of Trade	✓	✓	✓	✓	✓	✓	✓	✓	✓
Philadelphia Stock Exchange	✓	✓	✓	✓	✓	✓	✓	✓	✓
The NASDAQ Stock Market (National Association of Securities Dealers Inc)	✓	✓	✓	✓	✓	✓	✓	✓	✓
The over the counter market in the US*									
The market in US government securities**									

*Conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and by the National Association of Securities Dealers and by banking institutions regulated by the US controller of the currency, the Federal Reserve Systems or Federal Deposit Insurance Corporation.

**Conducted by primary dealers selected by the Federal Reserve Bank of New York.

+ Please note that the Legg Mason IF Martin Currie Global Alpha Fund is in the course of being terminated and is therefore no longer available for investment.

APPENDIX 4

Fund Performance

Performance reported to 31 July 2018 in Pounds sterling.

Fund Name	Reported Share Class	Fund Inception Date	1.08.2013 31.07.2014	1.08.2014 31.07.2015	3.08.2015 29.07.2016	31.08.2016 31.07.2017	1.08.2017 31.07.2018	5 Years % (Cumulative)	Since Fund Inception Date
Legg Mason IF Brandywine Global Income Optimiser Fund	Class A Income	**19.12.11**	6.66	-2.27	6.00	5.31	-1.31	14.84	36.71
Legg Mason IF Western Asset Retirement Income Bond Fund *	Class A Income	**12.02.98**	0.94	-0.81	6.41	2.70	-0.53	8.83	101.30
Legg Mason IF Western Asset Global Multi Strategy Bond Fund	Class A Income	**23.05.08**	4.57	-1.26	4.07	6.40	-1.69	12.38	39.24
Legg Mason IF ClearBridge Global Equity Income Fund	Class A Income	**23.05.08**	9.87	5.04	8.93	21.24	0.98	53.91	122.10
Legg Mason IF ClearBridge US Equity Fund	Class A Accumulation	**02.01.03**	6.52	12.53	14.13	15.76	6.76	69.06	132.68
Legg Mason IF ClearBridge US Equity Income Fund	Class A Income	**17.10.11**	3.20	9.00	25.85	12.14	11.06	76.29	145.28
Legg Mason IF Martin Currie Asia Pacific Fund (The Sub-Fund merged on 26 June 2015 with the Martin Currie Asia Pacific Fund)	Class A Accumulation	**14.02.94**	1.14	-1.30	19.21	27.23	3.70	57.01	279.06
Legg Mason IF Martin Currie China Fund	Class A Accumulation	**10.03.10**	3.88	9.48	11.02	36.33	9.36	88.26	89.20
Legg Mason IF Martin Currie Emerging Markets Fund (The Sub-Fund merged on 26 June 2015 with the Martin Currie Emerging Markets Fund)	Class A Accumulation	**09.09.91**	-0.28	-10.43	20.31	31.15	8.49	52.90	578.30
Legg Mason IF Martin Currie European Unconstrained Fund** (The Sub-Fund merged on 26 June 2015 with the Martin Currie European Equity Income Fund)	Class A Accumulation	**06.05.85**	2.68	5.97	2.83	21.38	1.75	38.19	1,994.2
Legg Mason IF Martin Currie Global Equity Income Fund (The Sub-Fund merged on 26 June 2015 with the Martin Currie Global Equity Income Fund) +	Class A Accumulation	**01.11.10**	-0.38	1.97	14.93	12.22	6.51	39.55	92.34
Legg Mason IF Martin Currie Japan Alpha Fund (The Sub-Fund merged on 26 June 2015 with the Martin Currie Japan Fund)	Class A Accumulation	**16.01.06**	-6.84	9.39	14.31	16.28	11.44	50.96	65.60

Legg Mason IF Martin Currie North American Fund (The Sub-Fund merged on 26 June 2015 with the Martin Currie North American Fund)	Class A Accumulation	**01.09.83**	4.93	18.81	14.50	14.96	17.52	92.84	1,711.35
Legg Mason IF QS Emerging Markets Equity Fund++	Class A Accumulation	**16.02.04**	6.21	-7.08	14.44	12.16	N/A	N/A	N/A
Legg Mason IF QS UK Equity Fund	Class A Accumulation	**31.10.95**	4.92	12.87	0.68	6.74	5.20	33.90	249.95
Legg Mason IF Royce US Smaller Companies Fund	Class A Accumulation	**29.03.04**	4.22	1.76	15.37	15.64	17.60	66.40	298.20
Legg Mason IF Japan Equity Fund	Class A Accumulation	**08.10.96**	1.58	24.52	63.90	4.79	29.38	181.11	614.26
Legg Mason IF RARE Global Infrastructure Income Fund	Class A Income	**01.07.16**	-	-	-	14.84	-4.37	-	11.58

+ Note that the Legg Mason IF Martin Currie Global Alpha Fund is in the course of being terminated and is therefore no longer available for investment.
++ Previously the Legg Mason Asia Pacific Fund. Please note that the Legg Mason IF QS Emerging Markets Equity Fund is in the course of being terminated and is therefore no longer available for investment.

***** Note – previously the Legg Mason IF Western Asset Global Blue Chip Bond Fund. On 24 November 2015, the Fund changed its investment objective and policy. The past performance shown before this change was therefore achieved under circumstances that no longer apply.

** Note – previously the Legg Mason IF Martin Currie European Equity Income Fund. On 17 December 2018, the Fund changed its investment objective and policy. The past performance shown before this change was therefore achieved under circumstances that no longer apply.

Source for performance figures: Legg Mason. Performance is calculated on a NAV to NAV basis. The performance reflects all fees and charges payable by the fund but does not reflect any entry or exit charge that might be payable. For performance purposes only, any distributed income has been reinvested.

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

APPENDIX 5

Investment Powers and Safeguards

Each Fund is categorised as a "UCITS scheme". The Funds are to be invested within the investment powers permitted for funds which are eligible under that Directive hence the name of their scheme type under the FCA Rules, "UCITS scheme". The full investment and borrowing powers for a UCITS scheme are explained below.

General

The ACD must ensure that, taking account of the investment objective and policy of the relevant Fund, the Scheme Property of the Fund aims to provide a prudent spread of risk.

An aim of the restrictions on investment and borrowing powers for a UCITS scheme set out in the COLL Sourcebook is to help protect Shareholders by laying down minimum requirements for the investments which may be held by a Fund. There are requirements for the types of investments which may be held by a Fund. There are also a number of investment rules requiring diversification of investment of a Fund, and so providing a prudent spread of risk. The ACD will, on a Shareholder's request, provide supplementary information to that set out in this Prospectus relating to the quantitative limits applying in the risk management of a Fund, the methods used in this connection and any recent development of the risk and yields of the main categories of investment of a Fund.

Types of investment

The property of a Fund must except where otherwise provided in the COLL Sourcebook, as outlined below consist solely of any or all of:

- transferable securities;
- approved money market instruments;
- derivatives and forward transactions;
- deposits; and
- units in collective investment schemes,

in each case as permitted under the terms of Section 5 of the COLL Sourcebook, as outlined below.

The Scheme Property of the Company may also include moveable and immoveable property that is essential for the direct pursuit of the Company's business, but it is not intended that the Company shall hold any such property.

The Funds may, in principle, invest up to 100% in any of the types of assets mentioned above. The following paragraphs therefore summarise the restrictions for UCITS schemes generally under the COLL Sourcebook. However, each of the Funds is managed subject to its investment objective and investment policy (as specified in Appendix 1), and this indicates the likely type of investments which will be held. In accordance with each Fund's investment objective and investment policy, each Fund will invest predominantly in transferable securities. The Manager does not envisage that the Funds will invest in collective investment schemes, money market instruments or warrants to any material extent, unless a Fund's investment policy (as specified in Appendix 1) states that it is intended that it should. Similarly, unless a Fund's investment policy (as specified in Appendix 1) states that it is intended that it should, the ACD does not intend to invest in derivative instruments or forward transactions, except for the limited purposes of efficient management of the portfolio as explained below (see 'Proposed use of derivatives by the Funds').

