

CLEARBRIDGE LARGE CAP VALUE PORTFOLIOS

Investment overview

The ClearBridge Large Cap Value Portfolios are designed for investors seeking long-term growth using a large-capitalization value investment style. Lead portfolio managers Robert Feitler and Dmitry Khaykin and their team use a disciplined value approach that seeks to provide competitive returns relative to the Russell 1000 Value Index¹.

Investment objective

Generate long-term growth of capital while achieving competitive returns through a market cycle

Investment philosophy

- Exploit market inefficiencies through an interactive, research-driven approach that identifies companies with strong business franchises and attractive valuations

Strong business franchises

- Proven business models that we understand
- Companies with sustainable competitive advantage
- Capable of generating solid returns across a range of potential scenarios

Attractive valuations

- Timing and probability of cash flows
- Discounted earnings from emerging business models or products
- Evaluate price relative to normalized earnings power

Portfolio positioning

- Designed for investors seeking to invest in high-quality large-cap companies trading at an attractive valuation
- Diversified portfolio seeks to offer competitive risk-adjusted returns

Key differentiators

- Invest in strong franchises with proven business models capable of compounding value over time
- Look for intrinsic value — attractive valuation relative to sustainable cash flow
- Strong focus on fundamental analysis, with an emphasis on stress testing companies under various scenarios
- Fairly concentrated and low-turnover portfolio

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

Robert Feitler

Managing Director

- Portfolio Manager
- Industry since 1994

Dmitry Khaykin,

Managing Director

- Portfolio Manager
- Industry since 1996

George Neofytidis,

Managing Director

- Private Client Portfolio Manager
- Industry since 1997

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

Limited investments may be made in mid-cap companies, which involve a higher degree of risk and volatility than investments in larger, more established 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.

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

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

¹ The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. Dividends are subject to reinvestment.

Investment process

STEP 1

Define the investment universe

Invests in U.S. large-cap companies with market capitalizations typically greater than \$5 billion, which may include ADRs.

STEP 2

Fundamental analysis

- Review financial statements and understand industry competitive dynamics.
- Work interactively with analysts and perform scenario analysis.
- Attractive valuation emphasizing normalized earnings power while heavily discounting profits from unproven business models.

STEP 3

Portfolio construction

- Combine bottom-up fundamental analysis with macro outlook to construct diversified Large Cap Value portfolio.
- Target equity position size generally ranges from 1-4% of the total portfolio.
- Seek characteristics similar to the Russell 1000 Value Index benchmark, with attractive risk-adjusted returns.

STEP 4

Risk management and review/sell process

- Diversified portfolio by sector and security; continuously monitor existing holdings; dedicated risk management team assists CIO and portfolio managers in controlling investment risks.
- Reduce or eliminate holdings that exceed position size limits, are approaching full valuation, or that do not meet fundamental expectations - or in response to more attractive opportunities.

Performance

Annualized rates of return - gross and net of fees (%) as of December 31, 2018 - PRELIMINARY

	Dec '18	Q4 '18	YTD	1-year	3-year	5-year	7-year	10-year	15-year
Large Cap Value (gross)	-9.72	-11.00	-7.71	-7.71	6.09	5.58	10.57	11.12	6.93
Large Cap Value (net)	-9.97	-11.69	-10.42	-10.42	3.01	2.51	7.37	7.90	3.82
Russell 1000 Value Index	-9.60	-11.72	-8.27	-8.27	6.95	5.95	11.02	11.18	7.04

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Large Cap Value (gross)	-7.71	14.21	13.28	-2.29	12.42	31.48	17.19	4.95	10.10	22.89
Large Cap Value (net)	-10.42	10.91	10.00	-5.15	9.17	27.72	13.81	1.90	6.90	19.36
Russell 1000 Value Index	-8.27	13.66	17.34	-3.83	13.45	32.53	17.51	0.39	15.51	19.69

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.

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.

