

CLEARBRIDGE ALL CAP VALUE PORTFOLIOS

Investment overview

The ClearBridge All Cap Value Portfolios - headed by Sam Peters and Albert Grosman - focus on large-, mid- and small-capitalization stocks.

Investment objective

The strategy seeks: long-term capital growth. Current income is a secondary consideration.

Investment philosophy

What we believe:

The stock market is a complex adaptive system

- It dynamically aggregates the views of participants, providing assessments of investment value
- As such, markets broadly adjust quickly to reflect new information, making it challenging for information-driven investment strategies to earn excess returns

Inefficiencies occur in markets

- Inefficiencies occur, particularly when diversity of thought breaks down (e.g., investors panic or get greedy all at once), as well as when the time horizon extends beyond the market's often myopic frame

To generate excess returns consistently, we must find and exploit these inefficiencies

- We do this through an explicit analysis of market expectations, compared with the expectations we have developed through our review of the company's economic returns, capital allocation and competitive strategy

Portfolio positioning

- Designed for investors seeking a value portfolio, with the ability to invest in all market capitalizations
- Offers a long-term buy-and-hold strategy, which may reduce portfolio turnover¹

Key differentiators

Process

- Repeatable, proprietary process designed to form explicit variant perceptions relative to expectations embedded in the stock price

Team

- Robust, frequent communication to surface diverse perspectives and to improve the questions we ask and the assumptions we make

Portfolio Construction

- Diversification across industries, economic drivers and macroeconomic and quantitative factors to build a resilient portfolio that maximizes risk-adjusted returns and is able to outperform in a variety of market conditions

Management team

ClearBridge Investments is a well-established global investment manager focusing on proprietary research and fundamental investing. With over 50 years of experience building portfolios for clients seeking income solutions, high active share or low-volatility, long-tenured portfolio managers provide strong leadership in a centralized investment structure.

Investment management team

Albert Grosman

Managing Director

- Portfolio Manager
- Industry since 1993

Sam Peters, CFA

Managing Director

- Portfolio Manager
- Industry since 1993

Risks: All investments involve risk, including loss of principal and there is no guarantee that investment objectives will be met.

Investments may be made in small- and mid-cap companies, which involve a higher degree of risk and volatility than investments in large-cap companies.

While most investments are in U.S. companies, investments may also be made in ADRs and other securities of non-U.S. companies in developed and emerging markets which involve risks in addition to those ordinarily associated with investing in domestic securities, including the potentially negative effects of currency fluctuation, political and economic developments, foreign taxation and differences in auditing and other financial standards. These risks are magnified in emerging markets.

The managers may sometimes hold significant portion of portfolio assets in cash equivalents while waiting for buying opportunities.

Diversification does not assure a profit or protect against market loss.

¹ Market, security and/or other investment considerations may result in higher turnover from time to time. Also, all capitalization ranges will not necessarily be represented in an individual account.

Investment process

STEP 1

Discovery: Diversity Breakdowns and Embedded Expectations

Look for diversity breakdowns:

- High-level industry trends and competitive strategy
- Quantitative screens covering multiple sources of return and risk

Embedded expectations for growth, returns and investment needs

STEP 2

Valuation: Probabilistic Analysis of Business Value and Variant Perception

Valuation:

- Multiple analytical tools to understand drivers of business value

Probabilistic Approach:

- Build scenario analysis and simulations to explore business value under different assumptions

Variant Perception:

- Develop an explicit narrative of how investment case differs from embedded expectations

Systematic Updating:

- Actively recalibrate model and probabilities based on new information

STEP 3

Portfolio Construction: Balance of Risk and Return

- Bottom-up weighting decisions to maximize risk-adjusted potential return across industries, economic drivers of returns, as well as macroeconomic and quantitative factor exposures relative to strategy's benchmark
- Robust team discussions help avoid individual behavioral biases: overconfidence, anchoring, loss aversion, framing effects, confirmation bias

Performance

Annualized rates of return - gross and net of fees (%) as of June 30, 2019 - PRELIMINARY

	Jun '19	Q2 '19	YTD	1-year	3-year	5-year	7-year	10-year	15-year	20-year	25-year
All Cap Value (gross)	6.39	1.98	15.48	1.61	11.18	6.73	11.15	11.49	6.80	6.72	9.67
All Cap Value (net)	6.14	1.23	13.82	-1.36	7.96	3.63	7.93	8.27	3.70	3.62	6.49
Russell 3000 Value Index	7.12	3.68	16.05	7.34	10.19	7.31	11.96	13.14	7.80	6.48	9.71
Russell 3000 Index	7.02	4.10	18.71	8.98	14.02	10.19	13.79	14.67	8.88	6.30	9.98
S&P 500 Index (USD)	7.05	4.30	18.54	10.42	14.19	10.71	13.98	14.70	8.75	5.90	9.97