1. Transferable securities

1.1 What is a transferable security?

(a) A transferable security is an investment which is any of the following: a share, a debenture, a warrant or a certificate representing certain securities. An investment is not a transferable security if title to it cannot be transferred, or can be transferred only with the consent of a third party (although, in the case of an investment which is issued by a body corporate and which is a share or debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored). An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

(b) A Fund may invest in a transferable security only to the extent that that transferable security fulfils the following criteria:

(i) the potential loss which the Fund may incur with respect to holding the transferable securities is limited to the amount it paid for it;

(ii) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder;

(iii) a reliable valuation is available for it as follows: (i) for a transferable security admitted to or dealt in on an eligible market, there are accurate reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers; and (ii) for a transferable security not admitted to or dealt in on an eligible market, there is a valuation on a periodic basis which is derived from information from the issuers of the transferable security or from competent investment research);

(iv) appropriate information is available for it as follows: (i) for a transferable security admitted to or dealt in on an eligible market, there is regular accurate and comprehensive information available to the market on that security or, where relevant on the portfolio of the transferable security; and (ii) for a transferable security not admitted to or dealt in on an eligible market, there is regular and accurate information available to the ACD on the transferable security or where relevant on the portfolio of the transferable security;

(v) it is negotiable; and

(vi) its risks are adequately captured by the risk management process of the ACD.

(c) Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market is presumed not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder and to be negotiable.

(d) Where the ACD considers that the liquidity or negotiability of a transferable security might compromise the ability of the ACD to comply with its obligation to redeem Shares, it should assess the liquidity risk in accordance with the CESR Guidelines with respect to Article 2(1) of the Eligible Assets Directive.

(e) Note that a unit in a closed ended fund is taken to be a transferable security provided it fulfils the above criteria and either:

(i)where the closed ended fund is constituted as an investment company or a unit trust:

- it is subject to corporate governance mechanisms applied to companies; and

- where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

(ii)where the closed ended fund is constituted under the law of contract:

- it is subject to corporate governance mechanisms equivalent to those applied to companies; and

- it is managed by a person who is subject to national regulation for the purposes of investor protection.

(f) Shares in UK investment trusts are classified as transferable securities.

1.2 Transferable securities linked to other assets

(a) A Fund may invest in any other investment which may be taken to be a transferable security for the purposes of investment by a Fund provided that the investment fulfils the criteria set out above and is backed by or linked to the performance of other assets which may differ from those in which a UCITS scheme can invest.

(b) Where such an investment contains an embedded derivative component, the requirements with respect to derivatives and forwards will apply to that component.

1.3 What are "approved securities"?

Each Fund will generally invest in "approved securities", which are transferable securities which are admitted to, or dealt in on, an eligible market as defined for the purposes of the COLL Sourcebook.

1.4 Limited investment in unapproved securities

Not more than 10% in value of a Fund's property is to consist of transferable securities which are not such approved securities or recently issued transferable securities, as explained below (together with any approved money market instruments which are not within any of the paragraphs (a) to (c) below under the heading 'Eligible money market instruments').

1.5 Eligible Markets

An Eligible Market for the purpose of the COLL Sourcebook is:

(a) a regulated market, which is a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of the Markets in Financial Instruments Directive (MiFID);

(b) a market in an EEA state which is regulated, operates regularly and is open to the public; or

(c) a market which the ACD, after consultation with, and notification to, the Depositary, determines is appropriate for the purpose of investment of, or dealing in, the property of the Company and as set out in Appendix 3 to this Prospectus. In accordance with the relevant criteria in the COLL Sourcebook, such a market must be regulated; operate regularly; recognised as a market or exchange or as a self-regulating organisation by an overseas regulator; open to the public; be adequately liquid; and have adequate arrangements for unimpeded transmission of income and capital to, or to the order of, investors.

The Eligible Securities Markets for each Fund as at the date of this Prospectus are set out in Appendix 3.

1.6 Recently issued transferable securities

Recently issued transferable securities may be held by a Fund provided that:

(a) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

(b) such admission is secured within a year of issue.

2. Money market instruments

2.1 What is an "approved money market instrument"?

An approved money market instrument is a money market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

(a) normally dealt in on the money market

A money market instrument shall be regarded as normally dealt in on the money market if it:

(i) has a maturity at issuance of up to and including 397 days;

(ii) has a residual maturity of up to and including 397 days;

(iii) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

(iv) has a risk profile including credit and interest rate risks corresponding to that of the instrument which has a maturity as set out in (i) or (ii) or is subject to yield adjustment as set out in (iii).

(b) regarded as liquid

A money market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder; and

(c) has a value which can be accurately determined at any time.

A money market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuation systems, which will fulfil the following criteria, are available:

(i) they enable the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and

(ii) they are based either on market data or on valuation models including systems based on amortised costs.

The ACD is obliged to assess the liquidity of a money market instrument in accordance with the CESR Guidelines with respect to Article 4(1) of the UCITS Eligible Assets Directive.

2.2 Eligible money market instruments

Generally investments may be made in the following types of money market instrument:

(a) Money market instruments admitted to/dealt in on an Eligible Market

A money market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time, and so be an "approved money market instrument", unless there is information available to the ACD that would lead to a different determination.

(b) Money market instruments with certain regulated issuers

In addition to instruments admitted to or dealt in on an eligible market, a UCITS scheme may invest in an approved money market instrument provided:

(i) the issue or the issuer is regulated for the purpose of protecting investors and savings

This is regarded as being the case if:

- the instrument is an approved money market instrument (as explained above);
- appropriate information is available for the instrument (including information which allows an appropriate assessment of credit risks related to investment in it);

  Generally, the following information must be available:

  - information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - updates of that information on a regular basis and whenever a significant event occurs; and
  - available and reliable statistics on the issue or the issuance programme, or where appropriate, other data enabling an appropriate assessment of the credit risks related to investment in those instruments;

    In the case of an approved money market instrument issued or guaranteed by a central authority of an EEA state or, if the EEA state is a federal state, one of the members making up the federation, the European Union or the European Investment Bank or a non EEA state or, in the case of a federal state, one of the members making up the federation, or which is issued by a regional or local authority of an EEA state or a public international body to which one or more EEA states belong and is guaranteed by a central authority of an EEA state or, if the EEA state is a federal state, one of the members making up the federation, information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument; and

- the instrument is freely transferable; and

(ii) the instrument is:

- issued or guaranteed by any one of the following: a central authority of an EEA state or, if the EEA state, is a federal state, one of the members making up the federation; a regional or local authority of an EEA state; the European Central Bank or a central bank of an EEA state; the European Union or the European Investment Bank; a non EEA state or, in the case of federal state, one of the members making up the federation; a public international body to which one or more EEA member states belong; or

- issued by a body, any securities of which are dealt in on an eligible market; or

- issued or guaranteed by an establishment which is: (i) subject to prudential supervision in accordance with the criteria defined by European Community law or (ii) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law. (This latter condition is considered satisfied if it is subject to and complies with prudential rules and fulfils one or more of the following criteria: it is located in the EEA; it is located in an OECD country belonging to the Group of Ten; it has at least investment grade rating or, on the basis of an in depth analysis of the issuer, it can be demonstrated that prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.)

(c) Other money market instruments with a regulated issuer

In addition to instruments admitted to or dealt in on an eligible market, a UCITS scheme may also, with the express consent of the FCA (which takes the form of a waiver under Section 148 of the Financial Services and Markets Act 2000), invest in an approved money market instrument provided:

(i) the issue or issuer is itself regulated for the purpose of protecting investors and savings on the basis explained above;

(ii) investment in that instrument is subject to investor protection equivalent to that provided by instruments which satisfy the requirements explained above; and

(iii) the issuer is a company whose capital and reserves amount to at least €10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

A securitisation vehicle is a structure, whether in corporate, trust or contractual form, set out for the purpose of securitisation operations.

A banking liquidity line is a banking facility secured by a financial institution which is an establishment subject to prudential supervision in accordance with criteria defined by European Community law or in an establishment which is subject to, and complies with, prudential rules considered by the FCA to be at least a stringent as those laid down by European Community law.

2.3 Limited investment in unapproved money market instruments

Not more than 10% in value of the Scheme Property of a Fund may consist of approved money market instruments which are not within any of the paragraphs (a) to (c) above under the heading ‘Eligible money market instruments’ (together with any transferable securities which are not approved securities or recently issued transferable securities as explained above).

3. Deposits

A Fund may invest in deposits only if they are with an approved bank and are repayable on demand or have the right to be withdrawn and mature in no more than twelve months.

4. Derivatives

Under the COLL Sourcebook, derivatives (a contract for difference, a future or an option) are permitted for UCITS schemes for investment purposes. Derivative transactions may, under the COLL Sourcebook, be used for the purposes of Efficient Portfolio Management (including hedging) or meeting the investment objectives or both.

Although the Company is governed by the COLL Sourcebook, use of the full extent of the powers allowed under the COLL Sourcebook is only available for a Fund if approved by a resolution of Shareholders in that Fund. Consequently, unless a Fund’s investment policy (as specified in Appendix 1) states that it is intended that it may use the wider powers to invest in derivatives for the purposes of meeting that Fund’s investment objectives (as described in the following paragraphs), investment in derivatives and forward transactions for the Funds is constrained to use for the limited purposes of efficient management of the Fund as explained below (see ‘Proposed use of derivatives by the Funds’).