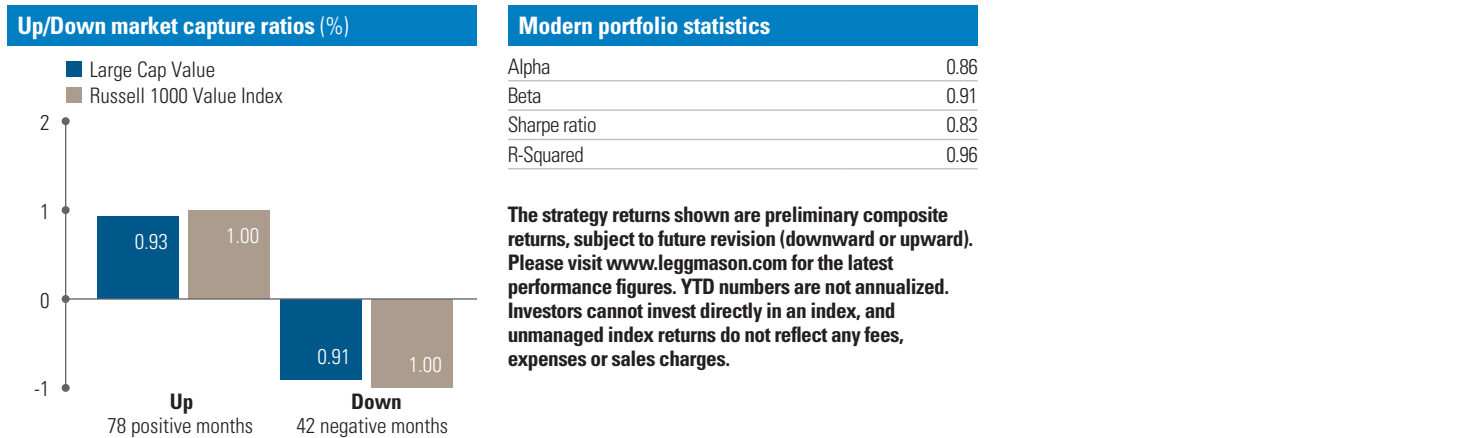
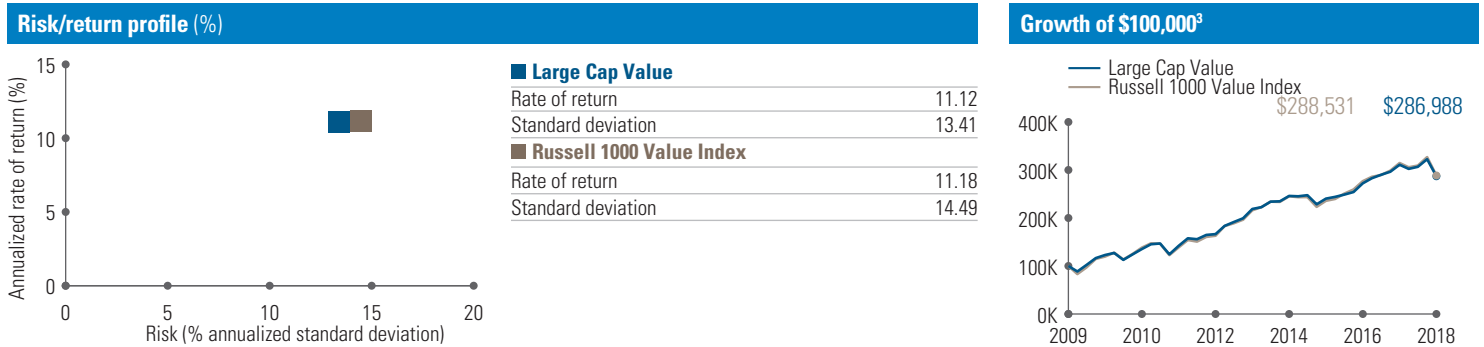
Past performance is not a guarantee of future results. Please see GIPS® Endnotes for important additional information regarding the portfolio performance shown and for effects of fees. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs. 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 and Western Asset Management Company. Management is implemented by LMPPG, the designated subadvisor or, in the case of certain programs, the program sponsor or its designee.

Portfolio information¹ as of December 31, 2018

Top ten equity holdings (%)		Sector weightings (%)	
JPMorgan Chase & Co	4.43	Financials	24.81
Anthem Inc	3.13	Health Care	16.52
Motorola Solutions Inc	3.05	Information Technology	10.58
Twenty-First Century Fox Inc	2.70	Communication Services	9.87
Honeywell International Inc	2.69	Industrials	9.83
Microsoft Corp	2.64	Energy	8.41
Bank of America Corp	2.56	Consumer Staples	4.92
Wells Fargo & Co	2.47	Materials	3.85
Comcast Corp	2.47	Real Estate	2.34
Merck & Co Inc	2.44	Consumer Discretionary	1.74
Total	28.58	Utilities	1.53
		Cash	5.60

Characteristics		Market capitalization (%)	
	Portfolio	BM	
Number of Holdings	54	725	Above \$50B
Dividend Yield	2.58	2.79	\$25 - \$50B
Forecasted P/E Ratio -1 Year	13.90	13.31	\$10 - \$25B
Price/Book Ratio	2.83	2.49	\$3 - \$10B
Long-Term EPS Growth	11.14	9.64	0 - \$3B
Weighted Median Market Capitalization	83.78	62.39	
Weighted Average Market Capitalization	134.40	117.83	

Performance statistics (gross of fees)²— Preliminary (based on 10-year period ended December 31, 2018)



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)
2017	10.91	14.21	13.66	118	100	0.21	10.53	10.34	132.7	0.1	119,187.1
2016	10.00	13.28	17.34	84	100	0.95	11.24	10.93	70.8	0.1	100,936.9
2015	-5.15	-2.29	-3.83	44	100	0.15	10.74	10.83	50.7	0.1	92,536.4
2014	9.17	12.42	13.45	44	100	0.11	8.92	9.33	52.0	0.1	100,721.5
2013	27.72	31.48	32.53	34	100	0.61	12.18	12.88	44.9	0.1	85,024.7
2012	13.81	17.19	17.51	168	100	0.27	14.94	15.73	28.7	0.1	54,624.3
2011	1.90	4.95	0.39	177	100	0.30	18.37	20.98	24.1	0.0	50,870.8
2010	6.90	10.10	15.51	215	100	0.26	n/a	n/a	30.5	0.1	55,366.5
2009	19.36	22.89	19.69	257	100	0.79	n/a	n/a	33.7	0.1	53,522.7
2008	-35.76	-33.76	-36.85	333	100	0.81	n/a	n/a	39.2	0.1	50,614.9

*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 Large Cap Value SMA composite consists of discretionary wrap accounts with an account minimum of US \$25,000. Accounts within the composite seek long-term capital appreciation by investing in securities with favorable risk-adjusted return characteristics.

Investments are primarily made in large-capitalization U.S. companies but may also invest in mid-capitalization companies. 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, Mid Cap Risk and Non-U.S. Investment Risk. Prior to June 2008, the minimum was \$5,000.

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. In September 2018, the composite inception date was revised to more accurately reflect the composite. Past performance is not necessarily indicative of future results.

Benchmark Information:

The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe.

The investment strategies described herein are those of Legg Mason Private Portfolio Group, LLC (LMPPG). 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 LMPPG materials are 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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