Calendar-year total returns - gross and net of fees (%) ending December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
All Cap Value (gross)	-13.15	17.99	19.23	-5.01	9.22	30.93	14.83	-5.94	16.88	28.46
All Cap Value (net)	-15.72	14.59	15.80	-7.79	6.06	27.19	11.52	-8.71	13.51	24.77
Russell 3000 Value Index	-8.58	13.19	18.40	-4.13	12.70	32.69	17.55	-0.10	16.23	19.76
Russell 3000 Index	-5.24	21.13	12.74	0.48	12.56	33.55	16.42	1.03	16.93	28.34
S&P 500 Index (USD)	-4.38	21.83	11.96	1.38	13.69	32.39	16.00	2.11	15.06	26.46

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit www.leggmason.com for the latest performance figures. YTD numbers are not annualized. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fees: Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce portfolio performance. Net performance includes the deduction of a 3.0% annual wrap fee, which is the maximum anticipated wrap fee for equity and balanced portfolios. Actual fees vary. For fee schedules, contact your financial professional, or if you enter into an agreement directly with Legg Mason Private Portfolio Group (LMPPG), refer to LMPPG's Form ADV disclosure document. Returns reflect the reinvestment of dividends and other earnings.

Active share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

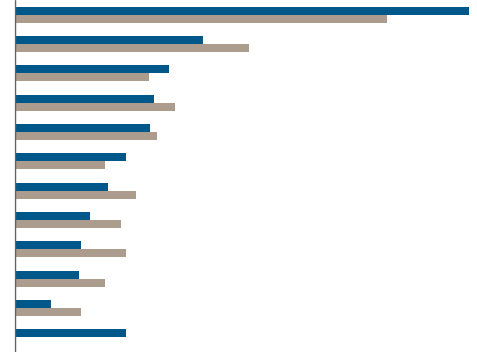
The investment process may change over time. The characteristics set forth above are intended as a general illustration of some of the criteria the strategy team considers in selecting securities for client portfolios. There is no guarantee that investment objectives will be achieved.

Past performance is not a guarantee of future results. Please see GIPS® Endnotes for important additional information regarding the portfolio performance shown and for effects of fees. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.

Portfolio information¹ as of June 30, 2019

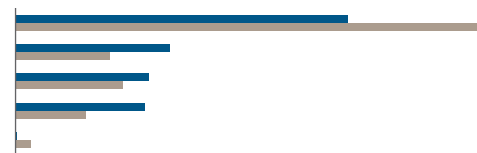
Top ten equity holdings (%)	
Wells Fargo & Co	3.90
Oracle Corp	3.89
Synchrony Financial	3.64
Citigroup Inc	3.56
Johnson & Johnson	3.52
Verizon Communications Inc	3.33
Merck & Co Inc	2.87
Cisco Systems Inc	2.70
Unilever PLC	2.68
American International Group Inc	2.61
Total	32.70

Sector weightings (%)		
	Portfolio	BM
Financials	28.04	22.96
Health Care	11.56	14.41
Industrials	9.46	8.24
Information Technology	8.54	9.87
Energy	8.29	8.72
Consumer Discretionary	6.83	5.50
Consumer Staples	5.74	7.42
Utilities	4.59	6.50
Communication Services	4.03	6.80
Real Estate	3.89	5.53
Materials	2.19	4.04
Cash	6.83	0.00