Subject to certain detailed restrictions, a transaction in derivatives or a forward transaction may be effected for a Fund if it is a permitted transaction and the transaction is covered, on the basis explained below. A transaction in a derivative must not cause a Fund to diverge from its investment objectives. For any derivative transaction, there are requirements if that transaction will or could lead to the delivery of property, and there must be an appropriate risk management process in place.

4.1 Permitted derivative transactions for UCITS schemes

Subject to certain detailed restrictions, a transaction in derivatives or a forward transaction may be effected for a Fund if it is:

- a permitted transaction; and

- the transaction is covered;

in each case on the basis explained below.

4.2 Permitted transactions

A transaction in a derivative must be either:

(a) in an approved derivative, i.e. a transaction effected on or under the rules of an eligible derivatives market

Eligible derivatives markets are those which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of the Fund in question with regard to the relevant criteria set out in the COLL Sourcebook and the formal guidance on eligible markets issued by the FCA as amended from time to time. The eligible derivatives markets for the Fund are set out in Appendix 3; or

(b) subject to restrictions, an OTC derivative transaction.

Any transaction in an OTC derivative must be:

(i) with an approved counterparty

A counterparty to a transaction in derivatives is approved only if the counterparty is:

- an eligible institution or an approved bank; or

- a person whose permission permits it to enter into transactions as principal off – exchange;

(ii) on approved terms

The terms of the transaction in derivatives are approved only if, the ACD:

- carries out, at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and

- can enter into one or more further transaction to sell, liquidate or close out that transaction at any time at its fair value ("fair value" for the purpose of this paragraph, is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.);

(iii) capable of reliable valuation

A transaction in derivatives is capable of reliable valuation only if the ACD, having taken reasonable care, determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

- on the basis of an up to date market value which the ACD and the Depositary have agreed is reliable; or

- if the value referred to above is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

(iv) subject to verifiable valuation

A transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into), verification of the valuation is carried out by:

- an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or

- a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

(c) A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money market instruments, units in a collective investment scheme or derivatives, provided that a sale is not to be considered as uncovered if the conditions below (see 'Requirement to cover sales') are satisfied.

(d) Any forward transaction must be made with an Eligible Institution or an Approved Bank.

(e) A derivative includes an instrument which fulfils the following criteria:

(i) it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;

(ii) it does not result in the delivery or the transfer of assets other than those referred to regarding permitted types of scheme property for a UCITS scheme including cash;

(iii) in the case of an OTC derivative, it complies with the requirements for OTC transactions in derivatives explained above;

(iv) its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

4.3 Proposed use of derivatives by the Funds

As mentioned above, unless a Fund's investment policy (as specified in Appendix 1) states that the contrary is intended, the ACD does not intend to enter into derivatives and forward transactions except for the limited purposes of Efficient Portfolio Management. **Accordingly, unless otherwise stated in this Prospectus in relation to a particular Fund, it is not anticipated that the use of derivatives will have an adverse effect on the risk profile of the Funds.**

The Legg Mason IF Western Asset Global Multi Strategy Bond Fund, the Legg Mason IF Brandywine Global Income Optimiser Fund, the Legg Mason IF Martin Currie Asia Pacific Fund, the Legg Mason IF Martin Currie China Fund, the Legg Mason IF Martin Currie Emerging Markets Fund, Legg Mason IF Martin Currie European Unconstrained Fund, Legg Mason IF Martin Currie Global Equity Income Fund and the Legg Mason IF RARE Infrastructure Income Fund may use derivatives for investment purposes. Using derivatives may increase the volatility of the Funds and alter the risk profile of the Funds.

For the limited purposes of Efficient Portfolio Management, the ACD may utilise the property of a Fund to enter into derivatives and forward transactions which are reasonably regarded by the ACD as economically appropriate and which are effected in order to achieve a reduction in certain risks or costs or the generation of additional capital or income for the Fund with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in the COLL Sourcebook. Subject to any applicable limits set in paragraph 4.11 ("Securities Financing Transaction Regulation") below, there is no limit on the amount or value of the property of the Fund which may be used in respect of such transactions, but the ACD will only enter into a transaction if it reasonably believes the transaction to be economically appropriate. The following types of risk are relevant: market risk; interest rate risk; credit risk and foreign exchange (FX) risk.

As further described in paragraph 4.11 ("Securities Financing Transaction Regulation") below, certain of the Funds enter into total return swaps from time to time. Currently, only the Legg Mason IF Western Asset Global Multi Strategy Bond Fund and Legg Mason IF Brandywine Global Income Optimiser Fund enter into total return swaps. Total return swaps are agreements whereby the Fund agrees to pay a stream of payments based on an agreed interest rate in exchange for payments representing the total economic performance, over the life of the swap, of the asset or assets underlying the swap. Through the swap the Fund may take a long or short position in the underlying asset(s), which may constitute a single security or a basket of securities. Exposure through the swap closely replicates the economics of physical shorting (in the case of short positions) or physical ownership (in the case of long positions), but in the latter case without the voting or beneficial ownership rights of direct physical ownership. If a Fund invests in total return swaps or other derivatives with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The risk of the counterparty defaulting on its obligations under the total return swap and its effect on investor returns are described in the section entitled "Risk Factors" and in particular the paragraphs headed "Counterparty and collateral risk" and "Derivatives and Securities Financing Transactions". The counterparties to total return swaps entered into by a Fund will not assume any discretion over the composition or management of the Fund's investment portfolio or over the underlying of the financial derivative instruments, and the counterparty's approval is not required in relation to any portfolio transactions by the Fund.

4.4 Valuation of OTC derivatives

(a) For the purposes of paragraph 4.2(b)(ii) the ACD must:

(i) establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and

(ii) ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

(b) Where the arrangements and procedures referred to above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

(c) The arrangements and procedures referred to in this rule must be:

(i) adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

(ii) adequately documented.

4.5 Permitted underlying assets for derivative transactions

(a) The underlying of any transaction in a derivative must consist of any one or more of the following to which the scheme is dedicated:

(i) transferable securities;

(ii) approved money market instruments admitted to, or dealt in on, an eligible market or with a regulated issuer;

(iii) deposits;

(iv) permitted derivatives;

(v) units in a collective investment scheme;

(vi) financial indices which satisfy certain criteria;

(vii) interest rates;

(viii) foreign exchange rates; and

(ix) currencies.

A UCITS scheme may not undertake a transaction in derivatives on commodities.

(b) The financial indices mentioned above are those which satisfy the following criteria:

(i) the index is sufficiently diversified

A financial index is sufficiently diversified if it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index; and, whether it is composed of assets in which a UCITS scheme is permitted to invest or it is composed of assets in which a UCITS scheme cannot invest, its composition is at least diversified in accordance with the requirements of the COLL Sourcebook;

(ii) the index represents an adequate benchmark

A financial index represents an adequate benchmark for the market to which it refers if it measures the performance of a representative group of underlyings in a relevant and appropriate way; it is revised or rebalanced periodically to ensure that it continues to reflect the market to which it refers, following criteria which are publicly available; and the underlying is sufficiently liquid, allowing users to replicate it if necessary;

(iii) the index is published in an appropriate manner

An index is published in an appropriate manner if its publication process relies on sound procedures to collect prices and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis;

(iv)ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN)

(c) Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall, where they satisfy the requirements with respect to any other underlyings which are permitted underlyings for a transaction in derivatives mentioned above, be regarded as a combination of those underlyings.

(d) An index based on derivatives on commodities or an index on property may be regarded as a financial index provided it satisfies the above criteria. When assessing whether a hedge fund index satisfies these criteria, consideration shall be given to the Committee of European Securities Regulators' Guidelines on the classification of hedge fund indices as financial indices.

If the composition of an index is not sufficiently diversified in order to avoid undue concentration, its underlying assets should be combined with the other assets of the UCITS scheme when assessing compliance with the requirements on cover for transactions in derivatives and forwards transactions and also the spread requirements.

In order to avoid undue concentration, where derivatives of an index composed of assets in which a UCITS scheme cannot invest are used to track or gain high exposure to the index, the index is required to be at least be diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration applicable to schemes replicating an index.

If derivatives on that index are used for risk diversification purposes, provided the exposure of the UCITS scheme to that index complies with the 5%, 10% and 40% ratios required for spread restriction purposes, there is no need to look at the underlying components of that index to ensure that it is sufficiently diversified.

4.6 Transactions for the purchase of property

A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if:

(a) that property can be held for the account of the Fund; and

(b) the ACD, having taken reasonable care, determines that delivery of the property under that transaction will not occur or will not lead to a breach of the applicable restrictions.

4.7 *Requirement to cover sales*

(a) No agreement by or on behalf of a Fund to dispose of property or rights may be made unless:

(i) the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and

(ii) such property and rights are attributable to the Fund at the time of the agreement.

(b) However this requirement does not apply to a deposit.

4.8 *Derivatives exposure*

(a) A Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction. The requirements for cover in this paragraph are intended to ensure that a Fund is not exposed to the risk of loss of the property, including money, to an extent greater than the net value of the Scheme Property. Therefore a Fund is required to hold Scheme Property sufficient in value or amount to match the exposure arising from the derivative obligation to which the Fund is committed. Cover used in respect of one derivative or forward transaction cannot be used as cover in respect of another derivative or forward transaction.

(b) The ACD must ensure that the global exposure relating to derivatives and forward transactions held in a Fund does not exceed the net value of the Scheme Property of that Fund. The ACD must calculate a Fund's global exposure on at least a daily basis. For these purposes, exposure is calculated taking into account the current value of the underlying assets, counterparty risk (the risk of loss for a Fund resulting from the fact that the counterparty to a transaction may default on its obligations prior to the final settlement of the transaction's cash flow), future market movements and the time available to liquidate the positions.

(c) Each Fund (other than the Legg Mason IF Brandywine Global Income Optimiser Fund) investing in derivatives and forward transactions (or using derivatives or forward transactions for the limited purposes of efficient management of the portfolio) employs the "commitment approach" to measuring global exposure. Under the "commitment approach" global exposure is measured as the incremental exposure and leverage generated through the use of all derivatives and forward transactions (including transferable securities and money market instruments embedding derivatives) whether these are used as part of the Fund's investment policy, for the purposes of risk reduction or for Efficient Portfolio Management. The ACD may take account of netting and hedging arrangements when calculating global exposure of a Fund, where those arrangements do not disregard obvious and material risks and result in clear reduction in risk exposure. Temporary borrowing arrangements entered into on behalf of a Fund in accordance with paragraph 15 below need not form part of the global exposure calculation.

(d) The Legg Mason IF Brandywine Global Income Optimiser Fund employs the Value-at-Risk (“VaR”) method in measuring global exposure and adheres to a limit on the absolute VaR of the Fund of 20 per cent. of the Fund’s net asset value. In applying the VaR method, the following quantitative standards are used:

(i) the confidence level is 99%;

(ii) the holding period is 20 days; and

(iii) the historical observation period is longer than one year.

This Fund must employ back testing and stress testing and comply with other regulatory requirements regarding the use of VaR. The VaR method is detailed in the Fund’s risk management process for derivatives, which are described below under “Risk Management”.

(e) Where a Fund employs techniques and instruments including repo contracts or stock lending transactions (see paragraph 12 below) in order to generate additional leverage or exposure to market risk, the ACD takes such transactions into consideration when calculating global exposure.

(f) Property which is the subject of a stock lending transaction should not be considered as available for cover unless the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

(g) Cash obtained from borrowing, and borrowing which the ACD reasonably regards an eligible institution or approved bank to be committed to provide, is not available for cover unless the Company borrows an amount of currency from an eligible institution or approved bank and keeps an amount in another currency at least equal to the borrowing for the time being in the initial amount of currency on deposit with the lender (or his agent and nominee) in which case the requirements for cover applies if the borrowed currency and not the deposited currency were part of the Scheme Property.

4.9 Exposure to underlying assets

Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the spread limits explained in “Spread requirements” below, save that where a Fund invests in an index based derivative, provided the relevant index falls within the definition of “relevant index” (being an index which satisfies the following criteria: (i) the composition is sufficiently diversified; (ii) the index represents an adequate benchmark for the market to which it refers; (iii) the index is published in an appropriate manner); and the index complies with the requirements of ESMA’s Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN), the underlying constituents of the index do not have to be taken into account for the purposes of the spread requirements. Such relaxation in respect of index based derivatives is subject to the requirement for the ACD to maintain a prudent spread of risk.

4.10 Transferable securities and money market instruments embedding derivatives

(a) Where a transferable security or approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with the restrictions on derivatives.

(b) A transferable security or an approved money market instrument will embed a derivative if it contains a component which fulfils the following criteria:

(i) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a standard alone derivative;

(ii) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

(iii) it has a significant impact on the risk profile and pricing of the transferable security or approved money market instrument.

(c) A transferable security or an approved money market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money market instrument. That component shall be deemed to be a separate instrument.

(d) Collateralised debt obligations (CDOs) or asset backed securities using derivatives, with or without an active management will generally not be considered as embedding a derivative except if:

(i) they are leveraged (i.e. the CDOs or asset backed securities are not limited recourse vehicles and the investors' loss can be higher than their initial investment); or

(ii) they are not sufficiently diversified.

(e) Where a transferable security or approved money market instrument embedding a derivative is structured as an alternative to an OTC derivative, the requirements with respect to transactions in OTC derivatives will apply. This will be the case for tailor-made hybrid instruments such as a single tranche CDO structured to meet the specific needs of a scheme, which should be considered as embedding a derivative. Such a product offers an alternative to the use of an OTC derivative for the same purpose of achieving a diversified exposure with a pre-set credit risk level to a portfolio of entities.

The following list of transferable securities and approved money market instruments (which is illustrative and non-exhaustive) could be assumed to embed a derivative:

(i) credit linked notes;

(ii) transferable securities or approved money market instruments whose performance is linked to the performance of a bond index;

(iii) transferable securities or approved money market instruments whose performance is linked to the performance of a basket of shares, with or without active management;

(iv) transferable securities or approved money market instruments with a fully guaranteed nominal value whose performance is linked to the performance of a basket of shares with or without active management;

(v) convertible bonds; and

(vii) exchangeable bonds.

No UCITS scheme can use transferable securities or approved money market instruments which embed a derivative to circumvent the restrictions regarding use of derivatives.

Transferable securities and approved money market instruments which embed a derivative are subject to the rules applicable to derivatives as outlined in this section. It is the ACD's responsibility to check that these requirements are satisfied. The nature, frequency and scope of checks performed will depend on the characteristics of the embedded derivatives and on their impact on the Fund, taking into account its stated investment objective and risk profile.

4.11 Securities Financing Transactions Regulation

The ACD is required by Regulation (EU) No 648/2012 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, known as the Securities Financing Transactions Regulation or the "SFTR", to disclose certain information relating to the Funds' use of Securities Financing Transactions (each a "SFT") and total return swaps (each a "TRS").

Certain of the Funds may from time to time enter into repurchase transactions (including reverse repurchase transactions) (which are a form of SFT) and TRSs for investment and/or efficient portfolio management purposes, as more fully described below. Each Fund has maximum flexibility with respect to the types of assets that can be subject to an SFT or be the underlying of a TRS, subject always to the Fund's investment objective and policy, the investment restrictions contained in this Prospectus and COLL.

Currently only the Legg Mason IF Western Asset Global Multi Strategy Bond Fund and the Legg Mason IF Brandywine Global Income Optimiser Fund may use SFTs or TRSs.

Any returns or losses generated by SFTs or TRSs will be for the account of the relevant Fund, subject to the terms agreed with the relevant counterparty or broker which may provide for deductions for taxes and any fees, costs and expenses of the counterparty or broker, any custodian or third parties securities lending agent. Save for securities lending agents who may be associates of the ACD, none of such parties is a related party to the ACD or its affiliates. The Depositary's charges and expenses incurred in relation to stock lending may be paid out of the Scheme Property of the relevant Fund.

The annual and half yearly reports of the Company will include information regarding use of SFTs and TRSs by the Funds.

General description of SFTs and TRSs

The only SFTs that are currently used by a Fund are repurchase transactions. A repurchase transaction is a type of transaction in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed and future date at a stipulated price typically reflecting a market rate of interest. A reverse repurchase transaction is a transaction whereby a party purchases securities from a party and simultaneously commits to resell the securities to the party at an agreed upon date and price.

A Fund may also use TRSs. These are described in more detail in paragraph 4.3 ("Proposed use of derivatives by the Funds") above.

In respect of the Legg Mason IF Western Asset Global Multi Strategy Bond Fund only:

The maximum proportion of the Fund's assets which may be subject to SFTs or TRSs respectively (as described above) expressed as a percentage of the net asset value of the Fund is as follows:

Repurchase transactions	100%
Total return swaps	100%

It is, however, currently expected that the proportion of the assets of the Fund which may be subject to SFTs and TRSs (as described above) respectively expressed as a percentage of the net asset value of the Fund will vary but will not generally exceed, as follows:

Repurchase transactions	0-20%
Total return swaps	0-20%

Depending on market conditions and the strategies employed at any point in time, the actual proportion of the Fund's assets subject to each type of transaction may be significantly higher than the range stated above. The actual proportion of the Fund's assets subject to SFTs and TRSs may be zero at times.