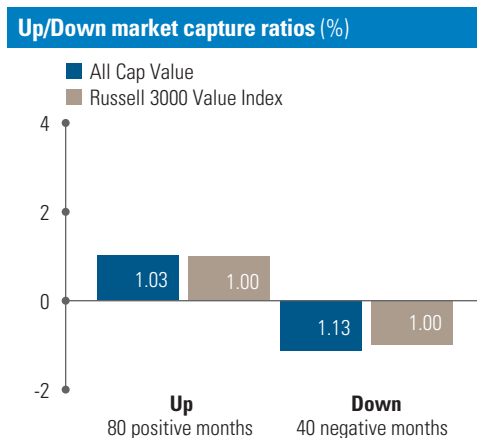
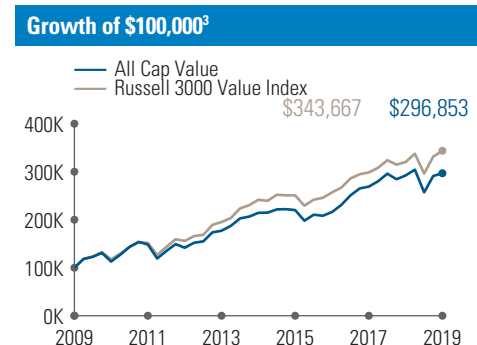
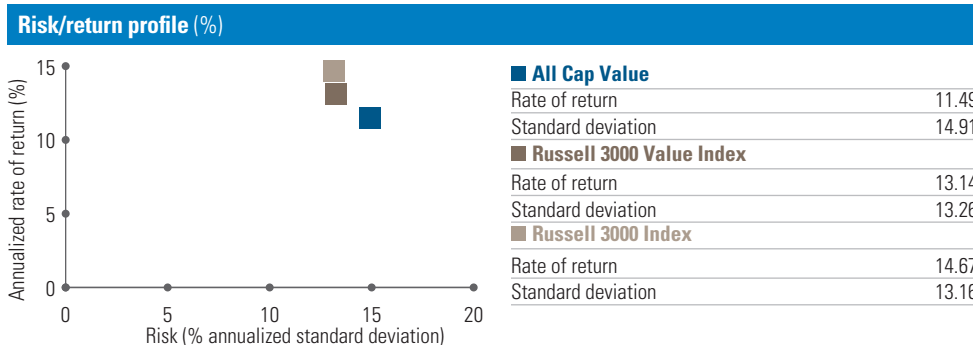


Characteristics		
	Portfolio	BM
Number of Holdings	61	2069
Dividend Yield	2.27	2.50
Forecasted P/E Ratio -1 Year	12.51	14.95
Price/Book Ratio	2.37	2.61
Long-Term EPS Growth	9.64	8.48
Weighted Median Market Capitalization	46.34	57.51
Weighted Average Market Capitalization	85.57	120.95

Market capitalization (%)		
	Portfolio	BM
Above \$50B	39.46	53.33
\$25 - \$50B	20.41	14.11
\$10 - \$25B	18.16	15.40
\$3 - \$10B	17.81	11.51
0 - \$3B	4.16	5.66



Performance statistics (gross of fees)²— Preliminary (based on 10-year period ended June 30, 2019)



Modern portfolio statistics	
Alpha	-2.49
Beta	1.10
Sharpe ratio	0.78
R-Squared	0.96

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit www.leggmason.com for the latest performance figures. YTD numbers are not annualized. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

¹ Source: FactSet. Portfolio characteristics are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the portfolio characteristics are based on simulated trading and account activity of a client account invested in this strategy. The model portfolio assumes no withdrawals, contributions or client-imposed restrictions. Portfolio characteristics of individual client accounts may differ from those of the model portfolio as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors.

² Source: Legg Mason.

³ For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on gross-of-fees quarterly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses.

Period	Total Return (Net, %)	Total Return (*Pure Gross, %)	Benchmark Return (%)	Number of Portfolios	% of Bundled Fee Portfolios in the Composite	Composite Dispersion (%)	Composite 3 Yr. St. Dev. (%)	Benchmark 3 Yr. St. Dev. (%)	Total Composite Assets at End of Period (\$MM)	Percentage of Firm Assets	Total Firm Assets at End of Period (USD million)
2018	-15.72	-13.15	-8.58	339	100	0.42	13.48	11.21	361.6	0.3	106,083.4
2017	14.59	17.99	13.19	364	100	0.46	12.61	10.48	495.5	0.4	119,187.1
2016	15.80	19.23	18.40	404	100	0.66	13.11	11.12	473.9	0.5	100,936.9
2015	-7.79	-5.01	-4.13	450	100	0.20	11.59	10.90	484.7	0.5	92,536.4
2014	6.06	9.22	12.70	486	100	0.22	10.12	9.49	651.4	0.6	100,721.5
2013	27.19	30.93	32.69	468	100	1.01	14.72	13.08	630.6	0.7	85,024.7
2012	11.52	14.83	17.55	3,027	100	0.44	18.16	16.03	528.0	1.0	54,624.3
2011	-8.71	-5.94	-0.10	3,265	100	0.34	21.16	21.34	559.1	1.1	50,870.8
2010	13.51	16.88	16.23	3,931	100	0.47	n/a	n/a	699.6	1.3	55,366.5
2009	24.77	28.46	19.76	4,915	100	0.78	n/a	n/a	735.2	1.4	53,522.7

*Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs, and are presented as supplemental to the net of fee returns.