In respect of the Legg Mason IF Brandywine Global Income Optimiser Fund only:

The maximum proportion of the Fund's assets which may be subject to SFTs or TRSs respectively (as described above) expressed as a percentage of the net asset value of the Fund is as follows:

Repurchase transactions	100%
Total return swaps	100%

It is, however, currently expected that the proportion of the assets of the Fund which may be subject to SFTs and TRSs (as described above) respectively expressed as a percentage of the net asset value of the Fund will vary but will not generally exceed, as follows:

Repurchase transactions	0%
Total return swaps	0%

Depending on market conditions and the strategies employed at any point in time, the actual proportion of the Fund's assets subject to each type of transaction may be significantly higher than the range stated above. The actual proportion of the Fund's assets subject to SFTs and TRSs may be zero at times.

Use of collateral

The Company, in respect of a Fund, may be required to deliver collateral from time to time to, or may be entitled to receive collateral from, its trading counterparties and/or brokers (including, but not limited to, the Collateral Manager) under the terms of the relevant agreements (including, but not limited to, the relevant agreement with the Collateral Manager) credit support documentation and/or securities lending, repurchase, foreign exchange and/or futures clearing agreements). The use of such collateral is governed by the terms of the relevant agreement.

The types of collateral which may be received by the Company are described in paragraph 14 below ("Collateral Management Policy"), each of which may be subject to such restrictions as to maturity, liquidity and other factors as may be agreed between the Company and the relevant counterparty, subject to the terms of the ACD's collateral management policy. The ACD's collateral management policy describes, among other things, the types of collateral which may be received for a Fund and the relevant requirements and restrictions applicable in respect of its receipt and use. The ACD also complies with the applicable collateral diversification and correlation requirements outlined in ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

Any assets, including collateral, that are subject to a SFT or a TRS and delivered to the Company in respect of a Fund will, to the extent not re-used, be held by either the Depositary or the Custodian (including any of its sub-custodians). Assets provided by the Company in respect of a Fund to a counterparty on a title transfer basis shall no longer belong to the

Company and shall pass outside its custodial network and may be used by such counterparty. Assets provided to a counterparty other than on a title transfer basis shall be held by the counterparty or a custodian.

Collateral received by the Company in respect of a Fund will be valued in accordance with this Prospectus and COLL. Collateral received by the Company will be marked-to-market daily and daily variation margins will be used. Any changes to the right of re-use of collateral will be disclosed to Shareholders in accordance with FCA Rules.

Subject to COLL, when selecting trading counterparties (including with respect to SFTs and TRSs), the ACD may take into account such criteria as it determines to be appropriate, including but not limited to legal status, country of origin and credit rating.

4.12 Risk management: derivatives

As mentioned below, the ACD must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund.

The ACD should undertake the risk assessment with the highest care when the counterparty to the derivative is an associate of the ACD or the credit issuer.

5. COLLECTIVE INVESTMENT SCHEMES

Investment by a Fund in units in collective investment schemes is subject to the following restrictions:

5.1 Relevant types of collective investment scheme

(a) A Fund may invest in any of the following types of collective investment scheme:

(i) a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive;

(ii) a scheme which is recognised under the provisions of section 272 of the Financial Services and Markets Act 2000 (individually recognised overseas schemes);

(iii) a scheme which is a UK authorised scheme which is classified as a non-UCITS retail scheme, if the requirements set out in Article 50(1)(e) of the UCITS Directive are met;

(iv) a scheme which is authorised in another EEA State, if the requirements set out in Article 50(1)(e) of the UCITS Directive are met; or

(v) a scheme authorised by the competent authority of an OECD member country (other than another EEA State) which has:

(i) signed the International Organisation of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding; and

(ii) approved the scheme's management company, rules and depositary/custody arrangements;
(provided the requirements of article 50(1)(e) of the UCITS Directive are met).

(b) In relation to the schemes mentioned at paragraphs (iii) and (v) above, the requirements of Article 50(1)(e) of the UCITS Directive are that:

(i) the scheme is authorised under laws which provide that it is subject to supervision considered by UCITS competent authorities to be equivalent to that laid down in community law and that co-operation between authorities is sufficiently assured;

(ii) the level of protection for Unitholders in the scheme is equivalent to that provided for Unitholders in UCITS schemes and, in particular, the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive;

(iii) the business of the scheme is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities income and operations over the reporting period; and

(iv) no more than 10% of the scheme's assets, whose acquisition is contemplated, can, according to its fund rules or instrument of incorporation, be invested in aggregate units of other UCITS or other collective investment undertakings.

(c) Any scheme in which a Fund invests must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes.

(d) Whilst investment is possible in schemes in any of the categories mentioned in paragraphs (a)(i) to (a)(iv) above, not more than 30% in value of a Fund may be invested in schemes which are within paragraphs (a)(ii), (a)(iii) and (a)(iv) above.

(e) A Fund may invest in another Fund of the Company (the "Second Fund") subject to the following requirements:

i) the Second Fund does not hold shares in any other Fund;

ii) the requirements set out at paragraph 5.2 below are complied with; and

iii) not more than 10% in value of the Fund is to consist of shares in the Second Fund.

(f) Notwithstanding the UCITS investment powers set out above, no more than 10% in value of a Fund may be invested in units of collective investment schemes.

5.2 Investment in associated collective investment schemes

A Fund may invest in associated collective investment schemes (other collective investment schemes which are managed or operated by the ACD or an associate of the ACD).

In this connection, where an investment or disposal of units in such an associated collective investment scheme is made, and there is a charge in respect of such investment or disposal, the ACD must pay certain amounts within four business days following the date of the agreement to invest or dispose namely:

(a) when an investment is made, any entry charge; and

(b) when a disposal is made, any charge made for the account of the operator of the second scheme or an associate of any of them in respect of the disposal.

Note: For this purpose, dilution and SDRT provisions are not regarded as part of any charge. The intention is to prevent any double charging of the entry charge on investment, or exit charge on disinvestment.

6. SPREAD REQUIREMENTS

There are limitations on the proportion of the value of a Fund which may be held in certain forms of investment. These rules relating to spread of investments do not apply until the expiry of six months after the initial offer of shares of a Fund, although the ACD must still aim to maintain a prudent spread of risk during this initial period.

6.1 General spread requirements

The general spread requirements are as follows:

(a) not more than 20% in value of a Fund's property is to consist of deposits with a single body;

(b) not more than 5% in value of a Fund's property is to consist of transferable securities or approved money market instruments issued by a single body, except that:

  (i) the 5% limit is increased to 10% in respect of up to 40% in value of a Fund's property (and in applying these limits certificates representing certain securities are treated as equivalent to the underlying security); and

  (ii) covered bonds need not be taken into account for the purposes of applying the limit of 40%. The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that, when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property;

(c) the exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of a Fund's property although this limit is raised to 10% where the counterparty is an approved bank;

(d) not more than 20% in value of a Fund is to consist of transferable securities and approved money market instruments issued by the same group, meaning companies included for the same group for the purposes of consolidated accounts as defined in accordance with EU Directive 83/349/EEC or in the same group in accordance with international accounting standards;

(e) not more than 20% in value of a Fund is to consist of units in any one collective investment scheme (for the purposes of this spread requirement, if investment is made in sub-funds of an umbrella scheme, each sub-fund is treated as if it were a separate scheme);

Note: In order that each Fund is available as an investment of a fund of funds scheme which is a UCITS scheme, the Company's instrument of incorporation provides that no more than 10% in value of the Scheme Property of a Fund may consist of units in collective investment schemes. This is subject to the further restrictions applicable to certain Funds explained at the beginning of this Appendix 5 which currently restrict investment by certain Funds in units of collective investment schemes to 5% of the value of the Fund. The summary of the UCITS scheme restrictions relating to investment in units in collective investment schemes (in Section E above) and those concerning the spread requirements should be read accordingly.

(f) In applying the limits in (a), (b), and (c), and subject to the restrictions on covered bonds mentioned in (b) above, not more than 20% in value of a Fund's property is to consist of any combination of any two or more of the following:

(i) transferable securities or approved money market instruments issued by; or

(ii) deposits made with; or

(iii) exposure from OTC derivatives transactions made with;

a single body. Notwithstanding that these limits do not apply to transferable securities or approved money market instruments issued by a government and public body (as described in paragraph 6.2 below), and subject as mentioned below, in applying this 20% limit with respect to a single body, such securities issued by that government and public body shall be taken into account.

6.2 Government and public securities

The above restrictions do not apply in respect of a transferable security or an approved money market instrument ("such securities") that is issued by: (i) an EEA State; (ii) a local authority of an EEA State; (iii) a non-EEA State; or (iv) a public international body to which one or more EEA States belong. No more than 35% of a Fund's property will be invested in such securities issued by any one body. Apart from this restriction, there is no limit on the amount which may be invested in such securities or in any one issue.

6.3 Counterparty Risk and Issuer Concentration

(a) The risk of loss for a Fund resulting from the fact that a counterparty to an OTC derivative or forward transaction may default on its obligations prior to the final settlement of the transaction's cash flow ("counterparty risk") is subject to the limits set out above in paragraphs 6.1(c) and (f).

(b) When calculating the exposure of a Fund to a counterparty in accordance with the limit set out in paragraph 6.1(c) above, the ACD will use the positive mark-to-market value of the OTC derivative contract with that counterparty. The ACD may net the OTC derivative positions of a Fund with the same counterparty, provided:

(i) The ACD is able legally to enforce netting agreements with the counterparty on behalf of the Fund; and

(ii) The netting agreements do not apply to any other exposures the Fund may have with that same counterparty.

(c) A Fund's exposure to an OTC derivative counterparty may be reduced through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation and must comply with the collateral requirements of the ESMA Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

(d) Where collateral is passed to an OTC derivative counterparty on behalf of a Fund, such collateral must be taken into account in calculating the exposure to the OTC derivative counterparty. Such collateral may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of the Fund.

(e) In relation to exposures arising from OTC derivative transactions (as referred to in paragraph 6.1(f) above), counterparty risk relating to the OTC derivative transaction is included in the calculation.

(f) The ACD must calculate the issuer concentration limits referred to in paragraph 6.1(f) on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

6.4 Use of index based derivatives

Where a Fund invests in an index based derivative, provided the relevant index complies with the criteria set out in paragraph 4.3(b) above, the underlying constituents of the index do not need to be taken into account for the purposes of the spread requirements provided the ACD takes into account the requirement to provide a prudent spread of risk.

7. CONCENTRATION RESTRICTIONS

The Company must not acquire for its Funds:

(a) transferable securities (other than debt securities) issued by a body corporate which do not carry rights to vote at a general meeting of that company and represent more than 10% of the securities issued by that body corporate; or

(b) more than 10% of the debt securities (which are debentures, government and public securities and warrants which confer rights of investment in these) issued by a single body; or

(c) more than 25% of the units in a collective investment scheme; or

(d) more than 10% of the approved money market instruments issued by any single body;

but need not comply with the limits in (b), (c) and (d) if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

8. SCHEMES REPLICATING AN INDEX

(a) Notwithstanding the general spread requirements under the COLL Sourcebook, a Fund may invest up to 20% in value of the Fund's property in shares and debentures which are issued by the same body where the investment policy is to replicate the composition of a relevant index which satisfies certain criteria. The 20% limit can be raised to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

(b) Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of Efficient Portfolio Management.

(c) The indices referred to in (a) above are those which satisfy the following criteria:

(i) The composition is sufficiently diversified

This will be the case if the components of the index adhere to the spread and concentration requirements in this section;

(ii) The index represents an adequate benchmark for the market to which it refers

This will be the case if the index provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers; and

(iii) The index is published in an appropriate manner

This will be the case if:

- it is accessible to the public; and

- the index provider is independent from the index-replicating Fund; (although they may be part of the same group, provided effective arrangements for the management of conflicts are in place).

(iv) The index otherwise complies with the requirements of the ESMA Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

None of the Funds is a scheme which replicates an index and so this relaxation of the general spread requirements does not apply.

9. PROHIBITION ON ACQUIRING SIGNIFICANT INFLUENCE IN A COMPANY

The Company may only acquire for its Funds transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

(a) immediately before the acquisition, the aggregate of such securities held by the Company does not give the Company power significantly to influence the conduct of business of that corporate body; or

(b) the acquisition will give the Company such power.

The power significantly to influence is assumed if such securities allow the Company to exercise or control the exercise of 20% or more of the votes cast in that body.

10. WARRANTS

A warrant is an instrument giving entitlements to investment (a warrant or other instrument entitling the holder to subscribe for a share, debenture or government and public security) and any other transferable security (not being a nil paid or partly paid security) which is listed on an eligible securities market; and is akin to an investment which is an instrument giving entitlements to investments, in that it involves a down payment by the then holder and a right later to surrender the instrument and pay more money in return for a further transferable security.

Where a Fund invests in a warrant, the exposure created by the exercise of the right conferred by that warrant must not exceed the spread requirements set out above.

A warrant falls within any power of investment if it is reasonably foreseeable that the right conferred by the proposed warrant could be exercised by the ACD without contravening the investment restrictions in the COLL Sourcebook (assuming that there is no change in a Fund’s property between the acquisition of the proposed warrant and its exercise and that the rights conferred by the proposed warrants and all other warrants forming part of a Fund’s property at the time of acquisition of the proposed warrant will be exercised, whether or not it is intended that they will be).

No more than 5% of each Fund will consist of warrants.

11. NIL AND PARTY PAID SECURITIES

A transferable security or approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the COLL Sourcebook as they are applicable to the Fund.

12. STOCK LENDING

Stock lending covers techniques relating to transferable securities and approved money market instruments which are used for the purpose of Efficient Portfolio Management.

It permits the generation of additional income for the benefit of the Fund and hence its investors, by entering into stock lending transactions for the account of the Fund.

Stock lending involves a lender transferring securities to a borrower otherwise than by way of sale and the borrower transferring those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with market practice, a separate transaction by way of transfer of assets is involved for the purposes of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

A stock lending arrangement or repo contract may be entered into in respect of a Fund when the arrangement or contract is:

(a) for the account of or benefit of the Fund; and

(b) in the interest of the Fund's Shareholders.

An arrangement or contract will not be regarded as being in the interest of Shareholders unless it reasonably appears to the ACD to be appropriate with a view to generating additional income for the Fund with an acceptable degree of risk.

The Depositary, acting in accordance with the instructions of the ACD, may enter into a repo contract or a stock lending arrangement in respect of a Fund of a kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C) on certain terms specified in the COLL Sourcebook. There is no limit on the value of the property of a Fund which may be the subject of stock lending transactions.

Where a stock lending arrangement is entered into, the Scheme Property remains unchanged in terms of value. The securities transferred cease to be part of the Scheme Property but there is obtained in return an obligation on the part of the counterparty to transfer back equivalent securities. The Depositary will also receive collateral to set against the risk of default and transfer and that collateral is equally irrelevant to the value of the Scheme Property. The COLL Sourcebook makes provision for treatment of collateral in that context and the ACD will also comply with the ESMA's Guidelines on ETFS and other UCITS issues (ESMA/2012/832EN). Where the scheme generates leverage through the re-investment of collateral, this should be taken into account in the calculation of the scheme's global exposure.

The ACD should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

Where a reverse repurchase agreement is entered into in relation to a Fund, the ACD should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the NAV of the Fund.

For a repurchase agreement entered into in relation to a Fund, the ACD should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the ACD.

13. REINVESTMENT OF COLLATERAL

Non-cash collateral received by a Fund should not be sold, re-invested or pledged.

Cash collateral received by a Fund should only be:

(i) placed on deposit with eligible credit institutions prescribed in Article 50(f) of the UCITS Directive;
(ii) invested in high-quality government bonds;
(iii) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on accrued basis; or
(iv) invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (CESR/10-049).
(v) Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral set out in ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

14. COLLATERAL MANAGEMENT POLICY

The ACD has a collateral management policy which outlines the (i) types of collateral which a Fund may receive to mitigate counterparty exposure; (ii) level of collateral required from certain types of counterparties and transactions; and (iii) policies of the investment managers to any discount to market value normally applied in relation to certain classes of assets received as collateral to cushion against a fall in value of those assets ("haircut"). The collateral arrangements entered into by the Fund must enable it to comply with the law and regulation governing margin (collateral) for uncleared OTC derivative transactions applicable to the Fund and its relevant counterparties ("uncleared margin rules"). This means that, for example, the ACD is not permitted to agree a haircut which is less than the minimum haircut permitted under the applicable uncleared margin rules. Where the uncleared margin rules applicable to the counterparty are stricter than those applicable to the Fund, the stricter rule will be followed, and vice-versa. The collateral management policy takes into account the uncleared margin rules.