Compliance Statement:

ClearBridge Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ClearBridge Investments, LLC has been independently verified for the periods January 1, 1997 - December 31, 2017. The verification reports are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Firm Information:

ClearBridge Investments, LLC ("ClearBridge") is a wholly owned subsidiary of Legg Mason, Inc. ("Legg Mason"). The investment advisory business now known as ClearBridge was registered in September 2005 to facilitate Legg Mason's acquisition of substantially all the equity asset management businesses known as Citigroup Asset Management. These former businesses serve as the foundation of ClearBridge and its claim of GIPS compliance for institutional accounts through predecessor firms, effective as of January 1997. In June 2008, ClearBridge combined this business with its retail business to form a single GIPS firm. As of April 1, 2013 and January 1, 2016, ClearBridge's affiliates, Global Currents Investment Management, LLC, and ClearBridge, LLC, respectively, have become part of the ClearBridge GIPS firm.

Composite Information:

The ClearBridge All Cap Value SMA composite consists of discretionary wrap accounts with an account minimum of US \$25,000. Accounts within the composite are primarily invested by applying value criteria to attempt to find the most inefficiently priced stocks in the small, mid and large capitalization sectors. The strategy is implemented by Legg Mason Private Portfolio Group, LLC (LMPPG). LMPPG claims compliance with the Global Investment Performance Standards (GIPS®) and has been independently verified for the periods January 1, 2013 - December 31, 2017. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The main risks of this strategy are General Investment Risk, Small Cap Risk, Mid Cap Risk and Non-U.S. Investment Risk.

Input and Calculation Data:

The fee schedule currently in effect is 3.00% on all assets. Net of fee composite returns are calculated by reducing each monthly composite pure gross rate of return by the highest "bundled" fee charged (3.00%) annually, prorated to a monthly ratio. The "bundled" fee includes transaction costs, investment management, custodial, and other administrative fees. Effective January 1, 2013, the number of portfolios reflects a change from prior periods due to an aggregation of accounts as reported by one sponsor. As of January 2014, the internal dispersion of annual returns is measured by the asset-weighted standard deviation of portfolio returns included in the composite for the entire year. For prior years, the equal-weighted standard deviation was used. The composite employed a 10% significant cash flow policy which was discontinued in January 2012. A list of composite descriptions is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not necessarily indicative of future results.

Benchmark Information:

The Russell 3000® Value Index measures the performance of the broad value segment of the U.S. equity value universe. Benchmark returns are not covered by the report of independent verifiers. Separately Managed Accounts (SMAs) are investment services provided by Legg Mason Private Portfolio Group, LLC (LMPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by one or more of the following Legg Mason-affiliated subadvisors: ClearBridge Investments, LLC. Management is implemented by LMPPG, the designated subadvisor or, in the case of certain programs, the program sponsor or its designee.

These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Advisor.

Terms and definitions:

Dividend yield is determined by dividing a stock's annual dividends per share by the current market price per share. Dividend yield is a financial ratio that shows how much a company pays out in dividends.

P/E (Year 1) is the previous day's closing price of the stock divided by the consensus earnings per share (EPS) of fiscal year 1 (FY1) provided by I/B/E/S. Forecasts are inherently limited and should not be relied upon as indicators of future performance.

The **price-to-book ratio (P/B)** is a stock's price divided by the stock's per share book value. Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of a common stock.

Weighted median market capitalization represents the value at which half the portfolio's market capitalization weight falls above and half falls below.

Weighted average market capitalization represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares.

Market capitalization measures the number of outstanding common shares of a given corporation multiplied by the latest price per share.

Standard deviation measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk.

The **up capture ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. An Up Capture Ratio of more than 1.0 indicates a manager who outperforms the relative benchmark in the benchmark's positive quarters.

The **down capture ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark. A Down Capture Ratio of less than 1.0 indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters and protects more of a portfolio's value during down markets.

Alpha is a measure of performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. Alpha is a measure of the difference between actual returns and expected performance measuring sensitivity to index movements.

Beta measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.

Sharpe ratio is a risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better a portfolio's historical risk-adjusted performance.

R-squared measures the strength of the linear relationship between a fund and its benchmark. R-squared at 1.00 implies perfect linear relationship and zero implies no relationship exists.

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

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