The exposure to a counterparty will at all times meet the requirements of the COLL Sourcebook (see Appendix 5 for further details). In relevant circumstances, a Fund may receive an appropriate level of collateral to manage some or all of its exposure to a counterparty. Collateral will be subject to a haircut depending on the classes of assets received. The haircuts applied (if any) by the investment manager are adapted for each class of assets received as collateral, taking into account the characteristics of the assets such as the credit standing and/or the price volatility, as well as the outcome of any stress tests performed under normal and exceptional liquidity conditions. Each decision by an investment manager to apply a specific haircut, or to refrain from applying any haircut, to certain class of assets, should be justified on the basis of the investment manager's policy, taking into account the requirements of the uncleared margin rules.

The types of assets which a Fund will accept as collateral, subject to the uncleared margin rules, include cash, government and other public securities, certificates of deposit, corporate bonds or commercial paper issued by certain banks or other relevant institutions and other debt securities. All collateral received to reduce counterparty risk will need to comply with the criteria listed below. In order to be eligible, collateral must comply with the uncleared margin rules and:

(i) be highly liquid and traded on a regulated market;
(ii) be valued at least daily;
(iii) be of high quality;
(iv) not be highly correlated with the performance of the counterparty;
(v) be sufficiently diversified in terms of country, markets and issuers (in accordance with ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN);
(vi) be held by the Depositary or by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of collateral; and
(vii) be capable of being fully enforced by the Fund at any time without reference or approval from the counterparty.

Non-cash collateral will not be sold, re-invested or pledged. Cash collateral will only be:

(i) placed on deposit;
(ii) invested in high-quality government bonds;
(iii) used for the purpose of reverse repurchase transactions with eligible parties (and on terms that permit the Fund to recall at any time the full amount of cash on an accrued basis); or
(iv) invested in short-term money market funds.

Cash collateral, where re-invested, will be appropriately diversified. Where the Fund re-invests cash collateral in one or more permitted types of investment, there is a risk that the investment will return less than is due to the counterparty at the point at which its cash becomes repayable to it. In such circumstances, the Fund would suffer a loss.

15. POWER TO UNDERWRITE OR ACCEPT PLACINGS

The exposure of a Fund to agreements and understandings which are underwriting or sub underwriting agreements, or contemplate the securities will or may be issued or subscribed for or acquired for the account of the Fund, must, on any day be covered (as explained above in relation to derivative transactions) and such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

16. GUARANTEES AND INDEMNITIES

Neither the Company nor the Depositary (on account of the Company) may provide any guarantee or indemnity in respect of the obligation of any person. None of the Scheme Property of the Company may be used to discharge any obligation arising under any guarantee or indemnity with respect to the obligation of any person. This is subject to exceptions in the case of any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the COLL Sourcebook (summarised above) or certain indemnities for certain insurances against liability for certain persons, indemnities to the Depositary against certain liabilities for safe keeping of Scheme Property.

17. BORROWING

The Company (on the instruction of the ACD) may borrow money for the use of a Fund (on terms that the borrowing is to be repayable out of the property of a Fund) from an Eligible Institution or an Approved Bank (e.g. a bank or building society). Borrowings may be arranged with the Depositary. The ACD must ensure that any such borrowings comply with the FCA Rules.

Borrowing must be on a temporary basis and not be persistent, and in any event must not exceed 3 months without the prior consent of the Depositary. The Depositary's consent may be given only on conditions which appear appropriate to the Depositary to ensure that the borrowing remains on a temporary basis.

The ACD must ensure that borrowing does not exceed 10% of the value of the property of the relevant Fund on any day.

These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes, i.e. borrowing permitted to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

18. RESTRICTIONS ON LENDING

None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this prohibition, money is lent by a Fund if it is paid to a person (the payee) on the basis that it should be repaid whether or not by the payee. (This restriction does not prevent the acquiring of a debenture, nor the placing of money on deposit or in a current account. Nor does it prevent the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purpose of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.)

The scheme property of the Company other than money must not be lent by way of deposit or otherwise, although stock lending transactions are not regarded as lending for this purpose. The Scheme Property must not be mortgaged. Where transactions in derivatives or forward transactions are used for the account of a Fund in accordance with any of the rules in the COLL Sourcebook, nothing will prevent the Company or the Depositary at the request of the Company from lending, depositing, pledging or charging the Scheme Property for margin requirements or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

19. CASH AND NEAR CASH

At times it is appropriate for a Fund not to be fully invested. However, the ACD may make deposits (explained above). Also a Fund may hold cash or “near cash” (meaning essentially certain types of deposits) where this may reasonably be regarded as necessary in order to enable:

(a) the pursuit of the Fund's investment objectives; or

(b) redemption of Shares; or

(c) efficient management of the Fund in accordance with its investment objectives; or

(d) other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

During the initial offer period for a Fund, that Fund may consist of cash and near cash without limitation.

20. IMMOVABLE PROPERTY

The Funds shall not invest in immovable property.

21. RISK MANAGEMENT

The ACD must use a risk management process (including a risk management policy) in accordance with COLL 6.12, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of the Fund. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

(a) A true and fair view of the types of derivatives and forward transactions to be used within the Fund together with their underlying risks and any relevant quantitative limits.

(b) The methods for estimating risks in derivatives and forward transactions.

The ACD must notify the FCA in advance of any material alteration to the details above.

The process must take into account the investment objectives and policy of the Fund. The ACD has taken reasonable care to establish and maintain systems and controls which are appropriate to its business in this connection. The risk management process enables the analysis required to be undertaken at least daily or at each valuation point (whichever is the more frequent). The Depositary is obliged to take reasonable care to review the appropriateness of the risk management process in line with its duties.

22. BREACHES OF THE INVESTMENT AND BORROWING POWERS AND LIMITS

Generally the ACD must, at its own expense, take action to rectify a breach of the investment and borrowing powers and limits as soon as it becomes aware of it. However:

(a) if the reason for the breach is beyond the control of the ACD and the Depositary, the ACD must take the steps necessary to rectify a breach as soon as it is reasonably practicable, having regard to the interests of shareholders, and, in any event, within six months or, if it is a transaction in derivatives or a forward transaction, five Business Days; and

(b) if the exercise of rights conferred by investment held by a Fund would involve a breach, those rights may still be exercised if the prior written consent of the Depositary is obtained and the ACD then takes the steps necessary to rectify the breach as soon as is reasonably practicable having regard to the interests of Shareholders and, in any event, within six months or, if it is a transaction in derivatives or a forward transaction, five Business Days.

Immediately upon the Depositary becoming aware of any breach of any of the investment and borrowing powers and limits, it must ensure that the ACD takes such appropriate action.

APPENDIX 6

Definition of "US Person"

1. Pursuant to Regulation S of the 1933 Act, "US Person" means:

   (i) any natural person resident in the United States;

   (ii) any partnership or corporation organized or incorporated under the laws of the United States;

   (iii) any estate of which any executor or administrator is a US Person;

   (iv) any trust of which any trustee is a US Person;

   (v) any agency or branch of a foreign entity located in the United States;

   (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;

   (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or

   (viii) any partnership or corporation if:

      (a) organized or incorporated under the laws of any foreign jurisdiction; and

      (b) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts.

2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a "US Person".

3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall not be deemed a US Person if:

   (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and

   (ii) the estate is governed by foreign law.

4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a US Person.

5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a US Person.

6. Notwithstanding (1) above, any agency or branch of a US Person located outside the United States shall not be deemed a “US Person” if:

   (i) the agency or branch operates for valid business reasons; and

   (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed “US Persons”.

8. Notwithstanding (1) above, any entity excluded or exempted from the definition of “US Person” in (1) above in reliance on or with reference to interpretations or positions of the SEC or its staff as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

Definition of the term “resident” for purposes of Regulation S

For purposes of the definition of “US Person” in (1) above with respect to natural persons, a natural person shall be resident in the US if such person (i) is in possession of an Alien Registration Card (a “green card”) issued by the US Immigration and Naturalization Service or (ii) meets a “substantial presence” test. The “substantial presence” test is generally met with respect to any current calendar year if (i) the individual was present in the US on at least 31 days during such year and (ii) the sum of the number of days on which such individual was present in the US during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days.

APPENDIX 7

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, with an office at 20 Churchill Place, Canary Wharf, London E14 5HJ, UK, whom it has appointed as its global sub-custodian.

At the date of this Prospectus State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network as listed below.

MARKET	SUB-CUSTODIAN
Albania	Raiffeisen Bank sh.a.
Argentina	Citibank, N.A., Buenos Aires
Australia	The Hongkong and Shanghai Banking Corporation Limited
Austria	Deutsche Bank AG
	UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Bangladesh	Standard Chartered Bank
Belgium	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Brussels branch)
Benin	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Bermuda	HSBC Bank Bermuda Limited
Federation of Bosnia and Herzegovina	UniCredit Bank d.d.
Botswana	Standard Chartered Bank Botswana Limited
Brazil	Citibank, N.A.
Bulgaria	Citibank Europe plc, Bulgaria Branch
	UniCredit Bulbank AD
Burkina Faso	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Canada	State Street Trust Company Canada
Chile	Banco Itaú Chile S.A.
People's Republic of China	HSBC Bank (China) Company Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
	China Construction Bank Corporation (for A-share market only)
	Citibank N.A. (for Shanghai – Hong Kong Stock Connect market only)
	The Hongkong and Shanghai Banking Corporation Limited (for Shanghai – Hong Kong Stock Connect market only)
	Standard Chartered Bank (Hong Kong) Limited (for Shanghai – Hong Kong Stock Connect market)
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria

Costa Rica	Banco BCT S.A.
Croatia	Privredna Banka Zagreb d.d.
	Zagrebacka Banka d.d.
Cyprus	BNP Paribas Securities Services, S.C.A., Greece (operating through its Athens branch)
Czech Republic	Československá obchodní banka, a.s.
	UniCredit Bank Czech Republic and Slovakia, a.s.
Denmark	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Danmark A/S)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Copenhagen branch)
Egypt	HSBC Bank Egypt S.A.E. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Estonia	AS SEB Pank
Finland	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Finland Plc.)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Helsinki branch)
France	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Paris branch)
Republic of Georgia	JSC Bank of Georgia
Germany	State Street Bank GmbH
	Deutsche Bank AG
Ghana	Standard Chartered Bank Ghana Limited
Greece	BNP Paribas Securities Services, S.C.A.
Guinea-Bissau	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Hong Kong	Standard Chartered Bank (Hong Kong) Limited
Hungary	Citibank Europe plc Magyarországi Fióktelepe
	UniCredit Bank Hungary Zrt.
Iceland	Landsbankinn hf.
India	Deutsche Bank AG
	The Hongkong and Shanghai Banking Corporation Limited
Indonesia	Deutsche Bank AG
Ireland	State Street Bank and Trust Company, United Kingdom branch
Israel	Bank Hapoalim B.M.
Italy	Deutsche Bank S.p.A. Intesa Sanpaolo S.p.A.
Ivory Coast	Standard Chartered Bank Côte d'Ivoire S.A.
Jamaica	Scotia Investments Jamaica Limited
Japan	Mizuho Bank, Limited
	The Hongkong and Shanghai Banking Corporation Limited
Jordan	Standard Chartered Bank

Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank Kenya Limited
Republic of Korea	Deutsche Bank AG
	The Hongkong and Shanghai Banking Corporation Limited
Kuwait	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Latvia	AS SEB banka
Lithuania	AB SEB bankas
Luxembourg	Clearstream Banking S.A., Luxembourg
Malawi	Standard Bank Limited
Malaysia	Deutsche Bank (Malaysia) Berhad
	Standard Chartered Bank Malaysia Berhad
Mali	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Mauritius	The Hongkong and Shanghai Banking Corporation Limited
Mexico	Banco Nacional de México, S.A.
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Limited
Netherlands	Deutsche Bank AG
New Zealand	The Hongkong and Shanghai Banking Corporation Limited
Niger	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Nigeria	Stanbic IBTC Bank Plc.
Norway	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Norge ASA)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Oslo branch)
Oman	HSBC Bank Oman S.A.O.G. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Pakistan	Deutsche Bank AG
Panama	Citibank, N.A.
Peru	Citibank del Perú, S.A.
Philippines	Deutsche Bank AG
Poland	Bank Handlowy w Warszawie S.A.
	Bank Polska Kasa Opieki S.A
Portugal	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Lisbon branch)
Puerto Rico	Citibank N.A.
Qatar	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Romania	Citibank Europe plc, Dublin – Romania Branch

Russia	AO Citibank
Saudi Arabia	HSBC Saudi Arabia Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Senegal	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Serbia	UniCredit Bank Serbia JSC
Singapore	Citibank N.A.
	United Overseas Bank Limited
Slovak Republic	UniCredit Bank Czech Republic and Slovakia, a.s.
Slovenia	UniCredit Banka Slovenija d.d.
South Africa	FirstRand Bank Limited
	Standard Bank of South Africa Limited
Spain	Deutsche Bank S.A.E.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited
Republic of Srpska	UniCredit Bank d.d.
Swaziland	Standard Bank Swaziland Limited
Sweden	Nordea Bank AB (publ)
	Skandinaviska Enskilda Banken AB (publ)
Switzerland	Credit Suisse AG
	UBS Switzerland AG
Taiwan – R.O.C.	Deutsche Bank AG
	Standard Chartered Bank (Taiwan) Limited
Tanzania	Standard Chartered Bank (Tanzania) Limited
Thailand	Standard Chartered Bank (Thai) Public Company Limited
Togo	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Tunisia	Union Internationale de Banques
Turkey	Citibank, A.Ş.
	Deutsche Bank A.Ş.
Uganda	Standard Chartered Bank Uganda Limited
Ukraine	PJSC Citibank
United Arab Emirates Dubai Financial Market	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Arab Emirates Dubai International Financial Center	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Arab Emirates Abu Dhabi	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Kingdom	State Street Bank and Trust Company, United Kingdom branch
United States	State Street Bank and Trust Company, Boston
Uruguay	Banco Itaú Uruguay S.A.

Vietnam	HSBC Bank (Vietnam) Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Zambia	Standard Chartered Bank Zambia Plc.
Zimbabwe	Stanbic Bank Zimbabwe Limited (as delegate of Standard Bank of South Africa Limited)

APPENDIX 8

Name of Fund	Typical dilution adjustment (% from mid-price) (i)	Frequency of dilution adjustment p.a. (ii)
Legg Mason IF Brandywine Global Income Optimiser Fund	+0.07% / -0.07%	8
Legg Mason IF Western Asset Retirement Income Bond Fund	+0.16+% / -0.16%	0
Legg Mason IF Western Asset Global Multi Strategy Bond Fund	+0.25% / -0.25%	0
Legg Mason IF ClearBridge Global Equity Income Fund	+0.26% / -0.15%	0
Legg Mason IF ClearBridge US Equity Fund	+0.07% / -0.07%	2
Legg Mason IF ClearBridge US Equity Income Fund	+0.07% / -0.07%	5
Legg Mason IF ClearBridge US Aggressive Growth Fund*	-	-
Legg Mason IF Martin Currie Asia Pacific Fund	+0.20% / -0.25%	0
Legg Mason IF Martin Currie China Fund	+0.23% / -0.22%	1
Legg Mason IF Martin Currie Emerging Markets Fund	+0.22% / -0.28%	4
Legg Mason IF Martin Currie European Unconstrained Fund♦	+0.12% / -0.06%	1
Legg Mason IF Martin Currie Global Alpha Fund+		-
Legg Mason IF Martin Currie Global Equity Income Fund	+0.14% / -0.08%	0
Legg Mason IF Martin Currie Japan Alpha Fund	+0.28% / -0.24%	2
Legg Mason IF Martin Currie North American Fund	+0.08% / -0.08%	0
Legg Mason IF QS Emerging Markets Equity Fund++		-
Legg Mason IF QS UK Equity Fund	+0.49% / -0.07%	0
Legg Mason IF Royce US Smaller Companies Fund	+0.20% / -0.20%	0
Legg Mason IF Japan Equity Fund	+0.33% / -0.29%	0
Legg Mason IF RARE Global Infrastructure Income Fund	+0.20% / -0.14%	0

(i) Positive dilution adjustment figures indicate a typical increase from the calculated mid-price when the Fund experiences large levels of net sales.

Negative dilution adjustment figures indicate a typical decrease from the calculated mid-price when the Fund experiences large levels of net redemptions.

Figures are based on the historic costs of dealing in the underlying investments of the relevant Funds for the 12 months to 31 July 2018, including any spreads, commissions and transfer taxes.

(ii) Figures are based on historic dealing in the relevant Funds for the 12 months to 31 July 2018.

* No dilution adjustments available as the Funds were not yet available when the dilution adjustments estimates were calculated on 31 July 2018.

♦ Previously the Legg Mason IF Martin Currie European Equity Income Fund. On 17 December 2018, the Fund changed its investment objective and policy. The figures stated therefore relate to circumstances that no longer apply.

+ Please note that the Legg Mason IF Martin Currie Global Alpha Fund is in the course of being terminated and therefore no data is available.

++ Previously the Legg Mason Asia Pacific Fund. Please note that the Legg Mason IF QS Emerging Markets Equity Fund is in the course of being terminated and therefore no data is available.

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GLOBAL ASSET MANAGEMENT

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23 April 2019